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Human Resources Recruitment Market Trends & Salaries Report

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Introduction

The last two years in Asia have seen a dramatic turnaround in the employment market. Companies have moved from a cautious stance on recruitment to aggressive expansion and this has placed no greater pressure than on the human resources function.

Compensation and retention of staff have been fundamental challenges for organisations in their bid to capitalise on the region's buoyant economies.

The focus on organisational health means human resources professionals are in the spotlight which has had the knock on effect of higher demand within the HR function.

In this guide, Ambition examines the trends in the recruitment market for human resources professionals, comments on the impact on salaries and forecasts what we can expect to see over the next 12 months. One thing is absolutely clear, the Human Resources function is never short of challenges – it is often caught in the organisational cross fire and those working in it need to be outstanding influencers to meet the expectations placed upon them.

Guy Day
Managing Director, Asia

The State of the Market

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2006 has been one of the most active years ever in the field of Human Resources (HR) recruitment in Asia. More positions were advertised online and in print media than before and recruitment company order books have been full of HR vacancies.

A vast number of positions have been created across all sectors to address the challenges faced as organisations ramp up hiring and, at the same time, aim to retain their key human capital. The profile of the HR function has undoubtedly increased in Asia as it has become a more strategic discipline and the contribution it makes to the organisation is more widely accepted.

This has led to demand at all levels and across most areas of HR specialisation with demand remaining especially high for those with generalist HR experience gained within large, corporate environments. This has certainly placed upward pressure on salaries (to be examined in more detail in a later section) and led to greater staff turnover, the very poison that the function is there to stem.

Within large organisations, notably the major financial institutions, regional experience remains at a premium. Those HR professionals with familiarity of the people and organisational challenges faced in the various Asian markets (and how to solve them) are in shortest supply, especially those who can address the multitude of complex staffing and regulatory issues in China.

There is a distinct shortage of HR talent in Hong Kong and Singapore with HR not being a typical career path for graduates from Asia to follow. Traditionally, there has been a far greater leaning towards the accounting, banking, legal and medical professions. This has meant that many organisations have searched overseas for their desired candidate and settled on importing experience. Although, in instances, these individuals may lack the specific geographic experience, their ability to introduce a greater level of sophistication to HR functions in Asia has more than compensated. We have also seen an increase in the number of internal transfers to Asia. HR more than any other function relies on key relationships and familiarity of the internal dynamics and workings of the organisation.

Human Resources: An Increasingly Strategic Function

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By comparison to western economies Asia lags some years behind in organisational development and therefore is frequently perceived as less sophisticated in many areas. As Asia's most explosive growth in demand for staff has been in the last 10 to 15 years, there is still plenty of evidence of outdated HR practices – a hangover from the past – and the function not carrying the same level of credibility that it might do in the US, Europe and Australia.

HR has still not achieved anywhere near the level of sophistication as, say, finance however, change is afoot. In big, international companies HR now plays a far bigger role in organisational health where it is responsible for determining whether the structure and culture are helping or hindering the achievement of business objectives. CEOs are lonely people and often need someone to 'tell it as it is', a role which can be played by the HR Director and helps establish the function strongly within the organisation.

HR Directors used to find themselves leading 'change programmes' but today the emphasis is more on a continuous effort to understand how the business will change over the next few years and what the implications are for the skills and experience of employees.

HR is moving away from an administratively run function into something far more strategic and, as such, a business partner. This is having a major impact on the style and profile of HR professional being recruited, most notably at the senior levels.

Those organisations which recognise the strategic importance of HR and embrace it, unquestionably, attract the best talent.

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Compensation and Benefits Experience on Most Wish Lists

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It is recognised as one of the most challenging (and politically sensitive) issues on an HR Director's agenda: that of compensation and reward to employees. On a global level, there has been a tremendous amount of coverage on the issue of managing executive greed but it is also further down the organisation hierarchy that HR professionals have their work cut out. At this level in Asia, staff turnover is running at unprecedented levels with demand for staff across most functional areas outstripping supply.

Money is not always the single driving force for employees to switch job but, in an Ambition web poll conducted between 1st July and 30th September 2006, 54% of 2,180 respondents stated that money was their primary objective for moving over company name (17%), training (15%) and working hours (14%).

