

Talent Mobility Trends and Challenges in Asia Pacific

Strategic Approaches to Addressing the Talent Shortage



Weichert
Workforce Mobility

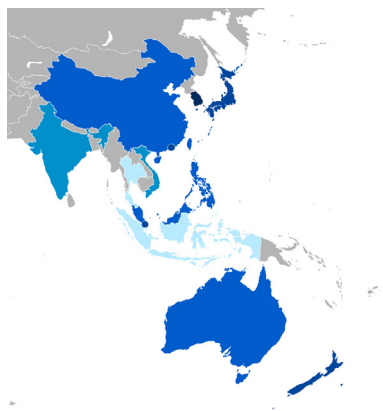
Propelling **Mobility**

Talent shortage is a universal language, impacting Human Resources executives throughout the world. It is also a primary driver of international assignments, which allows companies to deploy critical talent where it is needed most to address gaps, develop future leaders and help grow their business.

Mobility is no longer viewed as a purely logistical function, and there is growing recognition that the strategic components of workforce planning must embrace the movement of talent globally to support business growth.

Paradoxically, however, a very low proportion of companies report meaningful alignment between mobility and the corporate talent agenda. Where alignment exists, it tends to be informal and inconsistently established across, between and within regions. In reality, the global mobility function continues to operate mostly in the tactical realm, focused on compliance, cost, compensation, payroll and supply chain, which are largely logistical and administrative functions.

The demographics of the general workforce are changing rapidly, especially in Asia Pacific (hereafter referred to as APAC), and this has a direct link to the mobile workforce as well. The number of employed millennials has now overtaken the boomers in most industries and companies, and this too impacts the changing landscape of international mobility. APAC as a region continues to grow at more than 5% per annum, more than twice the average for any other region.



Korn Ferry's 2018 Global Talent Crunch study reports that Asia Pacific faces an imminent labour shortage of 12.3 million workers by 2020, rising to 47.0 million by 2030 at an annual opportunity cost of \$4.238 trillion.

In a separate survey conducted by Manpower, the global talent shortage is at a 12 year high.

While employers are more optimistic about hiring, according to this survey, emerging technology and changing skills needs are leaving employers with unfilled roles, threatening productivity and future growth. In most countries throughout APAC and in China and Singapore, in particular, lack of experience and high salary expectations are the top drivers of talent shortages.



In Taiwan, the same issues prevail, and are compounded by an overall shortage of applicants to meet the burgeoning demand for talent.

With continuing recruitment and retention challenges facing the region, more mature organizations have moved from the "technical" phase of HR, to now ask questions such as "what is talent?" and "what is the view of our business leaders?"

These companies are realizing that a formal global mobility program embedded in global workforce planning and talent management strategies describes the optimal state to achieve business growth. Mobility, in fact, when leveraged successfully, functions as not only a tool for attracting great candidates but also as a means for developing employees, bench-building and succession planning. Strategic planning in this sense ideally includes the development of online, bespoke recruitment and talent management platforms, as well as management tools for generating program data. Practically applied, data analytics serve a variety of purposes: identifying skill gaps, recruiting, and hiring, assessing, developing and retaining global talent. When implemented successfully, the power of data allows mobility to create and ultimately support a multi-directional flow of talent between and within both developed as well as emerging markets.

BUSINESS CASE:

A large multinational manufacturing corporation conducted a talent review to identify key roles and the ability to fill these roles with local talent vs. those requiring talent to be relocated on either a temporary or permanent basis to Singapore. While Singapore is attractive for low tax rates and a clean, safe high standard of living, it is prohibitive for lack of access for foreigners to local housing market and education system. The clear recommended solution was to provide customized support for housing and education in Singapore.

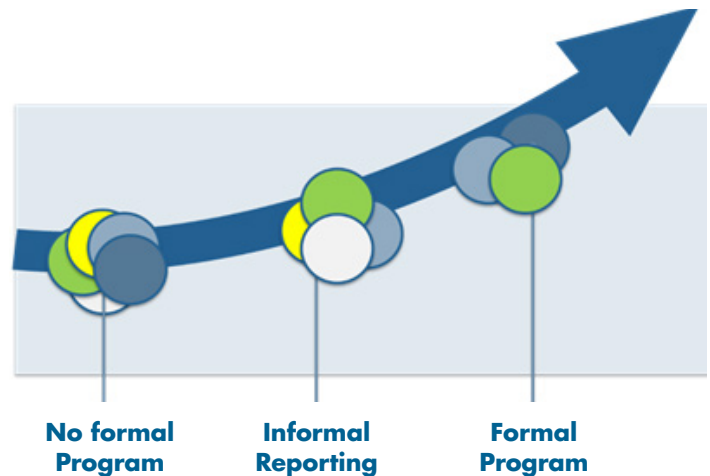
PATH FORWARD:

With assistance from external SMEs and through collaboration with internal resources, the company changed its approach to determining housing budget, scaling, and timing of payments. For educational benefits, they implemented a discretionary approach—providing a company contribution vs. full payment, and a phase out approach based on the assignee's role (criticality and seniority).

