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Market Trends and Salaries Report 2010

Executive Recruitment Asia

ambition

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Introduction

Welcome to Ambition's Executive Recruitment Market Trends and Salaries Report for 2009/2010.

What a roller coaster ride 2009 has been for all of us. It felt like the world was about to end in the early months, then the banks began to post profits and things looked more positive again. Fast forward to the end of the year and we have a far more rosy view about the future. However, we are also far more cautious these days and we are yet to hear any overly optimistic opinions on what 2010 holds in store for us.

Whilst senior management teams have been anticipating increased sales and earnings, there is a general consensus that pricing power will remain weak and that spending levels will remain unchanged or may even decrease further. This does not augur well for the hiring trends in 2010 and it is likely that most companies will not be increasing headcount by many, if at all.

Hiring for senior executives through 2009 has been relatively quiet, this being particularly true for the first half of 2009. Things did start to improve from mid-year onwards, yet overall volumes remained low. On the whole, most companies have been reticent to recruit senior talent as they continue to closely manage their overall costs, yet some organisations have realised that in order to capitalise on future growth they need to invest in people to ensure they make the most of what the future holds.

What we did see during the first half of 2009 was many expatriate executives return to their countries of origin as companies recognised the significant cost of hiring a person from overseas due to all the expatriate benefits needed to move them to Asia. Add to this the increasing talent pool within Asia and the improving tolerance for localised packages then this exodus of senior management executives was not that surprising.

We look at some trends that developed through 2009 in this report and we always encourage you to speak to us personally should you wish for more targeted market or salary advice.



Guy Day
Managing Director, Asia & UK



Survey Findings Methodology

During October 2009, Ambition conducted a survey amongst our clients focusing on market and recruitment trends for Q4, 2009. In all 940 Hong Kong and Singapore based executives were surveyed. This comprised an even spread of finance, sales & marketing and human resources professionals from 580 companies across twelve industry sectors.

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

Business Performance

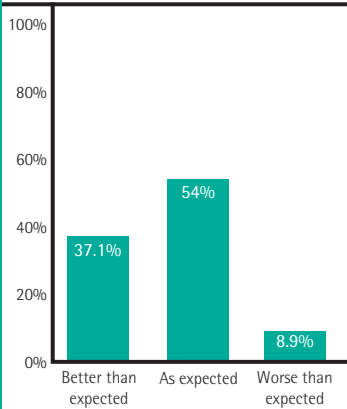
Business performance was as expected for Q3 for the majority of the respondents (54%) and encouragingly 37.1% of businesses surveyed had actually performed better than expected. The industries most positive were banking and financial services and the property/real estate sectors. In Hong Kong the FMCG sector was also pleased with Q3 results.

The outlook for 2010 is looking more positive with nearly 70% of all respondents surveyed anticipating growth for next year. Industries included banking and financial services again, but also the media/agency world was far more positive about the prospects for 2010, in addition to the retail/FMCG and IT&T sectors.

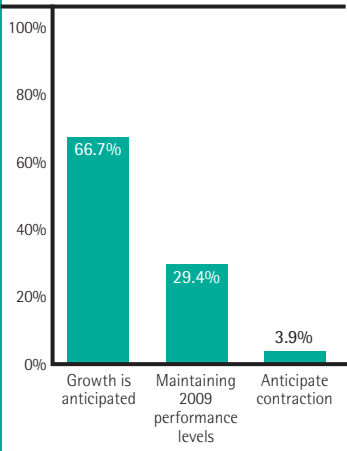
Market Outlook

When our respondents were asked about where headcount growth was anticipated over 60% believed this would be in the sales and business developments teams. This is unsurprising and was in fact already an active part of the recruitment market in Q3 and Q4 2009. After this the operations and middle office as well as risk and compliance functions were on the radar underlining the fact that many companies seem to believe that regulations and controls are only going to get tighter and hence more important to their success.

How did your company perform during Q3 2009?



What is the outlook for your business for 2010?



