

vibrant employment market continues

Last year's Accounting and Finance Salary and Skills Survey conducted by ACCA Hong Kong and Michael Page International reviewed a promising recruitment market scenario for the accounting and finance professionals. In 2007, this sector continues to enjoy the rewards of the bustling economy and the future outlook continues to be positive with stable growth.

As in 2006, the **Accounting & Finance Market Survey 2007** aims to identify the salary and talent retention trends and strategies in the accounting and finance sector. Given the current recruitment market trends, a new section is added to this year's survey to identify the training preferences and needs of employers and employees. The survey conducted from 20 June to 12 July 2007 received over 2,200 responses from ACCA Hong Kong members, ACCA approved employers, and clients and candidates of Michael Page International.

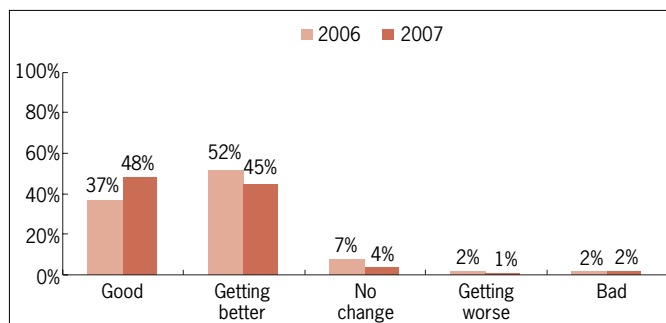
Eighty-one percent of accounting and finance professionals had a salary increase in 2007 and 50% received job offers in the past twelve months according to the survey. This result reflects a continuous active recruitment market in this sector as last year's survey showed 80% of accounting and finance professionals had a salary increase and 46% received job offers in the past twelve months.

EMPLOYMENT MARKET OVERVIEW

Current job market

Ninety-three percent of employees who responded, from all career levels, are positive towards the current job market with 48% and 45% employees saying the market is 'Good' and 'Getting Better' respectively. (Diagram 1) This shows a very similar outlook as the result last year.

Diagram 1: Employees' view on current job market (2006 vs 2007)



In this vibrant recruitment market, 59% of the employers in the survey say they are recruiting more accounting and finance professionals currently or will recruit within the coming twelve months, 2% higher than 2006's results. The survey shows that 62% of responding employers say they plan to recruit accounting and finance talent with 5 to 10 years' experience in the coming months, while 55% employers in the commercial sector say they will hire talent for financial accounting function. (Diagram 2 and 3)

Diagram 2: Employers' recruitment plan (years of experience)

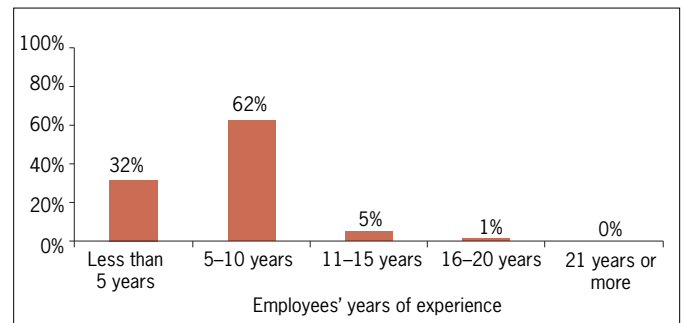
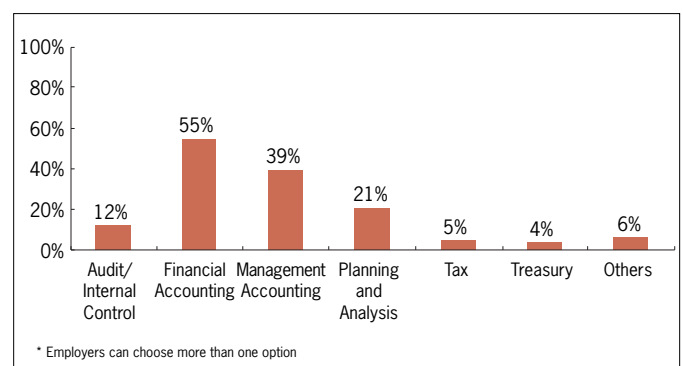


Diagram 3: Employers' recruitment plan (accounting & finance functions in commercial sector)



Morison Chan, President of ACCA Hong Kong agrees that the recruitment market in the accounting and finance sector is positive but reminds of the keen competition. Mr Chan says, "The bustling economy creates demand for accounting and finance professionals, and as the survey shows, talent with 5 to 10 years' experience are most sought-after by employers. Effective talent retention strategies for employers and how employees continue to equip themselves are crucial for both sides to stay competitive in the market."

The survey shows that 76% of the responding employers do not intend to recruit candidates from overseas (including Mainland China) to overcome the talent shortage. Recruitment from the local market is still preferred.

