



Michael Page Employment Index Quarter 3, 2011

Mainland China

Executive Overview

Key Findings

The professional employment market in China will continue to grow strongly in the third quarter, fuelled by 18 months of robust business growth. Some 58% of the employers surveyed for this report intend to increase staff numbers during this period. As a regional comparison, 36% of employers in Hong Kong will be expanding their headcount during the third quarter, followed by 28% in Australia and 27% in Singapore.

The vast majority of hiring activity (72%) is taking place in front line, revenue generating roles in areas like sales and account management. Employers are building capacity in this area in an effort to grow business activity and boost revenue.

As the employment market strengthens in China, talent management continues to be a core challenge for many businesses. Some 63% of employers are seeing professionals return from overseas markets to work in China, which provides a strong opportunity for companies with effective attraction strategies to secure new international talent. Retention is also high on the agenda, with 40% of companies placing a significant focus on staff retention strategies in the third quarter. Most employers (54%) will be providing training and development opportunities as a key incentive for employees to remain with their company.

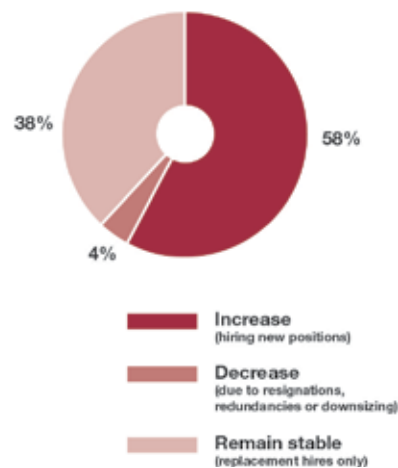
Most employers in China are positive about the strength of the global economic recovery. Over half of all respondents believe that the recovery will continue at the current pace over the next 12 months, with a further 15% expecting the recovery will strengthen. Economic conditions in the US and Europe are having a moderate impact on business operations for most of the companies surveyed (42%), which reflects the close interdependence of China with these major markets.

Despite the influence of broader economic conditions on China, domestic business confidence remains extremely positive. Over half of the employers surveyed expect business conditions to remain stable over coming months, with a further 25% expecting conditions to improve further from an already strong base.

Methodology

The Michael Page Employment Index provides a snapshot of hiring and business confidence trends for the white collar employment market in mainland China. The online survey is distributed quarterly to a group of more than 650 senior human resources professionals and hiring managers who have agreed to participate in the research. The report is predictive and focuses on anticipated trends for the quarter ahead, rather than an analysis of historical employment data such as job advertisement numbers. Respondents work across a broad range of professional sectors and are surveyed on a standard set of employment indicators, as well as a selection of topical questions to reflect current market developments.

Predicted staff numbers for Q3



“ Strong jobs growth attracts new talent ”

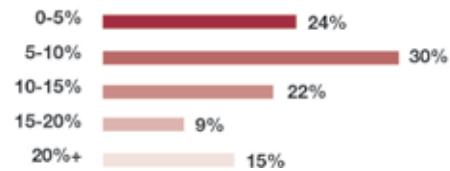
Companies increasing headcount in Q3

Employers in China are continuing their strong investment in new talent, with 58% of the companies surveyed planning to increase staff numbers in the third quarter of 2011.

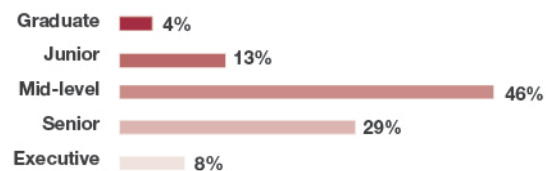
The vast majority of companies (72%) are looking to capitalise on strong economic conditions by recruiting front line, revenue generating roles in areas like sales and business development. A further 13% of hiring is in support areas like finance and information technology. The requirement for support staff is likely to increase over coming months as companies focus on managing growing levels of business activity.

The majority of recruitment is occurring at the mid level (46%), however a further 29% of companies are focusing hiring on senior level positions. Most employers are planning a substantial increase to their headcount, with some 30% set to increase staff numbers by 5-10%. A further 15% of employers will be boosting staff numbers by 20% or above, which is a strong indicator of high business confidence.

