



Managing job offers in the financial industry

By John Koh

The time of the year has come when finance professionals have received their bonuses and are wondering what's next for them. The general feedback from candidates is that this year's bonuses are not as large as they were last year, even though in certain organisations, profits have swelled and firms are again looking to expand their footprint.

With the labour market getting tighter, the bargaining power has somewhat shifted to the hands of employees after the last few years of standstill during the global financial crisis.

For many professionals in the financial industry, the financial crisis meant limited – or zero – increases in salary. So now that the markets have recovered and sentiment is more positive, individuals were hopeful of steep salary rises in their annual appraisal letters.

However, not all financial institutions are prepared to do that yet. With uncertainties looming and recent natural disasters hitting major economies such as Japan and the US, employers are adopting a cautious attitude towards increasing salary costs in the event that things could take a turn for the worse.

Assuming market practitioners are unhappy with the 5% adjustment in their appraisal letters, they are likely to seek greener pastures outside their current organisation. There is nothing wrong with that, they might think, given that there is no better time to ride the wave in today's high-tide.

Snagging a job offer

Let's assume you are a professional in the financial industry looking for a new job. You embark on your quest for a job offer – possibly multiple job offers if you are lucky. You start contacting headhunters and letting them know you are currently available to explore [options](#). You began reconnecting with ex-colleagues who have moved on to other firms to ask if there are suitable opportunities there. Lunch hours and weekends are spent pouring over career websites and job bulletins to uncover job roles which might suit you.

Your efforts don't go to waste – an ex-colleague recommends you a senior role in his bank, with a grander title and a respectable pay increase. Your headhunter friend manages to show you two opportunities with top global banks which are looking to expand their presence and market share, and are keen to offer you a senior role with regional responsibilities.

You are suddenly flattered by the attention and the perceived market value you command. Thinking the job offers could only get better when you start negotiating, you begin asking for more – essentially pitching one offer over another to get a better deal. Not satisfied with just a 30% salary rise, you start demanding stock **options** and a guaranteed bonus. One of the banks loses **interest** in you while the other two banks are keen to meet all your expectations and have you onboard the team.

You are overjoyed and could not believe how good things are turning out for you in your job search. Comparing the two job offers, you decide you would rather go for the one that has a more established team and name in the market. You communicate your decision to your headhunter and also firm up your official start date with the new bank.

Now comes the hard part – which is to tender your resignation and ask for an early release.

Your resignation letter did not go down well with your superior. The bank has just been acquired by another larger institution and is still reeling from the effects of the financial crisis. The last thing it wants is to have staff walking out of the door, and every existing staff member who is retained means less time and cost in hiring a replacement.

Within hours of tendering your resignation, you are back in the boardroom having a serious chat with your superior. He wants to know exactly the terms of your job offer and promises to do whatever it takes to make you stay.

You are in a dilemma, though you secretly feel happy about it. First, it has been a while since you felt so wanted by your firm. Secondly, it looks as if you have been handed a blank cheque and the scope to name your terms – if only you would retrieve your resignation letter.

You think about it and decide to give up the job offer which you have verbally accepted. Rather than taking on the risks of moving to a new role and having to adjust to the new working environment and colleagues, you would rather stick with your current firm and enjoy a much better remuneration package with zero risk.

As you read out to your superior and HR director each term of the other job offer, and see that every one of your demands is being met, you begin to be even more convinced that you have made the right decision.

Or have you?

How it could backfire

In today's job market, never under-estimate the importance of integrity and honouring one's word. This is especially important in a close-knit industry such as banking, in which people are extremely well-connected.

There is a good reason why job offers are typically pegged at a certain level. Assimilating into a new role and a new environment is a challenge and firms know it is important to reward a new hire for taking that step. During instances when firms are especially favourable to certain candidates, they could strive to meet the expectations of the candidate, such as guaranteed bonus and stock options in addition to an attractive base salary offer.

There is also a good reason why internal salary adjustments are usually not spectacular. Given the same job responsibilities, firms typically peg their salary increases to prevailing economic growth rates or inflation rates to ensure no loss in purchasing power and to ensure the firm's level of competitiveness. Unless it is a promotion to a higher grade or to a more senior role, it is reasonable to expect 5% to 10% increases in annual salary reviews.

In the above scenario, in which you receive a counter offer matching the other job offer, the key reason is staff retention. In other words, you are now being paid much more than your internal peers for the same job just because you have threatened to leave. This will certainly backfire on you if your colleagues get wind of this. Your role in the bank will be further compromised the moment the firm identifies a suitable replacement at a lower cost, especially when your loyalty is now in question.

Saying yes to a job offer means you have a professional and moral obligation to make good on your promise.

Word of advice

A better way of managing a job offer, or multiple job offers for that matter, is to first be clear about your motivations in looking for a new job. The underlying issues that led you to explore outside opportunities cannot be resolved simply by a counter-offer which promises a higher salary.

You started looking out for new opportunities because you were convinced that your career had reached a plateau in your current firm and you wanted to seek out new challenges to further develop your skills and widen your experience.

If your motivation is purely money, you should not be working in this industry at all, as we have seen how greed has led to the downfall of major institutions in the recent crisis.

Upon receiving a new job offer, be sure it is a role and organisation you could see yourself growing into over the next three to five years at least. A decent level of negotiation on a remuneration package can take place and once you are satisfied that your requests have been met, you should honour your word and accept the job offer with no second thoughts.

Just as financial institutions are sincere and honourable in their job offers, they expect the same from candidates with whom they deal. Integrity is a basic tenet in the financial services industry, and it is hard to imagine anyone doing well in their career if their word can't even be trusted.

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