A people strategy for
Asia’s emerging markets

Build better bosses

by Carolyn Chan, Managing Partner
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The rapid growth of Asian economies is driving demand for more effective leadership to manage the growth. But as regional and multinational companies alike compete for the same scarce Asian executive talent, the question becomes: How can the best people be attracted, retained and developed in order build sustainable businesses?

Nowhere is this talent dilemma more apparent than in emerging markets, where demand is greatest for leaders who can bridge the gap between head office and the local market.

The lure of the multinational or western corporate brand is no longer enough to retain talent. Not only are local brands rising in stature, but the western corporate culture of rapid change and frequent reorganizations, is starting to unsettle employees.

But the issue of Asian leadership is complicated by a culture which does not promote “the cult of the individual” that we see in Western civilizations. From a young age, Asian children are taught to be “seen but not heard.” They dare not question or challenge authority, and they are not encouraged to make mistakes. Here, there is a right way and a wrong way to do things, and workers must wait for the bosses to give instructions. They also tend to pay deference to the highest authority in the chain of command.

In such an environment, the key is to develop a manager into a leader, and help them build their brand as a boss. As the manager becomes a leader, the best people will tend to follow the leader.

Two main themes are emerging

1. Multinational companies (MNCs) are looking for local leaders who know the local market, as the local consumer market expands

2. Local companies are seeking local leaders who can grow into regional and global executives – and who can drive their export markets both regionally, and internationally

International management models are being viewed with scepticism by newly competitive Asian companies which now see Asian qualities of loyalty and longer-term thinking as valuable competitive advantages when they compete against Western rivals for the best people.

But Asian and Western companies face the same issue: how to breed leaders fast enough to meet the demand.

The key to developing the leader is the Chief Human Resources Officer (CHRO), who understands the cultural nuances involved, and who can partner with expert Asia-
based leadership advisors to find and develop the most promising executives.

We believe the solution is to employ a combination of assessment and development of high-potential internal talent, and thorough external market mapping to identify new sources of supply.

This is a case where West meets East, and learnings from each can be deployed in a powerful way. Companies need to know who is available in the wider global market, how the local talent benchmarks against the best, and how Asia-centric development can be profitable.

There is no simple answer, but one thing is certain: companies will need to alter expectations of what represents an ideal leader. Few candidates are going to be perfect from day one. As Kwan Chee Wei, executive director of the government-sponsored think tank, the Human Capital Leadership Institute in Singapore, told us: “The market needs to realise that 60% ready is going to be the new ready.”

We are already seeing salary inflation across the region as firms compete for top talent. Some companies are prepared to offer 30-40% pay rises to attract the best executives. We are increasingly seeing good candidates juggling multiple job offers, or being made counter-offers by existing employers, even before we can sign them up. Speed of decision-making is the name of the game when you find good talent. You need to do your homework early and be ready to move fast.

Retention is a constant theme in emerging markets, where companies are experiencing double-digit turnover among executives with two to three years’ experience in senior roles.

According to the *Global Talent Index Report: The Outlook to 2015*, written by the Economist Intelligence Unit and published by Heidrick & Struggles, senior management in the Asia Pacific region were found to need improvement in three areas: 1) Creativity in overcoming challenges; 2) Experience with multinational corporations (MNCs) and 3) Over-all work experience (fig 1).

**figure 1** – In general, what are the primary shortcomings of management-level hires and / or other specialised workers in the market, when compared with the rest of your workforce globally? (top responses)

<table>
<thead>
<tr>
<th>Limited creativity in overcoming challenges</th>
<th>Asia Pacific</th>
<th>North America</th>
<th>Europe</th>
<th>Rest of the World</th>
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</thead>
<tbody>
<tr>
<td>Limited experience within a multinational organization</td>
<td>Asia Pacific</td>
<td>North America</td>
<td>Europe</td>
<td>Rest of the World</td>
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<tr>
<td>Limited work experience</td>
<td>Asia Pacific</td>
<td>North America</td>
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<td>Rest of the World</td>
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Source: Economist Intelligence Unit, 2011
Quality is an issue. While two-thirds of the 441 senior executives surveyed globally are satisfied with the quality of hires over the past two years, nearly one in three is not (fig 2), a figure which rises to 37% in Asia. Twenty-nine percent globally are not confident that they will be able to attract and retain the necessary talent in the next two years. This figure rises to 32% in Asia. Nearly half of the respondents to our survey were human resources executives.

