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Talent and Innovation in Asia

Professor Peter Cappelli outlines the key challenges for talent management in Asia and discusses how the gap in managerial skills can be closed through various channels.

There probably is no hotter topic in the world of global business than talent. The concern for identifying and developing talent, however, differs depending on the business location. In some places like the US, it is rooted in the idea that companies should be able to find desired skill sets from hiring outside the organisation. In Europe, it is driven by the worry that top performers will be lured away by competitors. In Asia, there are many concerns about talent; the most basic being the

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The more serious skill shortage in Asia, however, lies at the managerial level and is concentrated on skills that cannot be taught in school. Acquisition of necessary academic skills before someone is considered employable. Such skills include the basic ability to read and write clearly, as well as more developed entry-level skills for advanced jobs like engineering.

The more serious skill shortage in Asia, however, lies at the managerial level and is concentrated on skills that cannot be taught in school. These are tacit skills, which can only be learned on the job, such as how to manage a large group of workers, how to enter new markets, how to manage projects, and so forth. These are skills that cannot be learned in classrooms or simply by reading or research.

The ability to innovate in order to stay ahead of changing markets is an area of interest, particularly in China. This, however, relies on the depth of experience managers have. Staying competitive may require new and fresh ideas to innovate. Unless these ideas are tempered and nurtured by people who understand not only the business, but also how organisations work, they will go nowhere. At least at present, the skills associated with managerial experience are best learned and most speedily acquired on the job.

Herein lies the dilemma for both fast-growing Asian economies and rapidly growing businesses. Experienced managers are developed over time, they learn these skills in-part through developmental programmes, but they mainly learn them on the job, through real-life experience. Ideally these experiences are structured in a particular way so that the risks of failure are minimised and that coaching during and after programmes will help participants take away the appropriate lessons. No matter how it is done, though, it takes time.
In the US and in Europe, new and fast-growing companies always have the option to fill management positions by poaching experienced managers from established companies with resources to groom talent. In Asia, the number of such established companies is very small in comparison to the number of fast-growing, smaller companies and there is simply no way to meet the demand for experienced managers by poaching.

What can Asia do about this? Certainly there is a great need for management development programmes in companies of all sizes. No company in Asia should expect to be able to meet all its talent needs through outsourcing or external hiring. It is simply too risky a strategy as well as ineffective cost-wise. Even with internal development programmes, Asian business communities will need help in meeting their demands for managerial skills. Some of that demand may come from business school programmes, especially those that are offered part-time so that the students can continue working. Others may come through government-run programmes.

Another solution to the managerial talent shortage in Asia would be to hire expatriate managers. There is an abundance of qualified and skilled managers in the US and Europe who have been made redundant as a result of recessions and fiscal crises in those economies. Countries are already trading recycled resources of all kinds. Why not add managers to that list?

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Industry Focus

We spotlight the business initiatives and regulatory policies that support inter-firm linkages and develop the nation’s leading and most promising industries.

SINGAPORE’S Deputy Prime Minister, Teo Chee Hean, has honoured three multinational corporations with the Distinguished Partner in Progress (DPIP) award to recognise their contributions to Singapore’s economic growth.

The DPIP award, which was given in a ceremony in March, went to offshore rig design, construction and repair specialists Keppel Offshore & Marine (Keppel O&M) and Sembcorp Marine as well as personal and household products company Proctor & Gamble (P&G).

The DPIP award is given by the Singapore Economic Development Board (EDB) and, to date, 25 companies have received the honour since it was launched in 1991.

The award also acknowledges the chosen companies’ commitment to providing thousands of jobs for Singaporeans.

Keppel Offshore and Marine was recognised for its role in providing specialised capabilities and research and development (R&D) of cutting-edge products. In 2007, Keppel O&M set up a
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S$150 million R&D centre in Singapore which has enhanced the country’s R&D ecosystem and expanded its integrated solutions in offshore and marine technology. Keppel O&M is now one of the world’s largest offshore and marine groups and one of the largest employers in Singapore.

Manufacturing giant Proctor and Gamble (P&G) was also commended. The company was praised for driving business growth across Asia from Singapore by establishing its global brand charter and business headquarters for luxury beauty brand, SK-II here; the establishment of Singapore as one of two mega R&D centres in Asia; and for opening the first and only perfume plant for Asia in Singapore.

