TALENTED
Philippines

Sylvia Vorhauser-Smith and Karen Cariss

BUSINESS SUCCESS THROUGH TALENT MANAGEMENT EXCELLENCE

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Acknowledgements

We sincerely thank all those who have worked tirelessly to bring the insights contained in *Talented Philippines* together. The talented team at PageUp of course deserve special mention and we acknowledge with gratitude the extensive efforts of all those involved.

Above all, we acknowledge the Contributors to *Talented Philippines*. Representing a wide range of industries and backgrounds, these seasoned HR professionals who volunteered their time and knowledge, brought with them not only decades of experience and wisdom but also all the warmth and encouragement that so distinctly depicts the Filipino culture.

We dedicate this book to the talented peoples of the Philippines. This nation, so rich in culture and natural beauty, is home to some of the most inspiring and promising human talent in the world. That talent is already demonstrated by Filipinos everywhere and yet, is but a taste of what is possible and what is still to come. We believe unequivocally that the Philippines has an enormous amount to offer and as a result, an enormous amount to gain. We share in your hopes and dreams and warmly encourage you on your journey.

Maraming Salamat

Sylvia & Karen

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Human Capital Leadership Institute (HCLI)

IT & Business Process Association Philippines (IBPAP)

People Management Association Philippines (PMAP)

Philippine Society for Training & Development (PSTD)

Consulting Firms

Center for Leadership and Change

Frontier Strategy Group

Mercer

Towers Watson Philippines

Industry Organisations

Baker & McKenzie

Capital One

Fuji Xerox DMS Philippines

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Minacs Group

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Karen Cariss

Karen Cariss is one of the founders of the award-winning global talent management software provider, PageUp. A key driving force behind the company's success, she sets its strategic direction as well as ensures synergies across all its divisions. Cariss has been lauded as one of the HR technology industry's exceptional entrepreneurs, having raised $10M in growth equity for her company in 2012.

Cariss' extreme passion for the company is evident in her work and attitude, which has been publicly acknowledged by being listed as 28th on BRW's Top 50 Female Entrepreneurs in June 2006 and winning the Ernst and Young 'Young Entrepreneur of the Year' for 2008 and the Victorian Telstra Women's Business Award in 2009. She is formally qualified with a Bachelor of Applied Science and Honors in Science.

Born in Australia, Cariss experiences talented Southeast Asia first-hand. She currently resides in Singapore with her family.

Sylvia Vorhauser-Smith

Sylvia Vorhauser-Smith is Senior Vice President – Global Research at PageUp. With 25 years of experience as a senior talent management and human resources practitioner and consultant, her career has included corporate finance and HR roles at Citibank and Westpac. Prior to joining PageUp, Vorhauser-Smith was Founder and Chief Executive Officer of consulting firm Talent Edge, specializing in bespoke leadership development and talent management solutions.

Committed to thought leadership in the fields of neuroscience and cross-border talent management, she speaks internationally on these topics and has addressed audiences in the U.S., Asia, and Australia. She is a featured contributor to *Forbes* Magazine and author of numerous white papers on talent management and applied neuroscience. Vorhauser-Smith holds a Bachelor of Business and Post-Graduate degrees in Psychology and Neuroscience.

Vorhauser-Smith resides in Sydney with her family and is a frequent visitor to Asia.

About PageUp

At PageUp we are passionate about building the world's best technology that underpins our client's ability to build strong employee-employer relationships and equip them to attract, develop and retain the talent needed to take their business forward. We partner with organizations to learn their business challenges and provide cutting-edge solutions and innovative technology to support their Talent Management initiatives.

Our state-of-the-art technology solutions unify Recruitment, Performance Management, Development, Career Planning, Succession Management and Workforce Analytics to help multinational employers overcome the talent management challenges inherent to operating across multiple geographies.

The PageUp teams in Singapore, Hong Kong, Kuala Lumpur, Melbourne, Sydney, London and New York can help transform your company's global HR initiatives. Learn more about how PageUp can help at www.pageuppeople.com or follow us on twitter.com/pageuppeople.

Preface

Following extensive research in the six tiger countries of Southeast Asia (Singapore, Malaysia, Thailand, Philippines, Indonesia & Vietnam), the book Talented Southeast Asia was published in 2014.

The book presents the findings of a twelve-month study into the practices of over 50 multinational corporations with significant operations around the region. It defines global best practices, regional right practices as well as regional fresh practices unique to the Southeast Asian environment.
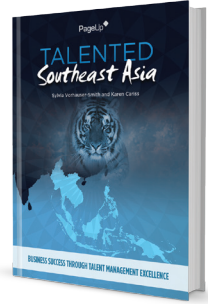
As the only available literature on talent management in this region, Talented Southeast Asia has been immensely popular and required a second print run within just four months of its initial release.

We recognized at the outset of writing Talented Southeast Asia that not only did the Southeast Asian region have unique and specific talent management challenges and opportunities, but so did each country in it. With multiple cultures, languages, religions, and political ideologies and at varying stages of economic and social development, each Southeast Asian country warrants and deserves its own focus.

Our commitment was therefore to extend the initial regional research with a country-by-country analysis that channels the voices of business and HR leaders in each country.

Sylvia

Sylvia Vorhauser-Smith
SVP Global Research, PageUp
Co-author Talented Southeast Asia

Karen

Karen Cariss
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Co-author Talented Southeast Asia

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Foreword

By Roberto M. Policarpio

President
People Management Association Philippines

2015 began in the Philippines with the first papal visit in two decades. His Holiness Pope Francis brought not only a celebration of our Christian faith and values, but also a timely reminder of our need to work together to flourish as a nation.

The Philippines, as an economic nation, looks into the second half of this decade with the hope of growth and increasing prosperity, having made great strides toward achieving it in the first. As a nation of people, we similarly look forward with optimism of enriching the lives of Filipinos through commitment and industriousness to our deep-seated values of community spirit, faith and purpose in our work.

Talented Philippines takes us on a journey that highlights the opportunities and challenges we encounter as employers and employees. With its direct focus on talent management in the Philippines, it represents the only published book on this topic in the world and gives voice to hundreds of human resources practitioners who are leading the way in building our human capital resources.

The *People Management Association Philippines (PMAP)* is a professional, non-stock and non-profit organization. It was founded in 1956 and continues the tradition of our

forefathers in advancing the profession of Human Resource Management (HRM). It is the premiere association of human resource management professionals and people managers. We will celebrate our 59th anniversary in October 2015. PMAP helps enterprises and institutions mold an enlightened, competent, socially responsible and influential sector of people managers who can effectively participate in nation-building. It guides and assists its members to become more active by teaching the human aspect of management through various training programs, career development fora and conferences.

Over the past six decades, PMAP has worked tirelessly to continually increase the knowledge, skills and competencies of HR practitioners and people managers. Our membership has grown to 2,590 organizations as corporate members that represent every type of employer in the Philippines, from small and medium enterprises to large local and multinational corporations, government, academia and the not-for-profit sector. PMAP has built a solid reputation as a national association through the dynamism of its 24 local chapters nationwide. Various functional working committees composed of company representatives and individual members have been serving as volunteers who plan, organize, implement and assess the programs, projects and advocacies aligned to PMAP's vision, mission and thrusts.

Our Association has been organized for growth and stability. It has the Council of Presidential Advisers (CoPA) as an advisory group composed of former presidents of the Association, which provides guidance and advice to the PMAP Board of Trustees on policies, thrusts and strategies. PMAP is actively involved in youth development through its Junior PMAP (JPMAP). It develops the youth to be future HRM professionals and people managers by instilling the values and ideals of PMAP. To date, it has 122 chapters representing universities and colleges all over the Philippines. The PMAP HRM Foundation ensures long-term funding requirements for professional development programs, organizational growth strategies, capitalization requirements and nation-building initiatives. We have full time Professional Staff who provide the technical and administrative support to

the Executive Committee, Board of Trustees and affiliated bodies; manage the operational requirements and activities; and serve as secretariat in selected activities.

PMAP is committed to professional standards, excellence and competence, and continuing professional education. The Philippine Society of Fellows (PSOF) is an affiliated body of PMAP. It offers opportunities for advance professional growth of individual HRM practitioners. Membership requires fulfilment of certain sets of professional standards and accomplishments. Professional competence is measured in terms of technical competence, managerial competence of the HRM professional, core competencies and functional competencies. There is an Accreditation Council that confers the professional titles specifically Associate Fellow in People Management (AFPM), Fellow in People Management (FPM) and Diplomat in People Management (DPM).

PMAP is firm in its belief that people in organizations are the core source of competitive advantage in today's knowledge-driven economy. Its training arm, the Asian Institute of Human Resources (AIHR), enhances the competencies of the professionals in managing and leading people, and maximizing human resource potential so that both employees and organizational goals are successfully achieved. The AIHR bridges the theories and practices, which are calibrated and patterned on the HR Competency Framework developed by the PSOF. Said institute sustains strong relationship with key academic institutions across the country. They serve as active partners for the Certificate Courses and Diploma Programs regularly being conducted. Seasoned practitioners serve as resource persons and lecturers.

Our Association conducts dynamic programs and services relevant to the needs and requirements of its members and key stakeholders. We have monthly General Membership Meeting, Annual Conference, Special Learning Events, Membership Learning Sessions, Industry and Functional Groups Learning Sessions and Wellness and Fellowship Activities. The 52nd Annual Conference will be held sometime in October 2015.

PMAP chartered a five-year development plan in institution-alizing and addressing the continuity of various programs and activities. These are organized into five strategic areas – Advocacy, Membership Services, Professional Develop-ment, Affiliates, and Organization. The Strategic Plan defines and enumerates the aspirations and thrusts of the Associa-tion as it takes its rightful place as the country's premiere organization of human resource management practitioners and people managers.

PMAP pledges to ethics and professional conduct. It created a Board of Ethical Standards that formulated a Code of Ethics for PMAP members as presented and ratified by the general membership in 2003.

At the international front, PMAP is a founding member of the Asia Pacific Federation of Human Resource Manage-ment (APFHRM) and served as its president and secretary-general from 2005 to 2007. From 2008 to 2010, PMAP assumed the presidency of the World Federation of People Management Associations (WFPMA), the world-wide umbrella institution of human resource management organi-zations. PMAP recognizes the importance of the presence of the Philippines on the world HR stage. With ASEAN inte-gration on our doorsteps, it is a critical period to identify and implement strategic people practices that will make the Philippines an attractive employment destination for our indigenous talent as well as for foreigners. Maintaining our competitive advantage through attracting and retaining human capital is a top priority for PMAP and our nation.

Like PMAP, *Talented Philippines* aims to share the experi-ences and insights of those who are at the forefront of leading HR thinking, thought leadership and application in our country. We aim to continuously increase the contribu-tion that HRM can make to the people and organizations we serve through solidarity, teamwork and exploration. *Talented Philippines* heralds the HR approaches and practices that leading organizations in the Philippines are employing to increase engagement, performance, efficacy and productivity of all employees. Numerous case studies tell the stories of local experiences and achievements in the

context of businesses that are headquartered throughout the region and around the world.

As the PMAP President, my goal is to continue to bring a holistic focus on human resources management and development, and to embed this in PMAP programs, projects, advocacies and initiatives. Our collaboration in the domestic and international arena is pertinent in pursuing our foremost obligation: *We uphold and promote human dignity, and dignity at work*. We can reach our full potential through a comprehensive balance of professional growth and work ethics with commitment to ongoing research and development, enriched work experiences, strong professional networks, and responsibility for personal growth. These are essential to maintain our spiritual health, dynamic physical well-being, emotional stability, mental wellness and vibrant social life. We will continue to nurture and sustain an active partnership founded on professionalism and friendship, as an inspiration and model for the new generation and the generations to come, so that we make PMAP a model of people advocacies and great HR practices.

