



RECRUITMENT MARKET REPORT INDONESIA 2014





COMPANY OVERVIEW

Monroe Consulting Group is a multi-award winning provider of senior human resource capital, specializing in servicing clients' needs in the Banking & Finance, Technology, Industrial and Consumer Goods sectors.

We commenced trading in Australia in 1998 and have expanded across the Southeast Asian region, opening offices in Indonesia, Malaysia, Singapore, the Philippines and Thailand. In 2005, Empresaria Group PLC became the majority shareholder, giving us access to the resources of more than 80 offices around the globe.

Our brand is built on quality and professionalism. Our Recruitment Consultants are all highly trained and work unique specialist markets, which truly allows them to understand the needs of our clients and candidates, both today and in the future.

We are continually refining our Consultants' skills to deliver customer-centric solutions. Our structure enables you to talk to someone with specialist industry knowledge, with an in-depth knowledge of what brings success within emerging economies.

In a business where quality attracts quality and results can be all that matter, Monroe Consulting Group becomes your committed advocate and external ambassador, striving to give you a personalized executive recruitment solution in tune with your goals and ambitions.

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REPORT HIGHLIGHTS	
 93%	Of skilled professionals have received headhunting calls in the past 6 months
 67%	Were headhunted for their current position
 26%	Have changed employers in the past 12 months
 31%	Have accepted a counteroffer from their employer after tendering their resignation
 30%	Of companies are anticipating significant increases in headcount during 2014



REPORT BACKGROUND

Identifying and employing senior-level professionals in Indonesia has never been an easy task for employers, a situation that has become increasingly challenging in recent years. Indonesia's ability to deliver continued strong economic growth since the 2008 global economic crises has encouraged foreign investment, with many new companies wanting to quickly establish offices in the country.

This increased activity has put an even greater demand on what was already a talent-short market. While Indonesia continues to have an oversupply of unskilled labor and entry-level people, with relatively low employment costs, the same cannot be said for skilled professionals and managerial-level talent. In recent years, the increased demand for skilled professionals has resulted in rapid career progression and ever-rising salaries at this level.

The reason for the shortage of skilled professionals can largely be attributed to the quality of education made available by the government. A recent PISA report that tests 15-year-olds in reading, mathematics and science in 65 countries, placed Indonesia as the lowest-ranked country for mathematics, and among the lowest for science. Universities do not perform much better, with the 2013 (QS) World University Rankings placing the country's highest-ranked university, the University of Indonesia, in 309th position in the world. Until the education system is able to produce better results there will be a continued deficit of skilled professionals.

To understand how this shortage of skilled professionals is impacting on the recruitment market, Monroe Consulting Group conducted a survey in December 2013. Responses were received from more than 1,000 skilled professional employees and 100 leading employers. The professionals surveyed had more than 5 years' experience and held middle- to senior-management positions, while employer information was gathered from human resources representatives and directors from both domestic and multinational companies.

For the purposes of this report we will look at and analyze the findings of the Employee and Employer surveys individually, and provide insights into the current wants and needs of both in the recruitment market.