Finally, Sembcorp Marine received the award for its role in helping to place Singapore on the map as a global leader in the marine and offshore industry. The company will open Singapore’s first purpose-built, custom-designed, new yard facility, which will provide ship repair, upgrading and construction works, at Tuas View Extension in 2013.

In his address at the award ceremony, Minister Teo said that the companies had actively given back to society. Minister Teo said: “These companies exemplify the belief that innovation is critical to business growth, and they see Singapore playing an important role in their innovation endeavours.”

Keppel O&M is now one of the largest employers in Singapore. P&G was praised for driving business growth across Asia.
Qualcomm launches new design and engineering centre in Singapore

INTERNATIONAL mobile technology developer, Qualcomm, has announced plans to establish a new design and engineering centre in Singapore.

Qualcomm designs, manufactures and markets digital wireless telecommunication products and services and is a world leader in mobile technology innovation.

The research and development (R&D) centre for new integrated circuits (ICs) will be Qualcomm’s first R&D centre here and it is hoped it will further cement the country’s position as an international hub for the chipset business.

The Singapore centre will develop chipsets for mobile devices, which ensure energy saving and power management for longer lasting batteries.

The new centre aims to tap into local and regional talent to develop a wide range of hardware and software-related design support solutions.

Qualcomm already has a distribution centre that manages the global logistics of its offices, an offshore operation centre and a test development centre in Singapore and the new facility will bolster Qualcomm’s existing operation here.

John Stefanac, Vice-President of Qualcomm and President of Qualcomm Southeast Asia and the Pacific said: “The expansion of Qualcomm’s presence in Singapore demonstrates Qualcomm’s deepened commitment to the Asia-Pacific region and builds on more than a decade of successful operations here.”

Singapore has held a strategic importance to Qualcomm since 2000 when the company set up its chipset distribution centre here.

Qualcomm’s Executive Vice-President and general manager, Jim Lederer, said the company currently ships more than a billion chips a year from its centre near Changi Airport.

“It actually breaks down to 600 million chips everyday and over a 100 chips every second,” he added. Mr Lederer also said that Qualcomm would further expand the testing centre facility’s manpower in Singapore by 20 per cent this year, creating more jobs in the electronics manufacturing sector.

Teo Ser Luck, Singapore Minister of State for Trade and Industry added, “Electronics is one of the largest industries in Singapore. This is a significant addition to our electronics semiconductor ecosystem. It affirms Singapore as the choice location in Asia for companies to drive global operational efficiency and conduct R&D.”
TriQuint Semiconductor opens international HQ in Singapore

TRIQUINT Semiconductor, a global leader in the manufacture of radio frequency solutions and foundry services for the world’s top communications, defence and aerospace companies, officially opened its international headquarters in Singapore on 7 March.

The new facility will support the company’s customer service operations and manage all supply chain operations, outside of the United States, from a new 4,000-square-feet building at Changi Business Park. TriQuint’s human resources and information technology departments will also operate out of Singapore.

TriQuint Semiconductor CEO and President, Ralph Quinsey, said the semiconductor company’s business outside of the US now contributes around 70 per cent of the company’s annual global revenue.

He added, “With Asia’s appetite for new technologies, particularly in mobile devices, and government support of the latest communications infrastructure, we believe Asia will continue to offer great opportunities for business growth.”

TriQuint has just completed its sixth consecutive year of record revenue, largely driven by the proliferation of smartphones, tablets and the emergence of 3G and 4G wireless broadband.

Quinsey said that customers in Asia drove a significant part of this growth. He also found that many manufacturing partners in Asia assembled and tested the majority of the high volume TriQuint-designed products sold into these applications.

He added, “We have solid plans to grow our share in the mobile device and network communications markets in Asia and Europe. Singapore is a great location to recruit and develop experienced talent, given the number of multinational semiconductor companies already located here.”

TriQuint Semiconductor’s expansion in Singapore seeks to boost the recognition and advancement of the mobile device and communications market in Asia.

“We are pleased that TriQuint Semiconductor is establishing its international headquarters in Singapore. The headquarters is testimony to Singapore’s competitiveness as a preferred location for companies to gain supply-chain efficiencies,” said Chong Joon Woon, Director, Electronics, Singapore Economic Development Board.