We are nurturing our focus on elevating the HR profession in the Philippines to world's best practice, addressing the distinct needs of our members and providing the training and tools necessary for HR excellence.

Talented Philippines contributes to human resources development and thought leadership in our country by giving voice to its HR practitioners and business leaders. I hope that you will benefit directly from the great insights contained in it and are inspired to excel in your personal and professional endeavors as a result.

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Chapter 1
Voices

We have a strong sense of Pakikisama – we support each other and come together to support others that are less fortunate when we can.

– **Amy Hocson**
Human Resources Director
GroupM

BPO

Finance Human Capital

Millennial Manufacturing

Growth Flourishing

Workforce Planning

Engagement Talent Acquisition

Performance

Development Retention

A common thread in our research was the overwhelming acknowledgement in the Philippines of the critical importance of human capital, not only to the success of individual companies, but to the country as a whole. It is clearly evident in the Philippines that the population itself is the nation's most high potential asset. The Philippines is flourishing in a time of economic growth that can only be stalled by a failure to accelerate political and economic reforms and the inability to support the burgeoning growth with the physical and social infrastructure necessary to uphold it.

With the resounding interest in people and talent management and its implications for business success in the Philippines, we sought to hear from seasoned Filipino practitioners who have been at the forefront of HR implementation and innovation. In September 2014, we surveyed over 650 business and human resources practitioners to understand their priorities. This was followed by intensive interviews with over 30 organizations based in the Philippines - a combination of local and multinational firms.

The Employers Voice

(1) Talent Management Survey
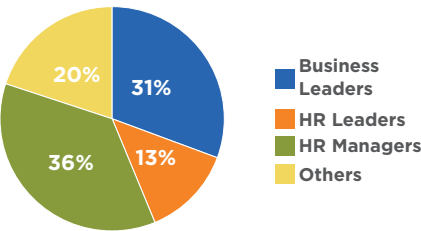
687 responses were gathered from our survey of Filipino HR practitioners and business people. Respondents were drawn from a wide cross-section of public and private sector enterprises in the Philippines. 31% of respondents were business leaders, of which 10% represented executive level roles and 21% managerial. 13% of respondents held the title of HR Director or Senior Vice President HR and 36% were HR Managers, Talent Managers or Recruitment Managers.

This extensive and broad response provided insights into the importance and urgency of a range of talent management priorities across small, medium and large enterprises in the Philippines.

(2) In-depth Interviews

The surveys were followed by a series of in depth interviews over a 6-month period that explored not only the priorities of HR, but the approaches being taken to address these priorities.

30 organizations were interviewed representing numerous industries in the public, private and not-for-profit sectors. The interviews followed a semi-structured format and included all aspects of talent management, from workforce planning and talent acquisition to performance, development, retention and engagement. Interview participants also commented on the use of talent management technologies as well as broader questions drawing on their insights in HR in the Philippines and Filipino work practices generally.
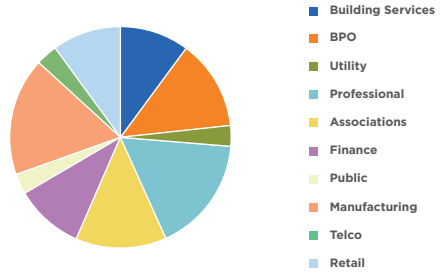
Insights drawn from these interviews clearly illuminated the challenges Filipino employers face in the vibrant labor market. These insights also led to the sharing of strategies and actions that a variety of organizations are implementing to retain their competitiveness as employers. Many of these insights were built out to case studies that are highlighted in most of the chapters in this book. These case studies tell the stories of organizations and their business challenges as well as how HR is playing a pivotal role in addressing these challenges.

The Employees Voice

The strong birth rate in the Philippines over the past few decades has yielded a youthful population with a median age of just 23.2 years. Low compared even to ASEAN's median age of 28.2 years and substantially lower than Singapore at 39.6 years, Hong Kong at 42.8 years and Japan at 44.7 years. Notably, the Philippines demographic pyramid for 2015 shows a triangular shape that is bottom-heavy and reflective of the concentration

- Building Services
- BPO
- Utility
- Professional
- Associations
- Finance
- Public
- Manufacturing
- Telco
- Retail

of youth. By 2030 the triangle widens in the middle as Filipino children develop into adulthood.
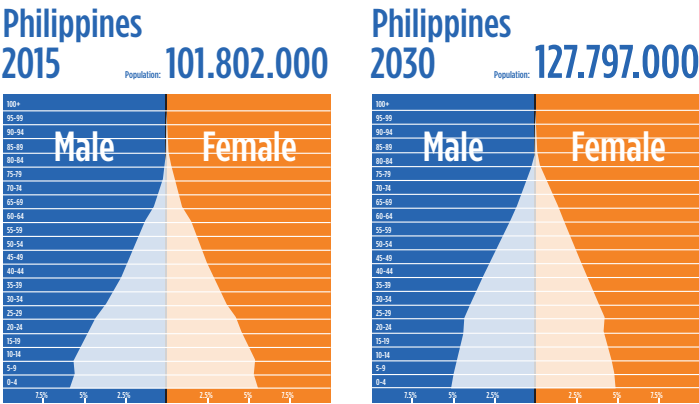
The net inflow of youth to the workforce is estimated at over 1 million new employees per annum. This enormous influx of talent potentially gives the Philippines an enormous demographic dividend if the skills they bring reflect those needed to progress the country and its economy.

For the next two decades, the millennial generation will dominate the Philippines workforce. Although unemployment is relatively in check at between 6% and 7%, under-employment (especially of youth) remains high at over 17% and indicates scope for increased productivity if the country's human capital can be optimally employed. Research firm IHS forecasts that GDP per capita will more than double in the Philippines from US$2,800 to US$5,800 by 2024[1].

Millennials are well known to have strong community and environmentally directed goals which are playing an increasingly important role in their employment decisions. In emerging markets, a recent Deloitte study[2] found that the millennial generation have high expectations of their employers with respect to corporate social responsibility initiatives:

1   Manila Bulletin, May 2014: PH economy may hit $1 trillion by 2030
2   Deloitte 2014: Big Demand and High Expectations – the Deloitte Millennial Survey

- 75% expect business to help to increase overall prosperity
- 74% expect business to show a strong commitment to being sustainable
- 64% expect their leaders to help improve society.

Our own research[3] highlighted that Filipino millennials:

- seek employers with a higher vision and purpose than profitability alone
- are highly socially active and community spirited
- tie work/life balance and workplace enjoyment to job satisfaction.

Filipino workers are known for their good work ethic, which is optimized when the workplace conditions in which they operate serve to motivate and reward them.

Employers in the Philippines face a formidable challenge. The clock is ticking loudly toward ASEAN integration and time is running out to prepare Filipino workplaces to compete for talent in a new era of relaxed borders, encouraged mobility, wage discrepancies and neighboring nations hungry for the region's best people. Notice is served and employers in the Philippines are recognizing the importance of their workplace policies and talent management practices to ensure they attract and retain their fair share of the country's and the region's talent.

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3   PageUp 2014: Talented Southeast Asia - Business success through talent management excellence

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Chapter 2
Opportunity Knocks

Opportunity is missed by most people because it is dressed in overalls and looks like work.

– **Thomas A. Edison**

ASEAN

Future challenge

Growth *progress*

competition **Global** industry

reforms *markets* **government**

demographics **outsourcing**

Key Points

Growth and the Philippines go together like white and rice.

The commencement of the AEC from 1 January 2016 will bring both opportunities and challenges to companies in the region.

Government driven workplace reforms will significantly shape which countries can best take advantage of new talent made available through the introduction of the AEC.

The BPO industry exemplifies the possibilities within the Philippines, with the sector doubling from 5% to 10% of the global market share in less than 10 years.

A Filipino baby is born **every 18 seconds**

GDP per capita: **UP 32%**

Workforce: UP 22%

Median age of 23.2 Years

From the poorest slums of Tondo to the glistening towers of Makati, the Philippines is a paradox of poverty and wealth, tradition and innovation, past and future. Consequently, the Philippines presents immense opportunities for growth yet significant challenges to achieving it.

What's Growing in the Philippines...?

- *Population:* currently at 100.1 million, a Filipino baby is born every 18 seconds adding 2 million to the population per annum (forecast 110 million by 2020)
- *GDP:* solid 6%+ growth rates forecast through to 2018
- *GDP per capita:* up 32% to US$2,765 reflecting economic growth
- *Workforce:* up 22% to 44 million in the past decade
- *Service sector employment:* 50% urbanization (and growing) plus growth of service industries continues to shift workforce structure away from agriculture and into the service sector, which employed 52% of workers in 2010 (up 28% since 1995).

What's not...?

- *Average age:* the Philippines continues to hold top rank as the youngest population demographic in the world, with a median age of 23.2 years. This demographic dividend gives the Philippines a potential competitive advantage in the talent market if workplace skills can be unleashed to optimize productivity.

The AEC is Calling

New Year's Eve 2015 will not only herald the dawn of a new year in Asia. It is also the dawn of a new era, as the ten nations of The Association of Southeast Asian Nations (ASEAN), namely Singapore, Malaysia, Thailand, Philippines, Indonesia, Vietnam, Cambodia, Lao PDR, Myanmar and Brunei Darussalam, officially launch the ASEAN Economic Community (AEC) to form a regional bloc of over 600 million consumers and a combined GDP of almost US$3 trillion. Envisioned to merge the disparate power and representation of its members into one economic force of global reckoning, the AEC will be a regional game-changer, fuelling intra-regional trade and encouraging a significantly freer flow of goods, services, investment, capital and skilled labor.

The question on everyone's lips is, *are we ready?*

A recent survey[1] of industry specialists and market thought leaders assessed progress toward this milestone in Southeast Asia's development. Results were mixed, as can be expected from such diverse economies and cultures, but highlighted that with the exception of Singapore, most countries still have a way to go to effectively position themselves to benefit from ASEAN integration.

- 84% expected the impact of the AEC will be medium to very high but only 50% agreed that their organizational strategy is aligned with the goals of the AEC
- only 45% believed they have the internal infrastructure and capabilities to compete
- and 60% believed they are prepared for the impact of the AEC.

By any measure, a significant gap remains between the current status and full preparedness of companies and countries. From a workforce mobility perspective, the

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1 Global Intelligence Alliance (GIA) 2015: Gaining Competitive Advantage through AEC.

impact of the launch of the AEC ranges anywhere from unlikely to have much effect to being a fundamental shift in talent mobility and opportunities. Certainly it will vary from business to business and industry to industry, with some changes immediately visible and many more evolving over time.

ASEAN is clearly a future workforce hub. Over 50 million people will join this workforce by 2020. ASEAN has the highest working age population growth rate in the world at 14.4% (compare with Brazil 11.4%, India 8.7%, USA 2.4%, China 1.5% and Europe -1.6%)[2]. The International Labour Organization (ILO) estimates that the AEC will potentially add a further 3.1 million jobs to the Philippines economy. The demand for high-skilled workers such as managers, professionals and technicians is set to rise by 60% and semi-skilled workers such as clerks, tradespeople and service and sales workers by 25%[3].

Perhaps the most significant impact of the AEC's introduction will be a progressive transformation of workplace design and mindsets, fuelled by changing expectations, continuous business growth and enabled by technology.

Over 50 million people will join this workforce by 2020.