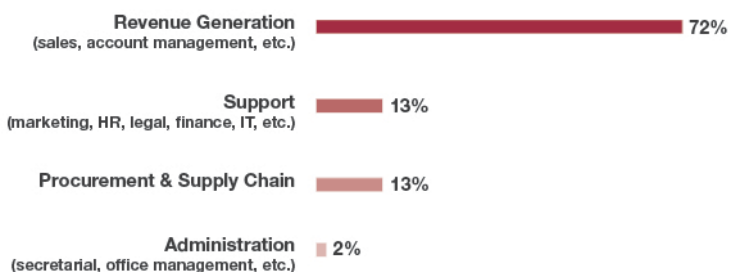
Anticipated headcount increase



Hiring focus by level of experience



Hiring focus by business function



72%

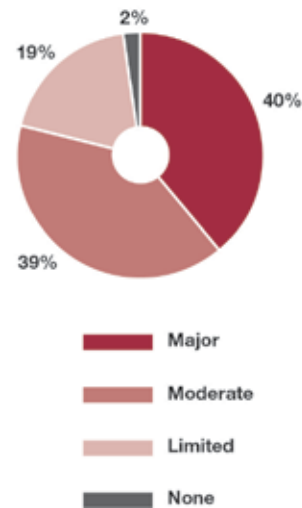
of companies are focusing hiring on front line roles in Q3.

Talent Management

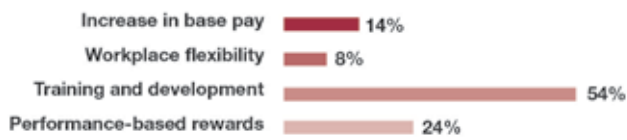
As the volume of job opportunities increases over coming months, so will competition for the best talent. Employee confidence is high and many professionals are considering their next move in the buoyant job market. Some 30% of employers expect staff turnover to rise in the third quarter, which means employers will need to work hard to retain their most skilled and experienced staff.

Of the companies surveyed for this report, 40% are placing a major focus on staff retention strategies in the third quarter. For most employers (54%), this involves offering training and development opportunities to their most valuable people. A further 24% of businesses will be offering performance-based rewards as an incentive to retain their top performers.

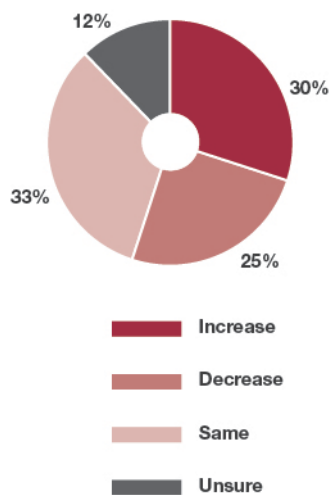
Level of focus on staff retention



Key retention strategies for Q3



Predicted staff turnover in Q3



54%

of companies are focusing on training and development to retain staff.

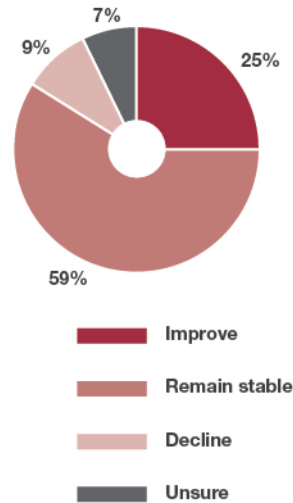
Market Outlook

Employers in China remain extremely positive about business conditions following another quarter of strong jobs growth across professional markets. Over half of the employers surveyed for this report expect business conditions to remain stable over coming months. A further 25% of respondents expect conditions to improve even further. This level of confidence is significantly higher than respondents in Hong Kong (14%) and Singapore (14%).

