

CAUTIOUS OPTIMISM IN 2004

Even though market indicators suggest that the worst may well be over for the region's economic prospects, employers are remaining wary about loosening the salary purse strings. David Evans reports



Asia's workforce...hoping for an improvement in salaries in 2004, but this is unlikely to happen as employers continue to take a cautious approach to investment in human resources after the doldrums of the last year

The fallout from the violence in the Middle East and memories of Sars still fresh in people's minds, are continuing to dampen corporate sentiment across a number of industries in the region.

Leading executive recruitment firms say that although the economic outlook has brightened considerably, many companies in Asia-Pacific remain cautious, keeping basic salaries and headcount at the levels they were at two years ago.

But while some believe the outlook for staffing and salary levels is showing signs of improvement, others believe that it could take some time before certain industries start to see the real benefits of an economic turnaround.

Among the professions that have still to see light at the end of the tunnel are those within the marketing and advertising sector, according to the latest findings from executive search firm MRI Worldwide.

In its Regional Salary Survey — Forecast for 2004 — which covers Hong Kong, Taiwan, Singapore and China, MRI found that basic salaries across the board would remain largely unchanged from the previous year.

The notable exceptions are for customer relationship and strategic planning executives, where an increase in competition within the industry and a shortage of suit-

able candidates for the positions has pushed up salaries.

Tough competition throughout the industry in 2002 led to many organisations restructuring themselves into leaner, meaner operations.

The arrival of atypical pneumonia at the beginning of 2003 did little to help, as advertising and marketing campaigns were either frozen or scrapped.

The result was significantly trimmed back operations in a depressed market, with a glut of industry personnel.

San Lee, managing director, MRI Worldwide and author of the salaries forecast, says this has led to a large supply of staff in a market with little demand.

"Due to restructuring, there is a big pool of talent on the market, but (little) aggressive recruitment," she says.

According to Lee, because the industry had enjoyed many years of fairly uninterrupted growth, it was slow to adopt a remuneration structure common among other industries: profit sharing. But while basic salaries will continue to remain depressed, some executives could see their total benefits rise by as much as 20 per cent with new remuneration packages.

"Basic salaries will not change, but employers are willing to put together more attractive bonus schemes — if an

employee's package is tied in with company profit, it will encourage them to be more aggressive in their attitude and the way they approach the business."

Despite the bleak outlook for salaries in advertising and marketing, there are signs that the industry's fortunes could pick up, as recruitment forecasts predict Asian companies are looking to hire again.

A report by Hudson Global Resources into recruitment and HR trends for the first three months of this year found that companies across a range of industries in Asia have recorded their highest 'intention to recruit' level for almost 12 months.

Among the most sought-after candidates are those with experience in sales, marketing and public relations.

"Overall, we all expect an optimistic year," explains Hudson's Catherine Kwong. "Based on our (forecast and) especially in China and Hong Kong, we will most likely see some increment in the basic salary, but not bonus or other benefits, as the market is getting better."

On the other hand, Guy Day, managing director of Australian recruitment consultancy company Ambition, takes the opposite view.

He predicts another year of low single-digit increments for January pay reviews within the advertising and marketing pro-

fessions. However, he believes any industry upside will be reflected in bonuses rather than basic salaries.

"Trends in China and Singapore suggest salaries will remain stagnant over the coming year, as companies seek to hire individuals on terms closer to local packages," he says. "Companies are only going to increase salaries when business fundamentals have remained consistent quarter-on-quarter."

Exceptions to the rule are likely to be positions in strategic planning and customer relations. The rationale is that as agencies are having to compete for a slice of a shrinking pie, a sound business strategy and customer service will become crucial to winning, retaining and servicing clients.

"All agencies are looking for individuals with, at minimum, a sense of business development, if not experience in sales or new business," says Day. "The agency model is being challenged, because more and more work is project-based and less retained."

A shift by agencies and in-house ad and marketing departments towards local recruitment has also depressed salaries. As Day points out, 12 months ago, when regional budgets were slashed or disappeared, agencies hired more local people,