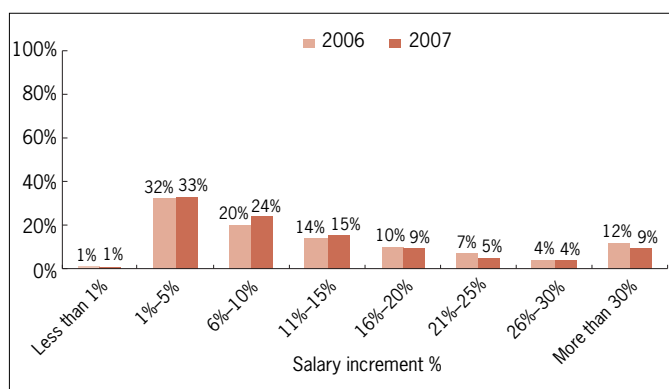
Anthony Thompson, Managing Director, Hong Kong & Southern China of Michael Page International says, "Recruitment from the local market is still the major channel but the domestic skills shortage means there isn't sufficient skills supply to satisfy demand. If hiring requirements are to be met, employers can extend their recruitment initiatives to regional and global markets. Failure to do so will result in escalating competition for local candidates which will drive up salary levels and labour costs."

Salary trends and expectations

Both employers and employees report salary rises in 2007 and predict this increasing trend will continue in 2008. Similar to last year, 61% of responding employers and 37% of responding employees estimate the salary increment next year to range from "1% to 5%".

In 2007, 81% responding employees had a salary increase, similar to last year's result of 80%. Among them, 33% say the increment was from "1% to 5%" while 24% say the increase was within the "6% to 10%" range. This year, 9% of the responding employees say they had 30% salary increment, 3% lower than last year's result. (Diagram 4)

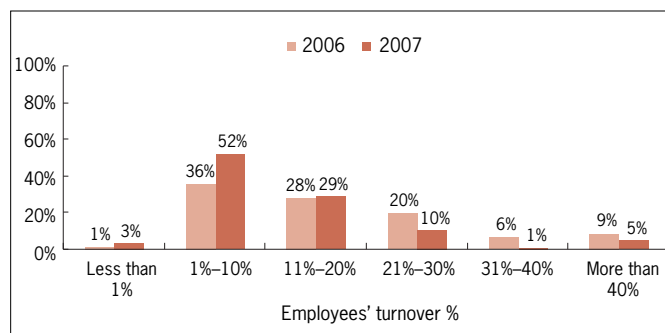
Diagram 4: Salary trend in 2007 (Employees)



TALENT RETENTION TRENDS AND STRATEGIES

Same as last year, 74% employers received resignation letters from their accounting and finance staff in the past twelve months. Among this group of employers, 68% of them could successfully retain up to 10% of the resigned staff, 3% higher than the result in 2006. (Diagram 5)

Diagram 5: Employees' turnover rate (2006 vs 2007)



"Offer better remuneration package" continues to be viewed as the most effective staff retention strategy by employers, followed by "offer a clear career progression pathway" and "establish robust linkage of individual remuneration to performance" as the top three effective retention strategies.

Whilst in the employees' survey, "remuneration package" is ranked second among their job change decision factors, with "good career prospect and exposure" topping the list. It would be beneficial for employers to note that employees ranks "opportunity for training and development" as the fourth decision factor while employers only rank this as the eighth effective retention strategy. (Diagram 6)

Diagram 6: Employers' retention strategies vs employees' job change decision factors

(with score in a scale of 1-5, where 1 is not at all important / not effective and 5 is very important/ very effective)

Employers' retention strategies	Employees' job change decision factors
1. Offer better remuneration package (3.9)	1. Good career prospect and exposure (4.5)
2. Offer a clear career progression pathway (3.6)	2. Remuneration package (4.3)
3. Establish robust linkage of individual remuneration to performance (3.5)	3. Job promotion (4.0)
4. Work life balance (3.5)	4. Opportunity for training and development (3.9)
5. Position talent management as a strategic priority for senior management (3.3)	5. Job security (3.8)

Half (50%) of the responding employees received new job offers in the last 12 months, which is 4% higher than 2006's results. More than half of them (56%) claim that they received two to four job offers, with 38% of them receiving one offer. The survey shows that 29% of these employees who received new offers have an average of "1% to 10%" pay rise and 32% have an average of "11% to 20%" pay rise compared to their current or previous jobs. (Diagram 7 and 8)

Diagram 7: Employees' turnover (employees who received new job offers)

