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Market Trends and Salaries Report
2010

Accounting & Finance Recruitment
Hong Kong

ambition

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Introduction



Well, what a year it has been. I am not sure how everybody managed to keep focused and pushing ahead through Q1 2009 as sentiment was so negative and it was hard to see any end in sight of those terrible times. There was talk of another Great Depression and the future looked very bleak indeed. Fast forward to Q4 and happily we are certainly in a far more buoyant mood.

However, whilst the tones for the end of 2009 and 2010 are more positive, it is probably too early to say that we are out of the woods as yet. There are still some bears around and there is no way that all of the global financial crisis' effects have totally left us. It is highly likely we will still be feeling the impacts of this well into 2010.

We are certainly luckier than most to be based in Asia as China's sustained growth has been a major boon to economies, especially for Hong Kong. However, until we see an improvement in the economies of the US and Europe, we are unlikely to see any significant improvement for the major economies in our region.

So it is likely that we will retain a sense of insecurity about the future and that planning will remain challenging even though visibility is improving. Fundamentally however, confidence is returning and companies are looking to their future growth plans and this is certainly a far more positive place to be than where we were just over twelve months ago.

During October 2009, Ambition conducted a survey amongst our clients focusing on recruitment and market trends in Q4 2009. We surveyed a large number of Hong Kong based executives which comprised a spread of accounting/audit, sales & marketing and human resources professionals from across twelve industry sectors.

We break down the results of this survey for you in this booklet and also discuss some of the trends through 2009 and provide the usual salary tables across the disciplines we cover. Should you require any additional or more targeted information please do not hesitate to contact one of the team at Ambition.

I wish you all the best for 2010.

Andrea Williams
Managing Director, Hong Kong

Survey Findings Methodology

During October 2009, Ambition conducted a survey amongst our clients focusing on recruitment and market trends in the fourth quarter of 2009. 451 Hong Kong based executives were surveyed. This comprised an even spread of finance, sales & marketing and human resources professionals from 260 companies across twelve industry sectors. They were:

- Agency / Media
- Banking & Financial Services
- Education
- Energy, Oil & Gas
- FMCG & Retail
- Healthcare / Pharmaceutical
- IT / Telecom
- Logistics
- Manufacturing
- Professional Services
- Properties / Real Estate
- Trading

The survey focuses on three core areas: 1) Business Performance and Market Outlook 2) Hiring Trends and 3) Compensation.

Business Performance

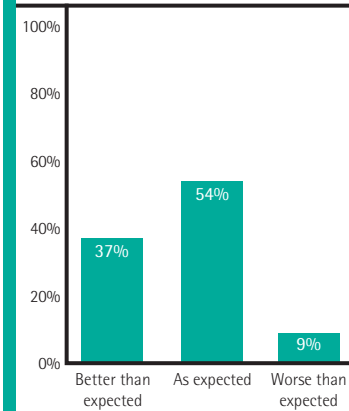
In Hong Kong, 54% of respondents said that their business performance was as expected through Q3 2009 and encouragingly 37% of respondents commented that their businesses performed at a better than expected level. This was up from only 21% who made the same comments back in Q1.

Of the industries that were performing beyond expectations the banking and financial services, FMCG and property/real estate sectors were most buoyant in Q3. Clearly the fundamentals of the economy are improving and we happily note that the property/real estate sector was actually performing below expectations in Q1 (when business was worsening) and has now shifted to performing at far better levels, even beyond expectations.

The banking and financial services sector has rebounded quickly from the crisis that hit them so severely in late 2008. Their improvement has been steady and has been a good leading indicator for other sectors as confidence permeates through the markets.

Manufacturing and distribution activity in China is also on the increase and whilst this has not yet resulted in any significant improvement in bottom line figures for our clients, this is undoubtedly going to follow as we move towards a busy retail season that businesses are gearing up for.

How did your company perform during Q3 2009?



Survey Findings Market Outlook

When asked about the outlook for business performance, 64.7% of respondents expected growth in 2010 and most encouragingly only 3% of respondents anticipated that their businesses would contract. These results are far more positive than those seen at the end of Q1 2009, which is perfectly understandable.

Again the banking and financial services sector was among the most confident and it was pleasing to see that the media/agency sector was expecting things to get better into 2010 as they have had a tough 2009. In addition, the FMCG and retail sectors have been consistently positive throughout 2009, perhaps more cautiously so in the first half, and the sentiment remains strong for 2010.