TriQuint’s customers are among the world’s leading original equipment manufacturers (OEMs), fabless semiconductor and wireless startup companies.
Why Talent is the Globe’s Growth Engine

As companies plan for growth in Asia and beyond, they need to have the suitable people, with the right skills and experience to understand new markets and drive expansion strategies. Find out why talent is the new growth engine, and what companies can do to develop it.

Overview

WHAT will drive success in Asia and globally in the years to come? For Western multinational companies (MNCs) and Asian enterprises alike, the answer is talent. The strategic importance of human capital is increasingly being recognised as core to a company’s performance — particularly as they enter new, high-growth markets.

Yet this talent is in short supply. In PricewaterhouseCoopers’ Global CEO Survey 2011, respondents indicated their top two challenges over the next three years to be the limited supply of candidates with the right skills (63 per cent) and losing top people to competitors (47 per cent).1 Similarly, a recent report from global HR consultancy Korn/Ferry states, “Western multinationals and Asian enterprises who want to expand in the region must develop their own flexible, creative, and collaborative leaders — a group currently in extremely short supply.”2

As demand for talent outstrips supply, it will be more critical than ever to have a robust talent pipeline, one that draws on the ability to attract new talent and is also able to develop and effectively deploy homegrown talent. Much remains to be done to achieve this, as the Korn/Ferry report points out: “Companies that want to tap into Asia’s next phase of growth have plenty of work to do if they want to build a new cadre of managers capable of success.” The stark alternative is one that no company wants to consider: to cede ground to competitors that have had the foresight to address this issue.

While this may sound challenging, the reality is that most companies have little choice but to attempt to enter the Asian markets, as they cannot afford to miss out on the growth opportunities in the region. The key, therefore, is for companies to quickly come to grips with the challenges that Asia presents, so that they can start to reap the benefits of a presence in the world’s new engine of growth.

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1 PwC Global CEO Survey 2011
2 The Korn/Ferry Institute, Asia 2.0, Leading the next wave of growth in Asia, http://www.kornferryinstitute.com/files/pdf1/Asia2.0.pdf
Companies are integrating HR strategies into their corporate strategies. No longer is HR an administrative function left out of broader strategy discussions. There is no better example of this than leading companies such as Proctor & Gamble and Unilever. They are establishing talent management programmes in Singapore that are closely integrated with their regional headquarters, giving them the ability to align their talent and business strategy. These programmes reinforce Singapore’s position as their ‘talent engine’, where they will make strategic HR decisions around talent acquisition, development and deployment.

If talent is indeed the key to success, then what are Asian companies doing to address this issue? According to a recent survey by Mercer, a vast majority are planning to make changes to their talent programmes in the areas of recruiting (79 per cent), retention (77 per cent), training and development of leadership (87 per cent), and workforce planning (78 per cent). These translate into three key issues: attracting (and keeping) talent, developing talent and deploying talent.

However, to focus on just these three issues would be ignoring the most significant point — that companies are integrating HR strategies into their corporate strategies. No longer is HR an administrative function left out of broader strategy discussions.

A Different Playing Field
Companies may well ask, “Why not just re-deploy our talent from maturing, slower growth markets in the West to Asia?” The simple reality is that Asia is not Europe or North America, and a different skill set is required to succeed as a leader in the Asian business environment. The issues range from dealing with the sheer diversity of the individual markets across Asia to adapting to the much faster pace of growth seen in the region. Unique stakeholder considerations and complex regulatory environments also necessitate a distinctly pan-Asian perspective.

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Facts on the Ground

If talent is indeed the key to success, what are companies doing to address the issue?
Crossing Global Boundaries

Factors affecting talent attraction include compensation, work environment and the potential for career growth. Another key factor is location, with global talent being increasingly selective about where they want to work. Due to its strong growth, Asia has become a location of choice; but within Asia there are wide variations in the perceived attractiveness of its many major cities. At the top of the list comes Singapore, which ranked as the best Asian city in Mercer’s 2010 Quality of Living Survey. Furthermore, Singapore’s position as a ‘control tower’ for many companies’ regional operations means it is a hub for decision makers and makes it attractive to executives seeking to enhance their career capital.

The Talent Race

The second issue, developing talent — and particularly key leadership roles — is one that companies are increasingly focusing on. “You always have to be sure that the development of your people is ahead of the actual size of your business,” explains Unilever’s CEO, Paul Polman. Indeed, global consumer products giants Unilever and Procter & Gamble are two companies that have taken action.

