



Michael Page Employment Index Quarter 1, 2012

Mainland China

Executive Overview

Key Findings

The professional employment market in China continues to lead the Asia region in terms of jobs growth. Despite ongoing concern around the global economic outlook, domestic business confidence remains high and solid hiring activity is predicted to continue. Some 49% of companies surveyed for this report plan to increase staff numbers during the first quarter of 2012. This compares to 37% of employers in Hong Kong, 29% in Singapore and 28% in Australia.

More than half of the companies surveyed in China also intend to boost their contract and temporary headcount over coming months. This indicates that employers are looking to build a more flexible workforce that is able to adapt quickly to changing market conditions.

Survey findings reveal that the vast majority of hiring activity for both permanent and temporary staff will occur in front-line areas. The recruitment focus on revenue-generating areas like sales and business development indicates that companies are positioning themselves for strong business growth in early 2012.

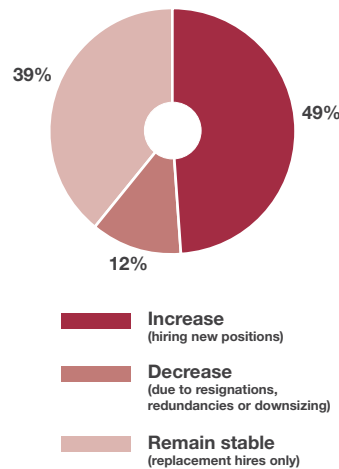
As the demand for skilled and experienced professionals increases, talent management continues to be a core challenge for many businesses in China. Some 35% of the companies surveyed will be placing a major focus on staff retention strategies in the first quarter. Many employers (37%) will be offering training and development opportunities in an effort to keep their best people. Other incentives will include increases in base pay (33%) and performance-based rewards (27%). Just over half of all survey respondents consider the ability to acquire and retain top talent as the primary concern facing their business over coming months.

After 12 months of strong economic growth in China, employers remain largely positive about the domestic business environment. Although the survey reveals a level of uncertainty around global market conditions, this is not translating through to reduced hiring activity in China. Some 27% of respondents expect activity levels will remain stable throughout the first quarter, with a further 25% expecting conditions will improve.

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 Q1



“ Revenue-generating roles are the focus of recruitment ”

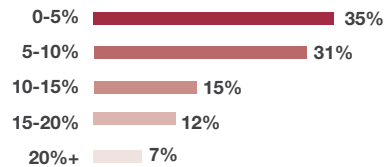
Companies increasing headcount in Q1

The strong jobs growth across professional markets in China is set to continue in the first quarter of 2012, with some 49% of the employers surveyed planning to boost their headcount during this period.

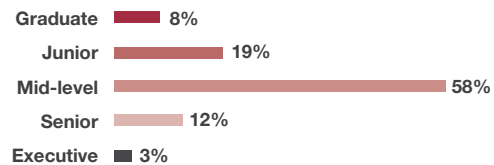
Domestic economic conditions are strong, and companies will be looking to build revenue lines and increase market share within the positive business environment. Over coming months, the majority of companies (69%) will be focusing their hiring activity on revenue-generating roles like sales and account management. As business activity levels increase, the demand for procurement and supply chain professionals will also grow. Some 23% of respondents will be focusing on the recruitment of these professionals in the first quarter of 2012, which represents an increase of 15% on fourth quarter hiring intentions.

Of the companies increasing staff numbers in the first quarter, the majority (58%) are focusing on positions at the mid-level. While 35% of companies are boosting headcount by up to 5%, however this is closely followed by 31% of employers are planning more considerable increases in the range of 5-10%.

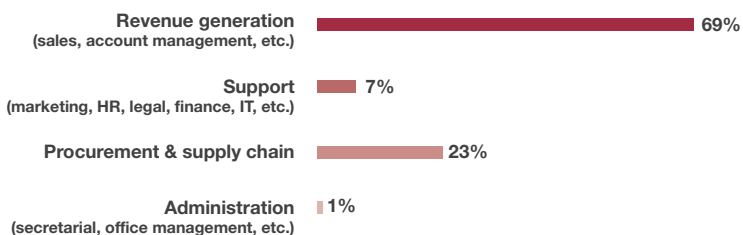
Anticipated headcount increase



Hiring focus by level of experience



Hiring focus by business function



69%

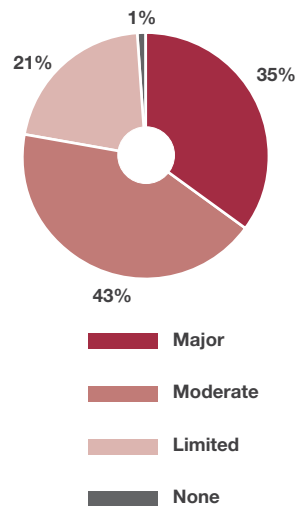
of companies are focusing recruitment on front-line roles in Q1.

