



Michael Page Employment Index Quarter 4, 2011

Mainland China

Executive Overview

Key Findings

The robust jobs growth seen across professional markets in China is set to continue in the fourth quarter, despite concerns over economic conditions in the US and Europe. Whilst employers in China are carefully monitoring the global business environment, domestic business confidence is high and local hiring activity remains largely unaffected.

Of the employers surveyed for this report, 58% plan to increase staff numbers over coming months. This is consistent with the level of hiring activity witnessed so far this year. As a regional comparison, 35% of employers in Hong Kong will be expanding their headcount in the fourth quarter, followed by 33% in Singapore and 23% in Australia.

The vast majority of hiring activity (75%) is occurring in front line areas like sales and account management. The strong preference towards revenue generating roles suggests that companies remain focused on building market share as 2011 draws to an end.

Staff retention continues to be a pressing business concern for employers in China. As the volume of job opportunities continues to rise, employees are becoming increasingly confident about making their next career move and are actively looking for new roles. Some 33% of the employers surveyed will be placing a major focus on staff retention strategies in the fourth quarter. Most companies will be offering performance-based rewards as an incentive for employees to remain with their company.

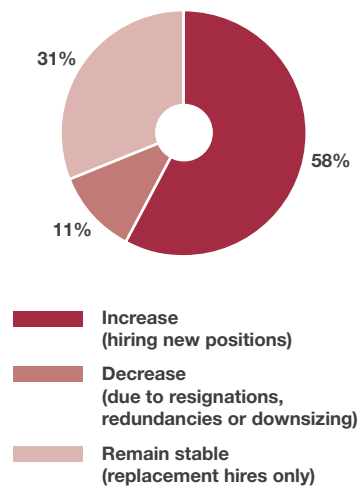
Business confidence remains buoyant in China as we approach the end of 2011, with 51% of employers predicting that trading conditions will remain stable over coming months. An additional 16% of respondents expect conditions will improve further from an already strong base. The strength of economic conditions in China is also working to attract new international talent. Some 67% of the employers surveyed reported seeing professionals return from overseas markets because of the positive jobs growth in China.

As companies look to acquire new talent and retain top performers, the issue of rising payroll costs continues to be of concern. For the third consecutive quarter, the rising cost of salaries rated as the primary business challenge facing employers in China.

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 2,000 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 Q4



“ Business confidence remains buoyant ”

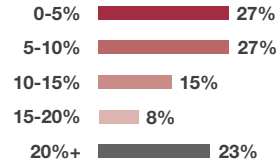
Companies increasing headcount in Q4

Employers in China are set to continue their strong investment in new headcount following 12 months of positive economic growth. The vast majority of companies surveyed for this report (58%) intend to increase staff numbers during the fourth quarter. This result is consistent with the strong levels of hiring activity seen over recent months, indicating that employers are confident about business conditions despite ongoing uncertainty around the global outlook.

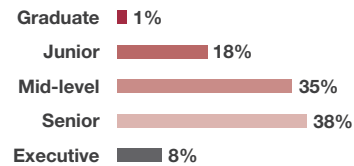
For the vast majority of companies (75%), hiring activity is focused on front line roles in areas like sales and business development. This suggests that employers are looking to capitalise on positive economic conditions by boosting the revenue generating capacity of their business.

The majority of recruitment will be focused on professionals at the senior (38%) and mid-levels (35%). Whilst 27% of companies are planning to increase staff numbers by up to 5%, increases in the range of 5-10% will be equally common.

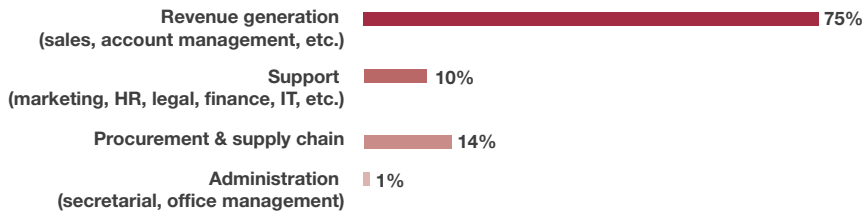
Anticipated headcount increase



Hiring focus by level of experience



Hiring focus by business function



75%

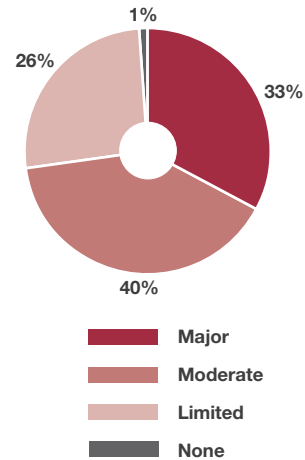
of companies are focusing on hiring revenue generating roles in Q4.