P&G has opened its Asia Leadership Development Centre in Singapore. In addition, Unilever’s new ‘Four Acres Singapore’ global leadership development centre will be part of a larger government-supported LINK@Nepal Hill cluster, which will house business schools, corporate universities and professional services companies to create additional learning and collaboration synergies, which will position Singapore as a global leadership development

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Singapore also plays host to a growing list of leading international and local education institutions that offer opportunities for talent development. Amongst these is INSEAD, which has just announced a further expansion of its Singapore campus and the introduction of its Advanced Management Programme in Singapore in 2012. INSEAD will also be collaborating with the Lee Kuan Yew School of Public Policy to offer a continuation pathway from MBA to MPA (Masters in Public Administration), and vice versa, for individuals seeking a deeper understanding of both business and policy issues in the Asian context. Other notable names with a presence in Singapore include Yale, which is collaborating with the National University of Singapore (NUS) to open a liberal arts college, Duke which operates a graduate medical school together with NUS, renowned arts school New York University (NYU) Tisch, and the University of Chicago Booth School of Business.
Several think tanks and institutes also call Singapore home, providing thought leadership and Asia-focused research that companies can tap into. Another avenue that addresses not just talent development, but also deployment is collaboration with human capital consultancies.

Several think tanks and institutes also call Singapore home, providing thought leadership and Asia-focused research that companies can tap into. An example of such a resource is the Human Capital Leadership Institute (HCLI). Its Singapore Business Leaders Programme (SBLP) is a unique five-day executive education programme that brings together eminent international speakers and some of the world’s top corporate leaders to share and learn issues critical to leadership in the region. It also recently ran customised executive programmes for the senior leadership teams of Applied Materials and Infineon.

Another avenue that addresses not just talent development, but also deployment is collaboration with human capital consulting firms. Leading advisory firms such as Aon Hewitt and the Hay Group have set up Asia-focused research centres in Singapore to help companies optimise their talent management strategies in the region. The RBL Group, co-founded by renowned HR thought leader Dave Ulrich, also recently established an office in Singapore — its first in Asia — to support the growth of its clients. The Chartered Institute of Personnel Development (CIPD), Europe’s largest HR and training development professional body, and The Conference Board are two other organisations that have set up in Singapore, recognising the growing importance of Asia to their stakeholders.
To bring together all the elements required to succeed in the global war for talent, calls for a unique ecosystem — one that combines an attractive location with a strong network of supporting institutions and a critical mass of corporate control towers.

Singapore has succeeded in creating such an ecosystem, with its concentration of more than 4,000 MNC headquarters supported by high quality of living standards, and a host of education institutions and professional services firms. Situated in the heart of a rising Asia, it is also a global business city. Its extensive transport and logistical network, together with a multicultural society, provide a strong base to facilitate connections with major markets in Asia and elsewhere in the world.

This convergence of infrastructure and institutions provides companies with the opportunity to develop and manage talent for Asia and the world. Those that seize this opportunity will not just survive the ongoing global war for talent, but also see their businesses thrive in the future.
Singapore Business News is a monthly publication that updates readers on the latest industry trends in Asia, with a uniquely Singaporean perspective. Highlights include Singaporean business stories and special opinion pieces on opportunities in Asia, how global companies are leveraging Singapore to tap into pan-Asian growth opportunities, and how Asian enterprises are globalising via Singapore. Singapore Business News also provides case studies on how Singapore partners businesses to deliver future-ready solutions.

Singapore Business News is a publication of the Singapore Economic Development Board.

Singapore: Future Ready articulates the nation’s aspirations to be a partner for global businesses as they develop their ideas for tomorrow’s solutions. Singapore does so by recognising the value of long term partnerships, adopting a forward-looking approach, demonstrating ingenuity, and taking on challenges with a can-do spirit.

About EDB

The Singapore Economic Development Board (EDB) is the lead government agency for planning and executing strategies to enhance Singapore’s position as a global business centre. EDB dreams, designs and delivers solutions that create value for investors and companies in Singapore. Our missions is to create for Singapore, sustainable economic growth with vibrant business and good job opportunities.

EDB’s ‘Host to Home’ strategy articulates how we are positioning Singapore for the future. It is about extending Singapore’s value proposition to businesses not just to help them improve their bottom line, but also to help them grow their top line through establishing and deepening strategic activities in Singapore to drive their business, innovation and talent objectives in Asia and globally.