

## Signs of optimism over 2009 job prospects



• Executives • Banking • Government • Hospitality • Insurance • Manufacturing • Telecommunications

# Employment flame on slow burn

## Rocky recruitment road ahead

by Rachel Sproston

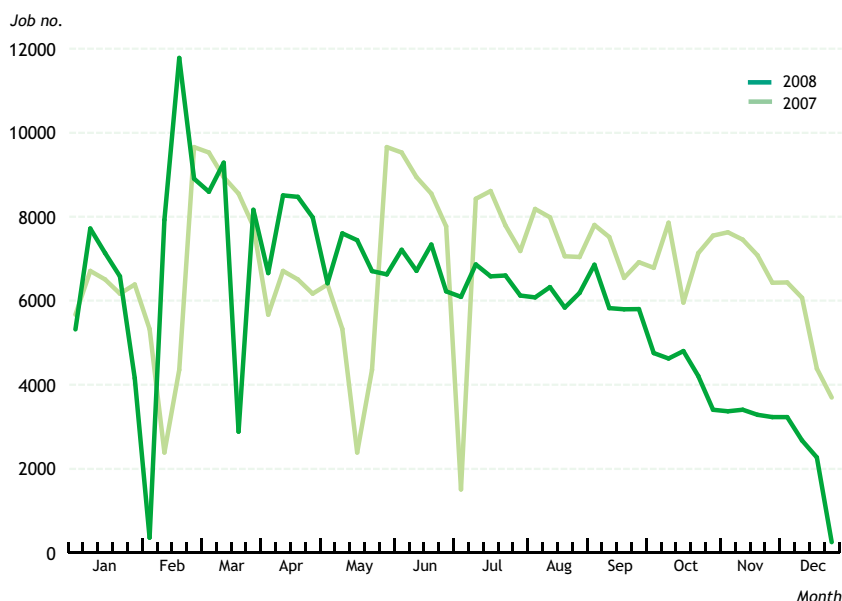
**T**he year 2008 saw a drop in employment opportunities in Hong Kong from the previous year.

According to figures compiled by the *Career Times* research team, 307,210 job vacancies were advertised from January to December in 2008, compared with 352,971 in the same period in 2007.

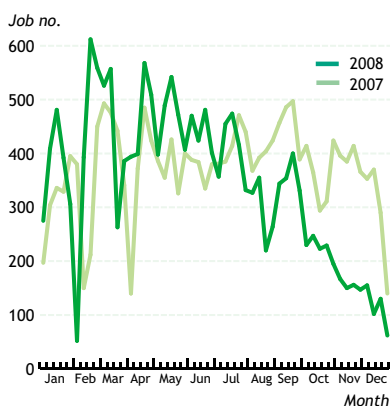
From the *Manpower Employment Outlook Survey* released in December 2008, of the 803 Hong Kong employers who responded, 79 per cent envisaged no change in their recruitment activities for the next three months, eight per cent foresaw an increase in recruitment and seven per cent expected a decrease.

Once figures were seasonally adjusted, the year-on-year change predicted was a 24-per cent decrease in recruitment in Hong Kong over the next three months.

Overall job vacancy trend (2007-2008)



Building & Construction job vacancy trend (2007-2008)



### Construction outlook upbeat

It is not all gloom and doom however. In 2008, the building and construction industry advertised just short of a thousand vacancies fewer than in 2007, scoring 17,987 and 19,336 respectively, according to *Career Times* data. The employment outlook in the industry remains optimistic as Chris Urban, manager, property & construction, Michael Page International points out.

"Although the financial crisis has caused some uncertainties, there are still a lot of positives to look forward to. The Hong Kong government

has announced a series of large infrastructure projects and most of these are already in the planning stage," he says.

The private construction sector is not as rosy on the other hand, according to Mr Urban, as most companies remain conservative about investing in new developments and a number of ongoing projects are put on hold. This hiatus has affected local building workers who are already under increased pressure from returnees from Macau, thereby adding to the current competition for work.

Regarding unemployment levels in

the construction industry, Mr Urban predicts an increase in early 2009, followed by a likely decline when government infrastructure projects gather momentum and enter the construction stage by late 2009.