Talent Management

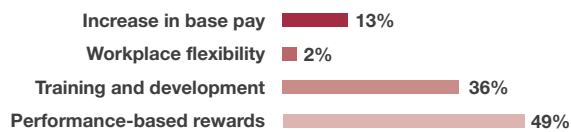
The retention of key talent continues to be a critical business challenge for companies across China. Some 40% of employers expect staff turnover to increase in the fourth quarter, which represents an increase of 10% on third quarter results. These figures demonstrate the growing confidence of employees to pursue their next career opportunity in the buoyant employment market.

In an effort to retain their top performers, some 33% of the companies surveyed will be placing a major focus on staff retention strategies in the fourth quarter. Almost half of all employers will be offering performance-based rewards to their most valuable people as a key incentive to remain with their business. A further 36% of companies will be offering training and development opportunities in an effort to keep their top talent engaged.

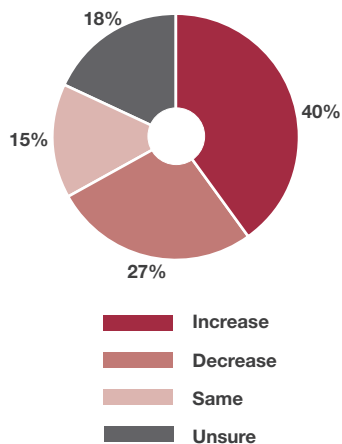
Level of focus on staff retention



Key retention strategies for Q4



Predicted staff turnover for Q4



49%
of companies will offer performance-based rewards to retain staff in Q4.

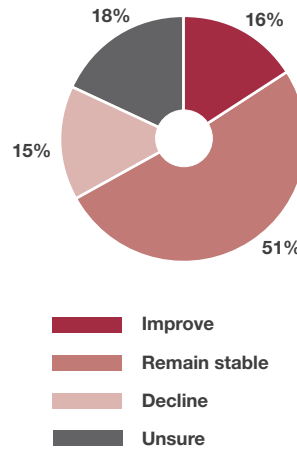
Market Outlook

Employers in China remain confident about business conditions following 12 months of strong economic growth. Over half of the employers surveyed for this report expect business conditions to remain stable over coming months, with 16% of respondents expecting conditions to improve even further.

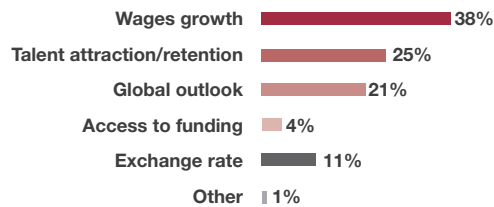
With hiring activity increasing and employees less cautious about changing jobs, the pressure on companies to financially reward their best performers is rising. For many companies surveyed for this report (38%), wages growth is the primary business concern for the fourth quarter. This is followed by challenges around talent attraction and retention (25%).

Whilst some 27% of employers believe that global demand for their products and/or services will increase over coming months, some 33% remain unsure. This suggests that although the domestic business environment is strong, a level of uncertainty still exists around the strength of global economic conditions.

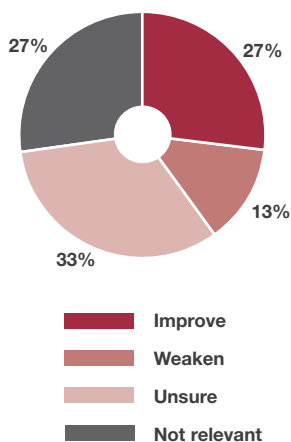
Predicted business conditions for Q4



Key business concerns for Q4



Global demand for your products/services in Q4



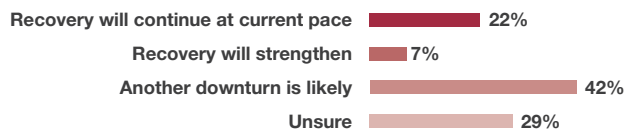
51%
of employers predict business conditions will remain stable in Q4.

