



Eastern time

*The most innovative Asian companies have leapfrogged current best practice to carve a role for HR at the heart of business strategy, writes **Jerry Connor***

IMAGE: GETTY

While western economies have been rocked by recession and painful debt reduction programmes, many Asian economies have barely paused for breath. Not all of this is circumstantial. Now may be a good time to look east for new ideas – and to stop viewing Asian business practice through an emerging markets filter, or as still learning to attain western best practice.

I've been involved in a recent CIPD research project, based on interviews with innovative HR leaders in Asia (*see panel, overleaf*), which found examples in the region that go beyond current best practice, positioning HR as a business function with a leadership role. Despite the different contexts of western and Asian economies – not least the fast pace of change dictated by the region's turbocharged growth – there is undoubtedly learning for western organisations in what some Asian companies are doing. We share many of the same challenges across the globe, although



Pearl of the Orient Shanghai's TV tower dominates the skyline of Pudong – China's financial and commercial hub

Asian organisations are dealing with them at greater speed and on a much larger scale.

Consider, for example, the challenge of managing “Generation Y” employees, which is familiar to us in the UK. Now think of China, where managers brought up in a highly austere communist culture are trying to deal with what are known as “little emperors” – the only children who are a product of the single child policy, doted on by parents and grandparents, and brought up in a modern, consumerist society – the generational difference in China is dramatic.

As for talent management, consider one company we spoke to: it hired 50 graduates only to find, a year into the programme, that it had retained only one. This is a war for talent with an intensity that few of us in the UK have experienced. Commercially too, the rate of change is unparalleled. Companies such as China Mobile, still state owned and largely unknown until recently, have rapidly become some of the world's largest and most influential organisations.

As any economist knows, when competition is at its greatest and the challenges are at their toughest, levels of innovation tend to be high too. The HR profession in Asia is clearly not exempt from this.

The silent revolution

HR in the region is undoubtedly far from the finished article. Most who have worked in Asia will have stories of variable standards and examples of HR operating at a very transactional level. Our research does not contradict this. But within this variation we found some remarkable practice, defined, above all, by growth. Because of the level of opportunity and the rate of change in Asia, the best HR leaders are less interested in excellence and more focused on speed of application and adaptability. For them, HR is an applied business discipline and they are taking ideas and concepts often still forming in Europe and bringing them to life in ways we've often yet to realise. Here are three examples:

1. Insight, thinking and growth. The most impressive HR leaders we spoke to tended to speak less about HR strategy, organisational culture or core HR processes. Instead they appeared to focus directly on growth, and on how the insights they can draw from their position looking across the organisation, its people, the market and business itself can generate a unique set of business solutions.

Take, for example, Shui On Construction, a buildings materials company in Hong Kong. Faced with a mature market for construction materials to Hong Kong, the business looked towards China for growth opportunities. But this meant a new market and a new business – construction rather than construction materials. How could this be made to work? The HR department, involved not as a support function but as an integral part of the business thinking, came up with the solution. Construction in China is heavily dependent on local contacts. They had a number of recent retirees from mainland China with good business experience and local networks.

Shui On rehired these workers and set them up as entrepreneurs with dual objectives over a three to four year timescale: to build a business in their hometown and to find, train and develop their own successor.

HR in Shui On sat at the heart of the companies' growth dilemma – and it used its unique position and insight to create the business growth strategy.

2. Purpose and growth. The war for talent in Asia is ferocious, so businesses face enormous challenges in building a platform for long-term competitive advantage. We spoke to one of India's premier infrastructure businesses, which has to attract a highly scarce resource – construction project managers. They do this by appealing to a larger sense of purpose.

“First, we plan our campaign. We never build a road. We build a highway... and it is part of building a new India... We then launch the project to the press and really build up the prestige of it. It is only at that point that we begin to talk to potential project managers. By this stage we have something really prestigious and exciting to sell them. They feel as if they are making a difference.”

By co-opting the media to craft an aspirational message for each job before advertising it, the HR director is really leveraging the power of purpose. This is harnessing aspiration not in an abstract way, but as a practical business necessity.

3. Engagement and growth. The profession in the UK has spent a lot of time thinking about engagement. Many companies track engagement annually – and invest considerable time and resources in responding to the data these surveys create.

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Some of the best Asian companies attacked this in a different and surprising way. Traditional Asian corporations are paternal and hierarchical, but with a strong sense of loyalty and community. And yet responding to the rate of change in their environment (and of changing expectations in their employees) their reaction couldn't be more modern. They focus less on “engaging others” and more on driving accountability, less on supportive leadership and more on authentic communication, less on alignment and more on purpose.