We believe companies can avoid talent bidding wars by moving to “build better bosses.” CHROs, organizational development and learning and development leaders will clearly play a key role in this development process. Research shows that people join companies and leave bosses.

As we see in the Global Talent Index Report, the best businesses are increasingly relying on developing their own leaders, particularly in Asia.

Unsure of the local availability of skilled staff, companies are recruiting raw potential, and honing this potential to the finished article.

More than half of our respondents say that they are devoting more time and money to employee development than they were two years ago.
Emerging countries’ wish-list

Our reading of the market is influenced not only by the results of our Global Talent Index Report, but focus groups and interviews conducted in emerging nations. Executives we spoke to told us that their top three career priorities were:

1. salary and short-term benefits (cash is king)
2. career and leadership development
3. opportunity to develop English-language skills

“Leadership” is the phrase that keeps cropping up. There is increasing recognition that management skills alone are not enough. Leaders need to learn how to build collaborative teams that can execute on the corporate strategic vision, in order to drive business expansion.

To drive this change, organizations need to be open to a “new” or “different” type of leader than the one they traditionally know how to grow. Line leaders need to be coached on what “inclusion” and “diversity” means, and HR leaders must continue to champion and influence the agenda for “different” and create an environment where creativity can flourish.

Multinational and local companies that engage leadership consultants will gain another perspective on the changing nature of leaders. The CHRO role, when partnered strategically with the business, can be a window for talent outside the company. HR leaders operate as talent scouts, keeping a eye on external talent and benchmarking the best against the internal talent.

Chief Human Resources Officers play a key role in helping their companies understand how East can work with West. It is clearly a two-way street. Barbara Xiaoyu Wang and Harold Chee in their new book, Chinese Leadership, warn that Western executives should not expect local executives who speak English to think in Western ways. Western executives might be startled to know that Asians think outsiders will eventually learn to work their way, while Western executives believe the opposite. Asia may get better at playing the Western game, but fundamental Asian values and ways of viewing the world are unlikely to change dramatically.

New capabilities to drive expansion

While Asian qualities of hard work and diligence are valued by Western companies, the Heidrick & Struggles-Economist Intelligence Unit Global Talent Report says that prized qualities in the “Asian century” will be:

- resilience
- adaptability
- intellectual agility
- versatility
- creativity

In the words of Karl-Heinz Oehler, vice-president of global talent management at the Hertz Corporation, quoted in our survey, this all adds up to, “an ability to deal with a changing situation and not to get paralyzed by it.”

Creativity in overcoming business challenges is the most serious executive shortcoming identified in the global talent report, and something that companies may find particularly difficult to rectify.

One way to fast-track creativity is to nurture a culture of inclusion, which means diversity of gender, nationality and functional discipline. As Singapore Exchange chief executive Magnus Bocker told us recently: “Diversity breeds creativity.”

Chief Human Resources Officers we meet tell us that the mantra of “recruit, train and retain” has given way to “attract, develop and groom” the next generation of leaders.

Companies can no longer rely solely on recruitment. They need to link their medium to long-term business goals with a strategy that retains their best people. In other words, the talent strategy must align with the business strategy if it is to focus the best executives and give them something to aim for – a vision they can help execute.

The HCLI’s Kwan says that for CHROs, the wider question is: How can Asian companies move their best-performing managers from being effective in-country, to operating cross-country?
Human resources leaders in Asia are facing frustrations at both ends of the talent pipeline – attracting and retaining. They say their biggest challenges are:

- **too few universities from which to choose graduates**
- **retaining mid-level executives**

Heidrick & Struggles conducted a series of focus groups and interviews with talent managers and human resource leaders in the emerging markets of the Philippines, Vietnam, Thailand, Malaysia and Indonesia to determine what attracts the best and most promising executives to a particular company, and what motivates them to stay.

