Talent resourcing and retention in Asia
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Foreword

The Chartered Institute of Personnel and Development (CIPD) in partnership with the Hong Kong Institute of Human Resource Management (HKIHRM) are delighted to be launching the second report of a two-part series looking at a range of talent and innovation issues across six geographies in Asia (China, Malaysia, Hong Kong, Singapore, Taiwan and South Korea).

This work builds on a number of Asia-specific research streams, such as the CIPD’s Next Generation HR Asia, Next Generation case studies and partnership work with Singapore’s Tripartite Alliance for Fair Employment Practices (TAFEP) on great diversity practice. It also builds on Part 1 of this series, which focused specifically on learning, talent and innovation in Asia.

Asia is experiencing a continued period of growth despite the global slowdown. Our results clearly show that staffing levels and resourcing budgets are set to rise once again over the next 12 months. However, a key challenge is the level of recruitment difficulties currently being experienced across the six geographies in Asia surveyed and, with the anticipated increase in recruitment, this is a problem that is likely to get worse. Deloitte (2012) research, for example, points to the APAC region showing a ‘vigorous talent market with aggressive hiring plans and expectations of ramping up hiring across nearly all areas in the next 12 months’.

The biggest talent shortages detailed in our survey currently relate to professional, specialist and technical roles and these are being felt most acutely in Taiwan, Hong Kong and China.

And the reasons cited for these recruitment difficulties? First, organisations cannot match skilled candidates’ demands when it comes to pay. And, second, those candidates who have the desired skills and experience for positions are in very short supply (as noted in Mercer (2012) research in China).

Added to that, the substantial retention issues faced by the majority of organisations (nine out of ten are experiencing retention difficulties in our survey) and a clear picture emerges of the serious workforce issues affecting businesses and productivity across many organisations in Asia. So how should organisations respond to this talent conundrum?

First, where possible it is important to avoid getting into an unsustainable bidding war. It is important to be competitive in the market, but it is also worth exploring the other things that matter to potential candidates and employees. Our Next Generation HR Asia (CIPD 2010) research, for instance, showed the importance of meaning and purpose in attracting new recruits. Additionally, our Shaping the Future (CIPD 2011) research in Asia showed the power of employee engagement as a retention tool.

Second, other geographies might like to follow China’s lead in linking up with schools, colleges and universities to get a good supply of young talent entering their organisations.

Finally, a general focus on developing internal talent and different talent pipelines should help develop employees with the right mix of skills and experience for current business needs but also, importantly, for (the key gap identified in Part 1 of this research) the future.

Francis Mok  
President, Hong Kong Institute of Human Resource Management

Claire McCartney  
CIPD Adviser, Resourcing and Talent Planning
Key findings at a glance

The 2012 Talent Resourcing and Retention in Asia report examines organisations’ approaches to resourcing, recruitment difficulties and retention of talent as well as exploring current and future resourcing budgets and staffing projections. This survey is based on 1,088 respondent organisations from across Hong Kong, China, South Korea, Malaysia, Singapore and Taiwan (see Appendix A for more detail).

Recruitment and selection methods

• The two most effective methods for attracting job applications are the use of external ‘recruitment agencies’ and the use of ‘employee referral schemes’.
• The least effective methods for attracting job applications are ‘links with other local organisations making redundancies’ and ‘secondments’.
• Over half of respondents’ organisations have a structured graduate recruitment programme and this increases further in larger organisations. Organisations in China are most likely to have a structured graduate programme, while organisations in South Korea are least likely to have one.
• When it comes to selection methods, interviews following the receipt of a CV/application form are the most popular and used by more than three-quarters. Other popular selection methods include general ability tests, competency-based interviews and tests for job-specific skills. General ability tests are most popular in China, whereas interviews based on CVs are most popular in all the other Asian areas.

Recruitment difficulties

• Recruitment difficulties are a major challenge across the Asian sample and are experienced by 94% of respondents (this is also identified as a key challenge in a Manpower (2012) survey of the Asia Pacific region).
• Managers and professionals/specialist roles and technical roles are the most difficult to fill, while administrative and secretarial roles are the easiest. Recruitment difficulties are more acute in China and Hong Kong.
• The top reason cited for recruitment difficulties is potential employees looking for more pay than the organisation can offer (45%). Other key issues relate to lack of specialist and technical skills (41%), lack of experience (33%) and lack of sector/industry knowledge (33%) (this correlates with Manpower (2012) and Mercer (2012) findings).
• Regional differences show that ‘no applicants’ are more of a problem in Hong Kong and the economic climate is more of a problem in China, with both of these issues impacting on recruitment difficulties.

Retention

• The retention of staff is a widespread problem across the Asia area, with more than nine out of ten respondents admitting that their firm has had problems retaining key staff in the past 12 months (a Deloitte (2012) survey in the region shows that 59% are already looking for or planning to search for a new job in the next 12 months).
• Staff in technical (41%) and managerial/specialist (38%) and sales (29%) positions are particularly difficult to retain and retention difficulties in general increase with size of organisation.
• Differences across regions show that people in technical positions in China and service positions in Malaysia are most difficult to retain.
• Nine out of ten organisations are taking steps to address retention, with increased pay and improved benefits top of the list of activities. Increased pay is seen to be the most effective way of retaining staff, but respondents are less convinced about improving benefits and other strategies such as increasing learning and development opportunities.
Current and future resourcing budgets

- There appears to have been little pressure on the funds available for resourcing over the past 12 months because funds have remained broadly the same or increased for the majority.
- The outlook on funding for resources also looks positive over the next year. Four out of ten (36%) expect their funds for resources to increase, with 46% reporting that they will stay the same. However, with talent and pay pressure as it is, budgets staying the same might not be good enough.
- Organisations in China, Malaysia and South Korea are most likely to predict an increase in funding for resourcing over the next 12 months.

