



PublicAffairsAsia

STATE OF THE INDUSTRY REPORT

2018

A Report By Prospect and PublicAffairsAsia

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Follow Up Report

In this short report, we delve further into the research and data conducted for The 2018 State of the Industry Report.



To download the full SOI report visit:

www.publicaffairsasia.com/soi2018

www.prospectresourcing.com/blog/soi2018

Gender Profile

Our survey pointed to a more balanced profile in the agency sector, where 46% of employees were male and 54% female. In the in-house sector, the split was 40% male and 60% female. While the agency sector appears to be well balanced on gender, the full State of the Industry Report identifies an ongoing gender pay gap. A roundtable will be held later in the year to look into the gender pay gap within the communications industry and understand why this is significant in Hong Kong.

Agency Age Profile: 54% Are Under 35

The age profile of the agency sector is significantly younger than that of the in-house sector. Some 54% of agency staff were under 35, against only 27% of in-house professionals. Our data confirms a trend whereby professionals move in-house as they approach their mid-30s. As a result, a third of in-house practitioners fall into the 35-44 age bracket, whereas just one in four agency professionals is in this bracket. At the upper end of the age spectrum, only 4% of agency respondents surveyed were 55-64, whereas 10% of in-house respondents were in this group.

Agency Career Length: 23% = 4 to 7 years

Given that the age profile of the agency sector is much younger than in-house, it is no surprise that experience and career length are also lower agency-side. Within agencies, the largest portion of the survey base (23%) have careers of between 4 to 7 years. In-house, the largest segment (27%) had worked in the industry for 11 to 15 years.

Current Roles: 37% Agency-side in PR

Despite the advent of digital and the rise of integrated communications, many agency professionals still view themselves purely as Public Relations practitioners. When asked to select which practice area they worked in from a predetermined list, 37% of agency professionals opted for PR. This compared to just 8% of in-house respondents. Over a third of in-house professionals identified themselves as working in Corporate Communications (35%), whereas only 21% of agency-side respondents identified themselves as such.



Contractual Issues: Just 1% Part-Time

While work-life balance remains a very important factor for many staff, it appears that both agencies and companies are failing to translate this into flexible or part-time working arrangements. Only 1% of agency and in-house respondents were employed on part-time contracts. While we do not have any proprietary data on this in other sectors in Asia, or in the communications industry globally, in the UK the PR Census 2016 found that 8% of the workforce was employed on a part-time basis. This is something which needs to be addressed by both agency and in-house communications functions in Asia Pacific.

Expat Versus Local: 60% Agency-side Are Local

According to our research, local hires make up approximately 60% of the workforce. However, when we look at the younger end of the age spectrum (those under 34) the number of locals rises to 65%. This points to a localisation of entry-level recruitment, while expatriates still hold many middle and senior management roles, even if these positions are often filled with local hires when they fall vacant.

Churn and Change: 34% Plan to Stay

Agency staff were more likely to have experienced a significant change in their employment status over the previous 12 months. According to our survey, 44% of agency staff had either gained new responsibilities, moved to a new role within their company or started with a new employer. This contrasts with 34% of in-house professionals who had experienced a similar change.

However, in a sign that the revolving door may no longer be spinning quite so fast, some 34% of agency professionals surveyed said they plan to stay in their current role over the next 12 months.

Agency Size

The State of the Industry Report study also examined the rise of the boutique agency. We believe this will have an impact on staffing considerations. Those working for boutique or smaller, independently owned agencies identified early-year career development benefits, such as closer proximity to the organisation’s principals, resulting in closer on-the-job learning. They feel more engaged with clients, seeing all elements of the client work up close. Even where they are not directly involved, they gain experience and exposure to the clients and can see the dynamic between agency and client more closely. While longer-term there may be impediments to career development, this does not necessarily have an impact on length of service: staff often remain with a boutique agency longer than they might with a larger agency, where churn is more common.

Salary and Benefits

The State of the Industry survey goes into detail on the key pay and benefit trends. In summary, those working in agencies tend to earn less than those in-house, except at the MD or senior regional management level, where certain roles can pay significant salaries and bonuses. However, it can be difficult to draw overall conclusions on salaries, given that it is not easy to make like-for-like comparisons between job titles in agencies and those in-house.

However, comparing salaries by career length upholds the view that those in-house tend to earn more. But, at the top end of the seniority scale, agency heads can earn more than in-house professionals of a similar age or with similar career experience. This, we found, can sometimes be the result of the MD or chairman also being the owner of the agency or having full P&L responsibilities.