REGIONAL SALARY SURVEY — FORECAST FOR 2004

| AGENCIES—Management roles | Hong Kong | | Singapore | | China | |
|---|------------|---------------|------------|---------------|------------|---------------|
| | MRI (US\$) | Hudson (US\$) | MRI (US\$) | Hudson (US\$) | MRI (US\$) | Hudson (US\$) |
| Regional chief executive officer | 230K+ | — | 285K+ | — | 200K+ | — |
| Chief executive officer | 220K+ | 190K+ | 225K+ | 234K | 145K+ | 160K |
| GM/managing director | 180K+ | 167K-230K | 170K+ | 175K | 120K+ | 140K |
| AGENCIES | | | | | | |
| Business director/director of client service | 100K-130K | 103K-154K | 120K-140K | 105K-140K | 90K+ | 140K |
| Strategic planning director | 85K-120K | 103K-130K | 77K-108K | — | — | 120K |
| Group account director | 70K-83K | 64K-103K | 65K-105K | 70K-112K | 55K-70K | 103K |
| Account director | 50K-70K | 54K-77K | 40K-55K | 42K-56K | 30K-65K | 36K-48K |
| Associate account director | 38K-52K | 41K-54K | 30K-38K | 35K-42K | 23K-30K | 24K-26K |
| Group account director, CRM | 85K-100K | — | 85K-100K | — | — | 103K |
| Account director, CRM | 62K-85K | — | 54K-85K | — | — | — |
| Regional media director | 100K-140K | 130K-190K | 140K+ | 82K+ | 90K-140K | 120K |
| Executive media director | — | 130K-190K | 91K-145K | 88K-146K | — | 103K |
| Media director/associate | 77K-110K | 40K-103K | 54K-90K | 52K-88K | 45K-80K | 70K |
| Regional executive creative director | 230K+ | 190K | 225K+ | 205K+ | 225K+ | — |
| Executive creative director | 135K+ | 140K-321K | 200K+ | 175K+ | 100K+ | 150K |
| Creative director | 90K-130K | 77K-130K | 136K-170K | 140K-175K | 70K-120K | 103K |
| IN-HOUSE | | | | | | |
| Regional director of communications | 100K-160K | 130K+ | — | 140K-175K | 100K-150K | — |
| Corporate communications director | 90K-125K | 103K | — | 58K-88K | — | 72K-96K |
| PR director | 69K-100K | 103K | — | 100K-150K | 65K-110K | 72K-96K |
| Marketing communications director | 95K-153K | 103K | — | 70K-88K | 65K-110K | 72K-96K |
| Regional marketing director | 93K-140K | — | 140K-230K | — | 65K-135K | — |
| Marketing director | 93K-140K | 103K-130K | 55K-68K | 140K-233K | — | 145K |
| Regional marketing manager | 95K-140K | — | 85K-142K | — | — | — |
| Marketing manager | 39K-77K | 77K-109K | 31K-48K | — | — | 72K |
| Brand director | 83K-110K | 103K-130K | 68K-96K | 240K-400K | 65K-120K | — |
| Regional brand manager | 65K-90K | — | 57K-85K | — | — | — |
| Brand manager | 47K-70K | 45K-64K | 27K-68K | — | 15K-23K | 24K-48K |

MRI Note: 2004 means the forecast salary level at the start of 2004

Sources: MRI and Hudson

ensuring they not only became leaner and meaner, but closer to locally-based clients which would, hopefully, increase revenues.

Lee agrees that salaries are being driven down by the increasing demand for candidates with more regional culture and language experience, of which there are many in the job market.

"The market has changed and agencies are now looking for different skill sets, like language and cultural understanding," she says.

Despite the grim outlook for salaries over the next 12 months, experts are still of the opinion that agencies and organisations are willing to pay top dollar for top quality candidates. With China about to open its doors under the World Trade Organisation, demand for quality staff, especially for those with international experience, could also receive a boost.

However, Day warns against those expecting to be paid the big fat expatriate remuneration package.

"Expatriate salaries are hard to come by, full stop," he says. "Even in China, there is a move towards employing foreigners on a TCE (total cost of employment) basis, where individuals can slice the pie as they choose. Having said this, non-Chinese are still in demand if they are the best person

for the job. Languages are highly desirable, but not always easy to come by. Western experience, in my opinion, is still well thought of in the ad agency sector."

Day says overseas educated Chinese are returning home to look for work, but as most agencies look for experience, graduate intake programmes tend to be weak. Therefore, finding Chinese speakers with overseas agency experience is very rare. Over in Japan, Tyrone Giuliani, partner with Optia Partners in Tokyo, says the resumption of marketing budgets will mean agencies will have to staff up to cope with the increased workload.

"As there have been a few client realignments, some agencies are scrambling to ensure they can deliver on their promises," he says.

"And as more foreign companies come to the Japanese market, they will all be going after the same bilingual, bicultural (talent). This is a hard task for a country renowned for its poor level of English skills."

According to Giuliani, more agencies and marketers are looking for professionals with a more strategic outlook: "Strategic planners are few and far between in Japan. In greatest demand are those that can do the job — and can do it in both Japanese and English."

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Guy Day, managing director, Ambition