The human resources function now has to be smarter about the way it structures compensation and benefits packages with bonus and share schemes critical to attracting and retaining key people.

Asia, by comparison to other more developed employment markets has lacked structured salary banding which makes for compensation that can vary wildly between staff of the same grade. An acute shortage of talent in the market and pressure from hiring managers to secure the very best candidates means that rules are broken to accommodate those with higher expectations on package. Whilst an understandable commercial decision in some instances, it means the human resources professional's life can be a difficult one and it appears some years off before we see a more tightly administered regime on salary banding.



Talent Management

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A Driver for Recruitment of HR Professionals

In the knowledge that replacing departing employees is a time consuming and costly business, organisations are increasingly focused on creating a more progressive approach to the HR discipline via talent management. This requires a different breed of HR professional with a much broader perspective on the function and its contribution to the organisation.

Although kicking off at a relatively slow pace, talent management is picking up momentum exponentially and is gaining increased attention. It's now much more important to a far wider range of companies than it used to be. However, as with any relatively new field, the availability of high caliber talent remains in extremely short supply.

Driving this transformation is the realisation by senior management that talent – as much as and if not more than technology – is the driver capable of increasing or limiting the capability or capacity of the organisation. Talent management brings together a number of important human resources and management initiatives including recruitment, retention, employee development (including learning and training), leadership development, performance management, workforce planning and culture. As can be seen, it is a truly serious undertaking to fully embrace it.



Learning and Development

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A Skills Set in Demand

Within Asia, learning and development (L & D) has historically featured much lower down an organisation's list of priorities. There is evidence to suggest this is even a more global issue. In the US, for example, a survey recently highlighted that organisations were likely to spend 50 times more money on hiring someone on US\$100,000 than they were likely to spend on their annual training each year over the first two years. Despite this slightly alarming statistic, however, we are beginning to see far greater profile for learning and development and a corresponding uplift in demand for this skills set.

Organisations now have to adopt a far more strategic approach to managing their human capital for the reasons highlighted throughout this report – namely the skills shortages in the market place. Hiring L & D professionals with experience of leadership development (including grooming high potential people) and a proven track record of establishing retention programmes is highly marketable notably within some of our bigger clients. Due to the lack of focus on L & D in Asia, however, the talent pool is relatively shallow so we often see this experience imported from more developed markets.

“The L & D talent pool is relatively shallow so we often see this experience imported from more developed markets.”

Salaries for Human Resources Professionals

Surveys have indicated that some HR professionals are among the top paid people in the organisation which would have been unheard of a few years ago. With the recruitment and retention challenges now facing organisations, a greater expectation is placed on the function and as a result, the packages demanded by the very best human resources professionals are correspondingly high.

As a general rule, and as with other disciplines, human resources professionals are paid more in investment banks than in other types of organisation. This is a reflection of the demands placed upon them, in terms of pressure, working hours and regional travel.

Within the commercial sector, individuals working in the highest profile multi-national companies command a premium over those in locally listed groups and regional roles will, unsurprisingly, always pay a premium over country specific roles.

Hong Kong Salaries 2007 Human Resources Professionals, Banking and Financial Services

	Annual Salary Range (HK\$)
HR Director (large institution)	1.5M – 2.0M
HR Director (medium institution)	1.2M – 1.8M
Human Resources Manager (large)	700K – 1.2M
Human Resources Manager (medium)	700K – 1.0M
C & B Manager	800K – 1.2M
In House Recruitment Manager	600K – 1.0M
In House Recruiter	300K – 600K
L & D Director	1.2M – 1.5M
L & D Manager	700K – 1.2M
L & D Advisor	400K – 700K
L & D Officer	200K – 400K

Notes to salary table:

1. Titles and level vary from organisation to organisation.
2. The salary ranges given are only approximate guides. For tailored salary advice, please contact us directly.
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) to in excess of 50 per cent within leading organisations.
5. Holiday entitlements range from 12-25 plus days with senior executives not usually receiving less than 18.
6. Healthcare policies are standard.
7. Pension plans vary with some companies offering greater than the standard contribution. Top up schemes can increase employer contribution levels to as much as 15-20 per cent of the base salary for senior executives.

