

Asia Pacific Region: The Latest Trends and Challenges

By Christine Greybe

One of the most frustrating ironies for business leaders in Asia today is that in the world's most populous region their toughest challenge is finding people. Asia's talent shortage has been the source of much debate and frustration over the past few years as businesses struggle to not only to recruit new employees, but also to retain their existing staff in this very active marketplace. Governments and companies alike are undertaking strategies designed to alleviate the tight labor market, but it will likely be years before employers can reap the benefits of these programs. In the meantime, business leaders must adopt strategic rather than tactical planning to boost employee retention and stem the outflow of talent from their organizations. Investing in strategic hiring programs, comprehensive on-boarding, training and development programs, succession planning and effective career development opportunities to attract and maintain talent should all be considered as part of the strategic planning, shifting the focus from talent acquisition to talent retention.

Across the region, rapid economic growth has greatly increased the demand for labor over the past decades, significantly outpacing the available supply. Today, businesses in Asia are grappling with difficult decisions over how to continue their growth with the limited availability of talent. The shortage of qualified staff now ranks as the top concern amongst 600 CEOs of multinational corporations in China as well as South-East Asia, according to a recent study by the Economist.

Furthermore, it seems that the situation will get worse. McKinsey Global Institute recently conducted a study on managers in China, predicting that China will need 75,000 international managers in the next decade. However, this problem is not unique to China and is evident across the entire region.

The small pool of available talent in a region - whose economies are, with few exceptions, booming - shifts tremendous advantage from corporations to qualified candidates who are now demanding enormously high wages, more impressive titles, and who may leave and find a new job that offers more on any given day. "Pay rates for senior staff in many parts of Asia," notes the Economist, "already exceed those for similar staff in much of Europe." And yet wages continue to rise, with many employees expecting at least a 40% increase in compensation each year according to presenters at a recent XMei Conference on HR.

STAYING AHEAD OF THE GAME

In this extremely dynamic market, companies are forced to continually be one step ahead as a means of attracting and retaining top talent by offering larger compensation packages as well as ever-grandier titles. Along with titles and salaries, the expectations of job seekers are also increasing.

Reasons for changing jobs, of course, differ greatly. Nonetheless, according to ChinaHR, salary is the largest motivating factor for young executives. Recent

search assignments we have undertaken at DHR International reinforce this trend. For example, a candidate for a General Manager role to lead the China operations of a leading consumer organisation requested an 80 percent increase on a compensation package that was more than in line with market value.

We have also noted a 40-100% increase of clients requesting local talent at the middle to senior management level in China. The number of requests for expatriates in China as well as the rest of Asia Pacific has increased by 30%. In addition, we have noticed during the last year an upturn in the long-term incentives being offered in the form of stock options or equity, as a means to retain executive talent.

As a result, battling attrition has become a major priority for business leaders across the Asia Pacific region. With turnover rates that in some industries can exceed 30%, HR professionals are wrestling with strategies to retain top talent in a highly active labor market. This need is particularly accentuated in extremely competitive industries such as healthcare and life sciences, consumer goods, retail and financial services.

HOW TO RETAIN THE BEST?

These organizations must prioritize talent retention versus talent acquisition. With a finite supply of human capital, corporations cannot simply keep hiring. Instead, they must hold on to their existing talent pool by placing incentives that will attract them to stay on board. Human

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- **Francesca Lahiguera**. Francesca is a very experienced consultant with an international perspective having worked with Sun Microsystems and Heidrick & Struggles in the US, Paris and London.
- **Caroline Mills**. Caroline has been an information officer in advertising and executive search. She has worked for Heidrick & Struggles and Edward W Kelley & Partners, and now runs her own company, Ask Caroline.
- **Neal Woodcock**, Words in Action. Neal's company has provided communications training to companies across Europe and the US, including Microsoft, ABN Amro and A. T. Kearney Management Consultants.



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resource departments throughout Asia, with varying degrees of success, are experimenting with different approaches to combat attrition.

