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Market Trends and Salaries Report
2009

Accounting & Finance Recruitment
Hong Kong

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Introduction



Welcome to Ambition's Accounting & Finance Market Trends and Salaries Report, Hong Kong.

We are certainly living in some remarkable times and the economic downturn driven by the global credit crisis has well and truly hit the commercial sector. Whilst this has not been as severe as we have witnessed in the banking and financial services sector, it certainly has been felt with recruitment activity being one of the first things to be curtailed under these conditions.

2008 was a year of two distinct halves. The first half was quite buoyant with continued expansion and business development with new roles being created across a broad range of industry sectors. Recruitment activity was strong and steady with candidates still gaining healthy pay increases to make a move. Upward pressure on remuneration was still evident with a quality accounting professional commanding at least 10% salary increment when moving company.

However, as we moved through the second half, especially after the collapse of Lehman Brothers in September the market altered radically. Recruitment activity began to deteriorate, hiring processes slowed or were put on hold indefinitely and some roles were eliminated completely. Whilst candidates moving in Q3 could still expect a pay rise in line with those of the first half of 2008, this quickly changed through Q4 and salaries flattened considerably.

As companies' access to credit remains uncertain, growth opportunities are severely curtailed hence businesses are not achieving budgets and profits are deteriorating. This can only have a dampening effect on the recruitment market through 2009 and there is no consistent wisdom as to when we might see a bottom to this turmoil.

This uncertainty has further negative impacts on recruitment activity as companies are hesitant to add new headcount (or even replace when turnover occurs) and candidates also are wary, reticent to make any employment moves, fearful of potential redundancies as the 'last in, first out'.

However, there have been some bright spots, which we mention in this report and we also expect some industry sectors to weather this storm far better than others and this will result in new opportunities for candidates in 2009 and beyond. Whilst it may feel like its all doom and gloom at present, there are some good news stories.

I do hope you find this market trends and salary report useful. It contains a considerable amount of comment and opinion but also some quantitative information. Our salary information is carefully compiled from cross sections of our candidate database but, as always, we encourage you to speak to us personally for more tailored advice.

The entire Ambition team is always happy to provide detailed feedback on the market but if you would like to speak to me personally then do not hesitate to get in touch via email andrea.williams@ambition.com.hk or call me on +852 3101 3066.

I wish you the very best for 2009 and beyond.

Andrea Williams
Managing Director- Hong Kong

Market Overview

Market Confidence is Low

The end of SARS in 2003 saw the start of the growth curve in the recruitment of accountants, a five year buoyant period where the brakes have only been applied to the commercial sector in the last quarter of 2008 with the spill over effect from the banking crisis. Many companies in the wider economy underestimated the sheer impact this was to have on business sentiment and that Asia would continue on its growth run, but this assumption was quickly dismissed and we have seen a substantial hit to general confidence, something which immediately hampers recruitment. Many assignments have been frozen or put on a 'go slow' and only time will tell how quickly market confidence will return.

Events of Second Half 2008 Have Changed the Commercial Sector Landscape

Whilst the banking & financial services industry has taken the lion's share of the headlines, businesses in the real economy have not been without their challenges. The global automotive industry has caught the attention of the media but we have also seen considerable fallout in Hong Kong locally in sectors such as retail, supply chain advertising and the services sector.

Job Numbers Dropping but Hiring Continues

While the market conditions may have taken on a fairly gloomy feel, there are more robust sectors including professional services, utilities, IT and telecommunications that have continued to hire. Even those companies experiencing some of their own pain have needed to hire critical positions but have set the bar even higher.

Staff Turnover Will Slow

With fewer opportunities for candidates to consider, the likelihood of anyone moving jobs is now more remote. If we add to this the conservatism that has crept into the market then it is not hard to see that the market will slow down significantly and people will make the decision to remain where they are. Job moves at the best of times are perceived to involve a certain degree of risk and in these times the appetite of many candidates has been quashed.

