

2nd Quarter 2004



# Manpower Employment Outlook Survey

Hong Kong

**MANPOWER**<sup>®</sup>

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# Hong Kong Employment Outlook

The Manpower Employment Outlook Survey for the second quarter of 2004 was conducted by interviewing a representative sample of 658 employers in Hong Kong. All survey participants were asked, "How do you anticipate total employment at your location to change in the three months to the end of June 2004 as compared to the current quarter?"

Of the employers interviewed in Hong Kong, 26% said they expect to hire more people during the second quarter. Only 10% expect to reduce their workforce, and six in ten anticipate no change. The Net Employment Outlook stands at a positive +16%.

	Increase	Decrease	No Change	Don't Know	Net Employment Outlook
	%	%	%	%	%
3rd quarter 2003	12	17	68	3	-5
4th quarter 2003	18	13	65	4	5
1st quarter 2004	21	9	63	7	12
<b>2nd quarter 2004</b>	<b>26</b>	<b>10</b>	<b>60</b>	<b>4</b>	<b>16</b>

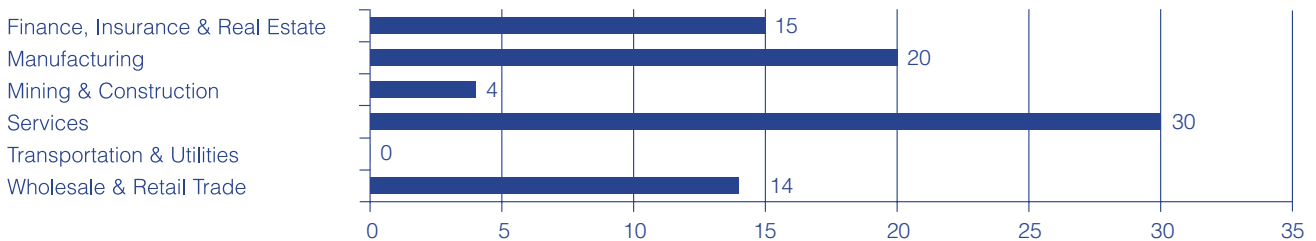
Analysis of the Net Employment Outlook over the previous four quarters reveals increasingly optimistic expectations. Since the survey was established in Hong Kong, the proportion of employers anticipating their workforces to increase over the forthcoming three months has more than doubled, from 12% for the third quarter of 2003, to 26% for the second quarter of 2004.

Throughout this report, we use the term "Net Employment Outlook". This figure is derived by taking the percentage of employers anticipating total employment to increase, and subtracting from this, the percentage expecting to see a decrease in employment at their location in the next quarter. The result of this calculation is the Net Employment Outlook.

## Sector Comparisons

A high degree of variation is revealed across the industry sectors. Whilst employers in the Services sector anticipate a prosperous second quarter [+30%],

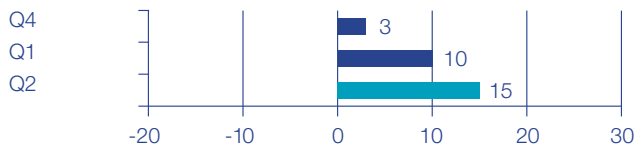
those in the Transportation & Utilities sector anticipate no change.



At the overall national level, the margin of error on the data is +/- 3.8%.

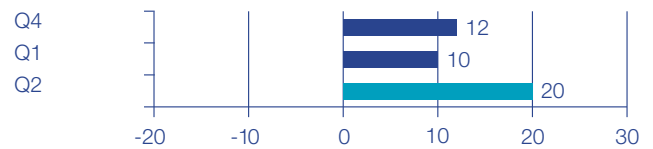
## Finance, Insurance & Real Estate

Employers in the Finance, Insurance & Real Estate sector expect steady hiring activity during the second quarter of 2004, with the Net Employment Outlook rising by 5 percentage points to +15%.



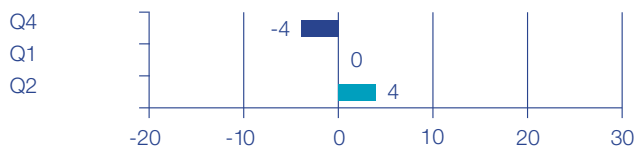
## Manufacturing

Within the Manufacturing sector, employers anticipate healthy levels of hiring activity during the second quarter of 2004 with the Net Employment Outlook doubling since the previous quarter from +10% to +20%.