ASEAN has the highest working age population growth rate in the world at 14.4%.

Expect *workplace design and mindsets* to change:

From	To
Workplaces in fixed locations with fixed hours of work	Remote and virtual workplaces that facilitate work anytime, anywhere
Talent pools limited to the organization's current employees	Talent pools incorporating internal & external talent, including contractors, freelancers and partners
Managers controlling tasks and activities and monitoring process	Leaders creating agile work environments and measuring outputs
Top-down organizational design with one-size-fits-all policies	Customized programs in which employees have choice in development and rewards

2   Accenture 2014: The Future-Ready Organisation – Reinventing work in ASEAN.

3   International Labour Organisation (ILO), 2014: ASEAN Community 2015: Managing integration for better jobs and shared prosperity.

Watch **expectations** change:

From	To
Recruiting defined skill-sets to meet immediate job needs	Recruiting talent with adaptable and growing skill-sets for future business needs
Organizations providing career paths and succession plans	Employees pursuing multiple self-driven career journeys with vertical and horizontal skill development
Technology viewed as an enabler of work activities	Technology underpinning workplace collaboration to solve problems, innovate and integrate work/life balance

The Balance of Trade in the Talent Market

Talent is a limited resource - are you in surplus or deficit?

Faced with the changes described above, some ASEAN countries will respond better than others with national policies and supporting infrastructure to meet them. Consequently, competition in the talent market will increase and countries could view their talent resources with a similar lens to that used to determine their relative positions in the markets for goods and services. Talent is a limited resource - are you in surplus or deficit?

Net exporters of talent will be those countries whose workplace environment is less attractive than that of their neighbors. AEC workforce mobility initiatives are designed to increase the free flow of labor across ASEAN nations, effectively encouraging skilled workers to broaden their employment horizons beyond their home countries. National governments that actively address workplace reforms to increase their attractiveness will reduce their talent outflows and likely become **net importers** of the region's talent.

Such reforms could include:
- Regionally competitive minimum wages and working conditions

- Progressive policies on workplace diversity and inclusion
- Government-sponsored job-ready skills programs to accelerate skill development
- Investment in primary, secondary and tertiary education systems to increase the quality and quantity of talented teachers and graduates
- Supporting the development of integrated ecosystems that foster close partnerships between government, educational institutions and the business community with the purpose of accelerating national talent
- Investment in technology infrastructure to overcome issues of access, speed and reliability of the Internet.

National governments that actively address workplace reforms to increase their attractiveness will reduce their talent outflows.

Business Process Outsourcing

One industry sector that exemplifies growth and opportunity in the Philippines is the business process outsourcing (BPO) sector, also referred to as the Information Technology and Business Process Management (IT-BPM) sector. The Philippines targeted this sector almost two decades ago and its achievements have been impressive. In 2006, the Philippines held 5% of the global market share of outsourced information technology and business process management and the sector employed 240,000 Filipino's. By the end of 2014, the country's share of the global market had doubled to 10% and one million Filipino workers had jobs and careers in the sector.

By the end of 2014 the Philippines share of the global BPO market had doubled to 10%.

BPO generates about US$18 billion revenue for the Philippines, representing approximately 5% of the country's GDP. With a compound average annual growth rate over 20% over the past five years, the 2016 roadmap for the industry's growth targets US$25 billion in annual revenues, representing about 8% of GDP and employment at 1.3 million[4].

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4   Business Processing Association Philippines (BPAP): 2012-2016 Philippine Information Technology and Business Process Management (IT-BPM) Road Map.

Voice-based customer contact centers still dominate the Philippines BPO sector, but increasingly more complex services are gaining attention. From advertising, animation, graphics and marketing services to data management, engineering, legal and medical transcription to e-learning, game and web development, tech support and back-office services – it can be, and is being, outsourced to the Philippines.

What makes the Philippines such a go-to destination for these business process outsourcing services? The answer lies in a combination of factors that give the country and its employees a distinct competitive advantage:

Government support

- income tax holidays and subsidies
- funded education programs
- industry development support

Infrastructure

- quality, affordable real estate in multiple urban areas
- reliable and low cost telecommunications
- 24/7 transportation networks

People

- a large, youthful, educated workforce
- strong English language skills
- affinity with western cultures

In addition, labor affordability remains high, with Filipino BPO workers earning one-fifth of their U.S. counterparts, half that of Malaysians and about the same as their Indian peers.

As is articulated by the Frontier Strategy Group in the Perspective section of this chapter, there are numerous factors for and against the growth of the Philippines being realized in a way that sustainably embeds prosperity for the country in the long term.

There is no shortage of opportunities in the Philippines.

Opportunity knocks.

Commitment and endeavor must open the door.

> A combination of factors give the country and its employees a distinct competitive advantage.

> Filipino BPO workers earning one-fifth of their U.S. counterparts.

Philippines FACTsheet	
Population	101.1 million (2015) 110.4 million (2020e) 127.8 million (2030e)
Population Growth Rate	1.8%
Capital	Manila (pop. 12.0 million)
Official Languages	Filipino (Tagalog) English
Government type	Republic
Chief of State	President Benigno Aquino (since 30 June 2010)
Independence	From Spain 12 June 1898 From the U.S. 4 July 1946
Legal System	Mixed: civil, common, Islamic & customary law
GDP	272.4 billion (2014)
GDP Growth Rate	6.0% (2014)
GDP Per Capita	US$2,765
GDP Composition	57% Services 32% Agriculture 12% Industry
Labor Force	44.0 million
Labor Force Participation Rate	64.3% (2015)
Unemployment Rate	6.0% (2015)
Youth Unemployment	17.0%
Poverty Level	26.5% (2009)
Inflation Rate	2.8% (2013)
Main Religions	83% Catholic 5% Muslim
Median Age	23.2 years
Urbanization	50%
Literacy	96%
Internet Subscribers	41.4 million (2015)
Mobile Phone Subscribers	105.1 million (2014)

Sources: CIA Factbook; Worldometers.com; Tradingeconomics.com

PERSPECTIVE

FRONTIER STRATEGY GROUP

The Next Decade for the Philippines

A note to MNCs, foreign investors, and the private sector

by Shishir Sinha
Senior Analyst Asia Pacific
Frontier Strategy Group

The Philippines' prospects have gradually improved over the last two decades as average growth rates have risen and price levels have stabilized. After struggling through a period of debt-driven volatility in the 1980s, the Philippines' economy has staged a slow and steady comeback with growth recently rising back to levels seen in the boom years of the 1970s. While the stability of growth over the past decade has allowed the country to lose its title of being the 'Sick man of Asia,' the government needs to ensure that the Philippines is able to deliver to its true potential and on the promises it has made to the rest of the world.

For individuals and companies looking to assess the direction and trajectory of Philippines' growth prospects, it is important to comprehend the peculiarities of this seven-thousand-island archipelago, which has evolved from being a coconut dependent agrarian society in the 1940s to a global services-outsourcing hub of the 21st century.

Present Day Realities: Two Peculiarities of the Philippines

In order to develop any growth forecasts for the Philippines, it is important to address two peculiarities that contribute a disproportionately large amount to the domestic economy. These factors are not mutually exclusive but deserve standalone analysis due to their importance. The factors are (1) the country's high dependence on external sources for revenues and (2) high geographic concentration of economic activity around the national capital.

1.   Dependence on External-Sources for Economic Growth

Business Processes Outsourcing

A large part of the growth that the Philippines has experienced in the recent past has been a direct result of the growth of the

services sector. Contributing a meagre 36% to the overall gross domestic product (GDP) in 1980, the sector almost doubled to 60% in 2013 *(see graph)* and accounted for more than 53% of employment, more than that of the agriculture and manufacturing sectors combined.

PHILIPPINES GDP BY SECTOR

1985-2013

2013
2005
1995
1985

■ Agriculture
■ Industry
■ Service

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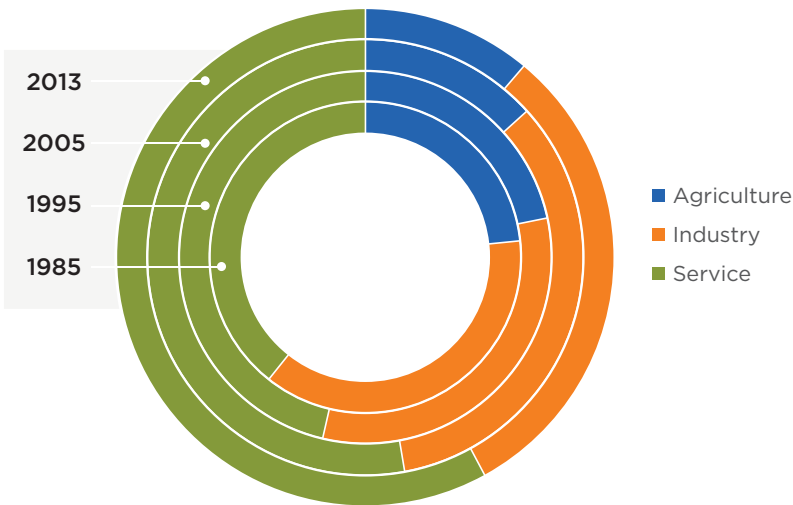
In particular, the advent of the Information Technology Business Processes Outsourcing (IT-BPO) industry has changed the face of the country's domestic economy, and that too at a staggering pace. As a share of GDP, the IT-BPO revenues rose from less than 1% in the early 2000's to more than 5.5% in 2012, contributing almost 20% to the country's export income. Companies around the world have embraced outsourcing of services in order to reduce costs while taking advantage of improvements in communications technology. The Philippines has benefited by having a large, low-cost and educated workforce with strong English language capabilities and a reputation for being flexible.

The Philippines introduced BPO services in the country through call centers (which account for 64% of employment in the sector) but have evolved to higher-value, non-voice BPO functions such as finance and accounting, human resources and administrative services.

The country has maintained its ability to keep costs low and consequently has been able to outperform some of its key competitors. For example, the Philippines has overtaken India

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to become the world's largest call-center hub and will continue to witness a growth in the size of its labor pool. Investors can expect the BPO industry to continue to be a major growth driver, with some estimates forecasting the sector to contribute as much as 10% of the national GDP and employ more than 6 million people by 2020.

Remittances

Remittances from Filipino's working abroad have been significant in absolute terms and as a percentage of GDP, serving as a significant source of income for growth in domestic consumption while also providing the country with foreign exchange earnings. As of 2012, more than 10% of all Filipinos were working overseas and their remittances have long been larger than the country's commercial service exports.

Starting on par with its regional peers at around US$1.5 billion in 1990, remittances to the Philippines saw moderate growth in the 1990s, with the country receiving around US$7.0 billion 2000, but then experienced a tremendous spike over the past decade, more than tripling in value to US$25 billion by 2013 *(see graph)*. As the number of employment opportunities available in the domestic market are unlikely to exhaust the fast-growing labor pool, Filipinos will continue to emigrate in search of work. As a result, the size of foreign remittances is expected to remain significant in the near future.