Skills Shortages Still Impacting the Market

Recruitment is a cyclical business and there is no question that the latter part of 2008 has seen us enter a distinctly new phase in that cycle in Asia, despite some earlier predictions that Asia could, in some way, be decoupled from the rest of the world.

With a downward trend in the economy, employment opportunities become fewer and unemployment will rise which means employers are likely to have more choice in who they hire. However, skills shortages are a structural issue and remain a constant challenge with the very highest calibre talent still in demand.

Salary Increments to Flatten Out - Bonuses Hampered

The substantial salary increases which candidates have been able to command have been a feature of our last few reports which has been fuelled by considerable demand from employers but limited market supply. With demand now dropping and supply potentially increasing, employers should start to gain the upper hand in salary negotiations in all but a small number of cases. We should start to see companies take a far more prudent stance on annual pay reviews (low single digits at the very best) and salary freezes relatively common.

Whilst bonuses will be acceptable to many under the current economic circumstances and relative to the banking industry, most commercial sector companies are beginning to feel the effects of the global slowdown with deteriorating financial results through Q4 2008. It is therefore perfectly reasonable to expect that some of this will be factored into accountants' bonuses come early 2009.

Unemployment Likely to Increase

With the events of 2008 it is hard not to envisage some fairly dramatic restructures and cost saving drives. In downward cycles, non-revenue generating functions are the first in the spot light and we expect some fall out in this area. However, we don't anticipate the same headcount reduction in Asia that we are likely to see in markets such as the US or Europe where, arguably, the long term pain is likely to be greater. The more optimistic market analysts still forecast Asia to be a high growth market and once some of the short-term pain has been absorbed, that we will see a return to growth, albeit very gradual in some sectors. Only time will tell but we do expect staff cuts to be a feature of 2009, certainly in the first half.



Market Overview

Upgrading of Talent – A Flight to Quality

In downward cycles, employers not only make staff cuts but they replace weaker members of their team with higher quality talent. We expect a trend of upgrading certain accounting roles in 2009 which is another reason why the very top few percent of candidates will always be in demand.

A Greater Interest in Interim, Contract / Temporary Accountants

Within the commercial sector there has been a mild uplift in contract or temporary assignments as companies have difficulty getting authorisation for additional headcount and so look to the contract accountant to plug these gaps. We would logically expect demand to increase substantially especially since supply, the ongoing challenge to achieving a greater uptake of temporary recruitment, will increase as more jobless candidates spill onto the market with a much more open mind to their job search.

Less Opportunity for Overseas Candidates

Traditionally we have found only a small number of instances where our commercial sector clients have been willing to consider candidates from overseas, other than Chinese returnees. If there was some evidence of it in 2007 and the first half of 2008 it was at the senior level and for relatively niche positions such as tax and internal audit. With even greater caution around hiring in 2009, we expect more pressure towards hiring from overseas for anything other than the most senior finance roles.

Hong Kong Recruitment Market Trends Accounting

The first half of the year continued in the same vein as 2007 with recruitment volumes remaining strong in the accounting area. Opportunities were broad and varied and representative at all levels of seniority. Candidates were able to negotiate healthy pay increases which were in the range of 10% to 15% on average. However, this has not lasted.

Following the financial market turmoil, recruitment activity has slowed considerably which was particularly evident in the final two months of 2008. Even so, the junior and middle management markets have again seen strong demand throughout most of the year. The senior market had a very busy first half but this area of the market has been hardest hit with volumes over the latter 3 to 6 months severely reduced.

Tax & Treasury

Tax and treasury recruitment trends tend not to vary greatly from year to year. As specialist disciplines, they have a much lower number of roles than the mainstream accounting discipline and consequently the amount of job movement is consistently lower. Tax, as a specialisation, has seen steady recruitment activity this year and we envisage this will remain to be the case through 2009 and beyond. The amount of turnover will impact this however, and if candidates are less willing to move roles due to the continuing market turmoil then we could see slightly lower levels of activity for the first half of 2009.