Hiring Trends

When asked about hiring challenges companies were very much in agreement that the top two issues they were likely to face are budget constraints and obtaining headcount approvals. In addition more and more respondents (74.9%) would consider hiring from overseas as local talent diminishes.

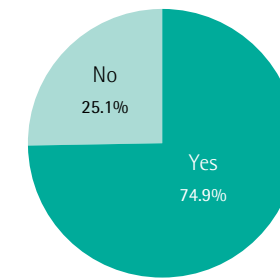
On top of this we are seeing increasing popularity in the use of the contracting workforce. Almost half of all respondents expect to use temporary/contract staff within the next twelve months. Most encouragingly, when asked about when they would next be recruiting, the most popular answer was that companies were currently hiring (Q4 2009), closely followed by Q1 2010.

Compensation

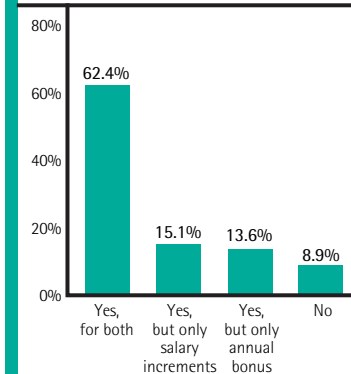
On a positive final note, across Asia over 60% of respondents expect that salaries will be on the increase again in 2010 and that bonuses will also be paid. Only time will tell if employee expectations of salary increases and bonus payments will be matched by their employer and whether or not this will have a positive or negative effect on the post Chinese New Year job movements.

Bonuses are expected to be paid at a higher level than 2008/09 for the banking and financial services sector, however, other industries are not quite so positive about the 2009/10 bonus period. Many respondents across Asia feared this year's bonus levels are likely to be flat with, or below, those received for 2008/09.

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



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



General Trends in Executive Recruitment

More Talent Available Than Ever Before

At the beginning of 2009 we witnessed an overwhelming number of senior level candidates actively looking for a new role. These were individuals who were either facing redundancy, had already been made redundant or who thought their role lacked the security they craved. Because of their more precarious employment situation and the severe downturn in the volume of opportunities available, these individuals were far more flexible when considering what the next job might be.

This flexibility not only covered the type of company they would consider but also stretched to the location, with many open to moving around Asia or even out of it altogether. In addition, salary expectations were also becoming more flexible. It was certainly a buyer's market but unfortunately there were not many buyers.

We also noted that more senior candidates were open to contract assignments, however, as Asia's market for contracting opportunities is not very well developed, this option did not become a reality for many. This is true for senior executives across most, if not all industries.

Asia's Increasing Appeal

Asia's popularity as a career destination continued to grow and throughout 2009 we experienced far greater numbers of candidates looking to enter this region as it is perceived to be one of the leading regions driving the global economic recovery. Candidates from the US and UK were in abundance due to the dire state of their home economies. However, without Asian experience, most of these candidates have not managed to make the transition.

Many international corporations are still relocating their senior expatriate managers to this region where internal business knowledge is deemed to be imperative. Yet when those expatriates try to move to new opportunities in the local market, it has been extremely challenging for them to do so as more and more companies try to attract Chinese talent into their senior roles.

Limited Senior Opportunities

Over the course of 2009 there has been a limited amount of senior level, executive recruitment across sales, marketing and financial management positions, although the employment market did stabilise as we moved into Q2. There were very few senior roles becoming available and where they did exist they were almost exclusively replacement roles rather than newly created opportunities. As companies continued to implement various measures to reduce costs, the creation of new roles for senior executives was severely curtailed.

When we have seen recruitment at the senior level the activity has been for the replacement of critical roles where there was fall-out from restructuring or redundancies. These roles were identified as imperative for the company's continued success; therefore incurring recruitment costs was tolerated. Some highlights have been in the financial services sector where senior communications professionals were in slow but steady demand, for example. Volumes across other industry sectors have been minimal.

Very Long and Delayed Processes

Almost all senior level recruitment activity has been subjected to ongoing delays as companies make the most of the employer driven market, taking their time to meet a wide range and large number of candidates who may not normally be available to them, or willing to entertain a move. In addition, the challenges companies now face in getting headcount approved, especially for key senior hires, have increased and the desire to ensure that a careful and considered decision is made has become paramount. This has slowed down recruitment processes significantly almost doubling the time to hire for senior executives.