Changes to staffing levels

- The employment outlook for the Asia area is a positive one, with nearly half (48%) of organisations forecasting their staffing levels will increase over the next 12 months, with a further 40% expecting staffing levels to remain at the levels at which they are now. This echoes PwC (2012) research findings, where 43% of CEOs in Asia expect their headcount to rise by at least 5% over the next three to five years.
- Organisations in China are significantly more likely than other markets to forecast that their staffing levels will increase over the next 12 months (also reported in Hudson 2012), while organisations in South Korea are facing challenges around employment, with one in five (18%) forecasting that staffing levels will decline.

Country key indicator dashboard

Table 1 lists eight key indicators of talent resourcing and retention by the six countries surveyed. The colour is shaded from red to green, where green is the highest score and red is the lowest. A more detailed overview of findings by country can be found in Appendix D.

<table>
<thead>
<tr>
<th>Table 1: Country key indicator dashboard (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hong Kong</td>
</tr>
<tr>
<td>Structured graduate recruitment programme</td>
</tr>
<tr>
<td>No recruitment difficulties</td>
</tr>
<tr>
<td>No staff retention difficulties</td>
</tr>
<tr>
<td>Net employment score</td>
</tr>
<tr>
<td>No applicants (recruitment problem)</td>
</tr>
<tr>
<td>No specific initiatives used for staff retention</td>
</tr>
<tr>
<td>Increase in resourcing – past 12 months</td>
</tr>
<tr>
<td>Increase in resourcing – next 12 months</td>
</tr>
</tbody>
</table>

Highest score

Lowest score
Recruitment and selection methods

Respondents from across the Asia area report that the two most effective methods for attracting job applications are the use of external ‘recruitment agencies’ (40%) and utilising ‘employee referral schemes’ (39%). In contrast, the least effective methods for attracting job applications are ‘links with other local organisations making redundancies’ and ‘secondments’.

Larger organisations appear to rely more on their own corporate website, newspaper advertisements and search consultants than SMEs, which may have less resource to utilise these methods. Respondents from large organisations are significantly more likely than SMEs to report that effective recruitment methods are their own corporate website (42% compared with 31%), local newspaper advertisements (41% compared with 30%) and search consultants (29% compared with 18%).

Figure 1: Most effective methods to attract job applications

Base: All (1,088)
There are differences in opinion between respondents from across Asia as to which recruitment methods are considered the most effective. Table 2 shows a comparison of the top five methods across each of the six markets surveyed.

How does effectiveness differ by market?

- Commercial job boards are considered significantly more effective in Taiwan.
- Local newspaper advertisements are considered significantly more effective in Hong Kong, Malaysia and Singapore than other markets.
- Links with schools/colleges/universities are considered significantly more effective in China than any other market.
- National newspaper advertisements are considered significantly more effective in China than any other market.

In terms of the specific recruitment of graduates, the existence of structured graduate recruitment programmes in the Asia area is mixed. Overall, 52% report that they have a structured graduate recruitment programme, with larger organisations (74%) more likely to have a structured programme than SMEs (42%) (although the SME sector may well recruit graduates but not through a structured programme).

Figure 2 displays the existence of structured graduate recruitment programmes by market. Respondents from organisations in China are most likely to have a structured graduate programme and, in contrast, respondents from Taiwan the least likely to work for an organisation with a graduate programme.

| Table 2: Top five methods to attract job applications, by market |
|-------------------|----------------|----------------|----------------|----------------|----------------|
|                   | China           | Hong Kong       | Taiwan          | Malaysia        | Singapore       |
| First             | Links with schools/colleges/universities (48%) | Local newspaper advertisements (46%) | Commercial job boards (53%) | Local newspaper advertisements (59%) | Recruitment agencies (32%) |
| Second            | Employee referral scheme + Own corporate website (47%) | Recruitment agencies (45%) | Employee referral scheme (41%) | Recruitment agencies (48%) | Employee referral scheme (46%) |
| Third             | Recruitment agencies (40%) | Employee referral scheme (44%) | Recruitment agencies + Links with schools/colleges/universities (35%) | National newspaper advertisements (42%) | Local newspaper advertisements (41%) |
| Fourth            | Commercial job boards (36%) | Commercial job boards (31%) | Own corporate website (31%) | Own corporate website (38%) | Own corporate website (36%) |
| Fifth             | Professional networking sites (for example LinkedIn) + Encourage speculative applications/word of mouth (31%) | Own corporate website (30%) | Encourage speculative applications/word of mouth (28%) | Commercial job boards (34%) | Search consultants (35%) |

...
Figure 2: Does your organisation have a structured graduate recruitment programme?

To support recruitment, respondents report that their organisations use a range of selection methods, with the most popular being interviews following the receipt of a CV/application form (62%). As Figure 3 highlights, by far the least used selection methods are group exercises (8%), video CVs (9%) and pre-application elimination/progression questions (9%).