We found that factors influencing retention are: Role empowerment (a common theme); leaders who know how to motivate and teach; trust; recognition and reward; job rotation (learning new skills in other divisions); freedom to challenge leaders; and freedom to put forward ideas and suggestions.

Triggers which cause good people to leave include: Bad bosses; high staff turnover; and lack of career path or development opportunities. Money, though initially important for attraction, was less important in retention.

Interview themes were typified by the following quotes:

- “our company is not ‘professional’ in terms of good systems, training and career development”
- “it’s not a safe place, people are leaving all the time”
- “when my managers talk to me, I feel as if I’m being grilled, not encouraged”
- “I don’t want you to come to micro-manage me or check on me all the time, but do come when I need and ask for help”
- “bad teamwork or disrespectful work atmosphere”
Influencing factors

While increasing pay to keep up with the escalating cost of living was mentioned in our interviews, different factors were listed as important by different age groups. Workers more fearful of losing their jobs, were willing to work longer hours, but they wanted greater flexibility for family. Younger workers were less willing to invest time, or even take a few steps back in order to move forward, and were more interested in diversity of career and perks such as being taken out to restaurants and exclusive membership clubs.

What they want

Mid-level employees
- empowerment to do my job
- good teamwork
- stability during the global financial crisis (GFC)
- sincerity of leaders
- good money with healthcare, benefits such as life insurance (“we can’t rely on government help”)
- add-ons like phone, car, housing, club memberships
- flexible hours, working from home, family time (breakfast and dinner)
- limited travel demands

Younger employees
- work-life balance (won’t work long hours)
- feeling spoiled when taken out to top restaurants
- opportunity to grow, exposure to new learning and travel
- broader career path, want to learn new things (particularly digital, social media marketing, new ways of reaching customers)
- open environment, non-hierarchical

Across the region, we did not see a shortage of talent, but a major shortage of talent development. Hong Kong and Singapore are seen as a talent leaders, while emerging nations, like China with iconic corporate brands offering attraction for employees seeking development opportunities, are seen to be weak in terms of human resources development.

A theme in emerging markets such as Vietnam and the Philippines is that young people view their jobs as a learning experience only, and move on when change happens. Much like China experienced, 20 years ago.

Questions which should be asked include:
Should companies adjust to the idea that young people may not be there for the long haul, and therefore plan on attrition? How much should be invested for development? How should organizations design and develop high potential employees in differing markets, emerging and mature, meet their learning expectations and plan for longer term retention?

We believe companies need to make the most of their talent – stretch them while they are there, select future leaders by offering development, and stay connected with them. They need to engage senior leaders to sponsor and develop a career track that offers exposure to new projects, developing others or overseas postings. It needs to be an upward career track, with an attractive new title.

In summary, most people will stay with a company for ongoing opportunities to learn and grow.
“We need to look at opportunities and obstacles in terms of, for example, how a company can get its best Indonesian manager to become a global leader – is it a matter of exposure to different roles in different countries, or is it a matter of understanding cultural issues, or is it language?”

He says that while the Western model is to move high-potential executives rapidly through different roles, in Asia some executives are starting to turn down promotions on the grounds that they were being pushed too quickly. And when they are offered the opportunities to go to corporate headquarters as a “next step,” many do not see this as a step up, but a step back, because Asia is where the growth is happening.

While the leadership institute is still conducting research on these issues, Kwan says one possibility may be that slower, more thorough development programs might lead to greater retention and more understanding.

Formula for success in Asia

The key to success in winning the war for talent can be summarized as:

\[ A + D + E = R \]

Attraction plus Development plus Engagement equals Retention

Recruitment is a transaction that is easily performed, but attraction is a longer-term value proposition.

Often a brand, or a person, is a big drawcard for an executive on the way up, particularly in Asia where “people follow people.” But recent restructuring and retrenchments by Western multinationals have taken some of the shine off even the best brands. Frequent reorganizations can also create an impression of instability or a lack of long-term commitment in the Asian mind.