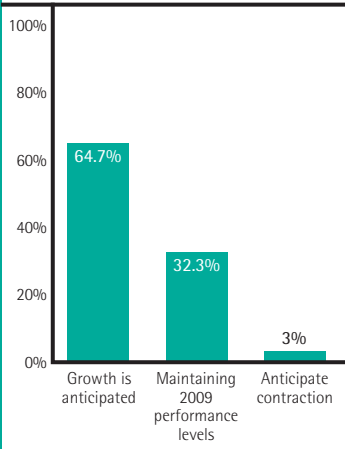
We found that there was considerably more optimism in the recruitment market as compared to Q1 and in fact results were better than expected in late Q3 and early Q4. Sentiment has therefore bottomed out and our clients are now looking to their people strategies in order to capitalise on future growth as opposed to grappling with their employment cost base. However, cost control remains a very big factor, so there won't be any over-hiring in evidence for some time.

When we looked into where some of this headcount growth would be targeted it was not surprising to see that 61% of respondents believed growth would be seen in the sales and business development functions. Whilst 11.5% of respondents had no solid plans to increase their headcount, all others were positive that staff numbers would grow.

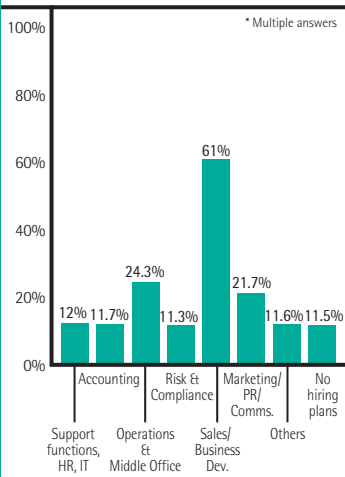
The banking and financial services world was again in a positive mood and staff numbers in the operations and middle office functions are set to increase in order to cope with the growth into 2010. Perhaps a little surprisingly the risk and compliance functions are not due to grow quite as much as others, but this could also be because they were not reduced on any real scale during the downturn, so headcount has remained steady.

It is also pleasing to see that the marketing, PR and communications functions are due to grow once more – this area of the market has been subdued for some time therefore we expect the activity for 2010 to increase to more positive levels.

What is the outlook for your business for 2010?



Which functions within your business do you see expanding in 2010? *



Hiring Trends

Hiring Challenges

Over the next twelve months, the top four challenges that organisations are most likely to face when recruiting are:

1. Budget constraints
2. Obtaining headcount approval
3. Uncertainty of the business outlook
4. Lack of qualified candidates

Some things have not changed for our clients. As we found in Q1 2009 the challenges of budget constraints, headcount approvals and the uncertainty of the business outlook feature prominently when looking to add headcount to their teams. So while businesses are planning on growth the people driving the recruitment are still faced with the same fundamental challenges as before.

However, in Q3 a new problem has emerged. Already, even this soon after moving away from the market bottom, our clients are once again concerned with the lack of qualified and suitably experienced candidates in their local markets. We feel that this will become a real problem as we move through 2010. We strongly advise clients to spend more time and effort on retaining their top talent because should they be lost to a competitor it will be very difficult and very costly to replace them.

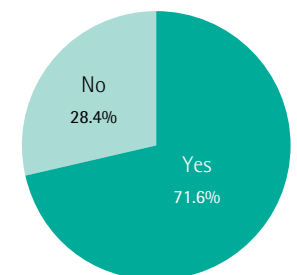
Hiring Overseas Candidates

In Q1 2009, only 59% of respondents would have considered hiring from overseas markets. This has changed as the year has progressed, with over 71% of people now being open to this option. This reflects on our previous point that the lack of qualified candidates locally is already becoming an issue.

According to the 28.4% who would not consider hiring overseas candidates, the main reason for this was that many roles require local language skills and experience in order for employees to be most effective, especially in Hong Kong where the China market is a major focus. In addition, it is widely commented upon that non-Asia based individuals do not understand the nuances of Asian markets sufficiently. On the whole, the Singapore market is more open to hiring from overseas than the Hong Kong market.

There are expatriate packages still on offer but respondents mentioned that they were trying to phase these out and the trend is to localise remuneration packages where possible.

Would you consider hiring overseas candidates if you can't identify a suitable one locally?



Survey Findings Hiring Trends

Contracting Staff

The trend for hiring contracting staff remains similar to the trend results we obtained from survey results in Q1 2009. Almost 40% of respondents would consider hiring contracting/temporary staff with 24% intending to maintain their current headcount numbers.