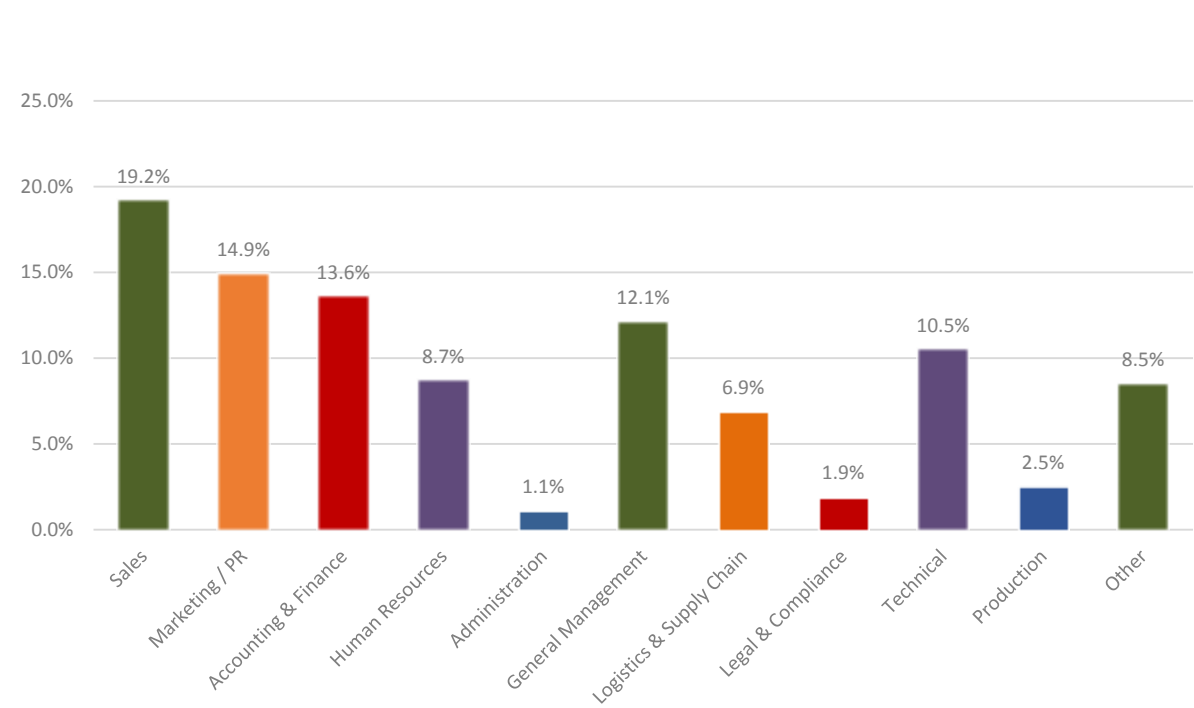
CANDIDATE SURVEY INDONESIA 2014



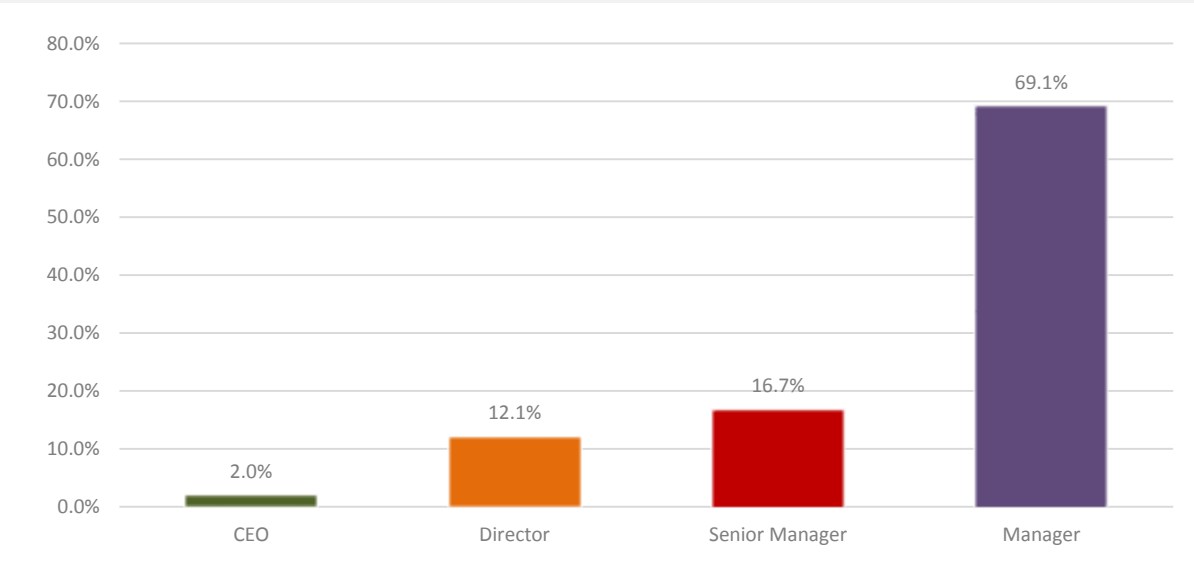
SURVEY DEMOGRAPHICS



Current Job Function

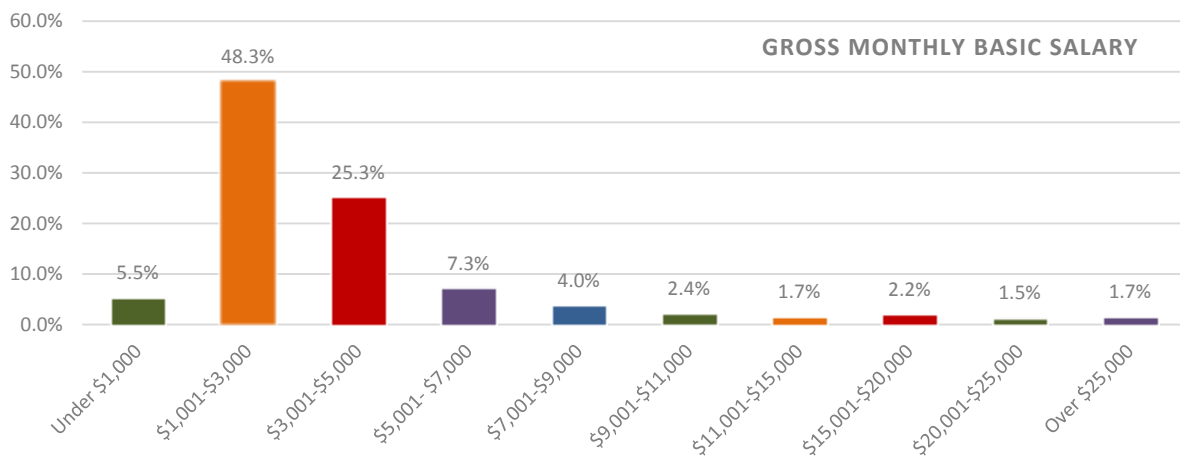


Current Career Level

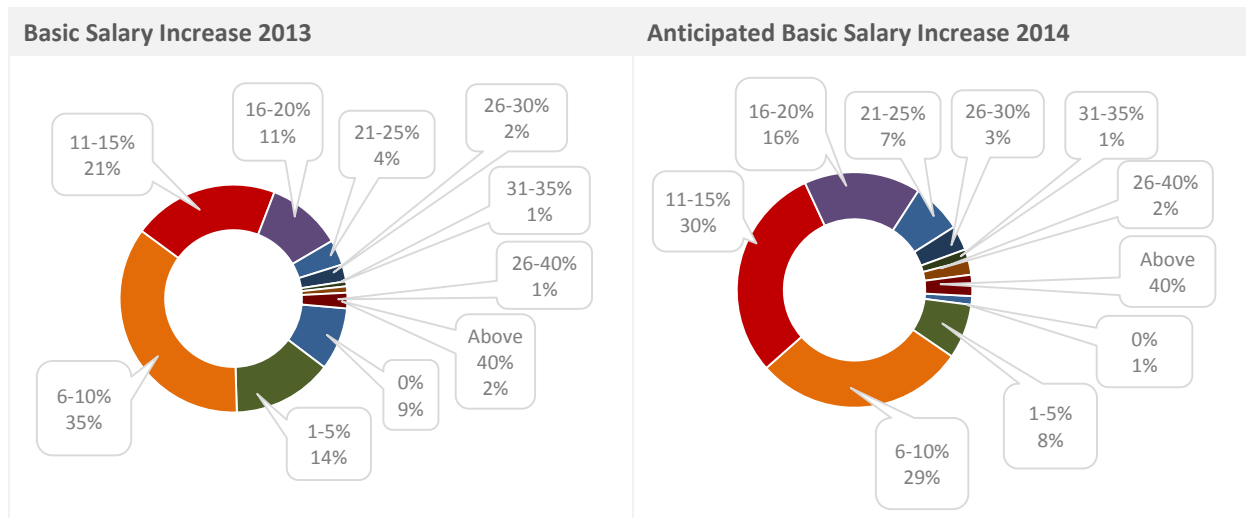


COMPENSATION & BENEFITS

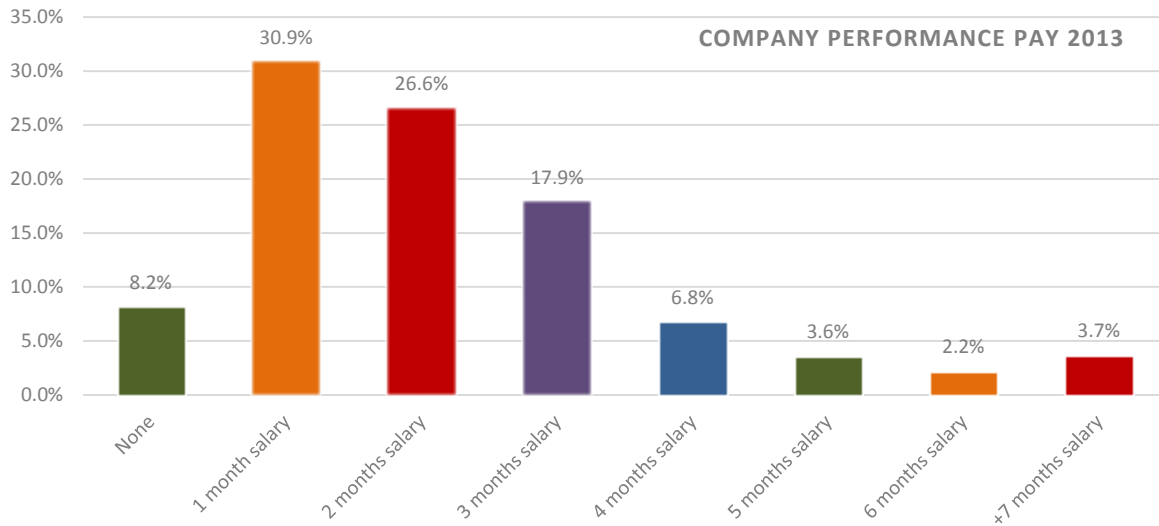
As is often the case with emerging economies, money forms the core consideration when changing jobs. The competition for talent is delivering large financial gains to skilled professionals in Indonesia, who have strong demands when it comes to guaranteed income. Most respondents (48%) surveyed stated that their basic salaries were between US\$1,000 and \$3,000 per month, with the second largest group (25%) reporting a salary of between \$3001 to \$5,000 per month.



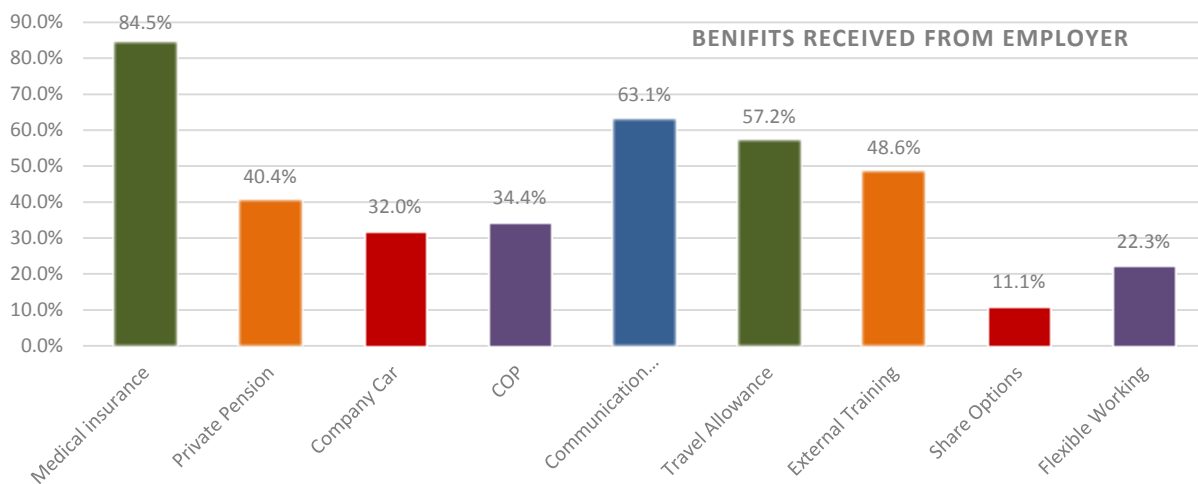
Employees are receiving a surprisingly wide variety of salary increases, with most professionals (35%) receiving between a 6% and 10% increase, followed by 21% of respondents who received increases of between 11% and 15%. This trend continued when we asked about their expectations for pay rises in 2014.



In addition to the guaranteed 13-month religious bonus, company performance pay is becoming a standard offering. Only 8% of respondents did not receive a bonus in 2013, with most receiving between 1 and 3 times their monthly salaries.