Figure 3: Selection methods used

Base: 1,088

- Interviews following contents of CV/application form: 62%
- General ability tests: 41%
- Competency-based interviews: 41%
- Tests for specific job-related skills: 40%
- Personality/aptitude psychometric questionnaires: 33%
- Structured interviews (panel): 27%
- Literacy and/or numeracy tests: 23%
- Telephone interviews: 20%
- Pre-interview references (academic or employment): 19%
- Assessment centres: 18%
- Pre-application elimination/progression question(s): 9%
- Video CVs: 9%
- Group exercises (for example role-playing): 8%
- Other (please specify): 1%
What are the key differences in selection tests used by organisation size?

- Larger companies are significantly more likely to use general ability tests than SMEs (48% compared with 30%).
- Larger companies are significantly more likely to use tests for specific job-related skills than SMEs (47% compared with 29%).
- Larger companies are significantly more likely to use personality/aptitude psychometric questionnaires than SMEs (40% compared with 24%).

There are also a number of differences between markets in which selection methods organisations use (Table 3). In China, general ability tests are the most widely used selection method and organisations are significantly more likely than all other markets to use general ability tests as a selection method. This is in contrast to other markets that rely more on interviews following the contents of a CV/application form. Respondents from China (53%) and Malaysia (49%) are significantly less likely than other markets to report that they use interviews as a selection method.

<table>
<thead>
<tr>
<th>Table 3: Top five selection methods used, by market</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>China</strong></td>
</tr>
<tr>
<td><strong>First</strong></td>
</tr>
<tr>
<td><strong>Second</strong></td>
</tr>
<tr>
<td><strong>Third</strong></td>
</tr>
<tr>
<td><strong>Fourth</strong></td>
</tr>
<tr>
<td><strong>Fifth</strong></td>
</tr>
</tbody>
</table>

Base: Hong Kong (351), China (198), Taiwan (177), Malaysia (106), Singapore (104), South Korea (152)

*China includes a small number of respondents from Macau.
Recruitment difficulties

Recruitment difficulties are a reality for many organisations across the Asia area; just 6% of respondents report that they have no difficulties filling vacancies. Organisations from across the Asia area have the most difficulty in recruiting to ‘other manager and professionals/specialist roles’ and ‘technical roles’ and the least difficulty is in more generic ‘administrative and secretarial roles’.

Although recruitment difficulties do exist across all markets, these are most acute in China (98%) and Hong Kong (96%). Given that the employment profile in China is more focused on manufacturing and production than other markets, organisations in China may have more difficulty in filling key vacancies than other markets. Respondents from China are more likely to have difficulty in filling vacancies for ‘other managers and professionals/specialists’, ‘technical’ and ‘manual/craft’ vacancies than all other markets and these roles may be more important given the economic structure in that market.

Figure 4: Hard-to-fill vacancies, by market

Base: Hong Kong (351), China (198), Taiwan (177), Malaysia (106), Singapore (104), South Korea (152)
*China includes a small number of respondents from Macau.
The reasons behind organisations in the Asia area having recruitment difficulties are focused in two areas: the pay demands of potential recruits and the specialist skills and experience of recruits. Pay demands is the most cited reason, mentioned by 45% of respondents. Following that, more than two-fifths (41%) of respondents mentioned the related difficulties of a lack of necessary specialist or technical skills, just over a third (34%) lack of experience and a third lack of relevant sector/industry-specific knowledge. The lack of the necessary specialist or technical skills is more acute for the SME sector, with 43% of respondents mentioning this compared with 35% of respondents from large organisations.

By market, there are some local differences in the reasons why organisations have difficulties in recruiting. As Table 4 shows, lack of experience (50%), lack of interpersonal skills (36%) and a lack of formal qualifications (30%) are more important issues in Malaysia than other markets.

For nearly a third of organisations in Hong Kong, the reality of ‘no applicants’ is a much more significant reason for recruitment difficulties than all other markets. The economic climate is a more significant issue in China than other markets, with 27% of respondents referencing a ‘reluctance to move in the current economic climate’ as a reason for recruitment difficulties.
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Table 4: Reasons why vacancies are hard to fill, by market

<table>
<thead>
<tr>
<th>Reason</th>
<th>All</th>
<th>Hong Kong</th>
<th>China</th>
<th>Taiwan</th>
<th>Malaysia</th>
<th>Singapore</th>
<th>South Korea</th>
</tr>
</thead>
<tbody>
<tr>
<td>Looking for more pay than you could offer</td>
<td>45</td>
<td>43</td>
<td>51</td>
<td>41</td>
<td>52</td>
<td>50</td>
<td>34</td>
</tr>
<tr>
<td>Lack of necessary specialist or technical skills</td>
<td>45</td>
<td>35</td>
<td>44</td>
<td>48</td>
<td>42</td>
<td>43</td>
<td>41</td>
</tr>
<tr>
<td>Lack of experience</td>
<td>35</td>
<td>31</td>
<td>37</td>
<td>34</td>
<td>50</td>
<td>43</td>
<td>17</td>
</tr>
<tr>
<td>Lack of relevant sector/industry-specific knowledge</td>
<td>28</td>
<td>31</td>
<td>40</td>
<td>41</td>
<td>27</td>
<td>37</td>
<td>21</td>
</tr>
<tr>
<td>No applicants</td>
<td>20</td>
<td>31</td>
<td>17</td>
<td>15</td>
<td>18</td>
<td>19</td>
<td>14</td>
</tr>
<tr>
<td>Lack of interpersonal skills</td>
<td>17</td>
<td>13</td>
<td>20</td>
<td>7</td>
<td>36</td>
<td>24</td>
<td>7</td>
</tr>
<tr>
<td>Lack of formal qualifications</td>
<td>16</td>
<td>16</td>
<td>19</td>
<td>9</td>
<td>30</td>
<td>13</td>
<td>11</td>
</tr>
<tr>
<td>Reluctance to move in current economic climate</td>
<td>16</td>
<td>14</td>
<td>27</td>
<td>20</td>
<td>14</td>
<td>16</td>
<td>11</td>
</tr>
<tr>
<td>Image of sector/occupation/organisation</td>
<td>10</td>
<td>14</td>
<td>18</td>
<td>13</td>
<td>11</td>
<td>9</td>
<td>6</td>
</tr>
<tr>
<td>Relocation difficulties</td>
<td>9</td>
<td>7</td>
<td>13</td>
<td>3</td>
<td>23</td>
<td>11</td>
<td>8</td>
</tr>
<tr>
<td>Other (please specify)</td>
<td>2</td>
<td>5</td>
<td>2</td>
<td>3</td>
<td>1</td>
<td>1</td>
<td>3</td>
</tr>
</tbody>
</table>