This year we identify a worrying gender pay gap that persists in all markets and which appears worse in agencies in Hong Kong. We do not assume that agencies or corporations are actively paying women less than men, but we do conclude that men often occupy more senior roles and attract higher salaries due to unbroken service. This begs the question, are men bolder at negotiating bigger salaries? A full breakdown of salaries can be found in Section One of the full State of the Industry Report.



Boutique Agencies:
A good place to start?

Satisfaction Levels - Agency Side



Scored out of 5

Number: 135 agency-side respondents

Satisfaction Levels

Beyond the commentary in the main State of the Industry Report, there is not a lot to add about satisfaction levels between agency and in-house, where attitudes track each other quite closely. However, it is worth noting that in-house professionals are marginally more satisfied on almost all issues.

Notably, those working in-house score their satisfaction levels nearly 10% higher on basic salary and benefits and 20% higher on their bonuses. In-house professionals are also happier with their working hours, but agency professionals appear to be more satisfied with the potential to change roles internally than their in-house counterparts.



Where Next?

The full State of the Industry report identifies some alarming trends about the preferred career route of professionals working in the industry. In summary, only 4% of in-house practitioners would prefer their next role to be agency-side. Among agency staff, the figures are a little better, but still telling: only 19% of agency staff would like to move to another agency, with 34% expressing a preference to move in-house. Below, we detail the perceived positives and negative comments cited by those working agency-side and in-house.

Why agency staff want to go in-house:

- "Would like to have a more stable working environment"
- "Better role and better compensation"
- "Better work-life balance"
- "Career advancement opportunity"
- "Get wider and deeper business experience"
- "Opportunity to leverage in-house and regional experience"
- "Change of environment and a new challenge"

What in-house staff value about working in-house:

- "Specialise in a specific brand and strategy so it's not scattered, serving different clients and industries"
- "Great culture and professional freedom and opportunities; love the team that reports to me"
- "Job satisfaction and work-life balance"
- "Best mix of experiences across multiple business functions, consistency in culture and credibility"
- "Clear value contribution"
- "I find more satisfaction seeing the brand grow and evolve as I grow."
- "Better salary, narrower focus on my interests and application of my skills"
- "Culture, training opps, leadership, like-minded individuals who understand marketing communications"
- "Higher learning, better role responsibilities"
- "Have more autonomy"
- "I like to directly influence an organisation"

Why agency staff want to stay agency-side:

- "I am enjoying it; it's a chance to shape something"
- "Good career development prospects in play"
- "Better opportunity to work on varied mandates"
- "Career development, opportunity to engage global management"
- "Still learning from current agency"
- "Prefer the ever-changing client needs, industry sector and channel exposure"

Why in-house staff won't move to agencies:

- "Agencies are sweatshops"
- "Greater scope and responsibility in-house"
- "Clients are awful to work for. I know. I am one"
- "Poor pay and long hours"
- "People in-house appear happier"
- "Big agency roles are only in Hong Kong and Singapore. That would involve leaving current city to a higher-priced environment."
- "Lack of job security"
- "It is where my experience and comfort zone is. Agencies do not have good work-life balance"

Why in-house staff would move to agencies:

- "Variety of work"
- "To gain team management experience"
- "To be part of a bigger team as I am in a sole contributor role"
- "To work at the cutting edge of digital - where agencies are ahead"

Ownership Issues

The State of the Industry Report includes significant coverage of the merits of agencies being either independently owned or part of larger networks. While we had difficulty getting interviewees to go on the record about the negative aspects of their agency's relationship with the holding companies, we did identify a growing sense of frustration in these businesses. Holding companies are experiencing significant pressures as a result of changes in the marketplace, particularly in advertising, and there is a fear among traditional communications agencies that they will be adversely affected by consolidation and cost-cutting as a result.

This industry shift could also deprive agencies of the investment required to power the next wave of growth, as Asian markets not only become more competitive, but also more sophisticated in an era of digital, data and analytics. A focus on securing a short-term bottom-line contribution from communications, public relations and public affairs agencies, as opposed to long-term sustainable growth, could significantly alter the marketplace in the short to medium term. If this trend continues, and uncertainty about future ownership or brand identities persists, this is likely to hurt agency morale at a middle and senior level.

What's Valued?

In our interviews, senior agency staff talked extensively about the importance of developing diversity policies. However, our survey finds that diversity is the least important issue for agency staff in their jobs. Instead they rank trust in management, career development, company culture and work-life balance as the four key factors – all ranked ahead of “top of the range salary”. A deeper dive into the datasets confirms that those working in agencies and those working in-house generally value the same things in their roles.