We are also seeing a trend towards Asian multinationals seeking international talent, and a willingness to pay competitive salaries. To Asian executives bumping up against a cultural “glass ceiling” and tired of putting up with global conference calls and a matrix reporting structure where decisions take a long time, an Asian conglomerate can look attractive. These companies offer a familiar culture and a more entrepreneurial environment where ideas can be more quickly translated into action.

Companies need to recognize that talent – especially in Asia – will always be mobile. To attract the best talent, managers must take on the role of “brand ambassador” and present their organization and their division as an attractive proposition.

Looking at the personal brand of managers, HR leaders need to ask:

- Do they have the ability to attract people to their vision?
- Is the leader’s “brand” aligned with corporate brand values?
- Does he or she earn the respect of others, and “walk the talk?”

If so, there is a good chance that good people will follow them and stay with the company.

Good managers need to learn the difference between managing and leading. Where a manager plans, organizes and controls, a leader needs to develop vision, create alignment to that vision, and gain commitment.

Companies also need to ask:

- What are the competencies and skills that make for an effective leader in our organization, in the context of today and tomorrow’s ever-changing global business?
- How do we teach people to manage and lead change?
- How do we manage conflict or situations where different styles can lead to misunderstandings? (These situations can include cultural, language or values differences, or simply timezone differences).
- How do we teach executives to be more inclusive?
- Rather than “different”, where are we the same? Can we build on similarities and build unity from a core set of values around what our company must have and be? Do our leaders practise these values?

Inclusion is the new diversity in a globalized “flat world,” where ideas and technologies travel with increasing speed. Creativity is a competitive advantage and should not be stifled due to unconscious biases. Diversity helps to foster creativity.
Attraction

There is best practice, and then there is “next practice,” which looks forward to the new business landscape. Next practice for attraction revolves around company, but more increasingly, personal brand. The question to ask is: “What attracts people to our company, to a particular role or an opportunity, or to a particular leader?”

Next-practice calls for:

• Managers taking ownership of themselves as a brand. Why should anyone follow you?

• Leaders becoming coaches, fostering diverse talent.

• The concept of coaching to be viewed along the lines of sports coaching, where the athlete does the work and the coach provides the feedback.

• Coaching as an ongoing part of the boss's job, not an annual one-off activity taking place along with a performance appraisal.

• Partnering with the CHRO and being paranoid about developing and retaining talent

• Leaders to be talent scouts.

Great leaders always make time to meet talent, and great talent knows how to network. Social media is playing a big role here. Great leaders are a magnet for people seeking a role model. Such leaders attract others, develop talent and are not threatened or afraid of hiring people who are smarter than them, or to sponsor their development. "Sponsor" is the new "mentor."

Development

With next-practice development, we are seeing high-performance companies invest in long-term learning, about leadership and “growing their own.”

Unfortunately, while most companies have internal systems for hiring, very few have development systems in place to look at the changing nature of leadership and the competencies required at different levels.

Being a “consumer” rather than a “developer” of talent can be an expensive exercise not only in financial terms but also in terms of achieving a cohesive growth strategy. Business strategy must be partnered with people strategy.

In growing and emerging market economies, people are not often given the luxury of time. An HR professional once told me: “No-one is ever really ready for promotion. You must consider throwing people into the deep end to see if they will sink or swim. The good ones usually know how to keep afloat and will learn to swim quickly.”

“Sink or swim” might work if the right role model is available for on-the-job training. One of the best methodologies is the 70/20/10 model developed by Michael Lombardo and Robert Eichinger at the Center for Creative Leadership. They say that learning depends on 70% on-the-job experiences, tasks, and problem-solving; 20% from feedback; and 10% from courses and reading.