Talent Management

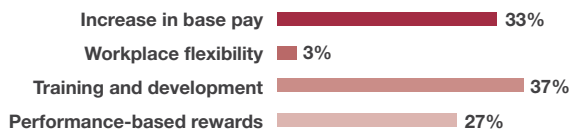
As the volume of opportunities in the white-collar employment market increases, the pressure is growing on employers to retain people with the skills they need to drive their business forward. Of the companies surveyed for this report, 35% will be placing a major focus on staff retention strategies in the first quarter of 2012.

Some 40% of the employers surveyed expect staff turnover levels will increase over coming months, as employees in China become increasingly confident about their career prospects. In an effort to retain their most skilled and experienced people, 37% of employers will be making training and development opportunities available. Financial rewards will also feature prominently as a key retention strategy, with 33% of companies offering an increase in base pay and 27% offering performance-based rewards as incentives for top performers to remain with their company.

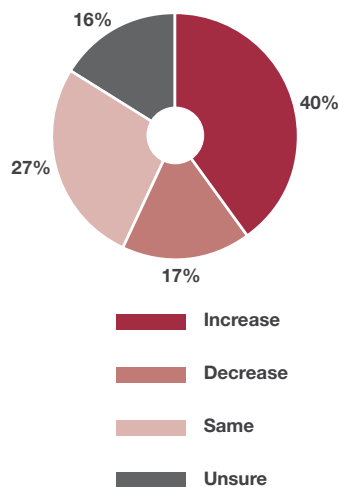
Level of focus on staff retention



Key retention strategies for Q1



Predicted staff turnover for Q1



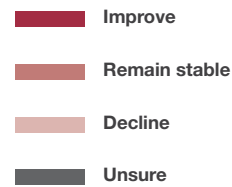
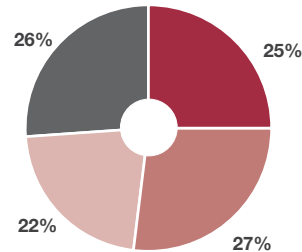
37%
of companies will offer training and development opportunities to retain staff in Q1.

Market Outlook

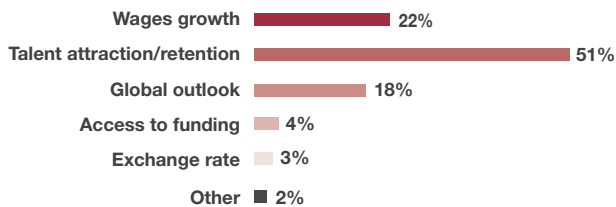
As employers continue to invest in the talented professionals they need to achieve their business goals, the attraction and retention of top performers is becoming a significant challenge for many companies. For just over half of the survey respondents (51%), the ability to acquire and retain top talent is rated as the primary business concern for the first quarter. Unsurprisingly, wages growth is also a concern for some employers (22%) as the pressure increases to financially reward their best performers to keep them in the business.

According to survey findings, most of the employers in China are positive about domestic business conditions over coming months. Some 27% of respondents expect activity levels will remain stable in the first quarter, with a further 25% expecting conditions will improve. Although the majority of companies have an optimistic market outlook, some 26% of respondents remain unsure. This suggests that a level of uncertainty still exists around the impact of global economic conditions on the business environment in China.

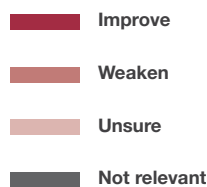
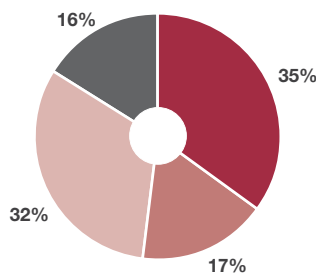
Predicted business conditions for Q1



Key business concerns for Q1



Global demand for your products/services in Q1



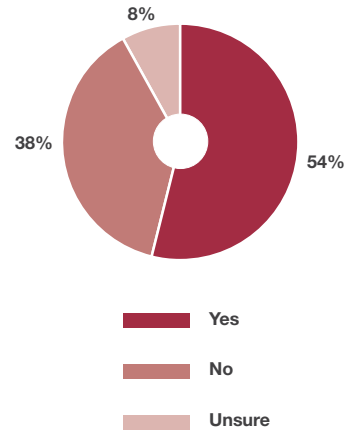
51%
of employers report talent management as their key business concern for Q1.