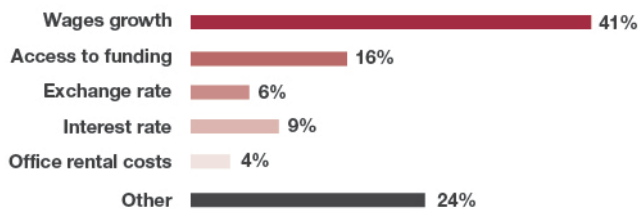
As the professional employment market continues to strengthen, the ability to financially reward top performers and offer competitive salaries will be critical to securing the best talent. Some 41% of the employers surveyed in China rate wages growth as the key concern for their business in the third quarter.

Most employers in China are positive about the impact of broader economic conditions on their business. Some 43% of respondents believe that international demand for their products/services will improve over coming months. This level of confidence is higher than respondents in Hong Kong (39%), Singapore (32%) and Australia (15%).

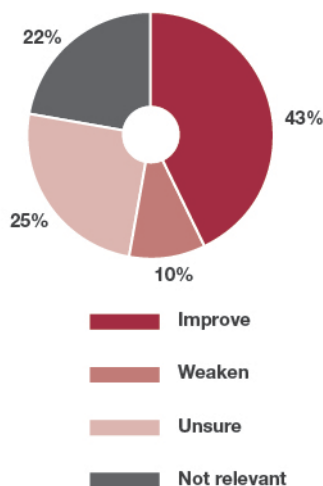
Predicted business conditions for Q3



Key business concerns for Q3



Global demand for your products/services in Q3



41%
of employers rate wages growth as the key business concern for Q3.

Market Outlook

The vast majority of employers in China are confident about the strength of the global economic recovery. Over half of all respondents believe that the recovery will continue at the current pace over the next 12 months, with a further 15% expecting the recovery will strengthen. Despite the overall positive outlook, an element of caution still exists amongst employers, with some 19% predicting that another downturn is likely to occur during this period.

Over half of all respondents with headquarters in the US or Europe say that hiring activity in China is largely unaffected by these economies. However, for 29% of the employers surveyed, poor economic conditions overseas are resulting

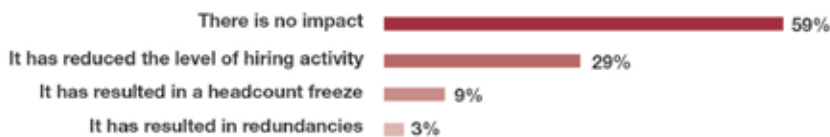
in a reduction in local hiring activity. If the US and European economies weaken even further, most companies expect a moderate impact on local hiring activity.

Given the strength of the Chinese economy and the volume of job opportunities on offer, a growing number of international candidates are looking to return to China to progress their careers. Some 63% of the employers surveyed reported seeing professionals return from overseas markets because of the strength of the job market in China. Employers will need to have strong, targeted attraction strategies in place in order to secure the best new talent.

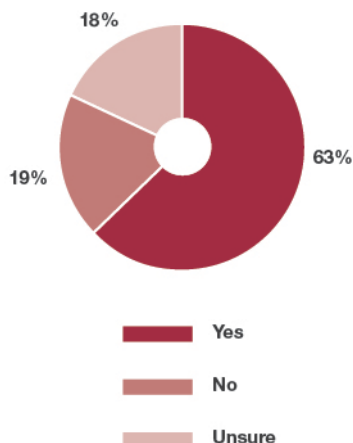
Global economic recovery over the next 12 months



Impact of US and European economies on local hiring activity



Professionals returning to China because of strong jobs growth



63%

of employers are seeing professionals return from overseas because of strong jobs growth.

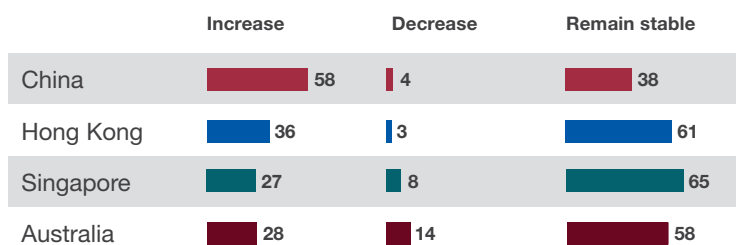
Regional Trends

Strong jobs growth in the white-collar professional market is set to continue across the Asia Pacific region over the third quarter of 2011. China is at the forefront of business growth, with 58% of respondents intending to increase their staff numbers during this period. This compares to 36% of employers in Hong Kong, 28% in Australia and 27% in Singapore.