Contracting remains a popular alternative to permanent staff and can help reduce fixed costs when budgets are tight. Again, we are surprised to see that approximately 37% of respondents were unwilling to look at the contracting option and we maintain that this is mostly due to their lack of familiarity with the process and its benefits, particularly when looking at professional level hires. We have noticed that clients who use this effectively are almost always willing to use it again.

The most prolific user of contracting staff has been the banking and financial services sector where managing headcount costs has been a major priority for 2009. In addition, the contracting labour force is used widely in this sector on a global basis therefore line managers are far more familiar with its uses and benefits.

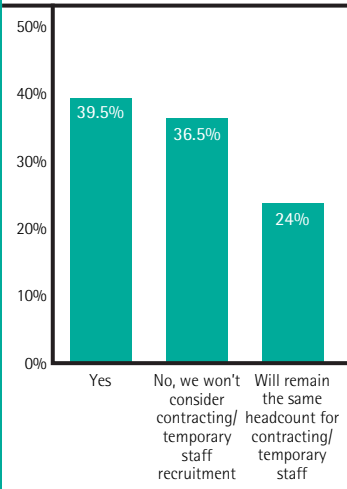
Hiring

In September 2009 the Hong Kong unemployment rate registered its first decline since the outbreak of the global financial crisis. As business conditions gradually improved, employers were clearly beginning to regain their confidence in the future. It was very encouraging to see that 51% of respondents were currently hiring (Q4 2009) and almost a further 20% would be hiring actively before the middle of 2010.

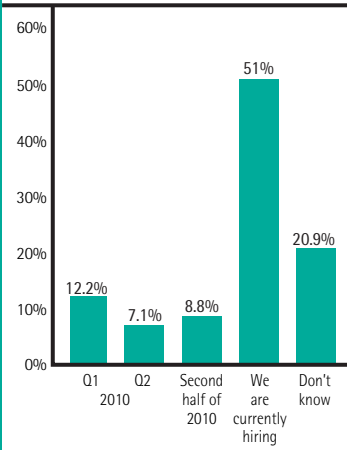
Despite a challenging year for recruitment there has been a surprising amount of activity taking place. A large proportion of this has been replacement recruitment in order to cope with the increase in business volumes and the desire to upgrade talent as candidate pools were healthy. This is particularly true, once again, in the banking and financial services sector, perhaps not that surprising as this was also the sector that most aggressively cut its headcount in late 2008 and early 2009.

However, there have also been new roles made available. At this time, these roles are in the minority, but we expect this to change as we move into 2010. There has been a great deal of restructuring in 2009 and new roles have been created from this. In addition, new and improving business activities have created demand for new talent.

In the next 12 months, do you expect to use contracting / temporary staff?



When do you think you will hire again?



Compensation

Salary and Annual Bonus

Salaries and annual bonuses always arouse much interest and are hot topics at the end of any given year as companies plan for their payout figures. Pleasingly, nearly 60% of respondents believe that their companies will give staff salary increments for 2010 along with an annual bonus for 2009. In the survey from Q1 we noted that nearly 60% of respondents did not get salary increases for 2009, so this is a healthy turn-around.

Only 9.7% expected no increase in salaries and bonus. However, according to additional survey findings, most respondents (49.3%) expected that the average salary increment would be around 1% to 3% and 11.9% of respondents expected it to be 4% to 6%. Increases, while always welcome, are not looking like they will be large.

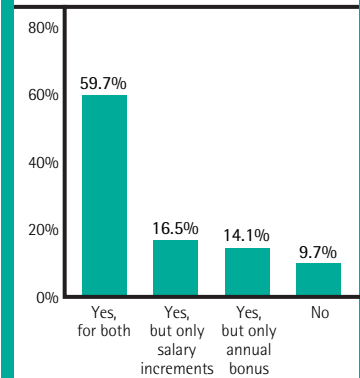
For annual bonus figures, 27.7% said it was likely to be approximately 5% to 10% of their annual salary and 12.2% expected the bonus would be 11% to 15% of their annual salary. These figures reflect the broad range of industries surveyed and we noted that the commercial and industrial sectors were more pessimistic about their bonus figures for 2009 compared to what they received in 2008.