Diversity and Inclusion

Since the report's publication, we have sought to understand why diversity does not rank more highly among agency staff, given its importance globally to agency brands. In the full report both Edelman and Weber Shandwick talk in depth about the importance of diversity and inclusion policies in their companies.

When asked how satisfied they were with their company's diversity policy, agency staff scored their company 3.5 out of 5, which is a good score. So one conclusion could be that staff are generally satisfied that their company has embedded a fair diversity policy and are not too concerned about diversity issues as a result. Or, it could be that the diversity issues of concern

globally are simply less important in Asian markets. For example, there are fewer people of colour in APAC and, for cultural and legal reasons, LGBTQ issues are less prominently addressed and discussed in the workplace in some countries. Beyond gender, diversity issues appear to be subject to less employee activism than in the West.

Training Issues

The number of days allocated to training per year is 3.5, roughly the same for both agency and in-house staff. However, given the age and relative lack of experience of agency professionals, it could be said that agencies should be offering more training than corporations, who benefit from a more experienced talent pool.

Agencies are more likely to offer internal training than in-house operations. Nearly half of all agency training is conducted internally against only a third of in-house team training.

While it may not be linked, it is worth noting that only 50% of training delivered by agencies is deemed “helpful” (as opposed to 57% in-house) with 26% of agency-side training described as “not helpful” (as opposed to 18% in-house). This figure is alarming, suggesting that a quarter of the resources given over to training are being used ineffectively, at least in the eyes of those who receive it. Our survey finds that 10% of all training is now completed online. Sometimes there is a mismatch whereby the training delivered was not what the participants had expected. For example, one respondent said: “It was supposed to be about leadership but then, during the training itself, it became strategic planning.”

Internships

While internships undoubtedly play an invaluable role in career development and in the development of the industry more generally, some respondents expressed concern that certain agencies were now using internships to deliver capacity that should be drawn from the paid workforce.

A small number of survey respondents responsible for managing interns or internship programmes expressed concern that few interns seemed to move on to better things within the agency. Some were taken on with the expectation of securing full-time or paid employment if they reached a certain standard, only to be shuffled out to make room for a new intake of interns.

“I don't like the way we treat interns. It's unfair... like a factory,” said one manager.

Work Life Balance

Staff working both in-house and in agencies rank work-life balance as important to them. There are signs that - apart from working hours, where there is a perception that agency staff toil for longer - agencies are making some headway here. Some 72% of in-house staff say they are expected to take calls and check emails while on annual leave. Within agencies this number is lower, at 61%. Agency staff are also marginally more able to take all the leave to which they are entitled (77% versus 75% in-house) although it should still be cause for concern that nearly one in four agency employees is not able to utilise the full allocation.



Analysis: Work-Life Balance

Emma Dale, Co-Founder & Managing Director (Asia), Prospect

"I need better work-life balance." This is a comment often heard when an employee explains their reasons for wanting to move on. This desire for better work-life balance is felt by both agency and in-house employees, who struggle to take personal time away from work.

From our survey, and from talking with employees in the PR & Communications industry, it is clear that many employees feel they can't take all their annual leave as they are too busy with work commitments, or if they do go on leave, they still have to be 'on' and respond to emails or take calls. Our survey recorded that a whopping 72% have to respond to emails and calls whilst on leave. Working hours also seem to be taking their toll, with many employees doing 12-hour days and working weekends, and consequently not getting the rest they need to perform at their best.

Work-life balance can be difficult to address as it means different things to different people. However, over my years of recruiting and giving career advice, and through my experience as an executive coach, I have identified two key factors that, if addressed, ensure a better work-life balance for employees. These are trust and flexibility. Trust is key to any relationship, so why should it be any different for that between employee and employer? Trusting one's employees empowers them and makes them more likely to perform at a high level, work hard and stay committed to the business. Creating a culture of trust will allow employees to flourish, make decisions and manage their work and personal lives.

Flexibility for employees covers the following:

1. The flexibility at times to work in a different location to their designated desk. This often results in an increase in creativity, more focus and an increase in productivity.
2. The flexibility to leave the office to take on personal activities (fitness, family time, or simply a break). Rest is required to perform at a high level at work.
3. The flexibility to work at a time when they operate at their very best. This, too, will result in high productivity and job satisfaction.

Do you really get the most out of employees by having them sit at the same desk, day in, day out, for the same core hours? In a creative industry such as PR & Communications, surely it makes sense to trust your employees to get the job done properly wherever they might be physically - based at the office at core times, perhaps, but off-site or even at home at times that suit their work style.

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