ANNUAL REMITTANCE INFLOWS BY COUNTRY
1970-2013 ($US Million)
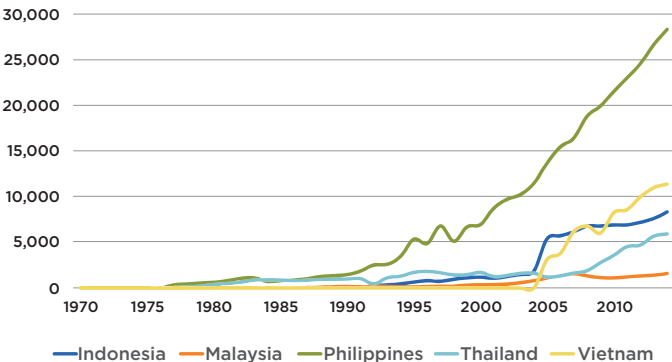
2. High Concentration in Luzon

Luzon's Dominance

The Philippines economy relies heavily on domestic consumption (74% of GDP) and is centered on the island of Luzon, particularly in the areas around the capital in the National Capital Region, Calabarzon, and Central Luzon (see map). The island-group of Luzon accounts for only 37% of the country's total population, but more than 62% of the country's GDP and is expected to contribute more than 67% of domestic consumption expenditure in 2015.

CONSUMER EXPENDITURE BY MAJOR ISLAND
2015 Forecast (% of National Total)

Pie chart:
- Luzon 67%
- Mindanao 17%
- Visayas 16%

Map labels:
- National Capital Region
- MANILA
- Central Luzon
- Calabarzon

DARKER AREA ALONE ACCOUNTS FOR
- 61.7% of National GDP
- 37% of Total Population
- Key Metropolis: Metro Manila

Luzon
Largest by population and area; contributes more than **72% of the GDP**

Visayas
Smallest by population and area; contributes about **12% of the GDP**

Mindanao
Second largest by population and area; contributes about **72% of the GDP**

Despite the government's attempts to geographically diversify investments and create equitable growth, it is expected that the areas around Manila will continue to provide a disproportionately high contribution to GDP growth in the medium run. This is a function of this location housing a high concentration of the services (more than 70% of national output) and manufacturing (74% of national output) industries. Therefore, investors exploring opportunities in the Philippines need not cover the entirety of the archipelago to capitalize on its growth; the economy is centered around Luzon, which will account for the majority of consumption and manufacturing.

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Future Potential: Drivers to Accelerate Growth

Avoiding the Middle-Income Trap

Many emerging markets fall into the 'middle-income trap', in which a country's growth is fuelled to a certain income level by resources or cheap labor (i.e. sheer input driven), but is unable to graduate to the next level through productivity gains in the society (i.e. total factor productivity change). Like some of its regional peers, the Philippines risks falling into this trap if it is unable to create extensive growth based on productivity increases. This could be achieved by progressing up the BPO ladder to the provision of higher value-added services, increasing the output of the manufacturing sector and making further investments in infrastructure developments.

Investors monitoring this market should focus on efforts by the government to create substantial shifts in economic structures. An ideal scenario would involve decreased dependence on domestic consumption, increasing the share of manufacturing, higher investments and an increase in merchandise exports.

Importance of the Role of Manufacturing

Like many Asian nations where vast populations have moved from less productive agrarian work to the more productive factory jobs, such as Japan, South Korea, China, and Thailand, the manufacturing and construction sector will play an important role for the Philippines' economic development. The country has had a long-time affair with one specific type of manufacturing, semiconductor assembling, however its industrial share of economic output has fallen, whereas other ASEAN neighbors have benefited from the sector serving as vital generator of employment and value-creation *(see graphic for comparison of manufacturing and wealth of the ASEAN countries)*.

The country's protectionist policies of the 1980's were held to blame for the lack of Filipino interest in manufacturing citing inadequate infrastructure, frequent power shortages and poor commercial transportation as some of the key constraints. Today, investors assessing the potential for manufacturing in the Philippines should monitor updates on the relaxation of limits on foreign ownership, changes

to labor regulations such as 13th month of pay and high termination costs and reduction in corruption rates.

GENERAL EVOLUTION CURVE OF COUNTRIES THROUGH THE PROCESS OF INDUSTRIALIZATION

Bubble-size represent US$ value of manufacturing value added (2012)

Manufacturong output tends to rise to 35-40% of GDP before witnessing a decline, usually due to the rise of the service sector
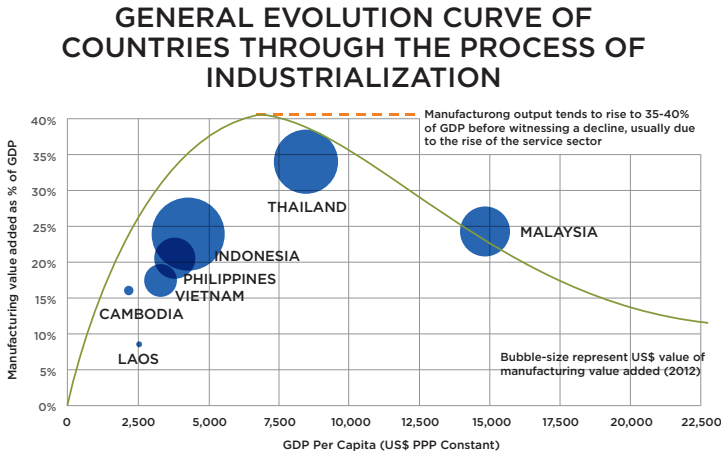
Observers are optimistic about the potential for greater industrialization of the Philippines, with one study expecting construction and manufacturing to grow significantly faster than overall GDP, along with the BPO industry, over the next two decades. Between now and 2033, Chinese manufacturing wages are forecast to rise by a factor of three whereas Filipino wages growth will rise only by a factor of two.

Increasing Domestic Investments and Promoting Infrastructural Development

Over the past four decades, overall investments in the Philippines have been falling, from close to 30% of GDP in the 1970s to around 19% in 2013. Several economists blame the country's lack of both private and public investment into physical and human capital resources to be the reason for its reduced competitiveness, when compared to its ASEAN peers.

President Aquino is trying to reverse the trends through his government's Public-Private-Partnership (PPP) program that aims accelerate infrastructure development by bringing in private capital and expertise to upgrade infrastructure. Investors should focus on the government's actual expenditure on areas such as infrastructure (targeted to hit 5% of GDP by 2016), healthcare, and education (see graph). It is also important to monitor the

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progress and the number and type of projects approved every six months under the PPP program, whose successful implementation could add up to 1.5 percentage points to the growth of the Philippines in the short-to-medium run.

Philippines in the Next Decade

The Philippines has made remarkable progress in recent years. Investors who have not re-evaluated its place in their ASEAN portfolio would be wise to do so now. The Philippines' economy has been improving gradually for quite some time and the Aquino administration has bolstered this process by improving domestic governance.

PHILIPPINE SPENDING IN INFRASTRUCTURE, HEALTH, AND EDUCATION IS LOWER THAN ITS HIGH-PERFORMANCE NEIGHBORS

Infrastructure

Percent of GDP

(Bar chart showing Percent of GDP for: Indonesia ~1.8, Myanmar ~1.9, Philippines ~2.0, Singapore ~2.1, Malaysia ~3.4, Thailand ~3.7)

Health

Percent of GDP

(Bar chart showing Percent of GDP for: Indonesia ~0.9, Myanmar ~0.3, Philippines ~1.5, Singapore ~1.3, Malaysia ~1.9, Thailand ~2.4)

Education

Percent of GDP — Indonesia, Myanmar, Philippines, Singapore, Malaysia, Thailand
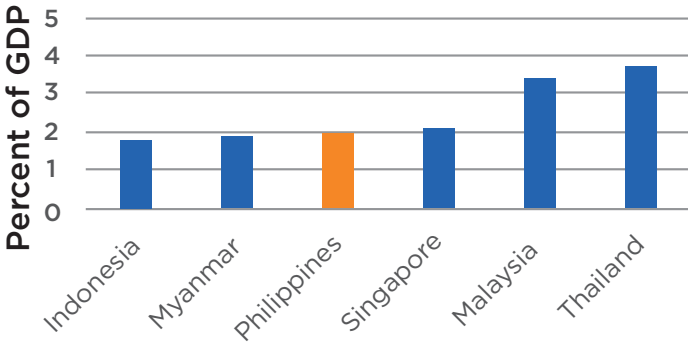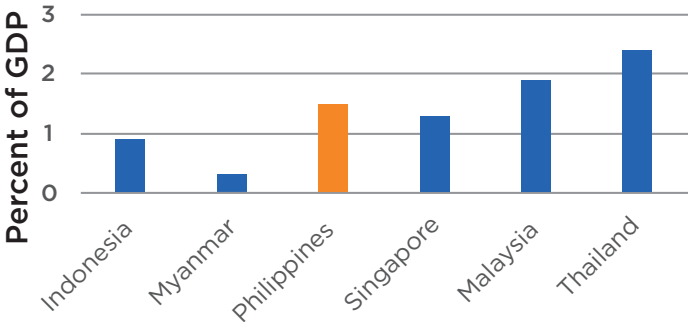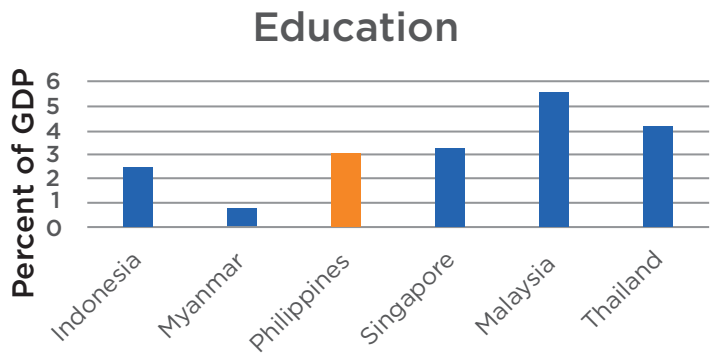
Beyond infrastructure upgrades, industrialization and investments to increase productivity, the Philippines has a number of other avenues to help it attain even higher growth. These include reducing the levels of corruption, increasing the pace of bureaucratic processes, using its demographic dividend to its advantage (see graphic), opening up the natural resources sector and using its service sector expertise to increase trade in the upcoming ASEAN Economic Community.

Frontier Strategy Group (FSG) is the leading emerging market information services and advisory firm. By partnering with more than 200 multinational companies for nearly a decade, we have developed a unique perspective on the workflows, management priorities, and key challenges of our clients. We have assembled this perspective into an integrated solution that powers and supports business-critical activities, such as strategic planning, commercial execution, and market monitoring.

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TALENTED
Philippines

Chapter 3
Themes from the Philippines

The potential of the Philippines workforce is enormous: the challenge lies in releasing this potential for the benefit of individuals, their families and communities and the nation's prosperity overall.

– **Roland Ruiz**
   Partner, Asia Talent Business
   Mercer

Talent Acquisition

Performance Retention

Belonging

Development

Malasakit Workforce

Digital Natives Pakikisama

Socially Networked *Emotional Intelligence*

Simpatico On the Move

Key Points

People management is seen across the board as a business critical element to successfully deliver on organizational goals.

Gen Y represents 25% of the population. Understanding their drivers, motivations and expectations is key to building an engaging workplace environment in the Philippines.

Filipinos have a long-standing history of working abroad and have good government and social support to continue to take advantage of the AEC.

Social connectivity and community involvement is at the heart of Filipino culture and is a fundamental requirement for managers to understand, use and build into the workplace.

Two unique Filipino traits that are infused in the work place are Malasakit and Pakikisama.

For managers to be successful in this highly social environment, strong levels of emotional intelligence are necessary for success.

Top 5 HR Challenges

Our study revealed that people management factors overall were deemed to have a business-critical effect on organizations in the Philippines, that is, the factor directly impacts the ability of the organization to deliver on strategic and operational goals. With more than 50% of the Philippines GDP being derived from the people-intensive services sector, the dramatic effects of talent shortages threaten to stifle business growth. Unsurprisingly therefore, the importance of having enough good people, performing well in their roles, continuously developing to improve their skills and engaged in their work and their workplace, were seen to be top priorities.