Professional employees are being well looked after, with companies offering strong benefits in an attempt to retain staff. Some 84% of respondents received private medical insurance, 64% received either a company car or car ownership program (COP). Surprisingly, given Jakarta's worsening traffic congestion, only 22% of respondents had flexible working times or work-from-home days made available to them.



CHANGING EMPLOYERS

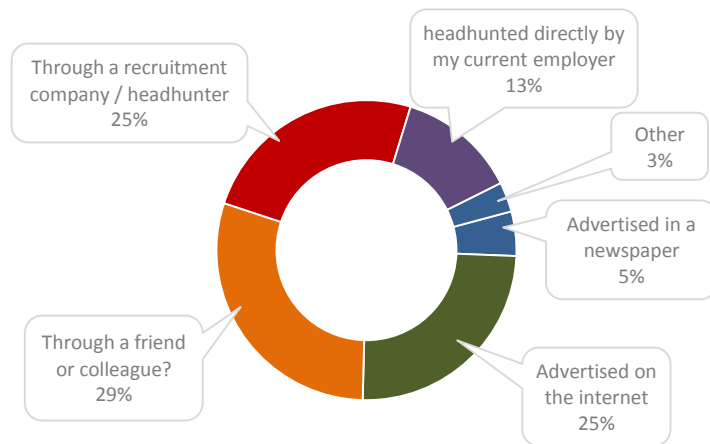
When changing employers Indonesian professionals are still heavily reliant on personal networks, with 30% of respondents securing their current position through a friend or colleague. The second-highest source of finding a new job was split between Internet advertising (25%) and executive search companies (25%). Less than 5% of respondents found their current position through newspaper advertisements.

Indonesian professionals are reluctant to search for jobs and prefer to wait to be contacted by previous work colleagues or executive search companies, which is backed up by our survey results, which showed that 67% of respondents secured their current position through a direct approach.