Benefits

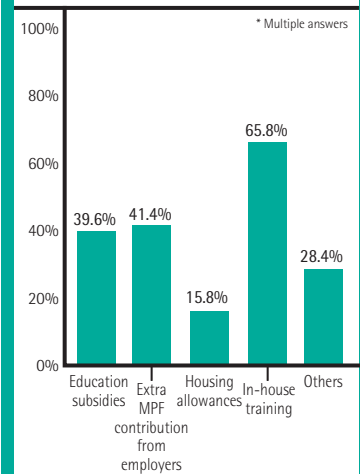
Additional benefits provided to employees come in many guises, and from the survey findings we note that training and educational related benefits are by far the most popular, closely followed by extra MPF contributions. Housing allowances and other subsidies (such as schooling allowances) are generally becoming less common as companies try to localise their expatriate costs as much as possible. While we do not think the expatriate package is becoming a thing of the past, we do see increasing evidence that these benefits are reserved for only the very senior positions in a business.

Anecdotally, we notice that HR professionals are being asked to implement more creative benefits packages for employees, to be used as both attraction and retention mechanisms, so this emotive topic will certainly be a priority for some time to come.

Do you think your company will give salary increments for 2010 and an annual bonus for 2009?



What benefits does your company offer to the staff besides annual bonuses? *



Hong Kong Recruitment Market Trends Accounting



During the first half of 2009, demand was significantly down on 2008 and the supply of candidates obviously increased due to the restructuring measures that had taken place. However, from the beginning of Q2 recruitment demand began to improve as companies sought to plug gaps in their teams and take advantage of talent pools that had become widely available.

Recruitment activity was largely at the accountant and senior accountant level with senior management and director level recruitment remaining subdued. Through the course of Q3, the senior recruitment market (controller/director) began to pick up as clients looked to replace talent that had been previously cut. In addition to this the demand for financial planning and analysis skills also increased which indicated a growing confidence as businesses were once again looking at controlled expansion.

It is important to note that investment in new heads remains limited and the reality is that most of the recruitment taking place is on a replacement basis. However, IPO activity is definitely increasing and candidates who are currently employed are more willing to move which indicates an improvement in market confidence compared to where we were just twelve months ago.

Tax & Treasury

Across these disciplines, demand has been strong and candidate pools have remained limited. Treasury and cash management functions have been a key focus for many organisations where healthy cash flow has been critical to survival, thus driving the demand for talent in this area. This has always been and remains to be a candidate led market as strong treasury candidates have always been in short supply. Over the past twelve months, this pool has reduced even further as fewer candidates come on to the market or have been willing to look outside of their current companies due to the uncertain outlook. Whilst the market shows signs of improvement and candidates are becoming more confident to make a move, we envisage this will remain a candidate short area for some time to come.

Tax professionals have also been in some demand and similarly candidate pools in this area remain limited. Achieving cost savings through smart tax planning has been an important focus in the global economic climate where driving cost efficiencies is the name of the game. Strong candidates continue to be difficult to source, particularly those with cross border experience. We believe that this will be destined to continue due to the specialised nature of the individuals involved.

Internal Audit

There has been consistent and strong demand for internal audit, compliance and internal control candidates through 2009, which was to be expected in the context of an economic crisis which was borne from insufficient risk management. The demand for these skills has been at all levels as organisations invested in the area to ensure that proper controls were implemented.

In cases where companies had recruitment freezes, internal audit was often the one area that would be exempt and where hires were considered critical. Add to that the fact that internal audit roles are also evolving in complexity with an increase in demand across more niche areas such as risk management and analysis, SOX compliance specialists and channel sales business compliance roles and it is easy to see that candidates will become difficult to source. Also candidates with exposure to FCPA (Foreign Corrupt Practices Act) have become popular.

Most companies have regional internal audit teams but they are now also building internal controls and compliance teams that partner and support the business in preparing for the audits. However, whilst demand is high, this is one area in particular where candidate supply is weak as often these roles require a great deal of travel, which many candidates are adverse to. This also means that turnover in this particular area is often high as candidates seek out a greater work/life balance.



**Big 4 Public Accounting Firms
(Audit Only) Salary Chart, Hong Kong**

	Years of Experience	Annual Salary Range (HK\$)
Director		1.2M+
Senior Manager 3+		840K - 1.1M
Senior Manager 2		780K - 840K
Senior Manager 1		720K - 780K
3rd Year Manager		600K - 720K
2nd Year Manager		540K - 660K
1st Year Manager		480K - 540K
Senior Accountant	qualified +2 years	420K - 480K
Senior Accountant	qualified +1 year	384K - 420K
Accountant	newly qualified 3 years experience	300K - 384K

Notes to public accounting salary chart:

- 1 Different firms pay different rates and salaries can vary between industry groups.
- 2 12 month base salaries are assumed.
- 3 All other benefits and bonuses are not included in these figures.