## Cautious retailers

In the retail sector, *Career Times* statistics reveal that advertised vacancies were down from 14,651 in 2007 to 12,777 in 2008. According to Aruna Alimchandani, sales & marketing director at Hudson, recruitment in the retail sector is still thriving. Opportunities are currently available for people with experience in operations, marketing and merchandising.

She adds, "People who are involved in maximising brand exposure are now in demand alongside operations people who can ensure efficiency to maximise revenue."

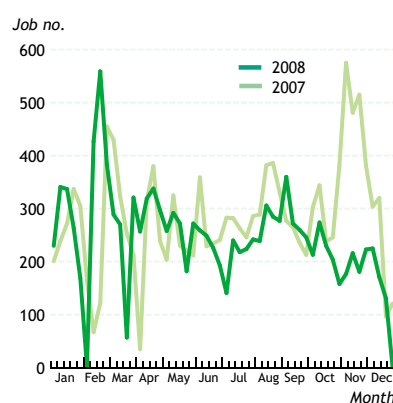
Ms Alimchandani stresses the prevailing cautious attitude which many companies are adopting when considering the timing of a potential market recovery.

"After Christmas, a lot depends on Chinese New Year, which is traditionally a peak spending time in Hong Kong," she notes. In her opinion, this period will be a telling time for many retailers who are aware there will be a dip in spending, but unsure how significant it will be.

Regarding a possible manpower

shortage in the retail sector when the economy picks up, Ms Alimchandani highlights the availability of increased talent in the market at the moment, which means a shortage will probably be avoided because once the recovery begins, talented people will be ready for new challenges.

Retail  
job vacancy trend (2007-2008)




## IT options

In the IT sector, vacancies fell from 5,934 in 2007 to 5,309 in 2008 according to *Career Times* figures. Alan Wong, general manager, Manpower Professional IT Recruitment Services, says companies have adjusted IT staffing at both entry and senior executive levels. "This has been particularly significant in the banking and finance sector," he adds.

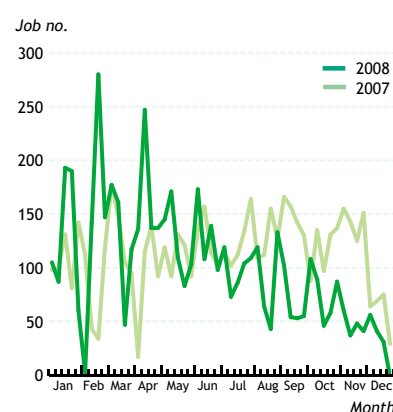
The possible reasons he gives for

recent IT downsizing include a shift in the significance of supporting roles to other business areas, the disappearance of certain roles, diminishing budgets, changes in corporate direction or general scaling down.

Despite this Mr Wong is upbeat about IT opportunities in mainland China. In his view, there is still talent demand for IT professionals across the border. This demand is not only for senior IT executives—it stretches to all IT sectors—so a proactive approach to exploring every IT career opportunity is key.

He also advises IT professionals to return to the employment market to stay abreast of market trends. "I would encourage people to seize opportunities and accept temporary or contract vacancies," he advises. 

Information Technology  
job vacancy trend (2007-2008)



## Communication is key

Staff morale is a major concern in Hong Kong as companies face cutbacks which will lead to inevitable redundancies and salary cuts. Guy Day, managing director (Asia), Ambition, expects to see further job cuts in 2009.

He explains, "A few counter-cyclical business sectors will be spared, but we expect the pain to be shared across many industries."

On the upside, he is pleased to note that more than 100 businesses, including SMEs from retail and catering firms, have recently signed a charter pledging no layoffs for a year. As a result, more than 50,000 jobs will effectively be guaranteed.

According to Mr Day, the need to "maintain the hearts and minds of people is now more critical than ever". His reasoning is logical in that staff can control what goes on in the office but not what is happening in the business world at large and this is the message that organisations must currently communicate. "Focus on factors people can influence, not those they cannot," he advises.

He also emphasises the importance of articulating company strategy to employees at such an uncertain time. For example, rather than making the mistake of focusing simply on job cuts, communicate everyone's future position within the organisation so staff understand the rationale behind any

downsizing. This in turn helps stability and hope regain a foothold and creates an environment of compassion in the workplace.