As the professional employment market continues to strengthen, employees are becoming less cautious about

a career move and are actively looking for their next opportunity. Employers will need to have strong retention strategies in place in order to keep their best performers at a time when their skills are crucial to supporting business growth. Some 44% of the companies surveyed in Hong Kong are placing a major focus on staff retention in the third quarter, followed by 41% in Singapore, 40% in China and 31% in Australia.

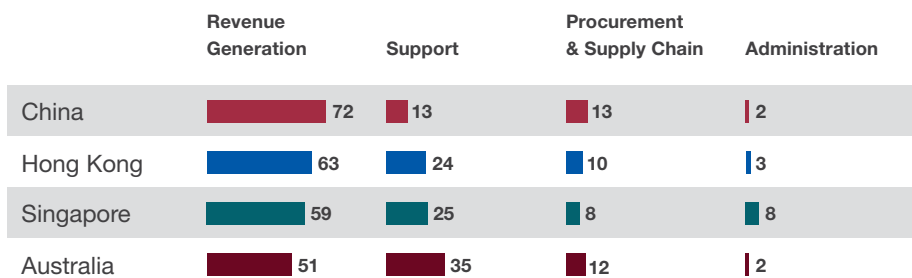
Predicted staff numbers for Q3 (%)



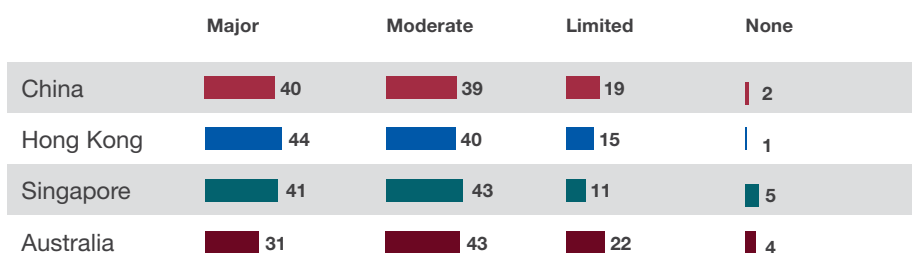
NOTE:

- Increase = hiring new positions
- Decrease = due to resignations, redundancies or downsizing
- Remain stable = replacement hires only

Hiring focus by business function (%)



Level of focus on staff retention (%)



Regional Trends

cont'd

Employers across Asia Pacific are largely positive about the strength of the global economic recovery. Respondents in China are the most optimistic about economic conditions, with 53% believing the recovery will continue at the current pace over the next 12 months. This compares to 51% of employers in Australia, 50% in Hong Kong and 44% in Singapore.

Rising payroll costs continue to be a key business concern for employers across the region. Almost half of the companies surveyed in Hong Kong consider wages growth to be the primary business challenge in the third quarter. This compares to 41% of employers in China and 39% in Singapore. For most Australian respondents (20%), the strength of the Australian dollar was nominated as the primary business concern.

Predicted staff turnover in Q3 (%)

	Increase	Decrease	Remain stable	Unsure
China	30	25	33	12
Hong Kong	28	26	38	8
Singapore	13	23	48	16
Australia	34	14	43	9

Global economic recovery over the next 12 months (%)

	Another downturn is highly likely	Another downturn is quite likely	Recovery will continue at current pace	Recovery will strengthen	Unsure
China	2	19	53	15	11
Hong Kong	2	34	50	5	9
Singapore	11	36	44	7	2
Australia	8	34	51	2	5

Key business concerns for Q3 (%)

	Wages growth	Access to funding	Exchange rate	Interest rate	Office rental costs	Other
China	41	16	6	9	4	24
Hong Kong	48	11	14	2	6	19
Singapore	39	14	11	2	1	33
Australia	18	15	20	14	1	32

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