Talent shortages threaten to stifle business growth.

The survey results are explored in each of their topic areas in this book. Here, we summarize the findings to show the rank order of priorities for Filipino line and HR managers. The rankings reflect the highest attribution of the rating of 'business-critical' being given to each aspect of people and talent management. That said, the combined scores of 'business-critical' and 'highly important' (defined as a key priority for HR that is aligned to business success and may become critical if uncontrolled), show that very few organizations see any of these aspects as a low priority.

Top 5 HR Challenges

The top 5 people management priorities can be read as carrying relatively equivalent weightings.

In most organizations, recruitment efforts never cease.

Inability to retain good people adds an immense burden to recruitment efforts.

Across the board, scores are high and the gap between each ranked factor is low. This means that the top 5 people management priorities can be read as carrying relatively equivalent weightings, varying only at an individual organization level.

Skilled talent shortages and the stiff competition to attain good people led to talent acquisition topping the chart. In most organizations, recruitment efforts never cease. While technically skilled and managerial vacancies remain the hardest to fill, high employee turnover rates in many industries feed a constant demand to replenish talent pools. Chapter 5 explores the factors fuelling ongoing talent acquisition and the candidate sourcing and selection methods Filipino organizations are finding most effective.

Unique to the Philippines compared to the broader ASEAN region is that acquiring talent is closely followed by talent performance. One aspect that has resonated well with organizations in the Philippines is the process of setting individual, team and organizational goals, assigning key performance indicators to them and tracking and measuring their progress and results. Increasing the productivity of employees has become a commercial priority in many businesses in line with increased market competition. Chapter 6 explores the key factors related to performance management in the Philippines and how HR is contributing to the achievement of organizational goals.

Ranked third on the top priorities chart is talent retention. Given the difficulties associated with the acquisition of new talent, the inability to retain good people adds an immense burden to recruitment efforts, not to mention the impact on employee morale and organizational reputation. Chapter 8 focuses on the strategies and initiatives organizations are implementing to engage their people and build great places to work.

Closely following retention is talent development. Organizations in the Philippines recognize the essential role they play in contributing to the development of workplace-ready skills for new entrants as well as building the managerial and leadership skills required to lead teams

and functions. Chapter 7 highlights the critical competency gaps at both entry level and middle management that many organizations are experiencing, as well as their programs to address these.

Workforce planning rounds out the top 5 people management priorities in the Philippines. Its ranking at number 5 understates its importance. Of the top 5, workforce planning is the most strategic people management activity, requiring forecasting, analysis and planning to align the organization's human capital with the business needs. As a strategic initiative, workforce planning is associated with less immediacy and urgency, but the failure to craft and implement an effective workforce plan almost certainly ensures that the operational aspects of attracting, developing and retaining employees will be adversely impacted. Chapter 4 explores workforce planning in detail.

Workforce planning is the most strategic people management activity.

The Gen Y Factor

In 2015, The Generation Y cohort in the Philippines (aged between 20-35 years) is 25.2 million, representing 25% of the population and this proportion remains constant for the next decade to 2025. This attests to the solid pipeline of national talent available in the Philippines as a steady stream of young potential contributors continually takes its place amongst the workforce.

The Generation Y cohort in the Philippines represents 25% of the population.

By their sheer number, the Filipino Gen Y's form a formidable group. Their traits, motivations and life view are already impacting how workplaces are structured and how leaders lead them and will continue to do so. A number of key characteristics define the Filipino Gen Y population:

- **Digital natives:** Born into an online world, Gen Y can only marvel at how their predecessors survived before the Internet. Although access to and affordability of technology would have restricted the purchase of computers for many in years gone by, the advent of well-priced smart phones and tablet devices ensures you are unlikely to encounter many young Filipinos without 24/7 access to their online world. This tech-savvy generation is not only technology proficient, but also has high expectations for the use of their own and enterprise technologies in the workplace.

Gen Y can only marvel at how their predecessors survived before the Internet.

- **Consumerism:** A visit to any one of Metro Manila's supermalls will quickly reveal the Filipino appetite for shopping. Gen Y in the Philippines have grown up surrounded by local and international brands and retail merchandise and have a growing disposable income to spend on purchases.

- **Socially networked:** With the ease of technology, Gen Y stay connected to their friends and colleagues wherever they are. Activities, ideas and experiences are shared in real time via instant messaging through a number of popular applications, funneling an endless stream of social chit-chat. Gen Y also relies on these social channels for feedback and recommendations and popular threads can go viral at an alarming rate.

- **Optimistic and confident:** The Gen X parents of Gen Y have raised a positive batch of Filipinos that are bright, cheerful and confident about pursuing opportunities available to them.

- **Ambitious and free:** Access to education has steadily improved and many young Filipinos have matriculated with qualifications, some gained abroad. Combined with experience gained on the job, young Filipinos are intelligent, keen to progress and career-mobile. They ardently pursue personal and professional development and impatiently seek advancement and promotions.

- **Work/life balance focused:** Today, all generations expect their employers to respect work/life balance, but Gen Y demands it. The lack of work/life balance is a frequently cited reason for leaving and many Gen Y Filipinos are uncompromising on the importance of this.

Filipinos that are bright, cheerful and confident about pursuing opportunities available to them.

These characteristics highlight Gen Y as a smart, active and interconnected group, often to the chagrin of their Gen X and Baby Boomer managers. In the workplace, motivating and retaining Gen Y becomes a focal challenge and some tips to engage them include:

Motivating and retaining Gen Y becomes a focal challenge.

- Creating cohesive work teams and encouraging group collaboration
- Empowering them with challenging work and responsibilities
- Building fun and social activities into the work environment
- Recognizing and rewarding generously and often
- Giving them access to technology
- Being flexible and caring about when, where and how they work
- Creating a familial and friendly culture in which they feel they belong.

Filipinos on the Move

In 2014 there were over 10 million Filipinos living and working abroad. Total remittances returning to the Philippines from these overseas workers exceeded US$25 billion, an increase of 6% on the prior year and representing cumulative growth of 32% over the past five years. The Philippine Overseas Employment Administration (POEA) preside over the migration of Filipino workers to their destinations around the world, although there are many more agencies involved in the bilateral labor agreements (BLAs) that oversee the welfare of these migrant workers. While Filipinos emigrate to 180 countries, the most popular destination is the U.S. (with nearly 4 million) although in recent years job opportunities have seen a significant outflow of Filipinos to the Middle East (Saudi Arabia, United Arab Emirates, Kuwait, Qatar) and Asian countries (Singapore, Hong Kong, Taiwan, Malaysia).

In 2014 there were over 10 million Filipinos living and working abroad.

The migration of Filipinos abroad has been growing since the 1950's and has developed into a culture of migration that is viewed as "routine, predictable and valued in Philippine society"[1]. It has become a natural way of life for many, with some families showing successive generations of emigration and an understanding that this underpins a level of prosperity that could not otherwise be achieved.

Some families showing successive generations of emigration.

Apart from the financial benefits accrued during their offshore postings, working abroad has also reinforced many attributes of the Filipino workforce, such as:

- **adaptability** in dealing with people from a broad range of backgrounds, cultures and leadership styles
- a **strong work ethic** and commitment to service in their roles
- a **mobility mindset** that is open to pursue opportunities where and when they are presented.

The advent of the AEC will create many more cross-border employment opportunities. Unlike some of their Southeast Asian neighbors, Filipinos have a history and

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1   International Organisation for Migration, 2013: Country Migration Report - The Philippines 2013.

track record of successfully working abroad and strong government support and policy infrastructure behind them. This will be a point of advantage that others in ASEAN are already trying to emulate.

A Culture of Belonging

The fabric of Filipino culture is rich in social connectivity and community involvement. Filipinos thrive in environments that foster a collective purpose and social harmony and this is true of both their home and work lives. The collectivist culture characteristics of selflessness, supporting the group and promoting the interests of family and community run deep in the veins of most Filipinos.

These attributes are equally important in the workplace. Belonging to a team and having a harmonious relationship with their manager and peers is central to job satisfaction and engagement for Filipino employees. Research[2] has shown that this extends to:

- structuring rewards to recognize the efforts of the team over one individual (albeit Filipinos also value fairness and merit-based rewards)
- ensuring a work environment in which warm relationships and friendships between peers are the norm
- having managers that build cooperative cultures and trusting relationships.

We explore this culture of belonging via two distinct and uniquely Filipino attributes, *malasakit* and *pakikisama*.

Filipinos thrive in environments that foster a collective purpose and social harmony.

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2   Fortunado, R.L.G., Collectivism and People Management in the Philippines – A Review, cited at www.pmap.org.ph

Malasakit

Perhaps one of the traits that most epitomizes the Filipino culture is the concept of malasakit. This is a complex construct that defies a single-word translation into English, but whose elements include compassion, concern, caring and selflessness. Filipino's view it as a value that reflects their responsibility to care for others and play a magnanimous role in supporting their communities. Malasakit is given to friends and strangers alike, with no expectation of reward or even recognition.

Compassion, concern, caring and selflessness.

In a country where frequent natural disasters and high poverty levels continually threaten people's wellbeing and livelihoods, Filipinos deeply value and rely upon the support of their families and communities. Malasakit is integral to the social fabric of the Philippines and it also manifests itself in the workplace.

As a principle or a value, many leaders strive to infuse malasakit into their organization's culture. Malasakit is demonstrated by:

- organizations, that channel efforts and initiatives toward community service and commit financial and human resources to helping others without any expectation of return on investment

The essence of pakikisama is to maintain good relationships.

- leaders, who create a safe and caring environment for their workers and foster a collective and collaborative mindset amongst teams
- employees, who go out of their way to help their colleagues achieve a difficult or urgent task, or offer discretionary effort to their employers beyond the stated requirements of their role.

Pakikisama

The essence of pakikisama is to maintain good relationships with others. It is synonymous with the phrase smooth interpersonal relations (SIR), which is often used in the Philippines in the translation of pakikisama from Tagalog. Its root, sama, means to accompany or

go along with, to which is added the prefix, paki, or please. Like malasakit, pakikisama is a complex and ambiguous term that is difficult to translate directly into English, but is associated with the concepts of conviviality, fellowship, agreeableness and companionship. Pakikisama reflects the Filipino cultural drive to be socially accepted, amenable and friendly even in difficult circumstances and simply to get along with others.

In the workplace, pakikisama can be manifested in both positive and negative ways. In its positive form, pakikisama:

- enhances intra and inter-team communications
- ensures politeness, civility and calmness in interactions
- helps to build the social fabric of teams
- elicits the voluntary sharing of one's time, talent and resources
- supports a collective mindset aimed at harmony and the common good

Indeed, the global reputation of Filipino workers strongly reflects these characteristics. The predominant experience non-Filipinos have working with Filipinos is their naturally happy and positive dispositions, willingness to help, accommodating outlook and social focus.

There are however some limitations resulting from the characteristic of pakikisama. It can lead to:

- conceding or 'giving in' rather than defending a position, even in the face of a bad decision
- yielding to the leader without question
- accepting the majority decision simply to maintain unanimity
- subverting one's own views to appease a leader or group
- abuse of the trait by taking advantage of others knowing their desire to stay on good terms.

Clearly there are strengths and limitations to exercising pakikisama in the workplace. Filipinos are culturally known for their friendly and conforming natures which

Filipinos have a naturally happy and positive disposition.

serve them well in building amicable work environments depicted by simpatico. These traits make Filipinos easy to get along with and facilitates their acceptance around the world and across all cultures as they are unlikely to confront or offend their hosts, neighbors or employers.