Base: Hong Kong (321), China (187), Taiwan (149), Malaysia (101), Singapore (90), South Korea (112)

*China includes a small number of respondents from Macau.
Staff retention

Staff that were difficult to retain in the past 12 months
This research has shown that the retention of staff is a widespread problem across the Asia area, as almost all (92%) respondents admit that their firms had problems retaining key staff in the past 12 months.

Staff in technical (41%) and managerial/specialist (38%) positions are particularly difficult to retain. This is followed by service jobs – for which 29% of respondents report retention issues over the past year. Just less than one in five also report problems retaining senior managers/directors, manual/craft workers and administrative/secretarial staff (see Figure 6).

While technical skills shortages go across organisational sizes, large and medium organisations (43%) are significantly more likely than small organisations (31%) to face problems retaining employees in managerial, professional and specialist positions. Similarly, difficulties retaining senior managers or directors in their posts increase with organisation size (just 12% among small firms, 20% among medium-sized firms and 24% among large firms).

There are differences in the type of staff that are difficult to retain across the key Asian markets. Figure 7 shows a comparison of staff difficult to retain over the past year split by the six markets surveyed.

Figure 6: Staff that were difficult to retain in the past 12 months

Base: 1,088
How do staff retention problems differ by market?

- Organisations from China are much more likely to struggle to keep employees in technical positions (51%). This is a particular problem given the structure of the Chinese economy being skewed towards manufacturing and production.
- Firms in China, Malaysia and Singapore are significantly more likely than organisations in Hong Kong, Taiwan and South Korea to struggle to retain senior managers and directors.
- Malaysian organisations are most likely to have faced difficulties in retaining staff in service positions (39%).
As many organisations reported problems in retaining staff, it is interesting to find that organisations seem to focus on pay and benefits as the key strategies to improve staff retention. Half of all organisations have increased pay in the last 12 months (50%) to seek to improve staff retention and to supplement increased pay; organisations also favour improved benefits (45%).

Overall, nine out of ten respondents say that their organisation is taking active steps to improve staff retention. Other popular strategies to improve staff retention include offering increased learning and development opportunities (32%), while a quarter mention efforts to improve work–life balance (25%) or revising their reward systems (24%).

There are also regional differences in steps taken to improve staff retention, but increased pay and improved benefits top the list across the six geographies, as shown in Table 5.

Of the methods that organisations use to support staff retention, the opinion on their effectiveness is mixed. There is little consensus, beyond the use of increased pay, in what the most effective method is. Figure 9 shows a comparison between steps taken to reduce staff turnover and those deemed most effective.

Offering increased pay as a means to reduce staff turnover is not just the method used most (50%); it is also rated significantly more effective (44%) than any other steps taken at improving staff retention (44%). In contrast, while the retention strategy of improving benefits is also popular, less than a third (28%) rate this as an effective strategy.
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Table 5: Top five methods to improve staff retention in the past 12 months, by market

<table>
<thead>
<tr>
<th>Method</th>
<th>China</th>
<th>Hong Kong</th>
<th>Taiwan</th>
<th>Malaysia</th>
<th>Singapore</th>
<th>South Korea</th>
</tr>
</thead>
<tbody>
<tr>
<td>First</td>
<td>Increased pay (66%)</td>
<td>Increased pay (52%)</td>
<td>Increased pay +</td>
<td>Increased pay +</td>
<td>Increased pay (47%)</td>
<td>Improved benefits (44%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Increased learning and development opportunities (36%)</td>
<td>Improved benefits (51%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Second</td>
<td>Improved benefits (58%)</td>
<td>Improved benefits (43%)</td>
<td>Improved benefits (35%)</td>
<td>Increased learning and development opportunities (32%)</td>
<td>Improved benefits (43%)</td>
<td>Increased pay (43%)</td>
</tr>
<tr>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Third</td>
<td>Increased learning and development opportunities (44%)</td>
<td>Increased learning and development opportunities (30%)</td>
<td>Revised the way staff are rewarded so their efforts are better recognised (29%)</td>
<td>Revised the way staff are rewarded so their efforts are better recognised (28%)</td>
<td>Made changes to improve work–life balance (30%)</td>
<td>Revised the way staff are rewarded so their efforts are better recognised (18%)</td>
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<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Fourth</td>
<td>Revised the way staff are rewarded so their efforts are better recognised (33%)</td>
<td>Made changes to improve work–life balance (23%)</td>
<td>Made changes to improve work–life balance (24%)</td>
<td>Made changes to improve work–life balance (27%)</td>
<td>Increased learning and development opportunities (27%)</td>
<td>Increased learning and development opportunities/ Made changes to improve work–life balance/ Offered coaching/ mentoring/buddy systems (16%)</td>
</tr>
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<td></td>
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<td></td>
</tr>
<tr>
<td>Fifth</td>
<td>Offered coaching/ mentoring/buddy systems (28%)</td>
<td>Improved employee involvement (19%)</td>
<td>Improved line managers’ people skills (23%)</td>
<td>Improved selection techniques (26%)</td>
<td>Revised the way staff are rewarded so their efforts are better recognised (26%)</td>
<td></td>
</tr>
</tbody>
</table>

Base: Hong Kong (351), China (198), Taiwan (177), Malaysia (106), Singapore (104), South Korea (152)

*China includes a small number of respondents from Macau.