While salary and career expectations play a large role in changing jobs, as talent ages job stability and career opportunity increase in importance. Of course, continually raising salaries is one way to retain employees, but in addition to being unrealistic, it is not, the most effective. Training, developing and mentoring employees all yield far better results in terms of employee retention. Even seemingly smaller gestures, such as providing staff with benefits such as cell phones or PDAs, transport allowances, and offering flexible working hours all have positive effects on employee retention.

Other strategies such as career counseling, on-boarding programs and succession planning are also very important to maintaining a team. The talent acquisition process cannot end with a job offer; new employees must be trained effectively to ease their transition into the new environment, as well as being counseled on their potential career paths within an organization. On-boarding programs are important for both: the new hire (which integrates them into the culture and team) and the corporation (which helps build their reputation as a reliable and thoughtful employer). This is especially true in Asia where strong employer brands play a key role in attracting new talent.

Amidst the backdrop of rapid growth and massive investment in the region, corporate leaders have been fielding tactical, piecemeal solutions to deal with the talent gap in Asia. A more strategic, end-to-end approach to talent management is required for companies to continue to attract and retain high-caliber talent.

THE CHALLENGES AHEAD

As an executive search consultant operating within the Asia Pacific region, our first challenge is to find ways to attract the best talent in the market. This can only be achieved through comprehensive research and thorough knowledge of the talent landscape for the sector that you



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are working in. We are seeing a growing trend for specialty practice groups as we continue to build our practice groups across the region.

The second challenge we face is being able to identify 'push factors' beyond compensation. For instance, we must assess if the candidates are in alignment with our clients. If they are aligned, we must use these 'push factors' to motivate the candidate to consider the role and not be driven exclusively by financial motivators. Being able to do this is fundamental. In this tight labor market we have observed a significant increase in candidates demanding extremely high compensation. At times, these demands are unreasonable and even questionable. As a result, in certain countries we have implemented a standard request for pay slips or tax returns to verify compensation data, helping us gauge pay scales more effectively and also better understand the marketplace. This transparency has benefited our clients, made our job easier, helped build up trust with both the client and candidate, filtered out any misrepresentation of data and eliminated certain candidates.

With these challenges in mind, it is our responsibility as experienced search consultants to source candidates globally for roles in Asia Pacific; encouraging clients to consider transferable skills across different industries and looking at

a talent pool that can 'step-up' rather than approaching candidates to consider a lateral move. Our role is shifting from being more transactional to now being more consultative. In a market where supply is extremely scarce, we need to partner with our clients to help them overcome this talent shortage, recommending creative solutions and lateral thinking.

As this region continues to boom, more and more executive search firms are expanding as competition for experienced executive search consultants mirrors the existing talent shortage. Consultants may be open to hearing offers, but are hesitant to change firms because it will take several months to re-brand themselves and inform their steadfast clients where they have moved.

At the same time, there are countries, especially Mainland China, where finding competent executive search consultants is a struggle since retained search is still in its infancy. DHR International Asia has been successful in attracting the right talent to join our team as we use the same philosophy we use for our clients: we have placed a strategic talent acquisition program at the consultant and research levels that identify people with the right cultural fit who can add value and grow in our organization. We partner with our clients so they are able to do the same. S

* The author would like to thank Matt Sears, an Associate at DHR, for his assistance with this article.

Christine Greybe is DHR International's Managing Director of Asia-Pacific. Ms. Greybe has been instrumental in establishing the DHR brand throughout the region, working with some of the world's leading companies to identify and place their most senior executives at both a global and regional level. From an initial base at the company's regional headquarters in Hong Kong, Ms. Greybe has led the expansion of DHR's offices to Japan and China, with ongoing plans to continue to expand across the region.

For nearly 20 years DHR International has been a leading, privately held provider of executive search solutions with 46 wholly-owned offices spanning the globe. DHR's renowned consultants specialize in all industries and functions in order to provide unparalleled senior-level executive search, management assessment and succession planning services tailored to the unique qualities and specifications of their select client base.

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