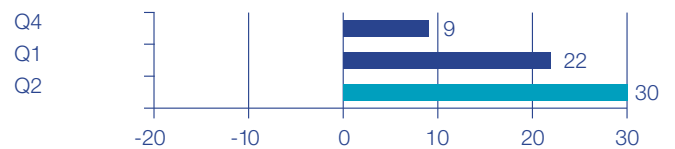
## Mining & Construction

Only limited levels of hiring activity are foreseen by employers in the Mining & Construction sector, although it is noticeable that a positive Net Employment Outlook is recorded for the first time in this sector since the survey was established in Hong Kong.



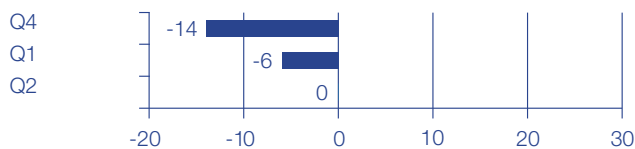
## Services

Increasing optimism is revealed in the Services sector, where the Net Employment Outlook has increased by 8 percentage points since the previous quarter to +30%.



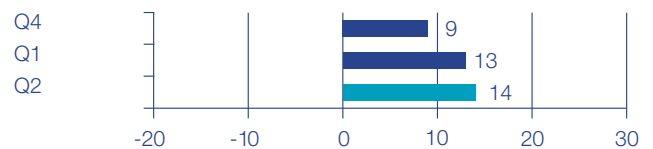
## Transportation & Utilities

Whilst the proportion of employers in the Transportation & Utilities sector anticipating second-quarter staffing decreases matches the proportion anticipating increases, employers' expectations regarding the forthcoming quarter are less pessimistic than at any previous time since the establishment of the survey in Hong Kong.



## Wholesale & Retail Trade

Consistently positive expectations are revealed amongst employers in the Wholesale & Retail Trade sector, where the Net Employment Outlook stands at a respectable +14%.



# Asia Pacific Employment Outlook

Over 4,000 interviews have been conducted across Asia Pacific to measure anticipated employment trends between April and June 2004.

## Regional Comparisons

This quarter, New Zealand joins Australia, Hong Kong, Japan and Singapore as one of five countries Manpower surveys in Asia Pacific. Employers in New Zealand reported the quarter's most buoyant job outlook followed by Japan, which typically experiences

strong seasonal hiring activity during this period. Employment expectations are at their most positive in Hong Kong, Japan and Singapore since the start of the survey in the region in Q3 2003. Australian employers continue to predict positive hiring intentions.

	Net Employment Outlook		Qtr on Qtr Change Q1 to Q2 2004
	Quarter 1 2004	Quarter 2 2004	
	%	%	
Australia	15	18	3
<b>Hong Kong</b>	<b>12</b>	<b>16</b>	<b>4</b>
Japan	3	20	17
New Zealand <sup>1</sup>	–	39	–
Singapore	6	8	2

## Sector Comparisons

Across the sectors surveyed in Asia Pacific, most employers anticipate positive hiring activity with the exception of Hong Kong employers in the Transportation & Utilities sector, which reported stable results from the

previous quarter. Newcomer New Zealand's job prospects are the most buoyant across all of the industry sectors surveyed.

## Finance, Insurance & Real Estate

New Zealand has reported the most optimistic hiring intentions for the three months ahead followed by Japan, which recorded a considerable increase in job

prospects having improved by 23 percentage points. Australia's hiring intentions have reported no change over the quarter.

	Net Employment Outlook		Qtr on Qtr Change Q1 to Q2 2004
	Quarter 1 2004	Quarter 2 2004	
	%	%	
Australia	16	16	0
<b>Hong Kong</b>	<b>10</b>	<b>15</b>	<b>5</b>
Japan	1	24	23
New Zealand	–	33	–
Singapore	10	14	4

1. New Zealand joined the survey in Quarter 2 2004.

## Manufacturing

For the quarter ahead, the Net Employment Outlook for the Manufacturing sector has improved throughout Asia Pacific from three months ago. The outlook for job

seekers is most optimistic in New Zealand, Japan and Hong Kong followed by Australia and then Singapore.