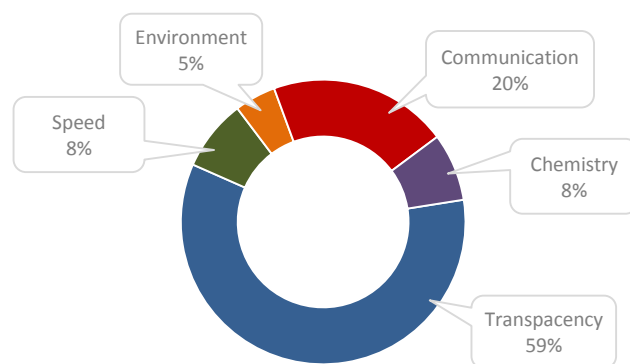
Indonesian employers wanting to attract the best talent should ensure they provide detailed information to the people they interview and provide feedback at every stage, as 59% of employees surveyed said being open about the position, expectations and company was most likely to create a positive impression. Also highly regarded is feedback, with 20% saying it was most likely to create a positive impression.

When it comes to leaving a negative impression, failing to provide feedback or give clear information about the company,

Source of current job



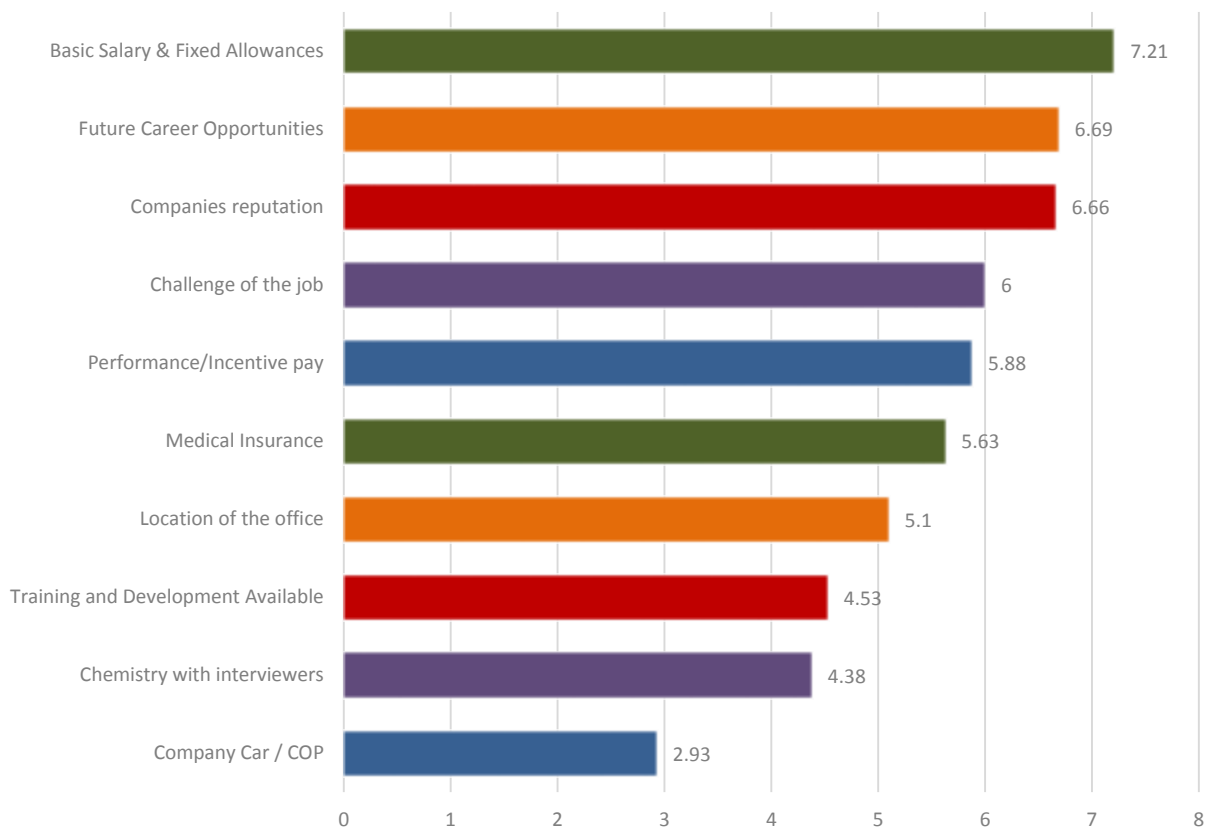
Most likely to give a positive impression of an Employer



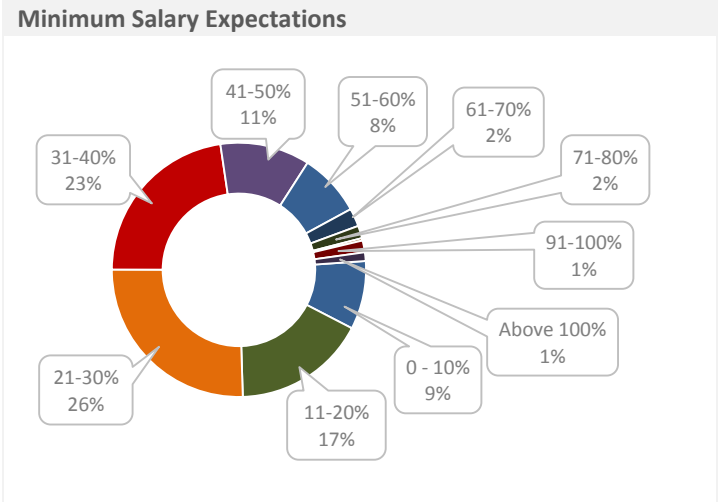
position and expectations both scored highly with 27% and 23% respectively. Speed is also important as 24% of respondents said that a slow recruitment process would be most likely to create a negative impression of an employer. These results confirm our own experiences as we have seen a number of cases where candidates become less flexible with their salary demands if a company delays interviews or the release of an offer. The same pattern applies in cases where companies do not conduct their recruitment process in a transparent nature from the beginning. Sudden changes in job titles, reporting lines and company conditions often cause good candidates to decline offers of employment.

When assessing job opportunities, guaranteed income is the major influencer with an average score of 7.21 out of 10. Future career opportunities and the reputation of the company also ranked very highly in a professional's decision-making process. The location of the company and chemistry with the people conducting the interview ranked surprisingly lowly.