The consistent limitation cited in our research that can be attributed to pakikisama is the lack of assertiveness of many Filipinos and unwillingness to confront difficult situations or difficult people in a direct and decisive manner. This reticence to confidently put forward ideas or argue for a cause impacts the constructive input many employees could be having. Further, recoiling from giving negative feedback or dealing with work performance issues can adversely impact individual and team outputs and compromise their contribution to the business.

> Reticence to confidently put forward ideas or argue for a cause impacts the constructive input many employees could be having.

At its core, the intent of pakikisama is overwhelmingly good. Whilst it lends itself at times to being misconstrued, misunderstood or in the extreme, abused, pakikisama is the embodiment of good-will, understanding and magnanimity. Its central place in the culture of the Philippines means it is embedded in families, communities and workplaces and by and large, results in positive social relations that bind the individuals in these groups.

Emotional Intelligence

To be a Filipino is to be emotional. Intrinsic to the strong social DNA of the culture is emotional connection to others. Filipinos are renowned for the adept ability to read the emotional content in conversations and interactions and are often acutely sensitive to emotional undertones.

> To be a Filipino is to be emotional.

Daniel Golman's model of emotional intelligence[3] highlights four core aspects underpinning effective interpersonal relations and how they can be developed.

- Through self awareness, individuals recognize and assess their own emotional traits and identify strengths and limitations.

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3   Daniel Golman (2009): Working with Emotional Intelligence. Bloomsbury Publishing.

- Heightened self awareness enables self management by learning to harness and control emotions, build resilience and adaptability and channel these constructively toward achieving goals.

- Self awareness also leads to social awareness and lays the foundations for empathy for others and a disposition toward service orientation.

- Self management and social awareness combine to develop relationship management skills including leadership, influencing, teamwork and change management.

In the workplace, managing emotions is a critical skill for effective communication, interpersonal relations and leadership. Some Filipino managers and employees are prone to react overtly in the face of damaged feelings or alternately subvert their response but disengage. The competencies associated with emotional intelligence warrant development in employees and leaders alike.

The competencies associated with emotional intelligence warrant development in employees and leaders alike.

MERCER

A Workforce in Demand

by Roland Ruiz
Partner, Asia Talent Business
Mercer

The Philippines has a large, young, employable population. Education and literacy are high and the female workforce participation compares favorably with that of many other ASEAN countries. That said, the Philippines registers the highest unemployment rate in the ASEAN region at 7%. More significant still is the youth unemployment rate, which stands at 17.4% of the youth total labor force for those aged 15-24 years.

There are several factors that characterize the Philippines workforce, including:

- Demand and supply imbalances
- Generational challenges
- Educational shortfalls in STEAM skills

Demand and Supply Imbalances

Global competition for technical skills, especially in the energy sector, continues to be a drain on the available supply of experienced technical talent locally. Figure 1 paints the picture of this global and region talent gap, and highlights:

- Globally and regionally overall, there is a shortage of technical and managerial talent
- Asia especially lacks downstream managers
- Novice engineers are plentiful everywhere, but their lack of experience creates a short to medium term gap in the skill levels required

Forecasted talent supply vs. demand surpluses and storages

	Overall	Patroleum Engineer	Geoscientist	Other (Novice) Engineers*	Upstream Manager	Upstream Technician	Downstream Managers	Downstream Teachnician	Accountant and Financial Profs.
Asia	↓	--	↑	↑↑	--	--	↓↓	↓	↓
Global	↓	↓	↓	↑↑	↓↓	↓	↓↓	↓↓	↓↓

*For experienced talent, Asia and Latin America suffer a larger gap because their strong supply growth comes from a relatively large amount of new graduates.

↓↓ Substantial Shortage   ↓ Shortage   -- Neutral/Balance   ↑ Surplus   ↑↑ Subtantial Surplus

Source: Mercer Oil & Gas 2013 Global Trend Outlook and Workforce Practices Survey

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Generational Challenges

The Philippines ranks amongst the most youthful populations in the world. With a median age just over 23, the majority of the Filipino workforce are millennials (below age 30) and Gen X (below age 50), giving the country a strong demographic dividend that will continue to yield returns for the country for several decades.

Figure 2 shows the demographic split by generation, and highlights:

- The large pool of new participants entering the workforce
- The high proportion of females participating in the workforce
- The relatively low impact of the progressively exiting baby boom generation.

This demographic scenario however also highlights the relative immaturity of the workforce and the importance of accelerated training, development, coaching and mentoring of young Filipinos with high potential.
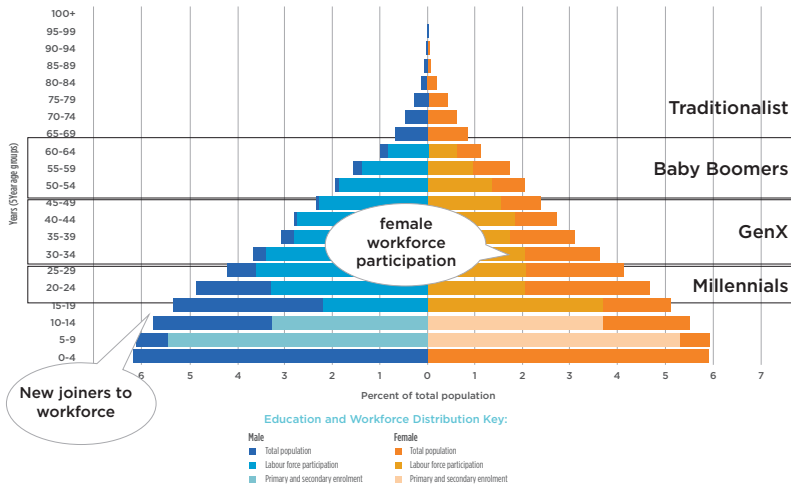
Source: World Economic Forum. The Human Capital Report 2013.

Educational Shortfall in STEAM Skills

Despite the forecast demand for talent, only 16% of total tertiary education enrollees successfully complete STEAM (Science, Technology, Engineering, Agriculture and Mathematics) courses. Moreover, this ratio has seen a slow decline since 2005, when it represented 19% of enrollments.

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Figure 3 shows that while enrollments in tertiary courses overall has trended upwards in the Philippines in the past decade, enrollments in STEAM courses has been flat.

Enrollment in Science, Technology, Engineering, Agriculture and Mathematics (STEAM)*

*Commission on Higher Education (CHED)
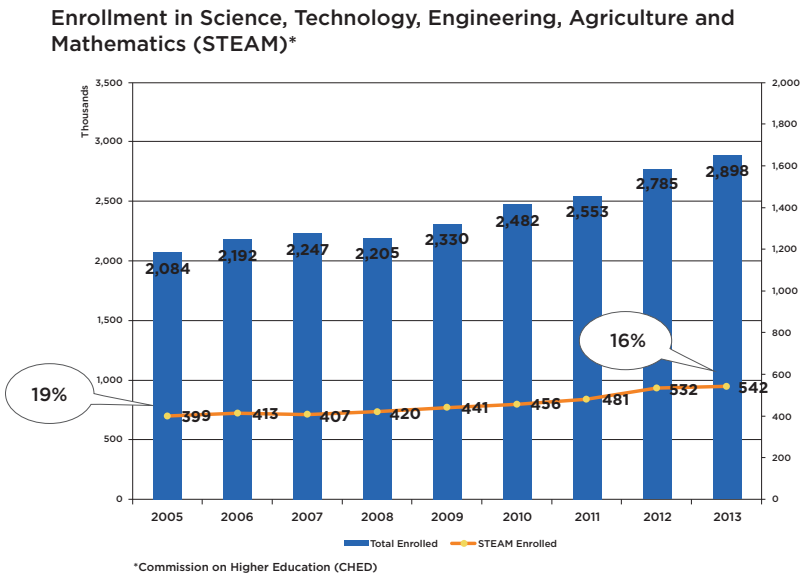
More disturbingly still, only 14% of STEAM enrollees actually graduate successfully with their qualifications, further decreasing the supply of qualified talent. Of this cohort, only 2 out 5 become employed one year after finishing college.

Graduates in Science, Technology, Engineering, Agriculture and Mathematics (STEAM)

- Only 40 percent become employed 1 year after finishing college*
- 21.3 percent of all unemployed filipinos are new graduates**

*Commission on higher education (CHED)
**National Statistacs Office (NSO)
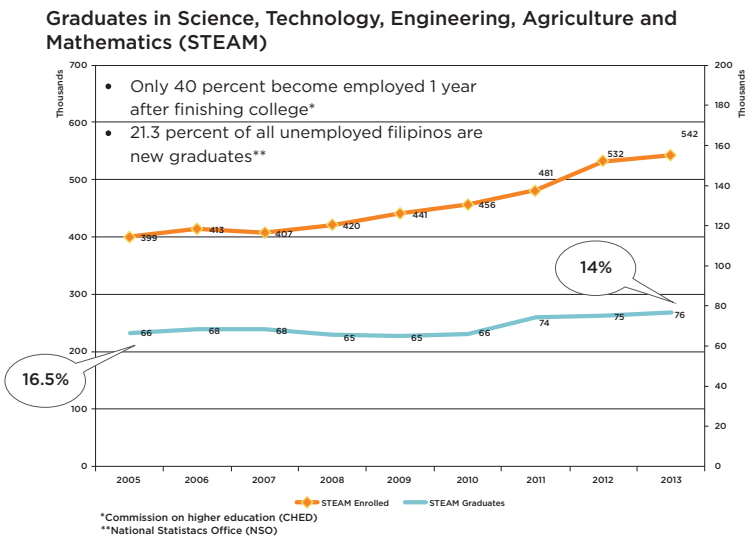
Implications

The potential of the Philippines workforce is enormous: the challenge lies in releasing this potential for the benefit of individuals, their families and communities and the nation's prosperity overall. Youth is the Philippines' advantage and programs channeled toward accelerating the development and productivity of young Filipino's should be at the front and center of national interventions.

There is much that can be done to support this need across all levels from government to business to family levels. Initiatives that will help to mobilize more of the Philippines workforce where and when it is needed include:

- expanding the pool of talent by educating parents, especially of young women, that there are challenging and rewarding opportunities in the BPO sector (especially engineering design processes, power, seaport, airports, etc.).

- establishing a workforce planning process tied to proactive sourcing strategies, especially in the energy industry, where time to competence takes over a decade to achieve.

- developing effective pre-recruitment selection tools which can shortlist talent and provide feedback to educational institutions.

- working with educational institutions and CHED to align their curricula to future industry needs.

- establishing clear industry standards that are outcome based.

- shortening the time to competence through gaming and simulation approaches that especially appeal to the millennial generation.

Mercer helps clients around the world advance the health, wealth, and performance of their most vital asset — their people.

PERSPECTIVE

CASE STUDY

Malasakit in Action

Grace Monis Decena

"To be a Filipino is to espouse malasakit as a value", says Grace Monis Decena. "It defines us as a nation and runs deep in our veins." Ms Decena recently left her role as HR Director of Capital One Philippines, the global support center for U.S. based financial services giant, Capital One Corporation, to pursue her volunteer interests at International Care Ministries (ICM).

"At ICM, we have a number of programs designed to help the ultra-poor – those who earn less than 22 pesos per day (US$0.50)." Many are victims of typhoons such as Yolanda (Haiyan), which devastated many of the Philippines islands and left hundreds of thousands of people homeless and impoverished. "With programs such as Transform, we work with local Pastors to bring together the community's poorest families and teach them essential life skills to help rebuild their families and communities."