"Recognise people and their achievements, celebrate smaller wins, create a cohesive environment and build an atmosphere of enjoyment and fun," he urges. Making senior management accessible is such a simple touch, as is empowering staff with responsibilities and offering training opportunities—all of which Mr Day suggests to boost morale.

### Temporary measures

Vincent Romano, manager, HR & business support division, Robert Walters Hong Kong, believes companies will continue to adopt a short-term approach to recruitment as demand is currently driven primarily by the economic downturn and signs of any potential recovery are not anticipated until Q3 2009 at the very earliest.

"There is an increasing demand for contract, part-time and temporary staff because companies are experiencing greater difficulty securing permanent headcounts, so they are seeking more flexibility regarding manpower," he notes, explaining that companies have become cautious about hiring employees on a permanent basis for fear of retrenchments later on in 2009 due to the ongoing financial

crisis.

Mr Romano adds that the IT industry traditionally has a healthy demand for temporary and contract workers, while secretarial and administration positions are invariably available across most industries.

He says, "Banking and finance has seen a modest rise in contract and temporary employees, currently driven by reductions in permanent headcounts due to the fallout from the financial crisis and the resultant spate of mergers and acquisitions."

Mr Romano predicts the long-term repercussions of this trend on the recruitment market will include an increase in employer expectations regarding the flexibility of candidates when considering permanent and temporary positions. Additionally, employers are now enjoying an abundance of talent and may therefore view this as an opportunity to reduce wage bills and seek cheaper, quality candidates to fill vacancies.

Regarding jobseekers' expectations in the long term, Mr Romano details the positives: "Companies in Hong Kong tend to pay temps the minimum benefits under Hong Kong legislation. However there is a growing trend to pay a completion bonus at the end of a fixed term contract before people either move to another contract position or take up permanent employment." ■

## Value propositions

From *Career Times* figures, banking & finance saw a large drop in advertised positions year-on-year from 20,684 in 2007 to 17,353 in 2008.

Alex Eymieu, partner, CTPartners underlines the negative side of Hong Kong's current predicament. "The financial services crisis is spreading to other industries because of reduced sources of credit and low consumption across all industries. Companies need to adjust their cost structure, reduce overheads and recapitalise their core business," he explains.

Mr Eymieu predicts that the situation will probably worsen until the end of Q1 and into Q2 2009. He underlines the positives to note however, in the form of injections of fresh money through government investment plans which will enable large infrastructure projects in China to stimulate the industrial value chain and create new investment opportunities.

He considers the maintenance of a

talent pipeline in the banking and finance industry essential to guarantee cost-effective recruitment and succession planning. "Good people move for good value propositions. The institutions which communicate a clear value proposition to the right talent first will win," he says.

In order to take the lead, Mr Eymieu says banks need to track successful talent in advance and build strong relationships through search firms to ensure better intelligence and eventually a better fit with their organisations. This rings true for both local and international talent as well as internal and external hires. Greater clarity and fast executive decisions have become key to ensuring tight control in tough business climates.

Andrew Morris, director, Robert Half, Hong Kong, details the fact that recruitment agencies' standards remain very high in both tough and smooth times. "Talented individuals are always difficult

to find so many organisations rely on the skills of agencies to put them in touch with the most talented individuals available," he explains.

Concerning future executive recruitment trends in Hong Kong, Mr Morris foresees a drop in the availability of executive roles in the next 12 months with stiff competition for those roles in which only the best talent in the market will succeed.

With regards to potential changes in executive compensation in the local market, Mr Morris predicts the biggest difference will be in terms of variable bonuses.

"Most businesses traditionally pay executives large bonuses but in this tougher economic climate we will not see these levels in the near future," he says, adding that executives are not currently as aggressive negotiating their base salaries and are joining organisations that offer a more stable working environment. ■

# Twelve months in human resources

The year 2008 saw Hong Kong's jobless rate hit a decade low but the financial crisis was quick to reap a grim toll as many now face layoff fears

## January

Hang Seng Bank made headlines by furnishing its deserving staff with a 14-year high 12-per cent pay rise. This was three times the market average—a mere four per cent—the second lowest in Asia and some 3.3 percentage points below the regional average, according to statistics compiled by ECA International.