This approach can also help handle a cultural challenge in maximising growth in Asian firms. Challenging poor performance in parts of the region can be seen as “counter-cultural” at the best of times. And in a high-growth environment, the motivation for challenging poor performance can be even more lacking, as strong organisational performance makes it possible for weak individual performance to

remain hidden. However, set alongside the reluctance to confront poor performance, there is often a highly competitive culture in the education system. Some organisations have found ways of tapping into the self-motivated competitive spirit associated with rigorous assessment of performance within the education system, and translating this into a performance culture in the workplace. Here's an example, told by the HR director of Founder Group, a Chinese conglomerate:

“We set a very high performance standard for our employees; if you cannot meet the standard we defined for you, it is OK for the first time. We'll give you a second chance. We make it very clear what it means when you fail to meet the defined standard at the end, and people know that if their performance appraisal result is not OK, the better choice is to leave. Therefore, as head of HR, I never force people to leave; we just tell them their performance result.”

Next Generation HR programme

Next Generation HR is the CIPD's major research programme, designed to identify those aspects of today's leading-edge HR practice that offer a glimpse of the “next practice” that will shape the future of the profession.

By identifying practice that is already driving

sustainable organisational performance, the CIPD and Bridge, its leadership and organisational transformation consultancy (who is leading the research), are seeking to build a movement for change and to lead in nurturing, promoting and supporting faster and more widespread adoption

of the next practice identified.

The first phase of the programme focused on UK-based companies and published its final report in November 2009. *Next Generation HR Asia*, published in December 2010, is the second phase of the research programme. It draws

on interviews with HR leaders in 27 companies operating across the Asia-Pacific region, including multinationals and local firms based in locations ranging from India, Singapore and Hong Kong to China and South Korea. Through this strand of the research, the CIPD and Bridge were seeking to

identify a distinctly Asian form of Next Generation HR – one which could help define HR's role as a catalyst for the region's consistently high growth. The findings are, in turn, helping to further inform the CIPD's ongoing research into an insight-driven model of HR next practice in the UK.

Next generation Some Asian companies have gone from traditional paternal organisations to dynamic, empowered modern cultures



‘In Asia, the best HR leaders are less interested in excellence and more focused on speed of application and adaptability’

Such examples show that cultures which have been traditionally seen as “cautious”, “hierarchical” and “constrained by the need to maintain face” can show us just how dynamic they can become once modernised.

What can we learn from Asian HR leaders?

By putting growth at the heart of HR, some of the Asian HR leaders we spoke to seemed to offer real insight into alternative ways of seeing the profession. These include:


- **Faster implementation cycles.** In periods of growth, an idea will be redundant in six months, so strategies need to be developed and implemented with pace. Perhaps in the UK, with the professionalisation of HR, we are over-indexing on excellence and under-indexing on pace. Many Asian leaders had a much more fluid interpretation of HR structures and recognised that a rigid definition of

business partner, specialist and HR services can create silos and slow response times.

- **Putting insight at the heart of the function.** The best HR leaders spent a great deal of their time and effort unlocking insight, informed by being three sorts of “savvy” (business “savvy”, contextual “savvy” and organisational “savvy”). They then used their insight to drive the business growth strategy. One HR director, at New World Telecom, said: “HR in our organisation is not doing HR, it is really a business partnership. We have to know the business well in advance... 30 per cent of my time is on HR; 70 per cent is on business.”

- **Pull the purpose lever.** Some of the Asian leaders we spoke to seemed to have mastered the art of creating a sense of purpose by harnessing the press, the project and the organisation behind a big idea.

- **True engagement is about the three As:** accountability, authenticity and adaptability. Faced with remarkable levels of changing expectation, some Asian companies have leapfrogged many of the current engagement mantras and gone from traditional paternal organisations to dynamic, empowered modern cultures.

These ideas are not necessarily new. But there is something palpably different in their implementation in Asia. Faced with levels of competition and change that is unique to the region, HR is responding – and soon it might be us in the West struggling to keep up. 

▶ LINKS & NOTES

- **Jerry Connor** is a founder and Asia-Pacific director at Bridge www.bridge-partnership.com
- Next Generation HR Asia www.cipd.co.uk/nextgenasia
- Next Generation HR (First Phase Report): bit.ly/nextgenhr
- To find out more about the development of “next practice” in Asia, email the CIPD at: CIPDAsia@cipd.co.uk
- Shui On Group: www.shuion.com
- Founder Group www.founder.com/en
- New World Telecom: www.newworldtel.com/en/index.html
- **CIPD event** Learn more about developing Next Generation HR leaders at the HRD 2011 conference and exhibition, taking place on 6-7 April in London’s Olympia www.cipd.co.uk/hrd



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