As an example, a typical search for a CFO can take approximately three months in normal market conditions, however, through 2009 we have seen this extend to just over five months on average. This is unlikely to change significantly in 2010 but it will ease as markets recover.

Less Selective Upgrading

Typically during a downturn an organisation's management team takes the opportunity to selectively upgrade underperforming staff – and the most senior staff members are not immune to this. However, it is true to say that this has not been as widespread as we might have first imagined during this crisis. In addition, we have seen many organisations go 'window-shopping', being happy to start a recruitment process only to phase it out after meeting senior candidates as their appetite to actually bring new people into the senior team was not that great.

The lack of pressure on resources after a company downsized and business volumes contracted has meant that companies have been able to manage their workloads with existing or reduced staff numbers. However, CFOs, heads of marketing functions and country heads all agree that they will become quite stretched when business activity increases. We have already seen this to be the case in the banking and financial services sector towards Q3 and Q4 in 2009 and it can only be a matter of time for other industries to also return to more buoyant levels of activity.



Compensation Trends

Accounting & Finance Professionals

In 2009 salaries have typically remained flat for the most part. Throughout the year senior finance professionals were not expecting the guaranteed elements of their packages to change much at all. This was true across almost all industries. However, as the year has progressed we have seen some key differences between the banking and financial services (B&FS) and commercial sectors.

Whilst annual bonuses across the commercial sector remained steady as we moved from 2008 into 2009, the opposite was true in B&FS where bonuses were cut severely due to the market crisis. As we approach 2010 it seems that the tables may now have turned. The B&FS sector has recovered quite quickly through 2009 and profits are up as business volumes increased. Consequently, senior professionals in this sector can expect their bonuses to increase accordingly – as compared to the 2008/09 year. However, they are not yet expecting a return to 2007/2008 levels.

Conversely, the commercial sector has suffered most through 2009 with business volumes down, hence profits have been hit quite badly. This has resulted in a negative sentiment for bonus levels for the 2009/10 year. Many senior finance professionals are expecting a reduction in bonus for 2009 with some unlikely to receive anything at all. Whilst bonuses in this sector are always lower than in the B&FS field, they are usually less susceptible to the same levels of volatility.

Salaries for the commercial sector will be increased for 2010, but it seems that most are expecting nominal increases only, of approximately 2%. In comparison the B&FS sector is expecting something a little healthier at 5%. However, there are still instances where individuals are taking pay cuts, but usually only as part of company wide initiatives. Fortunately, these are few and far between.

Throughout 2009, across all industry sectors, we saw a much greater willingness among unemployed senior professionals to accept reduced salaries in order to get back into the workforce. In some cases this was as much as a 20% reduction. Some organisations were very keen to take advantage of this increased level of flexibility, but we have seen that pushing a senior candidate too far down the pay scale is not a sustainable practice as almost all of these candidates are still actively looking in the market and will move as soon as a more realistic package and role become available.

Smarter organisations that may not have been able to match a candidate's previous salary levels have still been able to attract quality candidates by paying a greater amount in variable pay – this ensures the candidate remains focused on the advancement of the company and subsequently gets rewarded appropriately for their efforts.