Many of Weichert's clients are taking this strategic approach to the challenges of talent shortages globally, looking at the business needs and the criticality of any given role, as well as characteristics of the assignment location as part of the decision process. Taking a deeper dive into talent mobility in the Asia Pacific region, Weichert's research supports and validates this decision, making it most effective when there is collaboration between talent management and global mobility.

A look across our client base and recent research supports this conclusion. Through a series of interviews with mobility and HR professionals at multinational companies, we learned that half of those surveyed had no formal "talent mobility" program, but all global mobility functions engaged in some form of collaboration with the businesses they support. Those with the most formalized programs (one-third of those interviewed), describe a structured program with regionally specific components and features. While two-thirds have no formal program, mobility is considered in overall workforce planning and receives solid executive support.

Does your company have a structured program which aligns talent management with mobility?



A much smaller percentage of companies, on the other hand, display characteristics of a very mature program. While what is classified as "mature" can be subjective, in this context it is defined as a mobility program or function that captures and utilizes data analytics, reports directly into a talent management group or unit, and perceives itself to be operating at a strategic level.



Although our analysis reveals a lack of a strong bond aligning mobility and talent organizationally, our respondents unanimously recognize that the business is driving mobility. Clearly, the business values global experience and what it can bring to the individual and his or her career, as well as the development of local talent, bench strength and succession planning. The degree of importance placed on mobility is particularly strong in the Asia Pacific region, where the perfect storm exists: growth is fastest, the working population is getting older and the talent shortage is most pronounced. As such, an overwhelming 96% of organizations surveyed are also investing in local regional talent.

According to the International Monetary Fund (IMF), however, this current dynamic is fading. The region's population growth, which is already negative in Japan, is slowing and projected to fall to zero by 2050. More than a third of the population in Singapore and South Korea is at least 50 years old; in Japan that share is close to half the population. Fertility rates are declining and people are living longer. Over the next few decades, certain countries, particularly in East Asia, will be the fastest-aging societies in the world. As the population grows older, there will be fewer workers. For instance, China could potentially see a decline of 170 million people in its working-age population over the next three decades.

As the aforementioned demographic trends shape these economies, international assignments and transfers will likely play a role in combatting and offsetting the expected decline in the domestic labor force.

ARE THE CHALLENGES IN APAC UNIQUE?

Curiously, we found that the challenges facing companies in APAC are essentially the same as challenges in other regions, only magnified by the level of competition for talent that comes with more opportunities and growth. Combine this with younger, less experienced talent who have watched their peers climb quickly up the corporate ladder and are expecting to advance more quickly; it is not surprising that attrition is a bigger challenge in APAC than in any other region.

What are the top talent mobility challenges in APAC?

Language



Culture



Family



Housing



Talent Retention

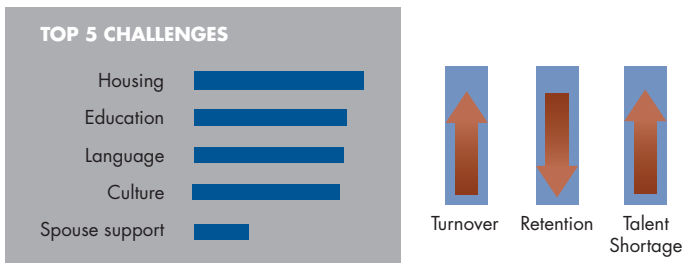


Skills Gap



Topping the list of mobility challenges in APAC are the same set of challenges for all regions related to the accompanying family members: housing, education, support of the spouse and ability for the family as a whole to adapt to the new language and culture of the host country. In contrast, APAC stands out from the other regions with higher levels of turnover, lower retention rates and a persistent and ongoing talent shortage.

Are the talent mobility challenges in APAC similar to or different from other regions?