	Net Employment Outlook		Qtr on Qtr Change Q1 to Q2 2004
	Quarter 1 2004	Quarter 2 2004	
	%	%	
Australia	10	15	5
<b>Hong Kong</b>	<b>10</b>	<b>20</b>	<b>10</b>
Japan	5	22	17
New Zealand	–	34	–
Singapore	2	5	3

## Mining & Construction

Mining & Construction employers are most optimistic in New Zealand. Employers in Australia, Hong Kong and Japan expect employment levels for the second quarter

of the year to improve from three months ago: all expect to add staff to their payrolls.

	Net Employment Outlook		Qtr on Qtr Change Q1 to Q2 2004
	Quarter 1 2004	Quarter 2 2004	
	%	%	
Australia	19	24	5
<b>Hong Kong</b>	<b>0</b>	<b>4</b>	<b>4</b>
Japan	0	17	17
New Zealand	–	36	–
Singapore	-13	-2	11

## Public Administration & Education

Job prospects in the Public Administration & Education sector are strongest in New Zealand followed by Australia, which improved +8 percentage points from the

first quarter of 2004. Japanese employers reported the same Net Employment Outlook as the previous quarter.

	Net Employment Outlook		Qtr on Qtr Change Q1 to Q2 2004
	Quarter 1 2004	Quarter 2 2004	
	%	%	
Australia	9	17	8
<b>Hong Kong<sup>2</sup></b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
Japan	9	9	0
New Zealand	–	43	–
Singapore	18	9	-9

2. The Hong Kong labour market does not have a sufficient sample size in this sector to allow inclusion in this report.

## Services

Employers in the Services sector recorded the most buoyant hiring predictions across all sectors surveyed by Manpower in the region. Job outlooks are most buoyant in New Zealand followed by Hong Kong.

Compared to the previous quarter, Japanese Services sector employers are significantly more optimistic, having reported an improved forecast of +20 percentage points.

	Net Employment Outlook		Qtr on Qtr Change Q1 to Q2 2004
	Quarter 1 2004	Quarter 2 2004	
	%	%	
Australia	17	20	3
<b>Hong Kong</b>	<b>22</b>	<b>30</b>	<b>8</b>
Japan	0	20	20
New Zealand	-	39	-
Singapore	7	13	6

## Transportation & Utilities

New Zealand employers for this sector are especially optimistic for the quarter ahead. Australia continues to record strong prospects. Hong Kong employers in this sector are more positive than three months ago, with a

stable prediction for jobs in the three months ahead. Japanese employers have predicted the greatest overall quarterly improvement.

	Net Employment Outlook		Qtr on Qtr Change Q1 to Q2 2004
	Quarter 1 2004	Quarter 2 2004	
	%	%	
Australia	19	19	0
<b>Hong Kong</b>	<b>-6</b>	<b>0</b>	<b>6</b>
Japan	-2	15	17
New Zealand	-	41	-
Singapore	2	10	8

## Wholesale & Retail Trade

Japanese employers in the Wholesale & Retail Trade sector are forecasting strong prospects compared to the previous quarter. Employers in Singapore are

notably less optimistic, having experienced the greatest quarter-on-quarter drop for this sector in the region. New Zealand reported an extremely buoyant outlook.

	Net Employment Outlook		Qtr on Qtr Change Q1 to Q2 2004
	Quarter 1 2004	Quarter 2 2004	
	%	%	
Australia	17	17	0
<b>Hong Kong</b>	<b>13</b>	<b>14</b>	<b>1</b>
Japan	4	21	17
New Zealand	-	49	-
Singapore	10	4	-6

# Global Employment Outlook

Over 35,000 employers have been interviewed across 19 countries and territories to measure anticipated employment trends between April and June 2004.

## Regional and International Comparisons

Employers in 18 of the 19 countries surveyed are anticipating a positive employment outlook for the second quarter of 2004. Notable improvements in job prospects are expected in the US, Japan, Canada, Austria and Sweden. Germany, despite having reported a negative Net Employment Outlook, is showing improved results.

