
Recruiting and Retaining Staff in China

Asia as a region can be very confusing to those who are not used to doing business with it. Yet in many ways it is similar to the challenge of dealing with Europe experienced by those Americans who expect that the EEC will be united together in a similar way to the USA. Asia Pacific and Europe both consist of many countries with long histories, strong traditions, different languages and proud of their culture. Spain and France may be next door to each other but their languages are quite different and with different cultures and traditions. Within each countries there can be strong regional differences - Delhi vs Mumbai, Singapore vs Hong Kong, Beijing vs Shanghai. So in this respect there are important regional characteristics which impact on recruitment.

China is forecasting GDP growth in excess of 10% for 2007 which in reality translates into 12% ++ growth in some of the cities earmarked for being opened up. The good and the bad (!) news is this same pattern exists in all key high tech industries such as telecommunications, aerospace, automotive and engineering. All of these companies are urgently seeking high quality technical and managerial staff for their operations.

Whilst there is in theory a large pool of available labour in China they not necessarily the ones with the skills and experience you require or willing to relocate to the province or city in which your operation is located. The ones you want are the ones who are holding onto their jobs and unlikely to be looking or applying to recruitment ads. For managerial staff key requirements are experience of doing business with international companies, ability to make presentations, communicate clearly in both spoken and written English, don't sweep things under the carpet, identify solutions not just problems and take responsibility for the decisions they make. Employers who have tried advertising frequently complain of two hundred applicants but none of them relevant. After experiencing the cost and loss of management time in using an advertised approach companies then turn to executive search and find it to be a more cost effective method of finding the right candidate and who has the above qualities.

Executives in their forties grew up in the era of State Enterprises with a command and control structure where staff followed instructions. The demand now is for managers who can work independently, multi task and communicate fluently with an overseas head office in English. The universities are responding to this need and turning out high quality graduates who can be nurtured by companies. More and more locals are prepared to go overseas for education and on international assignments. The China Government no longer puts obstacles in the way of this. In the medium term good quality middle and senior managers with international experience are harder to find. They do exist but they have to be sought out. Our offices in Hong Kong, Shanghai, Beijing and Guangzhou are experiencing strong demand to find such staff.

The cultural and language differences within the region mean that there is a high demand for Asians who understand the western way of doing business and westerners who understand the eastern way of doing business. Increasingly clients are asking that western expatriates should be able to speak Mandarin.

If you are Coca Cola or IBM then your company will be known to local staff. However the majority of companies do not enjoy this instant name recognition and an important part of the role of the executive search company is the marketing of the client company to potential executives who want to know if you are financially stable, creditable, have a good reputation and can offer a long term career. These are the questions that middle and senior management candidates are seeking answers to. Marketing yourself as a good employer is important to attract quality candidates.

Expatriates might be necessary when the operation is being set up. To ensure that the company culture is maintained in Asia, that the basic processes are set up and that new staff are trained to keep up the standards and products of the mother company. These expats are usually found inside the company, ensuring they understand the culture and organization. However few can speak the local language so they cannot communicate in the style and imagery of the local language and they cannot hear what the local staff are saying. Most companies want to move quickly to recruit sophisticated local managers who can inculcate the company culture into the local staff as well as cutting their operating costs.

Some companies complain of high turnover rates. However closer examination of the reasons for turnover frequently reveal that these companies have hoist themselves on a petard of doing everything as cheap as possible. Employees are looking for career development, learning opportunities and social interaction. Familiar? Those companies who have implemented similar policies in China to those existing in their home bases in their US and European operations generally have lower turnover. Many staff live away from their home. Opportunities to learn, gain qualifications achieve recognition are highly appreciated by Chinese staff. Companies who carry out opinion surveys, introduce performance appraisal systems, operate graduate development programs, introduce accelerated development programs are the ones who can attract and retain the best staff and outperform their competitors in this region which is growing and developing so rapidly.

Too many companies are failing to undertake human asset accounting and provide proper budgets for the attraction and retention of staff. Lets look at what is happening in many companies. A piece of machinery costing US\$250000 is going to be purchased. It is subject to a considerable amount of evaluation and testing before a purchase decision is made. Following purchase the Finance Director will ensure that it is depreciated over say 5 years and that each year there is an appropriate maintenance budget. Now let us consider the engineer who is going look after the machine. He is going to be paid US\$50000 per annum. Ideally you would like him to stay with you for at least 5 years, also without him the machine is not going to work. So the decision to purchase the engineer is $5 \times \text{US\$}50000 = \text{US\$}250000$. So has the Finance Director provided for depreciation and maintenance of the Engineer. No! Until companies start to provide proper budgets for staff retention then they will continue to experience high turnover.

When I am asked to recruit executives for companies I ask what are they doing about retention and so often get blank looks! Frequently there is no coherent retention policy. Retention consists of many aspects - working conditions, living conditions (dormitories), recreation, education, recognition. How many companies carry out a regular human capital audit? It is not difficult to develop a simple score card and then carry out a marking exercise and see how you score. Then tabulate the results for each department and see which managers are performing and which are not. Many employers know that the conditions of dormitories and staff food would not be acceptable back in their own home country but do nothing about

them. A monthly inspection tour by a member of senior management should be mandatory. Would you sleep there yourself? How do you feel about the washing and toilet facilities? Use the toilets yourself and then go and wash your hands in the same facility. Have you eaten the food? Try it!

Recreation can be a great source for team building. Team games like football, basket ball, badminton, table tennis are not difficult to organise. Joining local leagues promotes team spirit and pride in your company. Do you have a learning room? It could be as simple as on room with 8 - 10 computers in it. Staff can then work on learning modules for the company benefit! If you certificate these courses and provide some modest reward for achievement you are gaining a large payback. Also consider letting staff enrol in external learning programmes to obtain qualifications.

Recognition is one of the biggest areas of neglect but can provide the greatest payback. There are so many ways staff can be recognised for achievement - for work well done, for customer service, for obtaining qualifications, celebration of births, birthdays, marriages. Such policies cost very little, but create a good feeling amongst the staff and very often help take the pressure of pay.

The workplace is an important social environment. This has been well established by many surveys. Staff stay with companies where they like the work environment and where they are respected. Pay becomes the big issue when these essential items are missing.

If companies start to look at their employees as assets and investments as the same way they do machinery then they will be well on the way to solving their recruitment and retention problems.

It was Akio Morita the late Chairman of Sony who said:

“No matter how good or how successful you are, or how clever, or crafty, your business and its future are in the hands of the people you hire”

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