Market Outlook

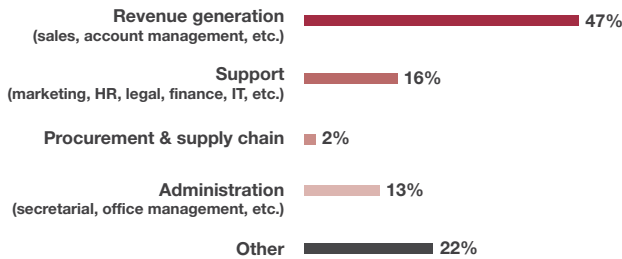
A growing number of employers in China will be looking at flexible workforce solutions to help achieve their business goals over coming months. Some 54% of the companies surveyed for this report intend to hire an increased number of contract and temporary staff in the first quarter. A significant proportion of this recruitment (47%) will be focused on boosting the revenue-generating capacity of the business in areas like sales and business development.

For many companies, recruitment activity in the first quarter will also be impacted by the awarding of financial incentives. Whilst 37% of the employers surveyed expect staff turnover levels will remain unchanged after performance bonuses are awarded, a further 35% expect to see an increased amount of staff movement. Employers will need to have robust strategies in place for the best chance of retaining their most valuable staff during this period.

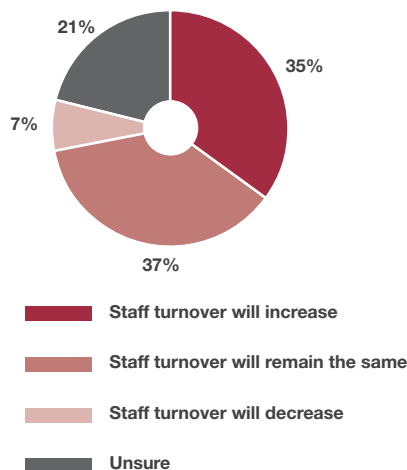
Increased hiring of contract/temporary staff in Q1



Hiring focus of contract/temporary staff by business function



Staff turnover changes with financial incentives awarded in Q1



54%

of businesses will be boosting their contract/temporary staff numbers in Q1.

Regional Trends

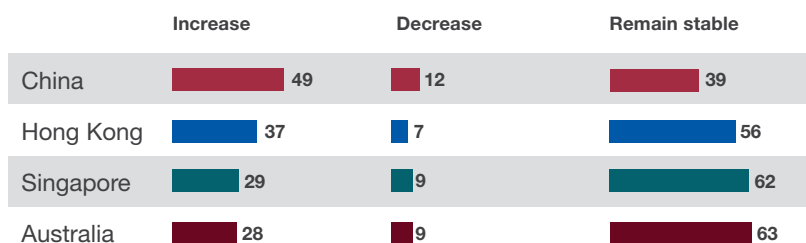
Steady jobs growth in the white-collar professional market is set to continue across the Asia Pacific region throughout the first quarter of 2012. China leads the way with respect to headcount growth, with some 49% of the employers surveyed planning to increase staff numbers over coming months. This compares to 37% in Hong Kong, 29% in Singapore and 28% in Australia.

The vast majority of hiring activity in the first quarter will be focused on revenue-generating roles in areas like sales and business development. This is a clear indicator that companies are positioning themselves for further business growth in early 2012. As a regional comparison,

69% of companies in China are focusing recruitment on front-line roles, followed by 65% in Hong Kong, 59% in Singapore and 58% in Australia.

The retention of key staff remains a major challenge for companies across the region. Employers will be looking for skilled and experienced professionals to help drive their business forward over coming months, which will increase competition for the best talent. Some 43% of the employers in Singapore will be placing a major focus on staff retention in the first quarter, followed by 38% in Hong Kong, 38% in Australia and 35% in China.

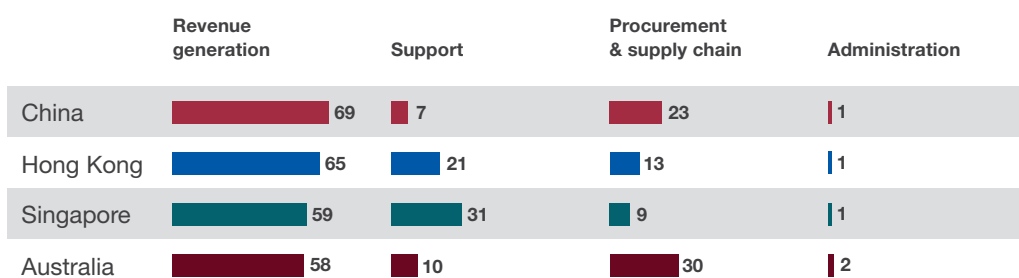
Predicted staff numbers for Q1 (%)