Hong Kong Salaries 2010 Accounting & Finance Professionals, Commerce & Industry

	Years of Experience	Annual Salary Range (HK\$)
Audit / Internal Control		
Director / Head of Audit	12 - 15	1.5M+
Senior Audit Manager	8 - 10	720K - 960K
Internal Audit Manager	6 - 8	580K - 720K
Internal Auditor	3 - 5	330K - 480K
Financial Accounting		
Group / Regional / Divisional CFO	15	1.2M+ / 1.8M+ / 2.5M+
Regional Financial Controller	10 - 12	800K - 1.2M
Financial Controller	8 - 10	720K - 1M
Finance / Accounting Manager	6 - 10	380K - 600K
Financial Accountant	4 - 5	240K - 380K
Accounts Payable / Accounts Receivable Accountant	Up to 8 years	240K - 330K
Management Accounting		
Manager - Management Accounting	8 - 10	550K - 720K
Senior Management Accountant	6 - 8	420K - 540K
Management Accountant	3 - 5	240K - 380K
Planning & Analysis		
Head of Planning & Analysis	10 - 12	840K - 1.2M
Financial Planning & Analysis Manager	8 - 10	540K - 780K
Senior Financial Analyst	6 - 8	420K - 540K
Financial Analyst	3 - 6	300K - 420K
Tax		
VP / Head of Tax	12+	900K - 1.2M+
Tax Manager	8 - 10	600K - 960K
Tax Accountant	3 - 7	300K - 550K
Treasury		
Head of Treasury	10 - 12	1M - 1.3M
Treasury Manager	8	600K - 920K
Treasury Accountant	4 - 8	300K - 540K

Notes to salary table:

- The salary ranges given are only approximate guides. For tailored salary advice, please contact us directly.
- 12 month base salaries are assumed.
- All other benefits and bonuses are in addition to these figures.
- Bonus ranges will typically vary from zero, a 13th month (now largely eradicated as a guaranteed component) up to 30 per cent. Some companies have an over-achievement provision which enables employees to significantly increase their bonus targets.
- Holiday entitlements range from 12-20 days with senior executives not usually receiving no less than 18 days.
- Healthcare policies are standard at most levels.
- Pension plans vary from standard MPF contributions - top up schemes can increase employer contribution levels as much as 15-20 per cent of base salary for senior executives.

Prospects for 2010

At this time, like most of our clients, we are in a much more positive state of mind than we were twelve months ago. The market indicators are showing a definite improvement, however the media would have us believe that we shouldn't be breaking open the champagne just yet and on the whole we also remain cautiously optimistic.

On a positive note hiring has definitely been on the increase as we progressed through Q3 and into Q4 2009 and this has been at all levels. Even recruitment at the senior levels (finance director and CFO) has also improved, which is an encouraging sign for 2010 and beyond.

Clearly companies are beginning to look forward again and expansion plans are back on the table as they look to re-recruit commercially focused individuals to control and support that growth. Some of the hardest hit sectors such as IT, retail, media and publishing were recruiting towards the end of 2009 which indicates improved confidence in the market. However, the manufacturing, shipping and logistics sectors have remained notably quiet. We do envisage an improvement in sentiment for the manufacturing sector, however, the outlook for the shipping and logistics related world is less promising in the short term.

We need to be aware that most of the hiring that has been taking place through 2009 has mostly been on a replacement basis. Companies have been filling gaps that were left when redundancies and restructures were done. There has been some opportunistic hiring taking place by the most well positioned companies in order to take advantage of the available talent on the market. The reality though is that there has been very little expansion in terms of investment in new headcount and for those out of work the market will remain challenging, certainly through Q1 2010.

However, strong candidates are slowly becoming harder to find and as some of our clients talk about investing in additional headcount through the course of 2010 this talent pool will become smaller and smaller. Therefore the key to many businesses' success for 2010 and beyond will not only depend on their ability to attract new talent, but also, and possibly more importantly, their ability to retain the talent that is already in place.

We look forward to the return of low unemployment rates and an improving market and wish you all the very best for 2010.



About Ambition



Ambition is an Australian-listed recruitment and contracting firm with four key areas of focus and serving all industry sectors:

- 1 Accounting & Finance
- 2 Internal Audit
- 3 Tax & Treasury
- 4 Sales & Marketing

Our coverage includes Hong Kong, China, Singapore, Sydney, Melbourne, Brisbane and London.

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