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Accounting & Finance • Hong Kong
2006 Mid Year Recruitment Market Trends

mid- year

The State of the Market

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Hong Kong is a city transformed – transformed in terms of its economy, transformed in terms of its self-confidence and transformed in terms of employee attitudes. We have entered a new era of growth and the question to be answered is: Have we got the calibre of manpower to match our potential?

Last year saw spectacular and frenetic growth in recruitment of accountants in the commerce and industry sector as employers scrambled to fill vacancies. That growth spurt is continuing, but with it has come a greater focus on quality and value for money.

In a sector where there is still an abundance of openings and a wealth of wavering employees looking to secure large pay rises by switching between companies, employers are increasingly beginning to ask: "Are we getting the best the market has to offer?" It is a dilemma any good accountant should be familiar with: The clients are paying more, but are they getting more for their money?

There is doubtless still plenty of steam left in the rocket of Hong Kong's economic boom, but there is also a thoughtfulness and stock-taking entering the recruitment process. That new thinking will favour quality candidates and canny employers able to assess opportunity with a cool head – and, when the right one comes along, to grab it with both hands.

1 Recruitment Hot Spots

The market is healthy and in an expansive mood, and one of the strongest indications of that is the number of companies seeking accountants with experience in mergers and acquisitions. There is also strong demand for internal audit candidates, and accountants with experience in the retail and marketing industries.

There is a move towards more compliance-based jobs which will potentially place further strain on the internal audit function. There is also a shortage of staff willing to be based in southern China. Candidates with regional tax experience are also proving difficult to find.

2 Pay and Staff Turnover

Accountants switching jobs can generally expect to get pay rises in the region of eight to 10 per cent for general finance positions. There are still bigger salary hikes available out there, but only for more specialised positions such as internal audit where successful candidates can get rises of around 20 per cent.

While still active, the accounting recruitment market is certainly tightening and there is slightly less turnover than we saw last year. Some of this slowdown is due to job seekers' high expectations. There is certainly an expectation gap – born out of excessive market movement in 2005 – developing between employers and job seekers. Employers expect more for their money, and candidates must be able to convince interviewers that they offer added value.

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3 Key Challenges for Employers and Candidates

Some employers still believe there is a bottomless pool of accounting talent on the market. Because the economy is so good and there appears to be so much activity, they reason, there must be an unlimited wealth of quality candidates available. Sadly, there isn't. There are certainly good candidates looking to make the right moves, but the competition for them is fierce, and getting fiercer.

If employers sometimes have unrealistically high expectations, so too do candidates. They are often highly selective over the positions they want and the companies they are prepared to work for and expect the kind of salary jumps that might have been achievable in 2005 but are less so in 2006.

For the best performers and the top accountants, the demand and the pay rises will always be there. However, both employers and candidates need to be prepared to be more flexible and to work within the limitations of a market which has been severely stretched by the expansion of the past 18 months.

4 The China Factor

Three years ago, there was almost an exodus of young accountants seeking work on the mainland. Candidates were hungry for China exposure and China experience and, with the moribund economy back home, they were happy to live and work in cities in the Pearl River Delta like Dongguan and Shenzhen.

Today, the trend has reversed somewhat. The accountants who went across the border want to return. While Shanghai and Beijing remain popular, candidates who want to commit to living in southern China are hard to find, mainly because of lifestyle reasons and Hong Kong's own improving fortunes. While people are happy to travel regularly to the Pearl River Delta, they prefer to be based firmly in Hong Kong.

With a keen and growing appetite among multi-nationals for expansion into all parts of China and for accountants with China experience and Mandarin language skills, finding the staff to meet that demand is going to be a challenge.

5 Ambition's Forecast

Hong Kong's boom presents as many challenges as it does opportunities. Companies are ready to hire and accountants are ready to move to better jobs - but now that the first surge of economic recovery is behind us, the competition for the top 15 per cent of candidates is becoming more intense.

Recruitment cycles are starting to take longer because both employers and candidates are unprepared to compromise and will hold out for the best possible hire or the best possible deal. We see this trend continuing and consolidating over the next six months and companies are going to have to be quick to act and ready to compromise and reorganise to land the best accountants.

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