IMPORTANT WHEN CONSIDERING A JOB



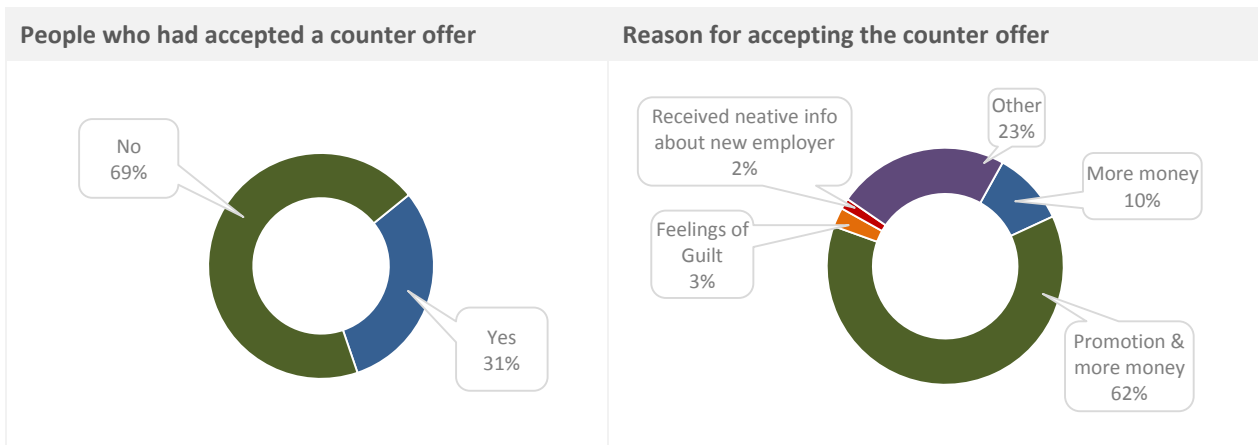
Salary expectations are currently high among some Indonesian professionals with 25% of respondents saying they expected minimum salary increases of 40% above their current salaries when changing employers. Another 26% expected their minimum salaries to increase at between 21-30% above current earnings, while 23% stated minimum of 31-40% increases. The survey also highlighted that even after resigning from a company there is still a risk of professionals choosing to stay with their employer after being enticed with career advancement or additional money. Some



31% of the people surveyed had previously accepted counteroffers from their employers after tendering resignations.

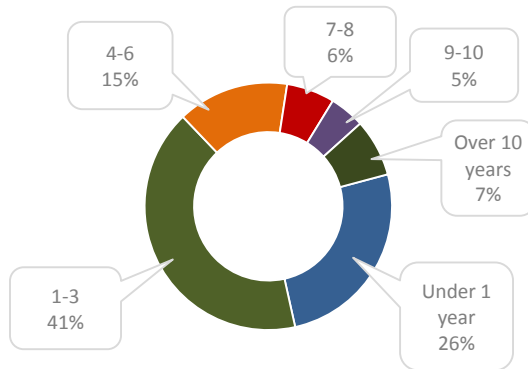
Some 62% of people who had accepted a counteroffer reported doing so because their current employers had offered them a promotion and more money, while just 10% had stayed because they were offered more money without career advancement.

With such a high risk of people accepting counteroffers, companies wanting to reduce the chances of having to re-start the recruitment process should always select two candidates to take into the offer stage of the recruitment process.



JOB MARKET INDICATORS

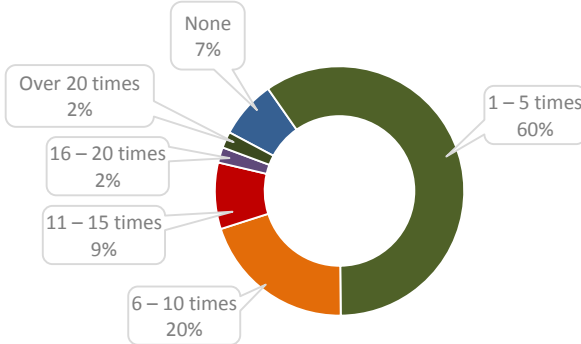
Changed employers



With the demand for talent being so high, a high percentage of professionals have moved jobs in the past year. Some 26% of respondents had changed employers in the previous 12 months and a further 41% had changed jobs between 1 and 3 years ago.

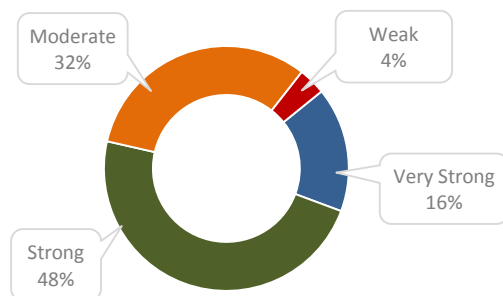
The reason for this increased movement of Indonesian professionals is not surprising given the frequency of them being approached directly and offered new opportunities. Almost 60% of the respondents had been contacted between 1 and 5 times in the previous 6 months and more than 20% between 6 to 10 times.

Directly approached for a new position



The current activity being seen in the job market has resulted in Indonesian professionals having a very positive feeling about the availability of new opportunities. Sixteen percent of people rated the current job market as very strong and a further 48% rated it as being strong.

Feeling of current job market



This positive feeling of the job market in Indonesia is why people's compensation and benefits demands are increasing, as many professionals have multiple opportunities to select from when deciding to change employers.