Asia Salaries 2010 Senior Executives, Accounting & Finance

	Years of Experience	Annual Salary Range (HK\$)	Annual Salary Range (SG\$)
Banking & Financial Services			
Group CFO	20+	3.5M+	600K+
Regional CFO	15+	1.8M - 3M+	300K - 500K
Country / Divisional CFO	12+	1.5M+	200K - 300K
Head of Audit, Internal Control	15+	1.5M+	300K+
Senior VP, Audit	12+	1.2M - 1.4M	220K - 300K
Head of Compliance	15+	1.5M+	300K+
Senior VP, Compliance	12+	1.2M - 1.8M	220K - 300K
Head of Management Reporting	15+	1.5M+	300K+
Senior VP, Management Reporting	12 - 15	1.2M - 1.5M	220K - 300K
Regional Financial Controller	15+	1.5M+	230K - 280K
Senior VP, Financial Control	12 - 15	1.2M - 1.5M	200K - 230K
Head of Tax (large bank)	15+	2M - 3M+	300K - 400K+
Head of Tax (small bank)	15+	1.5M - 2M+	200K - 300K+
Senior VP, Tax	12 - 15	1.3M - 1.8M+	200K - 300K+
Commercial Sector			
Group CFO		3M+	500K+
Regional CFO	15+	1.8M - 2.5M+	300K - 400K
Country / Divisional CFO	12+	1.2M - 1.8M	200K - 300K
Regional Financial Controller	10 - 12	800K - 1.2M	150K - 300K
Director / Head of Audit	12 - 15	1.5M+	200K - 350K
Head of Planning & Analysis	10 - 12	840K - 1.2M	140K - 220K
Head of Tax	12+	900K - 1.2M	180K - 350K
Head of Treasury	10 - 12	1M - 1.3M+	170K - 350K

Notes to salary table:

- The salary ranges given are only approximate guides. For tailored advice, please contact us directly.
- 12 month base salaries are assumed. Base salaries quoted above vary significantly according to size of organisation.
- All other benefits and bonuses are in addition to these figures.
- Health policies are standard at most levels.
- Housing: Cost of housing rentals can vary enormously, on average US \$6,000 – 12,000 in Hong Kong and Singapore.
- 2009 bonuses: Financial Services: est. 40 – 100+ per cent of base salaries quoted.
Commerce and Industry: est. 20 – 50 per cent of base salaries quoted.
Given the turmoil in the markets through 2009 it is likely that some senior finance professionals will receive lower than expected bonuses and these figures could prove to be reflective of the upper end achieved, with far more receiving less.
- Long Term Incentives (LTI) plans typically apply for Regional CFO roles and above.
- Pension/ retirement benefits tend to be statutory at Country CFO level, increasing 10 – 20 per cent of base for Regional and Group CFO.

Compensation Trends

Sales & Marketing Professionals

On the whole salary trends at the senior level, across most industries have been fairly stable for the past few years. Most packages are focused around base salaries with short and long term incentives in the shape of annual bonuses and some form of share plan.

Unsurprisingly sales director compensation remains a combination of fixed and variable pay made up of base plus bonus paid either monthly, quarterly or annually. Revenue management roles often command variable components based on both personal and team based revenues however greater transparency exists for sales management professionals when it comes to determining personal income levels. Such compensation structures remain, although the split between fixed and variable pay can often vary from one company and one sector to another.

Marketing directors and chief marketing officers in large local companies are increasingly being rewarded comparably to their counterparts in multinational organisations. Despite this, pay levels can often depend on the culture of the company as well as the philosophy of the management team and in some cases we still see disparity between similar roles in similar organisations. The structure of senior marketing packages remains largely unchanged although in contrast to senior sales roles, the variable component is more often than not a discretionary annual bonus and subject to the performance of both the individual and the company.

What we have seen through 2009 is the impact of the market downturn on total annual income. The ability for sales and marketing professionals to grow their income year on year has been severely curtailed in many cases. Not only have bonuses been reduced or eliminated altogether, but base salaries have also been reduced having an overall negative impact on take home pay for many professionals. Add to this the continued focus on expense management that we expect to be the case through 2010, and a large number of sales and marketing professionals may have to wait until 2011 before they see any real growth in base salary and overall packages. Companies will need to manage this very carefully as the high performing members of senior management in any organisation will expect to be compensated fairly as the economy improves. Otherwise many companies may be faced with their senior talent leaving to join a competitor who is willing to pay them more competitively.

High calibre professionals are always in demand and even when the market conditions are not at their most positive the very best talent will get paid a premium to move into a new company. Through 2009 we saw average premiums of 10% to 15% being paid for executives willing to make a move during the tough times. This has been most evident in the banking and financial services sector as bonus levels have decreased significantly. Professionals in this sector are also now faced with their future bonuses being paid over three years rather than in one lump sum and in some cases subject to a claw back policy.