Market Outlook

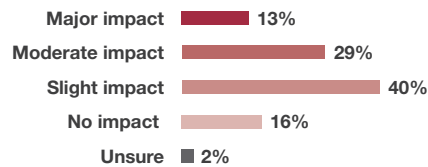
Some 29% of the employers surveyed for this report expect the global economic recovery to continue at the current pace or strengthen over the next 12 months. A further 42% remain more cautious about global conditions. However, for the majority of employers surveyed, this concern is not translating through to headcount reductions. Most employers in China (40%) report that weakness in the US and European economies is only having a slight impact on local hiring activity.

Economic issues overseas are also creating the opportunity for companies in China to acquire skilled expatriate talent. Some 67% of the employers surveyed reported seeing professionals return from overseas markets because of the strength of the domestic job market. This trend is likely to continue as more companies in China expand their teams in an effort to further boost business activity levels.

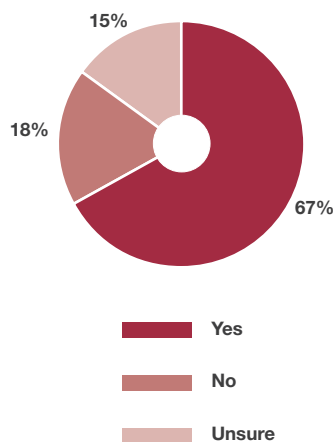
Global economic recovery over the next 12 months



Impact of US and Europe economies on business operations in Asia



Professionals returning to China because of strong jobs growth



67%
of employers are seeing professionals return from overseas because of strong jobs growth.

Regional Trends

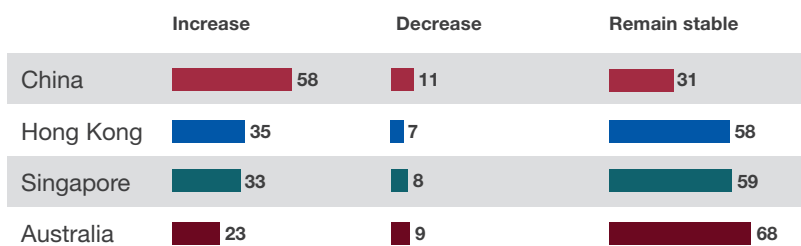
The professional employment market will continue to strengthen across the Asia Pacific region as the year draws to a close. Employers in China report the strongest intentions of headcount growth, with some 58% planning to increase staff numbers over the fourth quarter. This compares to 35% of employers in Hong Kong, 33% in Singapore and 23% in Australia. These figures illustrate the strength of white-collar jobs growth in the region at a time when comparative markets in the US and UK remain weak.

For most of the employers surveyed, recruitment in the fourth quarter will be centred on front line roles in areas like sales and account management. Companies in

China are making the largest investment in business growth, with some 75% of employers focusing recruitment on revenue generating roles. This compares to 44% of employers in Hong Kong, 41% in Australia and 28% in Singapore.

As employees become more confident about making their next career move, companies are looking for more effective strategies to help retain their most skilled and experienced staff. Half of the employers surveyed in Singapore are placing a major focus on staff retention strategies in the fourth quarter, followed by 37% in Hong Kong, 33% in China and 32% in Australia.