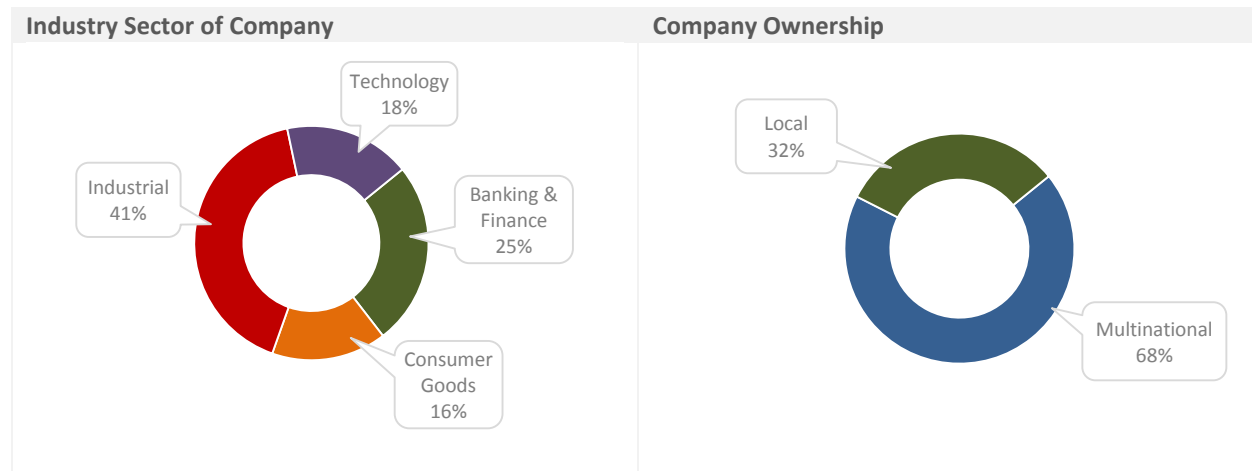


EMPLOYER SURVEY INDONESIA 2014



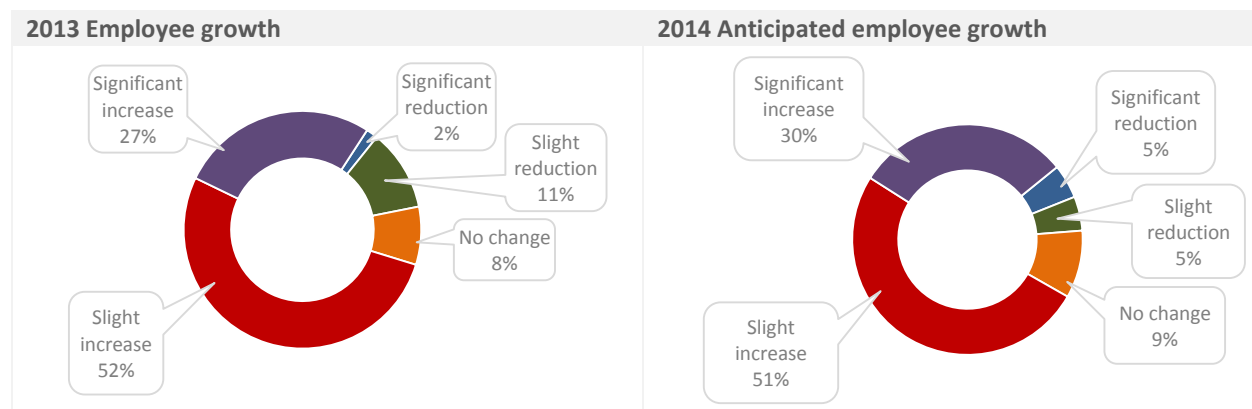
SURVEY DEMOGRAPHICS

Information from employers was collected by conducting the survey with senior Human Resources and Director-level employees who are responsible for recruiting new employees.

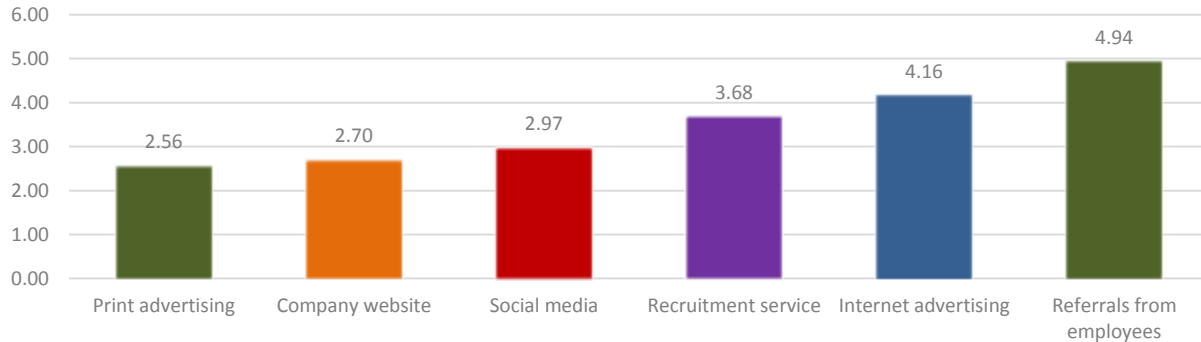


HIRING TRENDS

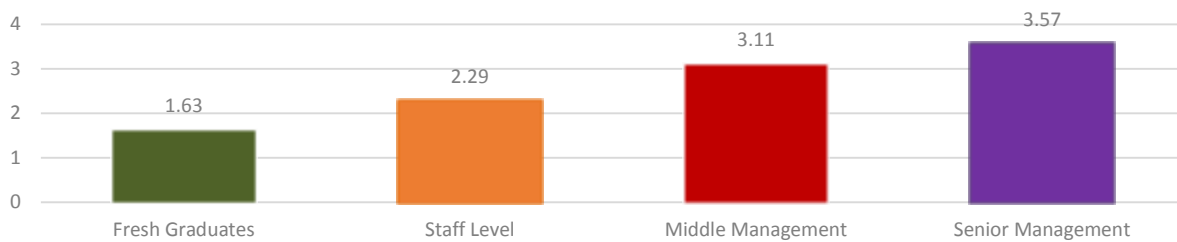
An overwhelming majority of employers increased the number of employees in their company during the course of 2013, with 52% indicating a slight increase and 27% a significant increase. This positive hiring trend is expected to continue in 2014 with 30% of employers anticipating significant employee growth and 51% a slight increase.



When asked to rank where employers felt they had the most success in finding new employees, referrals was seen as the most successful with 4.94 out of 6, closely followed by Internet advertising and professional recruitment services with 4.10 and 3.68 respectively.