When seasonal variations are removed from the US and UK data, the UK results are positive, with a steady outlook for the three months ahead and prospects in the US are the most optimistic since first quarter of 2001.

Americas	Net Employment Outlook		Qtr on Qtr Change Q1 to Q2 2004
	Quarter 1 2004	Quarter 2 2004	
	%	%	
Canada	1	24	23
Mexico	11	14	3
United States	7 (13) <sup>1</sup>	22 (20) <sup>1</sup>	15 (17) <sup>1</sup>

Asia Pacific	Net Employment Outlook		Qtr on Qtr Change Q1 to Q2 2004
	Q1 2004	Q2 2004	
	%	%	
Australia	15	18	3
<b>Hong Kong</b>	<b>12</b>	<b>16</b>	<b>4</b>
Japan	3	20	17
New Zealand	-	39	-
Singapore	6	8	2

Europe	Net Employment Outlook		Qtr on Qtr Change Q1 to Q2 2004
	Q1 2004	Q2 2004	
	%	%	
Austria	-1	11	12
Belgium	7	9	2
France	5	4	-1
Germany	-14	-4	10
Ireland	3	9	6
Italy	0	5	5
Netherlands	4	4	0
Norway	10	7	-3
Spain	9	9	0
Sweden	8	17	9
UK	9 (16) <sup>1</sup>	16 (13) <sup>1</sup>	7 (-3) <sup>1</sup>

1. Number in parentheses is Net Employment Outlook when adjusted to remove the impact of seasonal variations in hiring activity for the UK and United States.



## Sector Comparisons

Within this section, we outline variation in the Net Employment Outlook across two broad categories: Industry and Services<sup>2</sup>. All of the countries surveyed, except Germany, are predicting positive hiring activity in both categories. Employers in the Industry category in New Zealand, Canada, United States and Japan are most optimistic, while employers in Germany, Norway and the Netherlands are the least.

Similarly, in the Services category, job prospects are expected to be positive in all countries with only Germany reporting a negative Net Employment Outlook. Strongest prospects for Services are expected in New Zealand, Canada, United States and Japan.

Americas	Net Employment Outlook			
	Industry		Services	
	Q1 2004	Q2 2004	Q1 2004	Q2 2004
	%	%	%	%
Canada	-1	23	2	25
Mexico	11	18	12	11
United States	8	24	6	21

Asia Pacific	Net Employment Outlook			
	Industry		Services	
	Q1 2004	Q2 2004	Q1 2004	Q2 2004
	%	%	%	%
Australia	13	19	16	18
<b>Hong Kong</b>	<b>2</b>	<b>13</b>	<b>14</b>	<b>17</b>
Japan	3	21	3	20
New Zealand	-	37	-	40
Singapore	-3	5	9	9

Europe	Net Employment Outlook			
	Industry		Services	
	Q1 2004	Q2 2004	Q1 2004	Q2 2004
	%	%	%	%
Austria	-2	17	2	6
Belgium	5	9	8	9
France	3	4	6	4
Germany	-16	-6	-13	-3
Ireland	-14	12	6	8
Italy	-3	4	1	6
Netherlands	6	2	4	6
Norway	6	2	12	9
Spain	9	9	10	9
Sweden	7	17	9	18
UK	8	12	9	16

2. **Industry** comprises Mining, Manufacturing, Public Utilities and Construction. **Services** comprises Wholesale/Retail Trade/Restaurants/Hotels, Transport, Storage & Communication, Finance, Insurance, Real Estate & Business Services, and Public Administration.

## About the Survey

The Manpower Employment Outlook Survey is conducted quarterly to measure employers' intentions to increase or decrease the number of employees in their workforce during the next quarter. The survey has been running for more than 40 years and is one of the most trusted surveys of employment activity in the world. Various factors underpin the success of the Manpower Employment Outlook Survey:

**Unique:** It is unparalleled in its size, scope, longevity and area of focus.

**Projective:** The Manpower Employment Outlook Survey is the only forward-looking survey, asking employers to forecast employment over the next quarter. In contrast, other surveys and studies focus on retrospective data to report on what occurred in the past.