Figure 9: Methods used to increase staff retention and methods deemed most effective

Base: All (1,088) (all who took steps to improve staff retention: 981)
Changes to resourcing budgets

There appears to have been little pressure on the funds available for resourcing over the past 12 months. Funds have remained broadly the same or increased for the majority, with only a small proportion reporting a decrease. In total, more than half (52%) of respondents surveyed report that the funds available for resourcing over the past 12 months have remained about the same as the year before, while 31% saw an increase and just 13% reduced their resourcing budgets.

The outlook for resourcing budgets also looks positive over the next year. Four out of ten (36%) expect their budgets to increase and 46% report that they will stay the same. Just 12% of organisations forecast that funds for resources will decrease next year.

Figure 10: Funds available for resourcing in PAST and NEXT 12 months

<table>
<thead>
<tr>
<th></th>
<th>In PAST 12 months</th>
<th>In NEXT 12 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased</td>
<td></td>
<td>31</td>
</tr>
<tr>
<td>Stayed about the same</td>
<td></td>
<td>52</td>
</tr>
<tr>
<td>Decreased</td>
<td>13</td>
<td>12</td>
</tr>
<tr>
<td>Don’t know</td>
<td>5</td>
<td>5</td>
</tr>
</tbody>
</table>

Base: 1,088

There is, however, considerable variation between markets in how resourcing budgets have changed over the past 12 months (Figure 11, page 18).

Nearly half of organisations in China have benefited from increased budgets, whereas funding for resourcing is much tighter in Taiwan. Other areas, such as Singapore and Hong Kong, have seen little change in the level of their resourcing budgets.

Looking to the future, research budgets mirror the picture in the previous 12 months, with organisations in China, Malaysia and South Korea most likely to predict an increase in funding. Organisations in Taiwan expect to continue to face pressures on funding, with nearly one in five (19%) predicting funds will decrease (Figure 12, page 18).
Figure 11: Funds available for resourcing in PAST 12 months, by market

Figure 12: Funds available for resourcing in NEXT 12 months, by market

Base: 1,088
Changes to staffing levels in the next 12 months

The employment outlook for the Asia area is a positive one, with nearly half (48%) of organisations forecasting their staffing levels will increase over the next 12 months, and a further 40% expecting staffing levels to remain at the levels at which they are now. Only one in ten say that their staffing levels will fall in the next 12 months.

The smaller the firm, the more likely they are to be maintaining their staffing levels (45% among small firms, 37% among medium firms, 34% among large firms), with medium and large firms most likely to be increasing their staffing levels in the next 12 months (both 50%, compared with 44% among small firms).

**Figure 13: Anticipated changes to staffing levels in the next 12 months**

By market, two key trends stand out. First, organisations in China are significantly more likely than other markets to forecast that their staffing levels will increase over the next 12 months. Second, on the flipside, organisations in South Korea are facing challenges around employment, with one in five (18%) forecasting that employment will decline.
As Figure 14 shows, for the remaining markets (Hong Kong, Taiwan, Malaysia and Singapore), the profile of expected staffing levels for the next 12 months is a very similar and positive picture, with the majority of organisations forecasting that staffing levels will increase or at the very least be maintained.
Appendix A: Background, methodology, sample and interpretation

Background and objectives
The Chartered Institute of Personnel and Development (CIPD) and the Hong Kong Institute of Human Resource Management (HKIHRM) commissioned YouGov to conduct research exploring the views of senior decision-makers and HR professionals within six markets across Asia. These markets are:

- Hong Kong
- China (including a small number of respondents from Macau)
- South Korea
- Malaysia
- Singapore
- Taiwan.

The purpose of the research is to examine the different types of practice that exist within organisations in Asia, focusing on their recruitment, talent and staff retention strategies.

Methodology
YouGov conducted the research online with a panel of senior decision-makers and HR professionals in Hong Kong, China, South Korea, Malaysia, Singapore and Taiwan. YouGov designed the survey in conjunction with the CIPD and the HKIHRM. The fieldwork was conducted between 25 April 2012 and 18 May 2012.

In addition to the use of panellists in Asia, the CIPD and the HKIHRM supplemented the sample through an open invitation to complete the survey.

In total, 1,088 responses were received to the survey. Of these responses, 755 were achieved through the panel and 333 through invitations from the CIPD and the HKIHRM.

Sample
A detailed breakdown of the sample can be found in Appendix C. While more than 1,000 responses were received, the sample achieved is not representative of the employment profile of the six markets that are the focus of this research.

Given the niche nature of this sample, no research quotas were set and, from the outset, it was intended that this research would focus on a random sample of senior decision-makers and HR professionals from across six markets in Asia. In addition to the composition of the achieved sample, the data has not been weighted and therefore cannot be considered representative for analysis purposes.