Asia Salaries 2010 Senior Executives, Sales & Marketing

	Years of Experience	Annual Salary Range (HK\$)	Annual Salary Range (SG\$)
Financial Services			
Executive Director, Marketing	20+	1.5M+	350K+
Marketing Director	15+	1M - 1.5M	150K - 300K
Managing Director, Corporate Communications / Affairs	20+	1.8M+	350K+
Director, Corporate Communications / Affairs	15+	1M - 1.8M	175K - 250K
Executive Director, Events	20+	1.5M+	250K - 350K
Events Director	15+	1M - 1.5M	175K - 225K
Head of Market Research / Business Intelligence	15+	1M - 1.5M	200K - 250K
Commerce & Industry			
CEO	25+	2.5M+	400K+
Managing Director	20+	1.5M - 2.5M	250K - 350K
General Manager	15+	1M - 1.8M	200K - 250K
Head of Sales	15+	1M - 1.5M	200K - 250K
Head of Marketing	15+	1M - 1.8M	200K - 250K
Head of Corporate Communications / Affairs	15+	1M - 1.8M	200K - 250K
Head of CRM	15+	1M - 1.5M	175K - 200K
Head of Research	15+	1M - 1.8M	175K - 200K

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Prospects for 2010

Accounting & Finance

We have seen a large number of Asian enterprises, banks and financial institutions such as private equity and venture capital firms rebound well throughout 2009 while most other industries remained sluggish. Many Asian firms are typically more entrepreneurial than their international counterparts and hiring decisions are often made by the owner/Chairman, thus reducing the decision making time and accelerating the recruitment process, whereas many multinational corporations are more constrained by process and bureaucracy.

Regional multinational corporations must also combat the natural caution that exists in their US or European headquarters, many of whom are still undereducated about the dynamics of the Asian markets. This year we have witnessed examples of overseas headquarters making decisions about Asia recruitment based on what they are witnessing in their home markets, rather than responding to the local market's needs. Whilst this remains the case they stand to lose a competitive edge to organisations that are more Asia friendly and recognise the need to sometimes do things differently in this region.

In general, the sentiment for the recruitment of senior finance professionals is one of cautious optimism. Opportunities for the first half of 2010 would appear at this time to be relatively limited, but assuming the economy continues to improve, there is every reason to be optimistic that recruitment activity will pick up through the second half. However, it is highly likely that following the trend of 2009 the banking and financial services markets will improve sooner than the commercial sector therefore increasing recruitment activity for CFOs, COOs, business managers and other senior finance professionals. These roles were very few and far between in 2009.

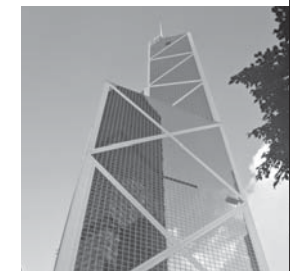
Along with this steadily improving market we will also see senior candidates' personal agendas begin to change. Many will have remained in their existing roles through the tough period, for probably two years or more, therefore scroll forward to Q2/Q3 2010 and many will want to seek new challenges where they feel they can add value to a growing business once more.

Sales & Marketing

In terms of sales, marketing and general management positions it is unclear at this early stage just how much senior level recruitment activity there will be in 2010. Without a doubt companies will be hiring more people than they did in 2009. We have spoken with many employers who have included new headcount in their 2010 plans. Despite this promising news, the number of actual hires will be firmly in the lower single digits.

Given the activity within banking and financial services in the second half of 2009 it is reasonable to assume that this will at some point flow through to other sectors. The questions are when will this happen and what positions will companies be looking to hire? With the large number of marketing redundancies that took place in banking and financial services there will undoubtedly be replacement recruitment activity as the recovery within this sector continues. However, it could be some time before we see a significant volume of senior level recruitment activity in other industries.

" Without a doubt companies will be hiring more people than they did in 2009 when will this happen and what positions will companies be looking to hire? "



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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