Transform is a sixteen-week program based on three core components: values (self-esteem, love, forgiveness); health (nutrition, hygiene, disease prevention); and livelihood (business principles). Through training, counselling, support services and access to resources, ICM assists families rebuild their health and wellbeing and empowers individuals and communities to establish sustainable incomes.

"Capital One has been an excellent supporter of the ICM programs, allowing employees, for example, to donate work time to prepare emergency food packs for distribution to disaffected communities", notes Ms Decena. "Businesses in the Philippines, both local and multinational, play a very important role in helping the less privileged in this country. It's another way we see malasakit in action."

While supporting the underprivileged is one key demonstration of malasakit, many more and subtle examples exist every day in the workplace. "Malasakit is about doing the right thing – by your team mates, your managers and the company you work for", says Ms Decena. "I see it in great leaders, who embody this value and build it into every communication they have with employees. I see it in managers and supervisors, who make real efforts to understand their team member's personal as well as professional challenges and support them. I see it in employees, who make personal sacrifices to support their work colleagues or exhibit extraordinary discretionary effort in times of need." Malasakit is going beyond the call of duty or beyond what is written in a job description.

Malasakit is volunteering to help because you can.

Malasakit is giving without receiving or even any expectation of receiving.

Simply put, malasakit is the heart of the Philippines.

CASE STUDY

CASE STUDY

The Emotionally Intelligent Expat

Kumar Suraj

"Coming to the Philippines has changed me as a leader", says Kumar Suraj, Country Human Resources Manager at a multinational corporation in the Philippines. "I have learnt so much about the Filipino psyche, culture and work ethic, but I have also learnt a lot about myself", he notes.

Kumar Suraj, an Indian national, began an expatriate assignment in the Philippines about 18 months ago for a global multinational conglomerate. "In the Philippines our Company offers a broad range of customer solutions, but our largest operation is our call center in Quezon City", says Mr Kumar. "Sourcing experienced leaders and managers has been a particular challenge for us in the Philippines, so one of our strategies is internal cross-border mobility which allows us to move leadership talent around the business where we need it", he notes. "That is how the opportunity for me to move with my family to Manila arose."

But as many expats know, taking on a functional posting in a foreign country is one thing, assimilating to the culture and understanding local practices, traditions and workplace expectations can be quite another. "I have learnt first and foremost that exercising patience is paramount because the environment and the people are different to what you know and you must become a student and be open and prepared to learn" says Mr Kumar.

Like many companies, Kumar's employer too has a structured approach to setting employee performance expectations by providing detailed job descriptions with clear key result areas (KRAs) and key performance indicators (KPIs) to track whether these are being met. "That's the easy part", says Mr Kumar. "A much more complex challenge is to really understand what motivates your employees to ensure they are engaged and producing great work."

"In the Philippines, the principle factor that attracts and retains employees is the quality of the relationships they experience in the workplace – with their colleagues and their managers", says Mr Kumar. "If you build sound and trusting relationships with your team, everything becomes a lot easier. They will take on instructions, work hard and respond well to feedback, both positive and developmental. But if there is no relationship or a poor relationship, it can really take a toll on that employee's performance and ultimately retention."

"Filipino's are very social, so I've learnt that the best way to get things done is firstly to get to know them and secondly to communicate a lot, preferably informally and definitely one to one", says Mr Kumar. "If a task or project is falling behind, sending emails and formal follow-ups can be counter-productive. Instead, touching base around the smoking zone or having a coffee together gets the message across immediately and the issue is addressed."

Face to face communication in a low confrontational context is important as Filipino's often recoil from autocratic or aggressive leadership styles. "The biggest mistake I see expats make when managing their Filipino workforce is failing to adapt their leadership style and assuming that because the goals and measures have been communicated, employees will automatically set about achieving them" says Mr Kumar. "Of course, it takes time to build rapport and trusting relationships, but this is actually a critical success factor for leaders in the Philippines and cannot be underestimated."

"I think it's a very exciting time in the region and in the Philippines. ASEAN integration means that the gates are open and everyone has started racing", says Mr Kumar. Multinational firms such as Kumar's employer anticipate a significant increase in competition but also expansive growth opportunities. "It's a time of great change – we will run and fall and learn and run again." In the race to capture the hearts and minds of the Philippines talent pool, leaders with cross cultural awareness, experience and high levels of emotional intelligence will stand out from the crowd.

CASE STUDY

TALENTED
Philippines

Chapter 4
Workforce Planning

HR needs to play a more pivotal role than ever before and workforce planning is the cornerstone of strategic HR.

– **Ross Villamil**
Head of Talent & Organizational Development
Nestlé Philippines

Analytics

Data mining

Career Management

Business Objectives

Strategic

Workforce Planning

Leadership pipeline

Dashboards

Critical

Supply & Demand

Competencies

Key Points

In a fast-paced VUCA environment, creating a workforce plan that aligns with the business plan will provide significant organizational advantage.

Almost all organizations surveyed saw workforce planning as either business critical or of high importance.

HR needs to actively shape functional capabilities by embedding data science and analytical competencies into the team.

Now is the time to start building workforce planning capabilities as it will take some time to master and change is only set to increase based on the impending introduction of the AEC.

There are several elements to being able to effectively execute on a workforce plan including data collection, data frameworks, technology and development of strategies to address the information gained from the data analysis.

When starting workforce planning be careful not to get lost in the data collection stage and ensure you work closely with the business throughout the process to drive a strong alignment.

The War Room of HR

At the beginning of the Second World War, Winston Churchill put to use a specially constructed underground bunker in London designed to survive the bombing of the city, from which he would guide the Allied Forces war-time strategies. It was called the War Room.

Since then, the business sector has borrowed the term to refer to a place where business strategies are developed and battle plans (now known as action plans) are implemented and their execution is monitored. The importance of designating a War Room is the recognition that from time to time it is essential to step back from immersion in the flurry of operational activity and survey the scene from ten thousand feet. The helicopter view, so to speak. That enables the directors of operations to ensure they have a holistic view of the scene, have surveyed the landscape, are heading in the right direction and pursuing the correct strategies with appropriate tactics.

If we bring the analogy back to human resources, workforce planning is the War Room of HR. It ensures that the human capital and talent management strategies employed will actually deliver the business goals (or win the war, if you prefer).

> Workforce planning ensures that the human capital and talent management strategies employed will actually deliver the business goals.

Planning Matters

Workforce planning is defined as "a core process of human resource management that is shaped by organizational strategy and ensures the right number of people with the right skills are in the right place at the right time to deliver short- and long-term organizational objectives."[1] Central to the effective implementation of workforce planning are:

- a strategic focus that aligns the business and workforce plans
- the ability to capture, analyze and interpret workforce data

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1   CIPD, 2015: http://www.cipd.co.uk/hr-resources/factsheets/workforce-planning.aspx

- using data to forecast workforce capability needs and quantify gaps
- the identification of key HR initiatives that maximize workforce performance and productivity.

Due to its origins as an administrative personnel function, HR in many organizations is still evolving its capabilities in best practice workforce planning and in some organizations it barely exists. With the onset of the ASEAN integration, there has never been a more important time or stimulus for organizations in the region to become strategic workforce planners.

In a recent global study[2] of over 3,500 HR and business executives, key themes that emerged highlighted the significance of strategic data-driven HR for the success of organizations, including:

- the correlation between strong HR capabilities and high financial performance
- the importance of performance metrics in ensuring HR has a seat at the executive table
- the need to prioritize the improved use of HR data in business decision making
- the need for HR to understand key business drivers and listen to their business stakeholders.

In our survey of nearly 700 respondents from organizations in the Philippines, 95% saw workforce planning as being either business-critical or of high importance, yet only 31% claim to be effective in its execution. 60% said efforts to improve workforce planning had commenced but as yet were a work in progress and 9% believed their organizations fell significantly short of where they need to be.

Although many Filipino arms of multinational corporations tap into some of their global group workforce planning capabilities, the majority still demonstrate limited rigor and proactivity in the planning process. With headcount growth and high turnover rates prev-

The majority still demonstrate limited rigor and proactivity in the planning process.

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2   Boston Consulting Group (BCG) & the World Federation of People Management Associations (WFPMA) 2014: Creating People Advantage 2014-2015.

alent in many organizations and industries, the need to react to short-term vacancies continually overshadows a committed focus on data analysis, active planning and a strategic workforce map. In local and family-owned companies, forward planning and workforce analysis are even less visible.

Workforce Metrics and HR Analytics

Effective workforce planning relies on robust data, both quantitative and qualitative. Quantitative data is frequently sourced from HR information systems and payroll systems and includes items such as workforce demographics (age, gender, location), salaries and benefits, employment tenure and history of roles and experience. Qualitative data is usually sourced from talent management systems that include items such as competency and performance ratings, training and development history, successional status, mobility preferences, flight-risk ratings and career plans.

Combined, such data provides elucidating insights into the current workforce and highlights its strengths and

> Effective workforce planning relies on robust data, both quantitative and qualitative.

WORKFORCE PLANNING

IMPORTANCE

Business Critical	High importance	Low importance
49%	**46%**	**5%**

EFFECTIVENESS

Currently optimal	Work in progress	Far from effective
31%	**60%**	**9%**

DEFINITIONS

Business critical	Directly impacts the ability of the organization to deliver on strategic and operational goals.
High importance	A key priority for HR that is aligned to business success and may become critical if uncontrolled.
Low importance	Not currently directly impacting business success; nice to have but not essential.
Currently optimal	Our current approaches have us where we need to be on this dimension.
Work in progress	We are falling short of where we need to be but have plans in place over the next 12 months.
Far from effective	We are aware that we lag on this dimension and need to implement substantial changes to our current approach.

weaknesses, capability gaps and future leadership bench strength. In high paced and high growth work environments, the ability to readily access and analyze such data is not only essential to assessing the status quo, but critical to forecasting future needs. A sound workforce analysis must be able to answer questions such as:

- where, when and how many people do we need to execute our business plans?
- do our people have the right skills and competencies?
- what are the critical roles in our business?
- who are our critical people?
- how strong is our leadership pipeline?
- how do we compare to industry benchmarks?

To answer such questions, robust data models must be developed that are capable of forecasting:

- attrition rates (by department, location, role types, employee profiles)
- supply and demand factors (internal and market based)
- key risk areas (skills, timing, employment costs)
- speed to full productivity of new employees.

As organizations and their workforces grow in size, this data becomes increasingly disparate and complex and relies on a dedicated focus to maintain its integrity and reliability. Few large organizations can manage this without modern talent management and HR systems to capture, track and mine the data. Even with state-of-the-art technology in place, organizations require the analytical and interpretive skills to transform the data into meaningful outputs that can readily be used by business managers to make strategic workforce decisions.

Few large organizations can manage this without modern talent management and HR systems to capture, track and mine the data.

The Elephant in the Room

Without enough of the right people available when and where they are needed, any business requiring this talent must suffer. That makes workforce planning not only an HR priority, but also a business imperative. The outputs of the workforce plan, by definition, should drive all the functional areas of talent management, including talent acquisition, development, succession management, performance and retention.

So why does workforce planning rank in priority behind these more operational functions? One key reason is the capability of HR itself to conceptualize and implement it. And that is the elephant in the room.

There is no shortage of Filipino business leaders who will tell you that HR must become more strategic in its direction and contribution to the business. There is no shortage of Filipino HR executives who will cite their primary focus as being to shift the function from process administration to business partnership. But there are few Filipino HR practitioners that have yet successfully put HR strategy or business partnership into action. Let alone data mining, workforce metrics and HR analytics.