While most leaders in Asia rule by the fear factor, where authority depends on who has the biggest title, the best global leaders have high emotional intelligence (EQ), cultural intelligence (CQ), and social intelligence (SQ). They are able to recognize their strengths, know their limitations and identify areas to develop, and then hire others to complement and engage the group. They achieve results through others, and take the team collaboratively along with them in order to execute on the mission. The group that comes together to “form, norm, storm and perform” can now “transform” into a high-achieving team.

We notice a continued shift in executive search activity away from the traditional Western expatriate leader from the United States or Europe, to the rise of the Eastern expatriate, who operates in leadership roles internationally, either in a Western country, or in another country within Asia.
What competencies work best in the new globalized environment? We see qualities of listening, empathy and stewardship – often called “servant leadership” – gaining greater traction in an emerging Asia.

Servant leaders get results for their organizations by giving attention to the needs of their colleagues and those they serve. They are seen as humble stewards of the organization’s resources.

These are the types of leaders we need to build – but it may require a change in the way we currently view leadership success.

Success becomes more predictable when goals and leaders are aligned. Companies need to assess their talent (what they have versus what they need) and address any gaps in current and future competencies. The emphasis will be on longer term sustainable leadership growth.

Once leadership gaps are identified, a plan can be established to find or develop people to close the gap and to review ongoing development needs and skills. This “closing the gap” strategy hinges on a set of competencies for current and future leaders.

Your leaders should be able to:

- **lead others**
- **inspire commitment**
- **plan strategically**
- **manage change**

These four key competencies are among the rarest skills in the Asian leader’s repertoire today, and in our experience are particularly rare in emerging markets. But competencies aside, leaders need followers.

Engagement and retention

Too much change and too little communication can affect morale, causing apathy and pessimism to set in. And if companies continue to send expats from overseas and appoint non-locals to leadership positions, this can also give rise to a perception of a “glass ceiling” for locals – or a “white cloud” as it was once described to me by an investment bank employee.

As a strong advisor to the line, the CHRO must evolve from administrative and operational to “strategic business partner”. As every good CHRO knows, communication is the biggest factor in keeping staff engaged, particularly during times of change. This means paying attention to individuals. Surveys alone will not give you all the answers, and one size does not fit all.

One progressive manager we know decided that, rather than wait for the corporate annual reviews, she would have quarterly reviews, as a way of keeping employees engaged constantly. She also paid bonuses at different times during the year, rather than once a year, which also assisted retention, as many people wait for the annual bonus, then leave.

In times of tumultuous change, going back to basics is the best policy. Have we lost the human touch? Genuine connectivity has disappeared with the growth of electronic gadgets.

“People stay when they win. They stay when the company wins market share, is profitable, and offers a good future. People need to win – and the starting point is the right leader.”
It is time to rebuild trust, develop relationships directly, face-to-face, be authentic and aim towards a servant leadership model.

For longer-term sustainable development, there are pros and cons in eastern and western leadership styles. Asian companies do a better job with compassion, which is another competitive advantage over western competitors. We know of one CHRO who worked previously in a well-known foreign bank and recently switched to an Asian bank, who told us: “In my previous role, I was just a number. We needed to cut costs and make people redundant – it was an exercise. Now, with this Asian bank, the chairman is very careful in how we need to treat people and handle the workforce reduction in a proper way. He would not want to lose face. I learned a lot about treating people with respect.”

If we do this, we will build a strong culture of retention, even in the toughest of circumstances.

In summary, Asia will continue to grow and invest, and jobs will follow. Our best leaders need to harness the CHRO function, build their own brand and place “growing talent” at the top of the business agenda. The agenda should include:

- Talent strategy aligned with business strategy.
- Leaders with a knowledge of what is needed for the business to be successful (in other words, what they have and what they need, and what will retain the best – the leader needs to be that magnet!)
- Companies must learn to “grow their own” leaders and “build better bosses”.
- Companies need a great people partner, (internal and external).

As the president of Kimberly Clark Asia Pacific, Achal Agarwal, told us: “People stay when they win. They stay when the company wins market share, is profitable, and offers a good future. People need to win – and the starting point is the right leader.”

Winning the talent war in emerging Asia requires the participation of everyone – and a strong CHRO to lead the charge.

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