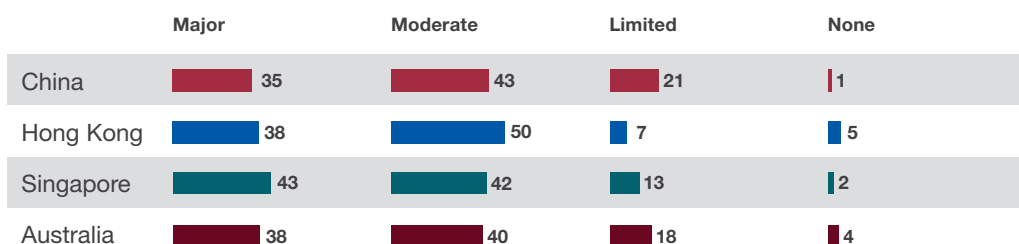
NOTE:

- 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 (%)



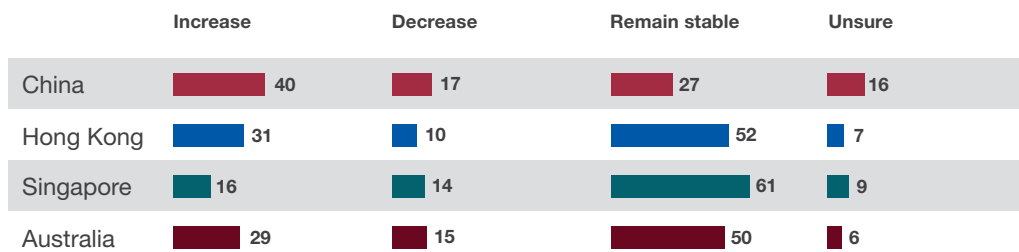
Regional Trends

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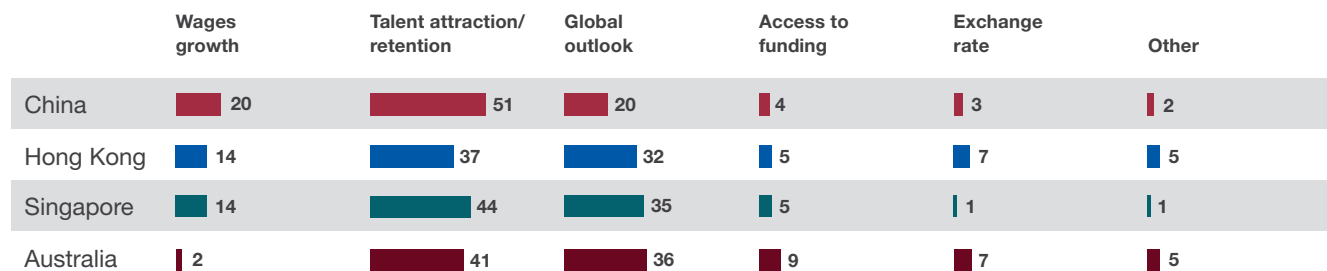
Staff turnover levels are not expected to change significantly across most of the Asia Pacific region during the first quarter of 2012. The majority of employers in Singapore (61%) expect that turnover levels will remain relatively stable over coming months, along with 52% in Hong Kong and 50% in Australia. For the third consecutive quarter, strong jobs growth in China is leading many employers (40%) to predict that staff turnover will rise.

The ability to secure new talent and retain proven performers is becoming a significant business challenge for employers across the region. Employers in China are the most concerned about attracting and retaining key staff (51%). This compares to 44% of companies in Singapore, 41% in Australia and 37% Hong Kong.

Predicted staff turnover in Q1 (%)



Key business concerns for Q1 (%)



Office Locations

Shanghai

601-603 Shanghai Kerry Centre
1515 Nanjing Road West
Shanghai, China 200040
Tel +86 21 3222 4758
Fax +86 21 3222 4759
enquiries@michaelpage.com.cn

Shanghai - Pudong

Level 8, Tower 2, Shanghai International Finance Centre
No. 8 Century Avenue,
Pudong, Shanghai, China 200120
Tel +86 21 6062 3000
Fax +86 21 6062 3001
enquiries@michaelpage.com.cn

Beijing

Room 3101, SK Tower Beijing,
No.6 Jia Jianguomenwai Avenue, Chaoyang District,
Beijing, China 100020
Tel +86 10 5969 0666
Fax +86 10 5969 0669
enquiries@michaelpage.com.cn

Guangzhou

Level 18, Suite 1804, Teem Tower
208 Tianhe Road, Tianhe District
Guangzhou, China 510620
Tel +86 20 2338 5700
Fax +86 20 2338 5701
enquiries@michaelpage.com.cn

Shenzhen

Suite 503B, China Resources Building
5001 Shennan Dong Road
Shenzhen, China 518001
Tel +86 755 3396 0900
Fax +86 755 3396 0901
enquiries@michaelpage.com.cn

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