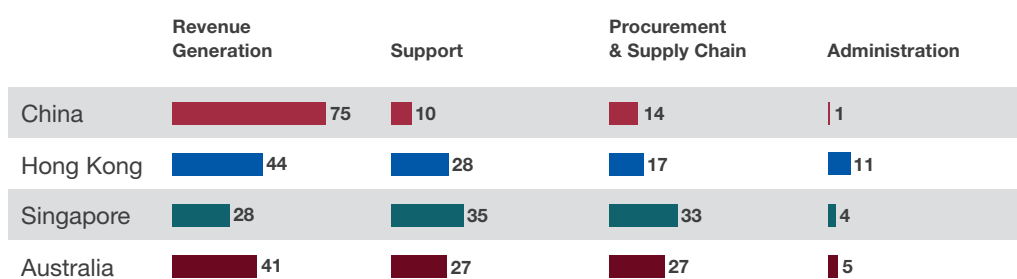
Predicted staff numbers for Q4 (%)



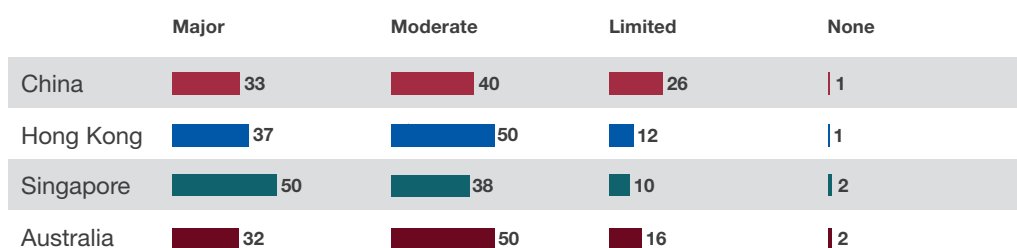
NOTE:

- 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 (%)

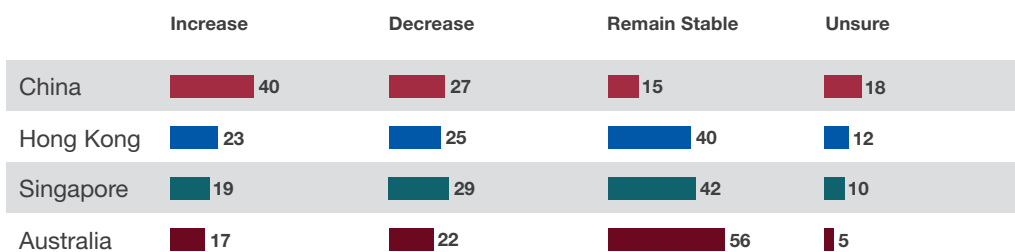


Regional Trends

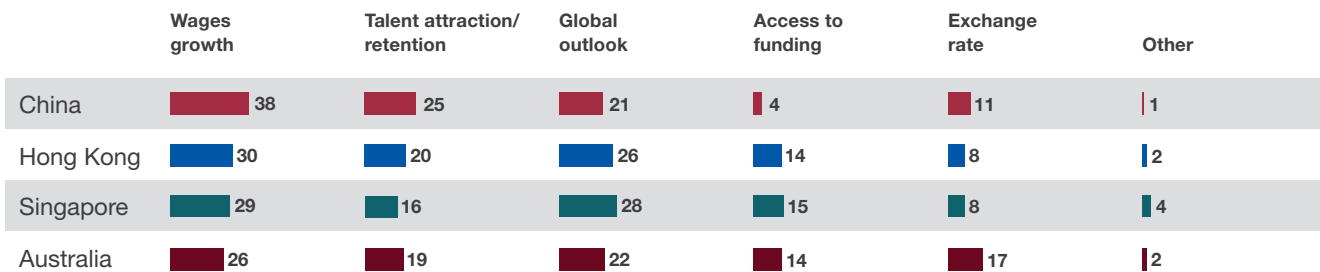
The level of staff turnover is expected to remain relatively stable across the Asia Pacific region during the fourth quarter. Some 56% of respondents in Australia predict that turnover levels will remain unchanged over coming months, along with 42% in Singapore and 40% in Hong Kong. In contrast, the majority of companies in China (40%) predict that turnover will rise, suggesting that these employees are the most confident about moving roles in the current economic environment.

The growing cost of salaries continues to be a key business concern across the region. Some 38% of the employers surveyed in China consider wages growth to be the most significant business challenge in the fourth quarter. This compares to 30% of employers in Hong Kong, 29% in Singapore and 26% in Australia.

Predicted staff turnover in Q4 (%)



Key business concerns for Q4 (%)



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