After a slow start in 2008 we witnessed increasing demand for treasurers through quarter two as organisations looked to beef up this function in response to more stringent corporate requirements for cash and liquidity management and even more so in the aftermath of the financial market crash. This activity has slowed significantly now in line with the tighter market conditions and we cannot see this changing for some time. If we do see any significant activity in this area through 2009 then it is likely to be for straight replacement roles only.



Hong Kong Recruitment Market Trends Internal Audit



Demand for internal auditors has again remained constant throughout 2008. It appears that whatever the market conditions, this area continues to be a challenging one in which to find quality staff. The increasing demands for strong corporate governance has resulted in ongoing requirements for internal auditors and their futures remain secure as many organisations remain committed to establishing strong internal controls. Therefore, the recruitment of good internal auditors has been a priority. Whilst demand remains, supply of suitably qualified individuals remains low and therefore strong candidates have continued to make job moves and on the whole have received positive pay increases when making those moves.

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	336K - 384K
Accountant	newly qualified 3 years experience	264K - 336K

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 2009 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	336K - 480K
Financial Accounting		
Group / Regional / Divisional CFO	15	1.2M+ / 1.8M+ / 2.5M+
Regional Financial Controller	10 - 12	1M - 1.2M
Financial Controller	8 - 10	720K - 1M
Finance / Accounting Manager	6 - 10	450K - 600K
Financial Accountant	4 - 5	300K - 384K
Accounts Payable / Accounts Receivable Accountant	Up to 8 years	240K - 336K
Management Accounting		
Manager - Management Accounting	8 - 10	550K - 720K
Senior Management Accountant	6 - 8	420K - 540K
Management Accountant	3 - 5	240K - 384K
Planning & Analysis		
Head of Planning & Analysis	10 - 12	840K - 1.1M
Financial Planning & Analysis Manager	8 - 10	600K - 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 - 840K
Treasury Accountant	4 - 8	300K - 540K

Notes to salary table:

- 1 The salary ranges given are only approximate guides. For tailored salary advice, please contact us directly.
- 2 12 month base salaries are assumed.
- 3 All other benefits and bonuses are in addition to these figures.
- 4 Bonus ranges will typically vary from 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.
- 5 Holiday entitlements range from 12-20 days with senior executives not usually receiving less than 18.
- 6 Healthcare policies are standard at most levels.
- 7 Pension plans vary from standard MPF contribution - top up schemes can increase employer contribution levels as much as 15-20 per cent of base salary for senior executives.

Prospects for 2009



General sentiment in the accounting & finance recruitment sector is that 2009 will be a very tough year for job seekers. Consumer and corporate confidence are at their lowest levels for many years and when both dovetail this typically signals a prolonged period of reduced job opportunities. With most corporations expecting challenging trading conditions over the next 12 months there is now a far heavier focus on cost control than we have seen in Hong Kong at any time over the past 5 years and recruitment expenditure will be reigned in. Many job seekers remain very cautious about moving jobs in uncertain times and this lack of movement will minimise the number of new opportunities that come to market.

At the time of writing we are in a period of great uncertainty with depressed conditions and expect the first six months of 2009 to be very difficult indeed as more corporations feel the effects of a global recession and report substantially lower earnings. Once the business world is in broad agreement that we have found a bottom to the global economic crisis then there will be greater clarity about the future, even if the prospects are not especially encouraging for some time. With greater levels of certainty will come more decisions around future hiring but we would reasonably expect a sustained period of weak market conditions and no significant recovery taking place until 2010 when confidence may begin to return and the true effects of government stimulus packages have kicked in.

About Ambition

Ambition is an Australian-listed recruitment and contracting firm with four key areas of focus serving the commercial sector:

- 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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