Hong Kong Salaries 2007 Human Resources Professionals, Commerce and Industry

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HR Manager (medium co)	500K – 1.0M
C & B Manager	600K – 1.0M
In House Recruitment Manager	600K – 800K
In House Recruitment Specialist	300K – 600K
L & D Manager	500K – 800K
L & D Officer	300K – 400K

Notes to salary table:

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Market Hot Spots for Human Resources Recruitment

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Banking and financial services has been the most active sector for HR recruitment across Asia in 2006. This is understandable as financial institutions are talent intensive businesses where their key asset is people. The sheer scale of the major global banks in Hong Kong, Singapore and Tokyo means that HR functions need to be staffed with the absolute best. Recruitment strategies need to be smart and retention strategies need to be effective as the largest institutions represent the hunting grounds for others, more than any other companies. The rewards on offer for the very best HR practitioners therefore remain attractive with bonuses paid in early 2007 likely to be better for HR professionals than ever before.

HR professionals with Mandarin language skills and experience of operating in China also represent a significant area of demand. Whilst it has been possible to staff junior and middle management HR positions with local staff in China, the top HR post is invariably occupied by an expatriate (just as it is in other functions) who can bring a more strategic perspective to the function. As with the financial markets, the scale of hiring on the Mainland is phenomenal but the challenge is exacerbated by the prolific salary inflation being experienced in markets such as Shanghai. In such instances, it requires strong compensation and benefits experience and an equally strong nerve not to break the pay scales that many multinational organisations are aiming to introduce.

Talent management, as outlined in our earlier section, is being embraced in a far greater number of businesses but far more so in the banking sector than in commerce and industry.

Within commerce and industry in Asia, HR practices tend to lag behind the banking sector but we are seeing an acceptance by organisations to address the issue. As a result, there has been plenty of evidence of replacement recruitment activity in human resources functions with more forward thinking people who are open to change and more commercially aware entering organisations.

The Prospects for 2007

One fundamental issue is facing all organisations in the Asia region (and, indeed globally): skills shortages and, going hand in hand with this, the war for talent. This issue is not going away any time soon so it would be logical to forecast that demand for the best HR practitioners will remain through 2007. Even in the event of an economic downturn, organisations will switch from expansion mode to one of conservatism and staff cuts. In such circumstances, human resources functions will have a key role to play as organisations seek to retain their top performers and 'weed out' weaker members of staff.

As companies have been late to invest in more sophisticated HR practices in Asia, this has had a knock on effect with the number of leading edge Asian HR professionals being in short supply. This skills gap will remain for some years meaning that we will continue to see foreign HR professionals recruited to Hong Kong and Singapore and, in the case of many organisations, transferring HR staff from other offices as part of an international development plan.

Staff turnover within the HR function will continue and those high calibre professionals moving company will continue to secure very respectable pay rises, likely to be in double digits. HR functions will also continue to scale up in recognition of the focus on talent management and we will continue to see selective upgrading of existing staff to bring fresh thinking to organisations' HR management.

Benchmark Reviews

We work with clients to benchmark their staff salaries against the market in order to remain competitive. If you would like tailored advice in this area, please contact Guy Day, Managing Director, Asia on +852 3101 3066 or email guy.day@ambition.com.hk.

About Ambition in Asia

Ambition is an Australian-listed recruitment and contracting business servicing the Hong Kong, China, Singapore and Australia markets. In addition to human resources recruitment, we also specialise in accounting and finance, IT and sales and marketing.

Ambition Human Resources

- HR management, compensation and benefits, recruitment, learning and development
- Hong Kong, China and Singapore
- All industry sectors
- From Manager to Director level

Ambition Finance

- Accounting and finance – financial reporting, management reporting, planning and analysis, tax, treasury, internal audit and CFO
- Professional and executive positions from junior manager to board level
- China – all areas of accounting and audit
- Banking and financial services – all areas of accounting, audit, risk and compliance within the financial services sector

Ambition Sales and Marketing

- Sales, marketing and communications appointments
- All industry sectors
- From manager to head of function and managing director

Ambition Technology

- From IT Manager to Chief Information Officer/ Chief Technology Officer
- E-Commerce, Project Managers/ Directors, Security Consultants
- ERP/CRM specialists, Systems/Business Analyst
- Developers/Software/Telecommunications Engineers

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