Interpretation in this report
The sample of 1,088 respondents does provide an insight into the HR practices in Asia. However, given the unrepresentative nature of this sample, caution must be advised in making judgements based upon comparisons between the responses in this dataset.

In this report, the data has been interpreted to consider the views of the 1,088 respondents and comparisons have been made between locations and employer characteristics. Where differences are considered statistically significant,
this has been highlighted in the text. In the analysis, references are made to differences by organisation size: this refers to the size of the organisation in the market of the respondent and not the global size of the organisation.

Throughout the report, we have attempted to provide a narrative and, in places, refer to the findings as being characteristics of employment in Asia or a specific market. A caveat is added here that the findings in this report are based upon respondents to our survey in Asia and, as referenced above, not representative of all employers in the six Asia markets.

Within this report, the six individual countries/special administrative regions that are the focus of this research are referred to as ‘markets’. Where the analysis refers to the views of the whole sample, we have referred to this as the ‘Asia area’.
Appendix B: Respondent profile

Size and sector
The data within this survey highlights that employment in the Asia area is skewed towards large organisations, with global employment less likely to be in small and medium enterprises (SMEs). Overall, 60% of respondents work in organisations with more than 250 employees globally. The remaining 40% are split equally between small (1–49 employees) and medium (50–249) organisations.

There are, however, differences in organisations’ global size by market. As Figure 16 shows, the global employment profile in Hong Kong and China is more likely to consist of larger organisations than small organisations.

In addition to the global employment, respondents were also asked how many employees are employed in the local market where they are located. Figure 15 displays the number of employees at each respondent’s site by market.

The employment profile in sites in Taiwan is more heavily skewed towards small organisations, whereas for employment sites in China, large sites are more likely to be the norm.

Figure 15: Global organisation size, by market

Base: All (1,088)
sustainable organisation performance

Figure 16: Local organisation size, by market

![Bar chart showing local organisation size by market. The chart indicates the percentage of organisations in different size categories (Small 1-49, Medium 50-249, Large 250+) across various Asian markets.](image)

Base: All (1,088)

The sector breakdown of those organisations that responded to the survey highlights that the majority of employers in the Asia area are from the private sector (80%). Within the private sector, 42% of respondents work in private sector services and 39% in manufacturing and production. Public services employment across the Asia area is lower, with 17% of employment from this sector and just 2% of respondents working for organisations in the voluntary, community and not-for-profit sector.

Figure 17 displays a market breakdown of the sector of employment of respondents. This highlights that employment in China remains in more traditional sectors than the other Asia markets, with 61% of employment in China in the manufacturing and production sector.

On the flipside, private service sector employment is higher in Hong Kong and Singapore, with 53% and 54% of respondents respectively being from organisations in this sector. Although the public services sector is relatively minor across the Asia area, employment in public services is significantly more likely to be within Malaysia, Singapore and South Korea than respondents in Taiwan, China and Hong Kong.

**International operations**

The research aims to identify what level of international operations exists. Across the Asia area, employment is more likely to be in organisations that operate domestically (that is, only in the market/special administrative region where the respondent works). Just under two-fifths of employment (38%) is in organisations that operate internationally, while the majority of respondents (62%) work for a domestic organisation. As may be expected, larger organisations are significantly more likely to operate internationally (44%) than medium (33%) and small organisations (26%).
Figure 17: Employment sector of respondents, by market

Figure 18: Does your organisation operate domestically or internationally?

Figure 18 shows the breakdown by market of whether respondents work for an organisation with an international reach. Respondents from Singapore (63%) and Hong Kong (42%) are significantly more likely to work in organisations that operate internationally than respondents from China (28%).
In relation to having international operations, the survey also looked at the location of organisations’ headquarters. As Table 6 shows, it is the case that across the Asia area, the majority of respondents (77%) report that their headquarters are located within the Asia region.

Organisations in South Korea are much more Asia-centric than other markets, with the vast majority (93%) having their headquarters located within Asia. In contrast, Hong Kong organisations can be considered the most internationally diverse, with 20% having headquarters in Europe and a much lower proportion having their headquarters in Asia (66%).

Of those respondents who report that their organisation has offices in more than one region/special administrative region, outside of Asia, respondents are most likely to report that they have offices in Europe (39%) and North America (36%). Just 15% of respondents report that their organisation has an office in Africa (Table 7).

The trend of organisations from Hong Kong being the most internationally diverse is supported by the fact that organisations with an office in Hong Kong are the most likely to have offices outside of the Asia region. In particular, nearly half (49%) of Hong Kong respondents report that they have offices in Europe and 43% in North America. In contrast, respondents from South Korea are the least likely to report that their organisation has offices in Europe (17%), South America (7%), Africa (4%) and Australia/Oceania (4%).

<table>
<thead>
<tr>
<th>Table 6: Where is the headquarters of your organisation?</th>
</tr>
</thead>
<tbody>
<tr>
<td>All</td>
</tr>
<tr>
<td>Asia</td>
</tr>
<tr>
<td>Europe</td>
</tr>
<tr>
<td>North America</td>
</tr>
<tr>
<td>South America</td>
</tr>
<tr>
<td>Africa</td>
</tr>
<tr>
<td>Australasia/Oceania</td>
</tr>
</tbody>
</table>

Base: Hong Kong (275), China (133), Taiwan (102), Malaysia (57), Singapore (70), South Korea (70)
* China includes a small number of respondents from Macau.
Note: red shading indicates the lowest figure and green shading the highest figure.