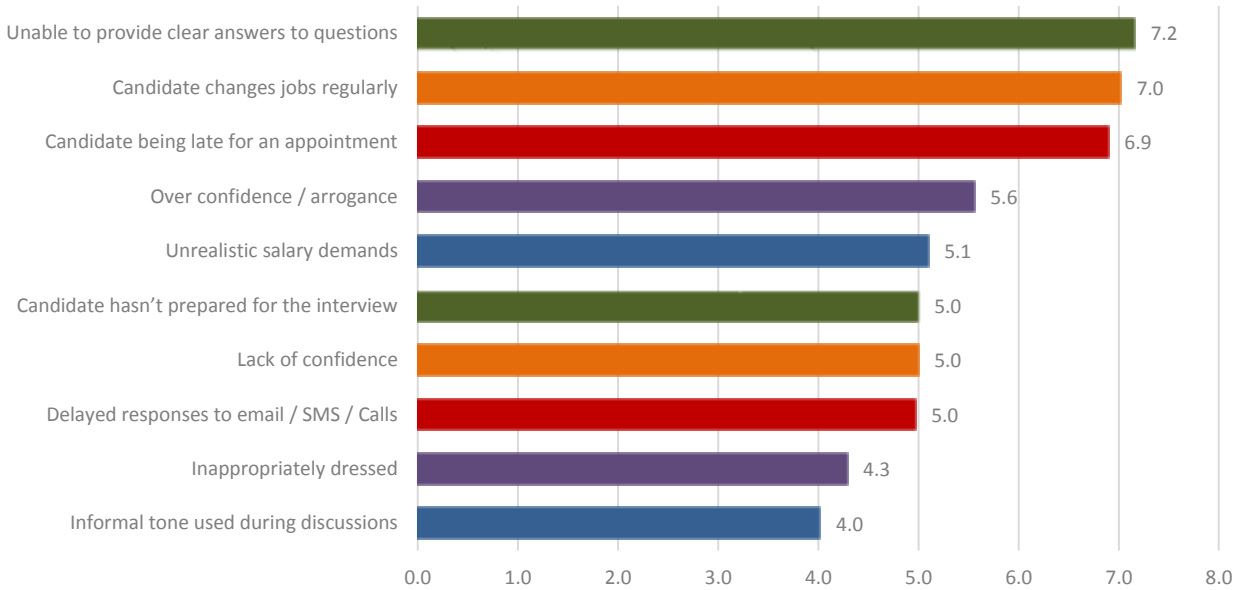
The companies surveyed identified the more senior the position they are recruiting for the greater the challenge. Senior management positions scored 3.57 out of a possible 4, highlighting once again the shortage of senior professionals in the current market.



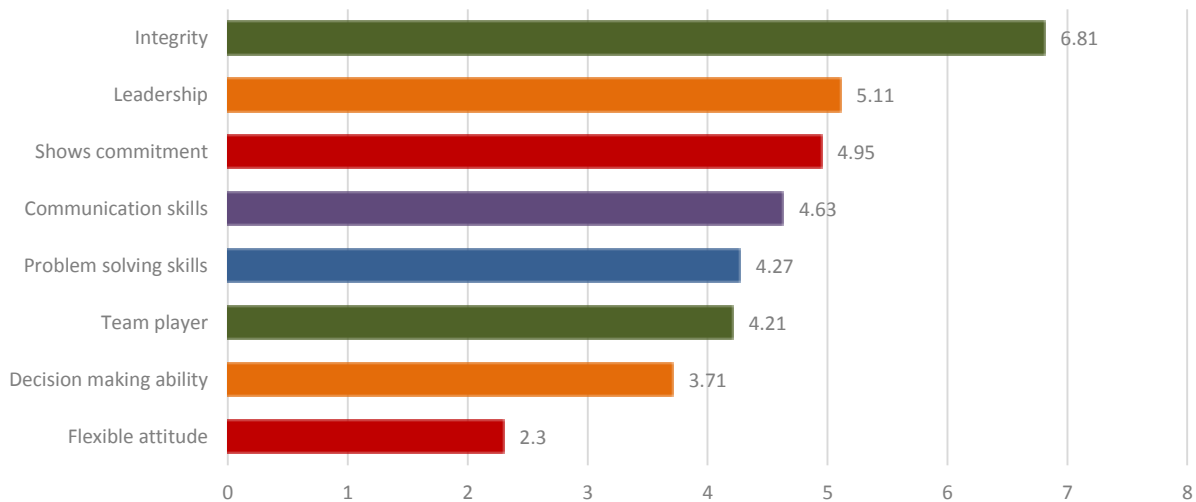
The difficulty involved in finding talent within specific job functions was evenly spread with Administration positions being the easiest to find talent with a score 2.08 out of 7 and Sales and Marketing being the most difficult with 3.56.



Companies assessing candidates in the recruitment process stated that an inability to answer questions clearly and precisely was most likely to create a negative impression of the person being interviewed, with a score of 7.2 out of 8. This was closely followed by seeing somebody who changes jobs on a regular basis and being late for an appointment.

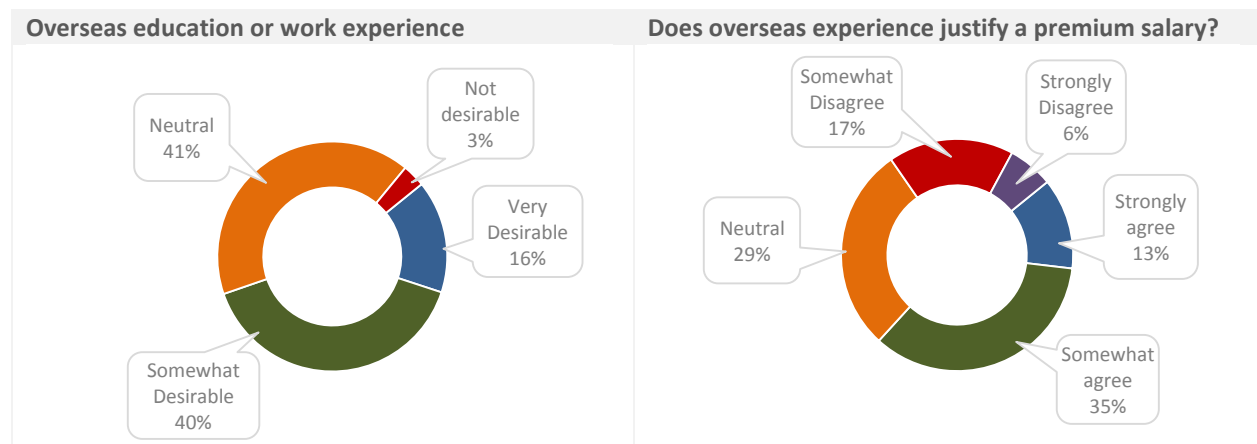


Companies overwhelmingly ranked “integrity” as the most desirable soft skill a candidate could display, with a score of 6.41 out of 8. Leadership and demonstrating commitment also scored well with scores 5.11 and 4.95 respectively.