Looking ahead to the future, more Asian nationals are expected to be returning to their home countries, which could certainly help to infuse these countries with a deeper resource of talent. Companies are slowly beginning to leverage these opportunities to further develop talent and place repatriating employees in leadership positions. This a positive trend for increasing bench strength and broadening the talent pool in Asia, but for the countries acting as a training ground, there is certainly cause for concern that the countries supporting skill building and career development are losing out.

For the time being, however, growth is still outpacing the pool of skilled workers, which brings tighter competition for labor and retention issues. Technology and virtual training will help bridge some of the gaps, but the need to train locals to build a reservoir of skilled talent will persist, as will the need to leverage short term, non-traditional knowledge-transfer assignments to fill gaps. As costs rise, and cost consciousness remains a priority, long term assignments, traditional packages and fixed benefits will decrease.



In many countries throughout APAC, government immigration “protectionism” is increasing and will likely continue along this trajectory. Employers in local job markets, such as Singapore, will certainly be lobbying to retain their talent. While the data shows Asian talent returning to Asia, millennials across all regions still crave international experiences. With current clamp downs on immigration in the US and the uncertainty around Brexit in the UK, the opportunity to gain international experiences within Asia is more desirable than ever and is likely to continue through the current administration in the US and until the Brexit path forward is more clearly defined.

Future Trends



- Asian nationals returning to home country
- Ongoing talent shortage in Asia
- Retention issues
- Use of technology & virtual training
- Need for skilled talent to establish credibility locally
- Focus on training locals
- Leverage shorter term assignments



- Long term assignments
- Traditional “packages”
- Fixed benefits
- Inbound activity to high cost locations



THE FUTURE OF TALENT IN CHINA

Will China become the world’s largest economy, and what does this mean for talent mobility? Many global companies continue to expand into China, which offers international work experience and opportunities for their transferees. Moreover, Chinese nationals are returning to China in record numbers. With cultural dexterity and language skills in two cultures, Chinese nationals are a valuable talent asset for Chinese companies looking to expand within China and neighboring cousins such as Taiwan, Singapore and Hong Kong. As Chinese companies invest in expansion outside China, they are entering the global mobility market and looking to develop mobility programs.

Within China, while movement from Tier 1 to Tier 2 cities started a decade ago and continues in earnest, the challenges of moving people to these locations remains heavy. Chinese employees often wish to remain close to their families and company headquarters in the Tier 1 cities. For Chinese companies, this means they need to provide exceptional employee experiences and create mobility programs to address the cultural challenges of domestic relocations.

Moreover, Chinese employees traditionally prefer the prestige of employment at the headquarters location, typically in a Tier 1 versus Tier 2 city. Plus, many dual career couples rely on grandparents and other extended family for childcare. It’s not unusual for companies to relocate a family of three generations, and this creates its own set of challenges.

Alternatively, families may not want to relocate their children to another Chinese city due to the country’s unique local school system. A child’s school registration is tied to one city or neighborhood and schools require local household registration (HuKou) which makes it more difficult to transfer schools. Based on all of these factors, companies may simply need to provide additional benefits, experiences or services to persuade them to take these assignments. Above all, regulations around nearly every aspect of life for expats—from work permits to housing to schooling to availability of infrastructure—vary greatly from city to city and are changing rapidly.

TAKE MEASURES TO REDUCE ATTRITION

Best Practices

- Establish guidelines based on clearly articulated assignment purpose in advance
- Broaden the base of target candidates and assess their suitability for assignment before making the offer
- Enhance the assignee's experience (mentoring, coaching, repatriation training and placement)
- Establish and deploy clear career pathing and succession practices



Create Win/Win Situations - opportunities to attract more people to global assignments and build bench-strength

- Add managed flexibility
- Add shorter, non-traditional assignments for long term results such as training of local talent



Gain clear understanding of regional specific needs that demand a different approach to support

- Partner with suppliers and in-region internal colleagues who demonstrate expertise and the ability to collaborate on creating and delivering region-specific solutions



CONCLUSION

Our interviews provided insight into varying points of view on what constitutes the optimal state of talent management's alignment with global mobility, or talent mobility. Mobility program owners must be both sensitive and flexible to the various conditions in each locale and responsive to the highly competitive talent pool as the gap between available qualified talent and jobs grows increasingly wider.

And on a more mundane yet practical level, regulations around nearly every aspect of life for expats—from work permits to housing to schooling to availability of infrastructure—vary greatly not only from country to country, but also from city to city, and are changing rapidly. Companies must aspire to better long term planning and are well served to avoid launching assignments based on tactical, short-term objectives without bearing in mind longer term ramifications.





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