

IPS Corporate Associates Boardroom Briefing¹: Getting the Best out of the ASEAN Talent Pool

By Chang Zhi Yang
IPS Research Assistant

While ASEAN's growth story continues to hold opportunities for investors, the region's demographic, socio-economic and cultural diversity — coupled with a workforce with changing expectations of work — requires business leaders to rethink their approach to managing and retaining talent across different markets. On 1 July 2014, Karen Cariss, co-author of the book *Talented Southeast Asia: Building Success through Talent Management Excellence*, spoke to the Institute of Policy Studies (IPS) Corporate Associates about the different workforce characteristics of each market and how successful talent managers have managed to reduce attrition and improve employee satisfaction.

For their book, Ms Cariss and her co-author Sylvia Vorhauser-Smith conducted interviews with almost 50 multinational companies (MNCs) that have operations in at least two key ASEAN countries. The ASEAN countries featured in their book are Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam.

A New Era for Talent Mobility

Ms Cariss shared how nine out of 10 of the fastest-growing mega-cities are found in Asia. Net income in the region is forecast to increase by 45% by 2016. By 2050, Asia is expected to account for 45% of the global population and 52% of the global workforce. Moreover, almost half of Southeast Asia's population is below the age of 30, and the population is also set to become more mobile with the establishment of the ASEAN Economic Community (AEC) in 2015. These factors are positive for businesses looking to develop further in Southeast Asia.

While the current net importers of talent within ASEAN are Singapore, Malaysia, Brunei and Thailand, this talent outflow is likely to widen to include other ASEAN countries as they become more economically developed. This also poses a challenge to governments and employers, who will have to ensure that the country's value proposition is strong enough to keep talent at home.

In Singapore, the challenge is not stemming the outflow of local talent, but to develop the highly educated local workforce as a vital source of talent pool for the region. One audience member commented that while citizens of countries like Thailand and Vietnam are receptive to working abroad, Singaporeans tend to be less keen about being posted overseas. In fact,

within his company many of the younger local employees are satisfied with local positions and are reluctant to acquire new skills or qualifications required for overseas postings.

IPS Special Research Adviser Arun Mahizhnan shared that this is an old problem that IPS has studied in the early 1990s through a survey of around 200 companies. The survey found that besides the comfort factor there is also a fear factor deterring Singaporeans from accepting overseas assignments. Many Singaporeans are accustomed to the organised way of doing things in Singapore and, as a result, find the overseas business environment too complex to navigate. For example, they are not used to the multiple layers of business bureaucracy that are common overseas.

Another participant said that the fear factor applies to both being posted abroad and returning from an overseas posting. It is essential that companies have proper job positions for employees returning abroad and that they communicate this clearly. He also added that companies operating in less developed ASEAN countries face the problem of convincing employees who are posted to more developed and vibrant countries to come back home to take up leadership positions.

Lastly, a participant suggested that with the advancement of technology it has become possible to develop the global mindset required for taking up regional leadership roles, without having to send employees for extended periods of overseas secondment. The use of digital communications and virtual reality technology for employee training could shorten the overseas posting period, saving money for the company and addressing the employee's reluctance to work abroad.

Challenging the 70/20/10 Rule

Ms Cariss explained that the conventional Western model of talent development follows the 70/20/10 rule. In this model, talent development comprises 10% of formal training, 20% of feedback and coaching and 70% of on-the-job experience. The employee is expected to derive most of his learning passively through daily work experience. However, feedback from many of the interviewed companies suggests that this model may not work best in ASEAN due to cultural differences. Instead, Ms Cariss proposed that the model be modified to follow a 50/30/20 rule. Such higher weightage allocated to formal training, feedback and coaching create a more structured talent development programme that is more efficient for training a younger workforce. In addition, feedback and coaching is imperative for training employees to take on leadership roles. However, she also cautioned that this modified model, like the original model, is "just a guiding principle", and emphasised that every situation is unique and would require a tailored approach.

Agreeing, one participant shared that across companies in Singapore there is an increasing awareness of the need for generational diversity, alongside gender diversity. Due to the tight labour market, companies increasingly rely on internal mentorship to pass down knowledge from the senior employees to the junior staff. This can be facilitated by virtual training platforms. Ms Cariss also conceded that nothing could replace the physical experience derived from being on the job, pointed out by another participant. While a certain level of hardship will no doubt impart invaluable skills to the employee, she maintained that a

purposeful design of employee development programme at a young age is extremely critical. Companies should also continue to communicate career development plans to their employees, she added.

The Key to Talent Retention

Ms Cariss used the case study of Pandora Jewellery's Thailand production factory to show the importance of inculcating a sense of belonging in employees. Pandora employees work in a bright and airy environment and are given many opportunities to try out new things and socialise. For instance, they take turns to run a radio station in the factory that plays music throughout the workday, and can relax in a library with wireless Internet. Training opportunities are plentiful. Over several years, employee turnover has come down from a two-digit level to just 2%.

An audience member asked what role wages played in employee retention for Pandora. Ms Cariss explained that while the company paid wages that were pegged to the industry average, wages were not the primary tool to retain talent. Instead, the management focused on ensuring that staff were happy and satisfied with working conditions at the factory and felt that they had opportunities for growth.

How Technology and Science will Reshape HR

Wrapping up, Ms Cariss explained how the rapid development of technology would reshape human resources as technology could be used as an enabler for talent management and engagement. She identified three domains of technology that can enhance the practice of HR: mobile technology, gaming technology and data analytics technology.

With high mobile penetration in ASEAN, Ms Cariss predicted that the use of smart phone technology as a tool for employee management would eventually become widespread. Activities would encompass processes like employee "on-boarding", mentorship and conference meeting. Companies that can embrace the technology early will no doubt gain a first-mover advantage over the rest of the industry.

More employers are also expected to turn to gaming technology for a whole range of employee-related processes, from talent-spotting to employee training to calibrating the expectations of potential employees. For example, the French postal service, by using gamification, provided job information to its potential employees, and hence lowered new employee attrition rate from 25% to 8%. Gamification is also very useful for training employees because it improves the recall of information and the reinforcement of memory. The ability to recall information faster is especially important for marketing teams because it means that the employees can familiarise themselves with new products faster, enabling them to sell products more successfully.

Lastly, data analytics-driven talent management can help to identify and evaluate trends and performance that are difficult to conduct under conventional HR analysis.

Notes:

- i. The IPS Corporate Associates Boardroom Briefing features speakers with specialist knowledge of core business disciplines in an Asian context.

Chang Zhi Yang is a Research Assistant with the Economics and Business research cluster at IPS.

Established in 1992, the IPS Corporate Associates programme has brought together business leaders from some of Singapore's most significant companies, to provide insights towards policymaking from a wide range of viewpoints. For more information on becoming an IPS Corporate Associate, visit <http://lkyspp.nus.edu.sg/ips/corporate-associates>.

If you have comments or feedback, please email ips.eneews@nus.edu.sg



© Copyright 2014 National University of Singapore. All Rights Reserved.

You are welcome to reproduce this material for non-commercial purposes and please ensure you cite the source when doing so.