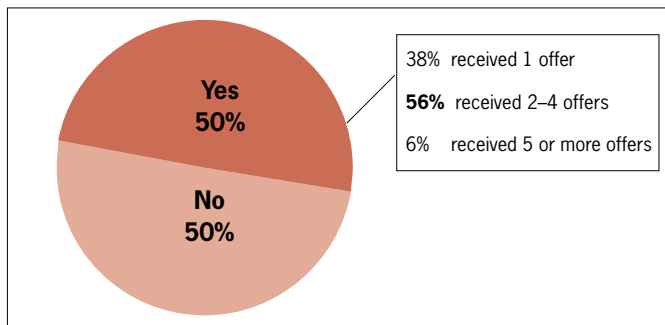
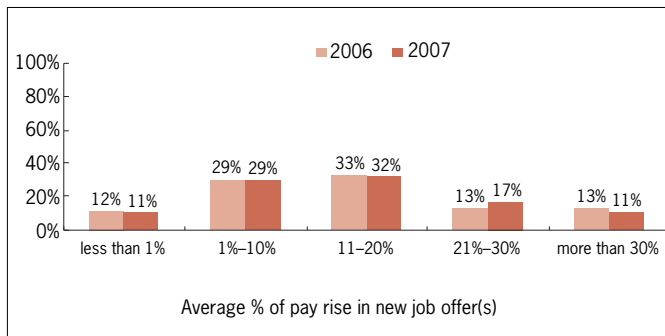


Diagram 8 : Average percentage of pay rise in new job offer(s)



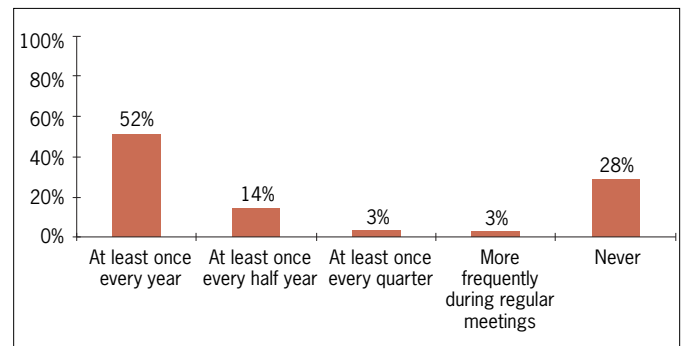
CONTINUING PROFESSIONAL DEVELOPMENT (CPD) AND TRAINING TREND

With the growing attention in continuing professional development (CPD) and training in the market, a new section on this area is added in this year's survey.

It is encouraging to learn that most of the responding employees agree that "it is important that employee training needs are identified on a regular basis", and agree that "staff CPD could enhance their career development". Most of the responding employers agree that "staff CPD helps ensure their accounting and finance staff meeting a global standard of development in a responsible and ethical manner".

Although 52% of responding employees say they have training and development needs reviewed by their line manager or human resources team at least once a year, 28% say they never had any review conducted on this area. (Diagram 9)

Diagram 9: Frequency of identifying and reviewing training needs of employees



Regarding the hours spent in 2006 on the CPD programmes organised by their companies, 29% employees say they spent "0 hours" and 23 % say they spent "1 to 10 hours". Employers are recommended to pay more attention in arranging their staff to attend CPD and training which could be beneficial to both parties.

By comparing the preferences and needs of both employers and employees on technical skills training, the survey shows that both parties rank "Management reporting" in high preference. (Diagram 10)

Diagram 10: Employers' training preferences vs employees' training needs (technical skills)

(with score in a scale of 1-5, where 1 is not at all important and 5 is very important)

Employers' training preferences (rank of importance)	Employees' training needs (rank of importance)
1. Management reporting (4.2)	1. Financial analysis and modeling (3.7)
2. Professional ethics and sustainability matters (4.0)	2. Management reporting (3.7)
3. Financial analysis and modeling (3.9)	3. Risk management and control (3.6)
4. Taxation (3.9)	4. IFRS / financial reporting (3.5)
5. Risk management and control (3.8)	5. Corporate governance and professional ethics & sustainability matters (both 3.3)

RECOMMENDATIONS DRAW FROM SURVEY RESULTS

EMPLOYEES	EMPLOYERS
<ul style="list-style-type: none"> <input type="checkbox"/> Jointly work with employers to fulfill training needs in both the technical and soft skills areas <input type="checkbox"/> Evaluate the possibility with employers for attending more training sessions as both sides find it important <input type="checkbox"/> Professionalism and sustainability matter are ranked highly by employers, suggesting employees should pay more attention to this area 	<ul style="list-style-type: none"> <input type="checkbox"/> Encourage employers to conduct regular reviews and identify employees' training and development needs <input type="checkbox"/> Provide opportunities for development and training could be an effective retention strategy as it is valued by employees as a job change criteria <input type="checkbox"/> Discuss and arrange with employees to attend more training as both sides find it important

Note: Thank you to all ACCA members, approved employers and Michael Page clients and candidates in Hong Kong who had participated in this survey. This survey could not be completed without your valuable inputs.