

## Driving back the good times

Redundancies, pay cuts and long working hours plagued Hong Kong's accountancy industry during the global recession. As the dark clouds begin to lift, finance professionals should start to enjoy the rewards

**It looks as though the hardships that the accountancy profession endured during the recession – from redundancies and pay cuts to increased working hours – are now a thing of the past. As the Hong Kong economy starts to pick up strongly, so the number of vacancies is beginning to rise.**

Recruitment firms agree that there will be positions and pay rises at all levels of the profession this year. In fact, the market is doing so well that there are even concerns about an impending talent shortage.

Two years ago, as the global financial crisis hit their biggest clients, the city's Big Four firms asked staff to work four-day weeks or take study leave. Now they are wondering whether they can recruit enough people to not only handle new work flooding in, but also replace an exodus of staff.

KPMG alone will be hiring 1,500 fresh graduates in Hong Kong and mainland China this year, on top of 1,400 hired in 2010, according to Paul Brough, regional

recruitment strategies, hiring more people than last year to support rapid business growth.

That is not all. Brough expects that all the Big Four firms will offer a double-digit pay rise in 2011. Last October, KPMG gave staff 20% pay rises on average. This year, staff are expected to receive an annual bonus around the middle of this year, although the amount had not yet been finalised, according to Brough.

Recruitment firms also foresee a positive 2011 for accountancy professionals. 'A lot of our clients are talking about investing in new areas to make more money, and are looking to invest in new headcounts,' says Simon Lynch, divisional director of Ambition Hong Kong, a multinational recruitment firm that specialises in accountancy and finance.

In 2009 and 2010, companies hired accountancy professionals primarily for the areas of taxation, corporate reporting and internal audit, with many replacing those made redundant. This

should be able to get a 5% to 8% pay rise in 2011, Lynch adds.

He notes, however, that employers are 'cautiously optimistic' and are waiting to see their business results in the first quarter before hammering down hiring decisions.

### Stable growth

Jerry Chang, managing director of Barons & Company, an international headhunter for senior accountancy roles, says the industry will enjoy 'stable growth' in 2011.

'As the market is good and they earn more profits, employers prefer to use more money to upgrade their staff and hire accountancy professionals with higher qualifications. For example, they will hire a CFO to replace a financial controller,' Chang says.

Job opportunities will also flourish for junior accountancy roles, he adds: 'With the market being good, more people will change jobs. The flow means that there are more opportunities.'

Brough agrees, citing the outlook as 'pretty good for all accountancy professionals, whether they are qualified or unqualified'. He notes that there is a 'shortage of accountancy staff in the commercial sector, banks and insurance companies because of business expansion since last year'.

Optimism among market players is echoed by a recent ACCA survey of finance professionals. According to the *Global Economic Conditions Survey Report: Q3, 2010*, China was one of only a few major ACCA markets where accountancy professionals were more optimistic about the global economic recovery than they had been three months ago.

Nearly two-thirds of the 140 respondents in Greater China (63%) believed that conditions were either improving or about to do so.

year, employers are creating roles that can add value to their businesses, Lynch says.

'They are looking at bringing on board management accountants, financial analysts, corporate finance. They either just have a small team and want to expand or they do not have these people. They want to grow their business to make it competitive,' Lynch says.

With no pay increase over the past two years and businesses now embracing the positive outlook, accountancy professionals of all levels

**IN 2010, COMPANIES HIRED FOR TAXATION, CORPORATE REPORTING AND INTERNAL AUDIT. NOW THEY ARE CREATING ROLES THAT ADD VALUE**

senior partner at KPMG Hong Kong. The audit firm will also hire more than 100 accountancy staff across all grades this year for its Hong Kong operations, which Brough says is a 'substantial increase' from 2010 and triggered by growing turnover in the last nine months.

This is, says Brough, due to new business start-ups in Hong Kong – especially in banking. 'We lost a lot of people to the banking sector,' Brough says.

The other three accountancy giants will, Brough believes, adopt similar



*Wheels of fortune: accountancy professionals at all levels can look forward to salary increases and more opportunities in 2011*

By contrast, however, people's confidence in their company's future did not improve. Only one in three respondents (33%) reported rising confidence in their organisation's prospects, while nearly a quarter (24%) reported loss of confidence.

'If you look at macro-economic data such as GDP growth, trade volumes and inflation, the macro economy is very positive,' Brough explains. 'But the micro-economic data – what is at the company level – is not so good, so companies are still working very hard to control their costs and to keep inflation down, and they are still fighting hard to recover from the recession.'

But it is, he says, a matter of time before company confidence rises. 'The first half of 2011 will be quite strong and the global economy is improving, but I expect steady, not rapid, growth this year.'

### Retail recovery

Hong Kong's economy also benefits from a strong retail market, Chang says, thanks to thousands of mainland visitors who flock daily to shop in the city's malls to take advantage of the rising exchange rate of the yuan and the drop in the value of the US dollar. Also being placed on the plate of Hong Kong's accountancy

industry are the fat cheques of initial public offerings (IPOs). In 2010, Hong Kong raised the world's largest capital of HK\$450bn through IPOs.

Demand for accountants to work on IPO projects will remain high over the next few years, observers say, and it's not just the big accountancy firms that are cashing in on the big bucks of IPO projects: second-tier audit firms have also tapped into the market in recent years.

New regulations by such bodies as the Hong Kong Monetary Authority and insurance regulators are also pushing large banking and insurance clients to spend big money on consultancy services.

'The banks undertake significant projects to comply with new regulations. It is a busy market for us,' Brough says.

More good news is that merger and acquisition (M&A) activity is increasing, driving a greater need for accountants. 'We [will] see more [M&A] transactions this year, especially because banks are providing the liquidity,' Brough says, adding that investment banks and big audit firms have benefited.

TJ Wong, professor of accountancy at the Chinese University of Hong Kong, is optimistic that China will continue to be an engine for growth.

'Cash will still flow from the West to China and Hong Kong,' he says. I expect the housing and equity markets to be reasonably good.'

Rosanna Choi, chairman of ACCA Hong Kong, also expects to see more inbound as well as outbound investments to and from Asia. This is, she believes, especially so for imports to mainland China via Hong Kong, due to the latter's higher allowable volume of transactions in renminbi.

The increase in business and capital transactions will, she says, create 'higher demand for accountancy professionals who have the technical skills to value target companies, assess risks and dig out hidden liabilities, advise capital structure to ensure effective control and protect ownership, lay out plans for operations for efficiency and cost effectiveness'.

While the gap between supply and demand for accountancy professionals in mainland China is, at a ratio of around one to three, the jobs market in Hong Kong is more diverse, according to Choi.

'Despite that, there tend to be quite a wide range of choices in jobs, and salaries are on a rising trend according to recent surveys.'

**Sherry Lee, journalist**