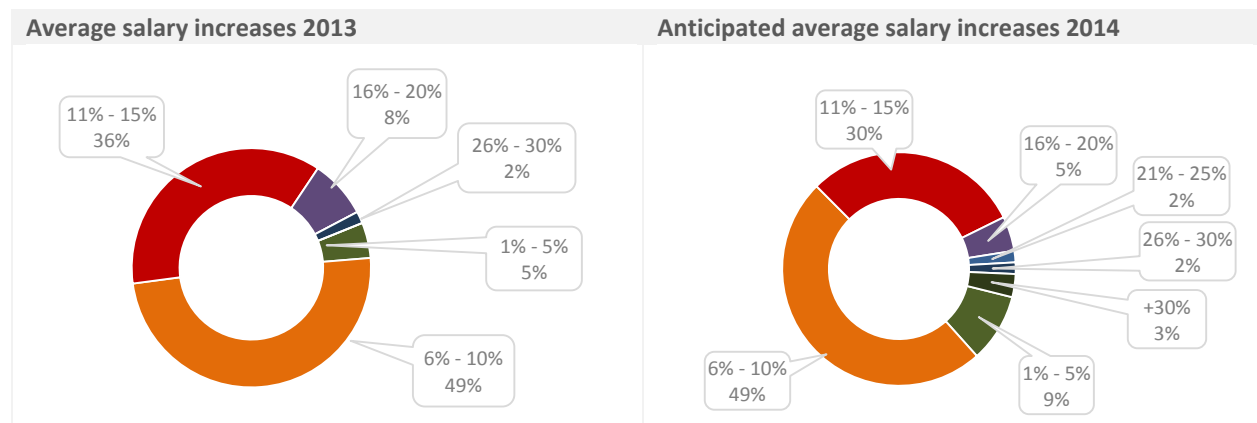
Somewhat surprisingly only 16% of employers felt that Indonesians who had been educated overseas or worked overseas were highly desirable, while 40% felt it was somewhat desirable. Some 44% of employers said they didn't feel gaining experience outside of Indonesia would make a candidate any more desirable than somebody who had gained their education and work experience in the country.

The issue of paying somebody who had gained knowledge or experience overseas a premium salary saw 13% strongly agree, 35% somewhat agree and 29% with a neutral opinion. Interestingly, while only 3% saw overseas experience as not desirable, 23% of employers disagreed that overseas experience should be rewarded with a premium salary.

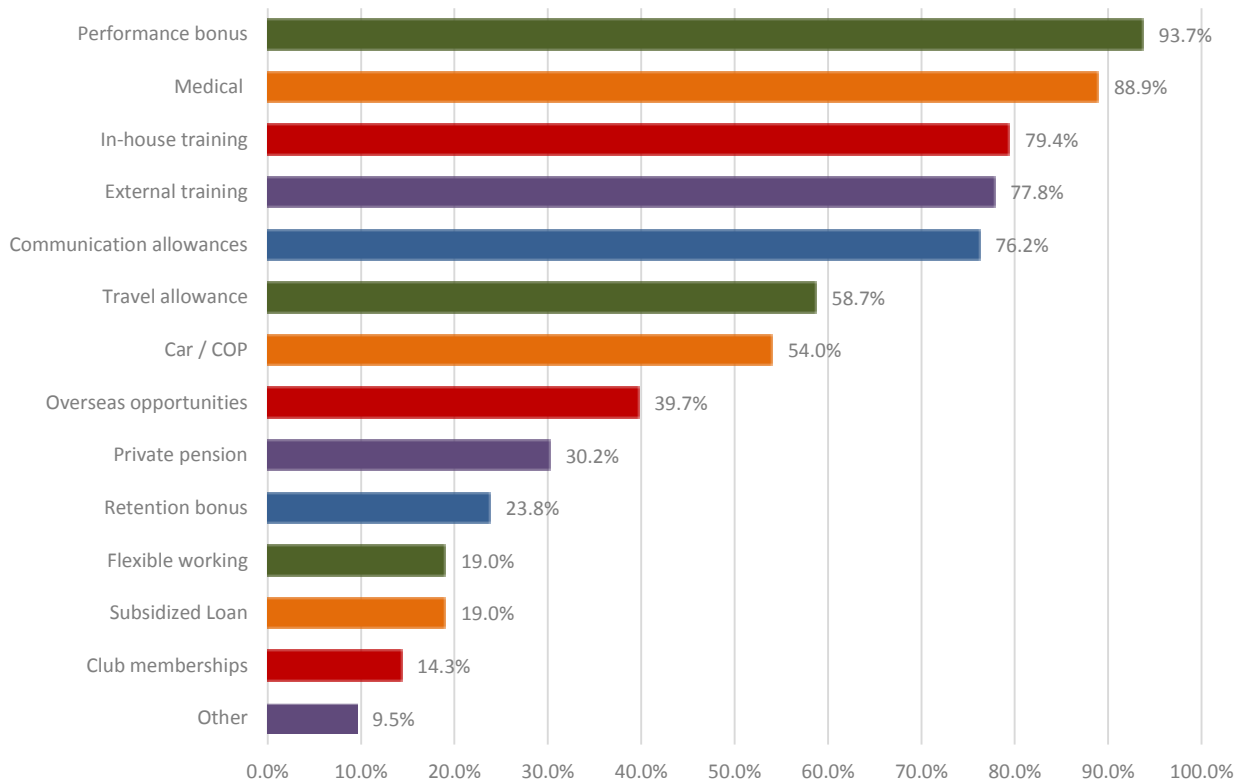


COMPENSATION & BENEFITS

Most employers in Indonesia issued between 6% and 10% average salary increases to their employees in 2013 and a further 36% gave between 11% and 15%. A similar trend is anticipated in 2014, although results show 3% of employers planning to issue increases above 30% compared to 2013, where 0% issued increases at the same level.



In addition to annual salary increases many employers are expanding their benefits in order to try and help retain employees. Performance bonuses and medical insurance are becoming standard elements of an employer’s benefits package as are fixed allowances such as communication and travel.



Although employers are being pushed to increase salaries and offer a wide variety of other benefits many employers still feel the salary expectations of skilled professionals are still within reason as 13% rated candidate’s salary expectations as somewhat low and 49% as reasonable. There are signs, however, that some employers are concerned about the professionals current expectations with 33% feeling they were somewhat high and 5% feeling they were very high.

Employers opinion of salary expectations skilled professionals