## February

An HSBC survey revealed a quarter of polled females aged between 40 and 50 long for early retirement, while some 40 per cent of survey participants aged 60 to 70 opted otherwise. Later in July, HSBC announced plans to delay its retirement age to 65. Cabin crew of Cathay Pacific can also expect their career to last an extra 10 years, until the age of 55. The airlines' flight attendants union welcomed the motion.

## March

The strong economy created prime prospects for fresh graduates as the Joint Institution Job Information Centre released data showing an upward recruitment trend that covered 375 engineering and 288 management jobs. On a different note, Hang Seng Bank became Hong Kong's first employer to grant male staff five days' paternity leave.

## April

Hong Kong came first in a *Hudson report* that examined the hiring sentiment of 2,600 management offices across Asia. It was revealed that 57 per cent of Hong Kong companies planned to hire and a 77 per cent majority were looking for IT personnel. Opportunities were also abundant in aviation. A job fair organised by the Hong Kong Federation of Trade Unions displayed 1,000 openings from international airlines including Shenzhen Airlines.

## May

A Hong Kong Catholic Commission for Labour Affairs survey found that less than 30 per cent of Hong Kong's working population was aware of the qualifications framework that was officially launched on 5 May. More public attention was paid to legislator and labour union leader Lee Cheuk-yan's 17 statutory public holidays private member bill, which the Legislative Council briskly rejected.

## June

British Telecom's Asia Pacific offices began implementation of flexible working hours, giving home office a true meaning. Cisco Hong Kong followed suit later in October. Meanwhile, the Legislative Council passed a bill to increase the maximum penalty to a fine of HK\$350,000 and three years' imprisonment for employers who commit offences under the MPF ordinance.

## July

Hong Kong people worked a weekly average of 48 hours, the fifth highest among 50 countries surveyed, as the latest figures from the Census and Statistics Department General Household Survey and a Confederation of Trade Unions comparison studies confirmed.

## August

Unemployment capped at three per cent, the lowest level recorded since February 1998 but the median monthly pay was down by 4.5 per cent compared to the first quarter, while inflation stood at a 6.3 per cent high. A cool down period in the local employment market was forecast as part of a post-Olympic phenomenon.

## September

Cutbacks were predicted as the global economy plunged further down. Amid the storm, the retail industry was among the first to suffer from an 8.3 per cent turnover rate, breaking a five-year record. The global recession, however, contributed to a 90 per cent increase in MBA applications, said the Graduate Management Admission Council (GMAC), administer of the internationally recognised graduate management admission test (GMAT).

## October


More than 2,000 non-local university graduates and 3,820 mainland "talents and professionals" entered the employment market despite an estimated headcount freeze of 30 to 50 per cent across Hong Kong industries. Employment confidence plummeted to SARS levels, according to a Chinese University survey. On a positive note, the government planned to submit a draft to the Legislative Council in mid-2009 to criminalise failure to pay wages.

## November

The Labour Department recorded a sharp 20 per cent decline in the number of registered job vacancies from October. Despite the gloomy outlook, companies like Jebsen, Four Seasons Hotel, Wing On Travel, P&G and McDonald's were set to recruit a number of management trainees. A 27-per cent increase in civil servants turnover earlier in the year left 400 officer grade vacancies to be filled, which attracted more than 24,000 applications.

## December

The Hong Kong General Chamber of Commerce appealed to its 4,000 member companies' sense of responsibilities, urging restraint over layoffs. Later on, more than 100 responsible employers signed a no-layoffs charter. City Telecom and Hong Kong Exchanges and Clearing Limited released generous year-end bonuses while corporations including Henderson Land, the Swire Group and Sa Sa International promised pay rises.

With a boomeranging construction workforce expected home shortly from Macau and Dubai, plus a discouraging unemployment trend, the government announced plans to forge ahead with infrastructure projects which will create 60,000 jobs in the medium to long term period. However, according to the Democratic Alliance for the Betterment and Progress of Hong Kong's poll results, half of Hong Kong's population remain pessimistic about their job prospects. 





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*Career Times*, an English-language recruitment weekly for business executives, has been published by Hong Kong Economic Times Limited every Friday since 1997. With an average weekly circulation of 210,000 copies, it is currently the market leader in quality job postings especially in the Banking & Finance, Engineering, Information Technology, Merchandising and Sales sectors.

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