**Focused:** For more than four decades, the survey has derived all of its information from a single question.

**Independent:** The survey is conducted with a representative sample of employers from throughout the countries in which it is conducted. The survey participants are not derived from Manpower's customer base.

**Robust:** The survey is based on interviews with more than 35,000 public and private employers across 19 national economies to measure anticipated employment trends each quarter. This sample allows for analysis to be performed across specific sectors and regions to provide more detailed information.

## Methodology

The Manpower Employment Outlook Survey is conducted using a validated methodology, in accordance with the highest standards in market research. The research team for the 19 countries and territories where the survey is currently conducted includes Manpower's Market Intelligence team; the Research & Diagnostics Division of The Empower Group – an independent operating division of Manpower Inc.; NOP World and Grupo IDM. The survey has been structured to be representative of each national economy. The margin of error for all national, regional and global data is not greater than +/- 4.2%.

In Hong Kong, the national survey is conducted by external surveyors and includes 658 employers. With this number of interviews, the margin of error for the Hong Kong Survey is +/- 3.8%.

## Survey Question

All employers participating in the survey worldwide are asked the same question, "How do you anticipate total employment at your location to change in the three months to the end of June 2004 as compared to the current quarter?"

## Net Employment Outlook

Throughout this report, we use the term "Net Employment Outlook." This figure is derived by taking the percentage of employers anticipating an increase in hiring activity and subtracting from this the percentage of employers that expect to see a decrease in employment at their location in the next quarter. The result of this calculation is the Net Employment Outlook.

## Seasonal Adjustment

Seasonal adjustments have been applied to the data for the United States and United Kingdom to provide additional insight into the survey data. These adjustments make it possible to review the data without the employment fluctuations that normally occur at the same time each year, thus providing a clearer picture of the data over time. Manpower intends to add seasonal adjustments to the data for other countries in the future, as more historical data is compiled.

## Sectors

The industry sectors that are reported for each country in this report are representative of the local economy. In some areas of the report, we have reported the data in two broad sector categories: Industry and Services. These categories are consistent with standards of other respected international data sources. The "Industry" category includes sectors such as: construction, manufacturing, mining and public utilities. The "Services" category includes wholesale and retail trade; restaurants and hotels; transportation and storage; communication; finance; insurance; real estate; other business services and public administration.

## History of the Survey

- 1962** 1st generation of the Manpower Employment Outlook Survey launched in the United States and Canada.
- 1966** Manpower's UK operation launches the equivalent of the United States survey, naming the report the Quarterly Survey of Employment Prospects. The survey adopts the same forward-looking research format as the United States survey and is the first of its kind in Europe.
- 1976** 2nd generation of Manpower's Employment Outlook Survey launched in the United States and Canada. Research methodology is updated to evolve with advancements in the field of market research.
- 2002** Manpower UK's Quarterly Survey of Employment Prospects is updated to adopt an enhanced research methodology. Manpower's operations in Mexico and Ireland launch the Survey in their respective countries.
- 2003** 3rd generation of the Manpower Employment Outlook Survey is launched, expanding the program to a total 18 countries worldwide: Australia, Austria, Belgium, Canada, France, Germany, Hong Kong, Ireland, Italy, Japan, Mexico, Netherlands, Norway, Singapore, Spain, Sweden, United Kingdom and United States.
- 2004** Manpower operations in New Zealand launch the Manpower Employment Outlook Survey.

## About Manpower Inc.

Manpower Inc. (NYSE: MAN) is a world leader in the employment services industry, offering customers a continuum of services to meet their needs throughout the employment and business cycle. The company specializes in permanent, temporary and contract recruitment; employee assessment; training; career transition and organizational consulting services. Manpower's worldwide network of 4,300 offices in 67 countries and territories enables the company to meet the needs of its 400,000 customers per year, including small and medium size enterprises in all industry sectors, as well as the world's largest multinational corporations. The focus of Manpower's work is on raising productivity through improved quality, efficiency and cost-reduction, enabling customers to concentrate on their core business activities. In addition to the Manpower brand, the company operates under the brand names of Right Management Consultants, Jefferson Wells, Elan, Brook Street and Empower. More information on Manpower Inc. is available at [www.manpower.com](http://www.manpower.com).

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