<table>
<thead>
<tr>
<th>Table 7: In which regions do you have offices?</th>
</tr>
</thead>
<tbody>
<tr>
<td>All</td>
</tr>
<tr>
<td>Asia</td>
</tr>
<tr>
<td>Europe</td>
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<tr>
<td>North America</td>
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<tr>
<td>South America</td>
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<tr>
<td>Africa</td>
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<tr>
<td>Australasia/Oceania</td>
</tr>
</tbody>
</table>

Base: Hong Kong (275), China (133), Taiwan (102), Malaysia (57), Singapore (70), South Korea (70)
* China includes a small number of respondents from Macau.
Note: red shading indicates the lowest figure and green shading the highest figure.
Appendix C: Sample profile

The tables below show both the geographic location of survey respondents as well as their department/area of expertise.

<table>
<thead>
<tr>
<th>Table 8: Geographic location</th>
<th>Count</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>194</td>
<td>18</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>351</td>
<td>32</td>
</tr>
<tr>
<td>Macau</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>Taiwan</td>
<td>177</td>
<td>16</td>
</tr>
<tr>
<td>Malaysia</td>
<td>106</td>
<td>10</td>
</tr>
<tr>
<td>Singapore</td>
<td>104</td>
<td>10</td>
</tr>
<tr>
<td>South Korea</td>
<td>152</td>
<td>14</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Table 9: Department of employment</th>
<th>Count</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human resources (including learning and development)</td>
<td>788</td>
<td>72</td>
</tr>
<tr>
<td>Administration</td>
<td>376</td>
<td>35</td>
</tr>
<tr>
<td>Finance and accounts</td>
<td>160</td>
<td>15</td>
</tr>
<tr>
<td>Customer services</td>
<td>146</td>
<td>13</td>
</tr>
<tr>
<td>Information communication technology</td>
<td>145</td>
<td>13</td>
</tr>
<tr>
<td>Purchasing</td>
<td>106</td>
<td>10</td>
</tr>
<tr>
<td>Production/operations</td>
<td>106</td>
<td>10</td>
</tr>
<tr>
<td>Marketing</td>
<td>103</td>
<td>9</td>
</tr>
<tr>
<td>Sales</td>
<td>86</td>
<td>8</td>
</tr>
<tr>
<td>Research and development</td>
<td>78</td>
<td>7</td>
</tr>
<tr>
<td>Distribution</td>
<td>26</td>
<td>2</td>
</tr>
<tr>
<td>Other</td>
<td>33</td>
<td>3</td>
</tr>
<tr>
<td>Don’t know</td>
<td>1</td>
<td>0</td>
</tr>
</tbody>
</table>
Appendix D: Country summaries

China

Recruitment

- Organisations in China are more likely than other markets to report that many of their recruitment methods are effective; in particular, the following are considered more effective:
  
  - links with schools/colleges/universities (48% compared with 32% in Asia)
  - professional networking sites (such as LinkedIn) (31% compared with 22% in Asia)
  - encourage speculative applications/word of mouth (31% compared with 22% in Asia)
  - specialist journals/trade press (26% compared with 14% in Asia)
  - alumni (26% compared with 15% in Asia).

- Organisations in China are most likely to report that they have a graduate recruitment programme (76% compared with 52%).

Selection methods

- Organisations in China report they are more likely to use the following selection methods:
  
  - general ability tests (60% compared with 41% in Asia)
  - tests for specific job-related skills (56% compared with 40% in Asia)
  - assessment centres (32% compared with 18% in Asia)
  - personality/aptitude psychometric questionnaires (48% compared with 33% in Asia).

Recruitment problems

- Organisations in China report that they have the greatest recruitment problems with the following roles:
  
  - other managers and professionals/specialists (46% compared with 36% in Asia)
  - technical (48% compared with 35% in Asia)
  - manual/craft (25% compared with 15% in Asia).

- Organisations in China are most likely to report they have vacancies that are hard to fill because of:
  
  - lack of relevant sector/industry-specific knowledge (40% compared with 33% in Asia)
  - reluctance to move in current economic climate (27% compared with 16% in Asia).

Staff retention

- Organisations in China report that they have most difficulty in retaining technical staff (51% compared with 41%), higher than the Asia average.
Hong Kong

Recruitment

- The recruitment methods of organisations in Hong Kong don’t differ greatly from the Asia average. Although, organisations in Hong Kong are:
  - most likely to report that they use local newspaper advertisements (48% compared with 33% in Asia)
  - less likely to report that they use professional networking sites (such as LinkedIn) (16% compared with 22% in Asia).

Selection methods

- Organisations in Hong Kong report they are more likely to use the following selection methods:
  - general ability tests (46% compared with 41% in Asia)
  - literacy or numeracy tests (29% compared with 23% in Asia).

Recruitment problems

- Organisations in Hong Kong report that they are more likely to have recruitment problems with the following roles:
  - other managers and professionals/specialists (39% compared with 36% in Asia)
  - services (customer, personal, protective and sales) (25% compared with 20% in Asia).

- Organisations in Hong Kong are the most likely of all markets to report they have vacancies that are hard to fill because of there being no applicants (31% compared with 21% in Asia).

Staff retention

- Organisations in Hong Kong report that they are less likely to have difficulty in retaining technical staff (33% compared with 41% in Asia).
Taiwan

Recruitment

- Organisations in Taiwan are most likely to report that commercial job boards are an effective recruitment method (46% compared with 34% in Asia). Organisations in Taiwan are less likely than most other markets to report the following recruitment methods as effective:
  - local newspaper adverts (10% compared with 33% in Asia)
  - search consultants (12% compared with 21% in Asia)
  - social networking (10% compared with 15% in Asia)
  - apprenticeships (8% compared with 14% in Asia)
  - secondments (3% compared with 8% in Asia).
- Organisations in Taiwan are the least likely of all markets to report that they have a graduate recruitment programme (37% compared with 52%).

