Attracting & Retaining Human Capital

The battle for talent is an important challenge across supply chain management and logistics professions in Asian economies given the evolving production and consumption dynamics.

Across the Indian subcontinent, more than 30 per cent of supply chain and logistics professionals are expecting salary increase of over 20 per cent this year, with a further 41 per cent expecting over 10 per cent increase.

These are the survey results that I presented at the India SCM & Logistics Summit in Delhi, which reflects one of the biggest challenges in supply chain in Asia – the battle for talent! This challenge is not limited to India, the battle for talent is being fought across and throughout the Asia Pacific region, and further afield. In the global Chief Supply Chain Officer Report 2011, the findings report that “talent acquisition and leadership development” represent significant challenges across supply chain management, with 56 per cent of respondents agreeing that it is an important challenge – with a further 35 per cent listing it as one of their top challenges.

Demand Drivers

With supply chain becoming increasingly important on the executive agenda, demand for experienced supply chain professionals is increasing – reflecting senior management’s recognition of
However, the overall pool of talent is not expanding rapidly enough for the supply to keep up with the demand – and hence the spiralling payroll costs as organisations fiercely compete to attract the limited talent that is available. Especially in these developing markets – where both production and consumption are rapidly expanding – there is simply not enough talent to satisfy the existing demand, let alone support continuing rapid growth.

Although with Asia’s large populations there is substantial critical mass of labour – with an abundance of talent, a wide range of skills and plenty of experience, there is not a deep enough pool of workers with the right skills and experience, thus causing the current skills shortage, in particular across the supply chain and logistics sectors. Logistics and Supply Chain were identified as the most difficult roles to recruit for in the employment survey conducted by Logistics Executive throughout the Asia region. In response to the question ‘Which functions have you found it most difficult to recruit for?’, the top five categories as below:

1. Logistics & Transport
2. Supply Chain
3. Distribution & Warehousing
4. Sales & Business Development
5. Customer Service

This ‘battle for talent’ needs to be fought on two fronts: Attraction and Retention.

Attraction

Amongst the fierce competition to attract the best talent, it is essential for organisations to adopt a marketing type of approach to its human resources activities. Within their respective industry sectors, individual businesses need to promote their company image and build their brand as an “employer”, over and above their market positioning as a supplier. In the current environment, companies are not only competing for customers, they are also competing for employees.

Particularly important for companies that do not have global brands or prestigious industry positioning in the multinational arena, is the need to increase their presence and profile on the radar of potential future employees. Tactics to deploy include active and public participation in community activities, engagement with the supply chain & logistics associations and regular exposure in the trade publications – these will all help towards positioning your company as an employer of choice.

In addition, with the increasing awareness and concern throughout society about environmental issues, a company having – and articulating – clear policies and strategies on Corporate Social Responsibility (CSR) is escalating in importance as one of the factors for consideration by potential employees. Developing linkages with the relevant education sectors and institutions will assist in developing options for entry-level talent acquisition. In my view, this represents substantial opportunity for employers to attract local talent into their organisation at grassroots level, deploy graduates through job rotation and management development programmes, thus generating a home-grown pool of talent with high levels of employer loyalty.

All too often, it seems that the majority of organisations do not have enough patience, management bandwidth or the investment perspective to adopt this approach – and therefore continue to poach talent from their competitors, thus exacerbating the challenges and increasing the costs. This short-sighted approach is confirmed in the Chief Supply Chain Officer Report 2011, which reports that when recruiting for talent, companies have a strong preference for experience within the industry over association certificates, university degrees and professional experience in consulting.

More than half of respondents describe ‘experience within the industry’ as the best source of talent – this means that organisations prefer to improve their human capital by recruiting experienced people away from their competitors.

However, you have to create attraction strategies over and above just more money. As John Nolan, senior vice-president of HR for Unilever in Asia says, “you have to offer employees a reason to want to work for YOU. Employees need to feel they are not only pursuing a career, but that they have a chance at impacting the world and the community.” In addition to the salary and benefits package, companies that offer ongoing training and development programmes leading to varied career opportunities are likely to be successful in attracting good quality talent.

Successful selection supports retention

It should be noted that due diligence during the recruitment and selection process will increase the likelihood of successful deployment and increase retention. Selecting the right candidate for the right role requires experience and expertise, combined with clear communications.
One of the most common reasons for managers leaving within one year is the job role failing to meet their expectations. Another is candidates using the job as a hopping platform to better offers. Thorough discovery during the recruitment process – engaging expert external resources as required – will play a large role in mitigating these risks.

**Retention**

Having successfully attracted the talent and selected them to join your organisation, the challenge then becomes how to retain them for as long as possible. Active retention should form a key component of your company’s overall talent management strategy – and this should start right from day one.

Successful on-boarding is an essential start to inducting new hires. This includes rapidly integrating new staff into the organisational culture and the day-to-day business of how the company works. Structured induction programmes providing broad exposure throughout the organisation and deep immersion into the new hire’s specific functional areas, together with developing a crystal-clear understanding of roles, responsibilities, deliverables and measurements, are all key elements of best-in-class on-boarding programmes.

The first three months of the new employee’s tenure – whilst they are getting up to speed, not necessarily delivering results just yet, during something of an investment phase – will play a major role in increasing employee retention rates. I encourage focusing extra due care and attention during the start-up phase to ensure a positive, welcoming, encouraging experience for the new recruits – extra efforts here will pay dividends later on. In addition to successful on-boarding programmes for new employees, companies also need strategies and tactics to improve retention on an ongoing basis. Back-to-Basics best-in-class business practices for supervision and management can make a huge impact. Some of the key drivers of employee satisfaction – which in turn has a major influence on retention – are enshrined in basic management principles. Generally speaking, satisfied employees—

- clearly understand the requirements and expectations from them
- feel they have the tools, time and training to do their job properly
- see opportunities within the company to learn and grow
- feel rewarded, recognised and appreciated

Hence, working on employee satisfaction is a key part of employee retention. Other strategies to increase employee retention include organisational belonging – creating and nurturing a work environment where employees feel a sense of belonging to their team, their department and the company inside and outside of work hours. One example I recently came across in Vietnam is a consumer products company that adopted three specific strategies that increased employee loyalty and improved retention:

- Company sponsorship of sports activities. This engenders company belonging, loyalty and community spirit, and facilitates opportunities for workers to enjoy team and social activities together outside of work hours
- Job rotation programme enabling employees to progress horizontally across different departments – at the same pay scale – but providing opportunities to broaden their experience and learn new skills
- Performance-related cash bonuses at individual and team level for specific results achieved over and above expected targets, providing opportunity to increase take-home pay – funded by results above and beyond budgeted levels

**Driving profitability**

An organisation’s human capital assets are increasingly a major source of competitive advantage and a key driver of profitability. This is particularly true in service-oriented sectors such as logistics and supply chain management, where, despite the huge investments in physical assets and information technology, at the end of the day it is the employees’ actions that empower the effective and efficient execution of the company’s supply chain ecosystem.

The current imbalance in the talent market reflects inadequate supply to meet the increasing demand and this is increasing business costs, both directly on the payroll and indirectly though higher turnover and additional recruitment. There are several creative ways to improve performance in these key areas over and above the salary package. Adopting marketing strategies from an employer perspective will increase attractiveness, whilst additional due diligence during the recruitment process will enable successful selection. Effective on-boarding and ensuring a positive and successful first 90 days for new hires will substantially influence retention over the longer term.

**Mark Millar**

Leverages over 20 years of global business experience to provide independent consulting, education and advisory services that create value for clients by improving the performance of their logistics and supply chain activities in China and the Asia Pacific region. His industry contributions have been recognised with a number of accolades. He can be contacted at mark@markmillar.com