Selection methods

- Organisations in Taiwan report that they are more likely to use the following selection methods:
  - interviews following the contents of a CV/application form (71% compared with 62% in Asia)
  - tests for specific job-related skills (50% compared with 40% in Asia)
  - personality/aptitude psychometric questionnaires (45% compared with 33% in Asia)
  - literacy and/or numeracy tests (33% compared with 23% in Asia).

Recruitment problems

- Organisations in Taiwan report that they have the greatest recruitment problems with technical roles (41% compared with 35% in Asia).
- Organisations in Taiwan are the most likely to report they have vacancies that are hard to fill because of:
  - lack of relevant sector/industry-specific knowledge (41% compared with 33% in Asia)
  - lack of necessary specialist or technical skills (48% compared with 41% in Asia).

Staff retention

- Organisations in Taiwan report that they have most difficulty in retaining technical staff (44% compared with 41% in Asia) but have much less of a problem in retaining senior managers/directors (8% compared with 18% in Asia) than the rest of Asia.
- Organisations in Taiwan are less likely to report that increased pay (36% compared with 50%) and improved benefits (35% compared with 45%) are methods used to retain staff than the Asia average.
- Organisations in Taiwan are much less likely to feel that increases in pay are an effective method to retain staff (26% compared with 44%) and are more likely to favour improved line management people skills as an effective method (19% compared with 9%).
Malaysia

Recruitment
• Organisations in Malaysia are more likely to report that local and national newspaper advertisements are effective recruitment methods than the average for Asia:

  – local newspaper adverts (53% compared with 33% in Asia)
  – national newspaper adverts (42% compared with 17% in Asia).

• Considering social networking sites to be effective is also more likely in Malaysia, with 31% reporting this to be effective compared with 15% in Asia.

Selection methods
• Organisations in Taiwan report that they are more likely to use assessment centres (30% compared with 18% in Asia) as a selection method.

Recruitment problems
• Ninety-eight per cent of organisations in Malaysia report that they have recruitment difficulties, higher than the average of 94% for Asia.
• Organisations in Malaysia are more likely to have problems recruiting senior managers/directors than the average for Asia, with 31% reporting difficulties compared with 23% in Asia.
• Organisations in Malaysia are the most likely to report they have vacancies that are hard to fill because of:

  – lack of experience (50% compared with 34% in Asia)
  – lack of interpersonal skills (36% compared with 16% in Asia)
  – lack of formal qualifications (30% compared with 16% in Asia).

Staff retention
• Organisations in Malaysia report that they have most difficulty in retaining service (customer, personal, protective and sales) staff (39% compared with 29% in Asia) and senior managers/directors (25% compared with 18% in Asia) than the rest of Asia.
• Organisations in Malaysia are more likely than the Asian average to report that improved selection techniques (26% compared with 15%) and improved physical working conditions (23% compared with 17%) are methods used to retain staff.
• Organisations in Malaysia are more likely to feel that improved benefits are an effective method to retain staff (37% compared with 28%) than the average in Asia.
Singapore

Recruitment
• Organisations in Singapore are the most likely to report that recruitment agencies (59% compared with 40% in Asia) and search consultants (35% compared with 40% in Asia) are effective recruitment methods.

Selection methods
• Organisations in Singapore report that they are more likely than the average for Asia to use interviews following the contents of a CV/application form (72% compared with 62% in Asia) as a selection method.

Recruitment problems
• Organisations in Singapore are less likely to encounter recruitment difficulties than the average for Asia, with 10% reporting they have no difficulties.
• Organisations in Singapore are the most likely to have problems recruiting senior managers/directors, with 35% reporting difficulties compared with 23% in Asia.

Staff retention
• Organisations in Singapore report that they have the most difficulty in retaining senior managers/directors (39% compared with 29% in Asia) than any other market.
• Organisations in Singapore are the most likely to feel that making changes to improve work–life balance is an effective staff retention method (22% compared with 12%).
South Korea

Recruitment

- Organisations in South Korea are the most negative about the effectiveness of many of the recruitment methods, having the lowest proportion of organisations rating 10 of the 16 methods effective.

Selection methods

- Organisations in South Korea report that they are more likely to use interviews following the contents of a CV/application form (73% compared with 62% in Asia) as a selection method.
- South Korean organisations are less likely to report that they use many of the selection methods, in particular:
  - general ability tests (17% compared with 41% in Asia)
  - tests for specific job-related skills (14% compared with 40% in Asia)
  - personality/aptitude psychometric questionnaires (15% compared with 33%).

Recruitment problems

- Organisations in South Korea are the most likely to report that they have no vacancies to fill (14% compared with 6% in Asia) and that they have no recruitment difficulties (12% compared with 6% in Asia).

Staff retention

- Organisations in South Korea are the least likely to feel that increased learning and development opportunities (16% compared with 32% in Asia) and making changes to improve work–life balance (16% compared with 25% in Asia) are effective staff retention methods.
References


Insights from Asia is one of the four themes in our Sustainable Organisation Performance research programme. The other three themes are future-fit organisations, stewardship, leadership and governance, and building HR capability. Within each of these themes we will research a range of topics and draw on a variety of perspectives to enable us to provide insight-led thought leadership that can be used to drive organisation performance for the long term.