The evolution of the HR function has outstripped the current expertise of many who are implementing it and requires a dedicated commitment to education and development of the capabilities required in workforce planning to prepare Filipino HR practitioners to become world class. While Filipinos are certainly not alone in facing this challenge, the time is now to acquire the workforce planning skills that will drive competitive advantage for Filipino organizations and the nation.

Workforce planning not only an HR priority, but also a business imperative.

	Creating a Workforce Plan
Workforce Mapping	• Source workforce data from all available HR information systems • Map roles across the organization • Develop capability/competency profiles for all roles • Benchmark internally and externally
Demand & Supply Analysis	• Use historical data to quantify workload demand and variations • Use forecast data to quantify future demand • Analyze trends and develop models • Assess the quality and quantity of current workforce supply • Identify and define the demand/supply gap
Strategic Planning	• Review business plan and capture the human resource implications of executing the business plan • Review organizational design and align to future needs • Develop functional and geographic strategies to support closing the gap • Consider workforce structure, modes of employment, workforce mobility • Prepare and implement a workforce plan

Practice Makes Perfect

Global best practices in workforce planning have advanced considerably in recent years, particularly as a result of increased functionality in HR technologies. Multinational corporations, especially, are dependent on their workforce plans for full visibility of their workforces around the world and use this detailed information for supply and demand analysis, talent mobility programs, leadership pipelining and succession planning.

The development of workforce dashboards that instantly translate thousands of data points to a meaningful picture of the organization's human capital strengths and weaknesses are also supported by the advanced technical skills of 'Talent Scientists', a new breed of numerically gifted quantitative analysts, who work to analyze and interpret data outputs and translate them for business decision making.

In the Philippines, these skills are critically important, but very short in supply. A focus on acquiring the requisite technologies and HR skills to maximize them should be a priority for senior HR leaders.

The FILIP*essence* of Workforce Planning

INTENT: Orchestrate

How can HR help their organizations plan and prepare for the future?

Filipinos are big picture thinkers with a natural persuasion toward a holistic and long-term view and a demonstrated patience and perseverance toward achieving goals. The essence of workforce planning in the Philippines is to take a helicopter view based on business plans and forecasts and apply the rigour of HR data and analytics to build a plan to future-proof the organization against human capital shortfalls.

KEYWORDS: holistic, future, forecast, strategic, alignment, planning

	GLOBAL **BEST** PRACTICES	PHILIPPINES **RIGHT** PRACTICES
Strategic Planning	Workforce plans are integrally aligned to the strategic business planning process	A formal workplace planning and evaluation process is established and aligned annually to the business planning process
Data-driven Culture	Leaders value data-driven decision-making and promote a culture of transparency and objectivity	Leaders and managers in Line and HR roles understand and value insights from workforce analysis and develop plans accordingly
Technology Enabled	Sophisticated data capture and analytical tools and technology create the data engine to generate meaningful workforce information	Investments in workforce modelling, forecasting and planning tools are escalated in priority
'Big Data' Sources	Internal, external, structured and social data combine to generate deep insights into talent availability and shortfalls	Technology tools capture organizational data and link with external data sources to provide market benchmarks and monitor talent supply vs demand
Talent Science Capabilities	HR specialists include analysts and statisticians adept at data modelling, interpretation and forecasting	Workforce planning skill development is targeted for strategic HR roles and cascaded throughout the HR function

TOWERS WATSON

Future-proofing Philippine Companies Through Strategic Workforce Planning

by Jet G. Soriano
Consultant, Talent and Rewards
Towers Watson Philippines

In the 2014 global Talent Management and Rewards study conducted by Towers Watson wherein 730 Asia Pacific companies participated, (141 from the Philippines), respondents indicated that their current talent requirements are driven by positive economic activity evidenced by the following responses:

- 94% of respondents are planning for expansion in new products

- 73% of them in international markets

- 55% of respondents foresee merger activity on the horizon (more than half of those are from developing countries including the Philippines).

Despite the global recession of 2008, most industries in Asia have emerged unscathed, registering upward trajectories of growth thus fuelling the need for talent to keep up with the pace. Indeed, talent mobility in Asia has dramatically increased over the last decade. This is evident from the 48% of employers who stated that hiring activity has increased from 2013 and yet a conundrum exists in that 36% of employers also reported that turnover is rising. The challenges do not stop there. While the economic prospects are looking rosy for the developing countries, the pressure to do business in the most cost effective and efficient manner is also intensifying – that is to do more with less. In the Philippines, companies are competing for the same pool of talent, be it for managerial or technical jobs (i.e. IT, Engineers, BPO professionals and Medical professionals). The obvious is clear: there is an increased demand for highly competent and versatile talent in a pool that has shrunk for options. Organizations across the region are faced with the same dilemma. We hear our clients say: How do we compete in the marketplace for great talent? What external and internal levers of opportunity can we take advantage of to secure our talent supply? When do we develop, when do we buy, when do we borrow?

This is where and why workforce analytics and planning play a very important role going forward. While organizations invest in Customer Relationship Management tools and systems to monitor and analyze consumer behaviors and tastes, similarly, organizations must have a systematic way of maintaining workforce data and information. Sadly, the reality is that workforce data gathering lags far behind many other business disciplines especially in collecting the right data, analysis of the data and linking the talent data to important metrics of business performance.

Towers Watson defines Workforce Analytics and Planning (or WAP) as a systematic approach to proactively measuring and managing the workforce strategy and effectiveness using business analytics to make optimal talent investments that deliver the right skills at the right time for the right cost.

The process involves:

- Analyzing the workforce to understand the demographics and behavior patterns (e.g. turnover, movement, hiring) and linkages to business volumes and/or outcomes

- Clarification of the headcount, cost and skill requirements of the business (i.e. talent forecasting) based on the business plan and using analytics as a guide

- Identifying both current and future workforce gaps and issues

- Leveraging these insights to make informed decisions for workforce solutions (i.e., acquire vs. develop talent) and talent management.

There are several essential requirements, however, for successful workforce analytics and planning:

Workforce Segmentation – a characteristic of a highly evolved organization where the Employee Value Proposition (EVP) or promised employee experience may vary with different talent or workforce segments. Organizations identify different talent segments that may be based on:

- functions or job families with a high return on improved performance (ROIP) or the pivotal roles

- key and critical talents like high performers or high potentials

- demographics

Recognizing that different workforce segments have varying employee engagement drivers, the strategies to attract, retain and engage them are also differentiated (i.e. hiring strategies, total rewards, learning and development, performance measures, and career opportunities). Segmenting the workforce does not mean one is more important than the other. This is all about allowing

PERSPECTIVE

PERSPECTIVE

organizations to allocate resources and budget where it will matter, where it will make a difference in achieving business results and engaging employees. It is just no longer a "one-size-fits all" approach to managing talents.

Competency Framework and Assessment – the purpose is to be able to assess the current talent inventory and benchmark it vis-à-vis a future forecast of capabilities needed in the organization. This will provide the organization with the required comparative insight on the broad organizational capability gaps and then eventually the ability to identify role-specific talent gaps, usually through a regular competency or skills audit. Competency requirements are defined and scaled (i.e. leadership and functional or technical) based on current business requirements as well as those in the foreseeable future supporting the long-term business strategies.

Technology – To facilitate the data collection and analysis, workforce planning and analytics must be supported by tools and/or systems so that organizations can focus on outcomes from the process rather than the collection and organization of data. Towers Watson's Workforce Analytics and Planning technology or Workforce MAPS for example, provides easy, desktop access to workforce analytics and projections. It facilitates analysis of segments of the workforce through drill down capabilities and gives the ability to make standard workforce reports. It is important for organizations to be able to project the workforce into the future to understand how the workforce will change over time based on expected workforce experience (such as retirements and terminations) and reflect future business plans. The data analysis through the use of technology must be able to determine hiring needs based on business plan/business strategy for each segment and allow organizations to analyze the impact of alternative scenarios like changes in the business plan, alternative workforce mixes in outsourcing or offshoring, changes in turnover and many other scenario types.

Post-Data Closing Strategies – Building from the rich data derived from the analytics discussed above, another key component of a successful workforce planning process is the ability of an organization to follow-through on the data before them by being able to link it up to an over-all talent management process. That includes having a robust approach for identifying capability gaps, developing closing strategies and action plans, identifying talent feeder pools and the necessary metrics to measure success as the process moves along. A common folly is to spend lots of time and money in getting data collection systems in place and little

time analyzing the same data for decision making and assessing business impacts. There is a need to have rich and diverse perspectives on talent deployment strategies for respective talent segments. In fact, all the hard work in pouring over data will not manifest its tangible impact until we get to the details of how each of our critical talents will be deployed to close-in on their development gaps and ensure that, over time, they enlarge their contribution and help deliver the business results organizations expect.

Allow us to share some lessons from previous client experiences:

Measurement and Analytics

- Understand the organizational structure and the roles before starting the process, this leads to a productive collaboration with line managers.

- There is no way around it- we need to differentiate talent. Pivotal or critical roles, and in some, roles-at-risk (eligible for retirement) need to be identified and a strategy and plan needs to be in place around them.

- Be aware of the resistance to the concept of pivotal/critical roles and make sure that a good communication plan is in place to counter the negative perception this may cause.

Planning (Baseline and Scenario)

- Assumptions on economic, demographic, technology and business drivers need to be well-considered and are best done in partnership with line managers and informed by external data sources.

- In analyzing talent demand and supply drivers, recognize that turnover is also linked to internal career paths; identifying how employees move within the organization is just as important as minding the entry and exit points.

- HR professionals and line managers need to demonstrate expertise and leadership in the art and science of accurate and insightful talent assessment.

- Gap analysis will not always result in a talent gap- a surplus may be found; compare results across the organization.

- Conduct scenario analysis to determine extent of gaps and surpluses; this is an iterative process.

- Use the Talent Dashboard ahead of time to identify risks and develop plans to mitigate them.

PERSPECTIVE

PERSPECTIVE

Solutions

- Your WAP strategy should be integrated to your organization's overall workforce strategy and business planning cycles to be successful.

- Creating talent feeder pools is a big chunk of the work- don't forget them!

- A dollar invested in retention and development actions yields a better return on investment than hiring actions.

- The value of WAP is not fully realized until you have aligned your people programs and talent management actions.

- Sometimes the best talent gap closing strategy will not involve a develop, buy or borrow strategy, but rather BUILD i.e. a structure change that will require a job or process redesign which can result in newly created positions or more strategic hiring decisions.

Sources: 2014 Towers Watson's Talent Management and Rewards Survey; Transformative HR: How Great Companies Use Evidence-Based Change for Sustainable Advantage, by John W. Boudreau and Towers Watson consultant Ravin Jesuthasan; Towers Watson's Workforce Analytics and Planning Framework

Towers Watson is a leading global professional services company that helps organizations improve performance through effective people, risk and financial management. With 15,000 associates around the world, we offer consulting, technology and solutions in the areas of benefits, talent management, rewards, and risk and capital management.

CASE STUDY

Good Food, Good Life

Workforce Analytics in a VUCA Philippines

Ross Villamil

"How does a business stay relevant in a rapidly changing market and how does HR best support such a business?" asks Ross Villamil, Head of Talent & Organizational Development, Nestlé Philippines. "Our key HR challenge is ensuring that the structure of our organization and the skills and capabilities of our people not only match what the business needs today, but position it to compete effectively in the future."

As the largest multinational corporation in the Philippines, Swiss-headquartered Nestlé holds a dominant market position in the fast moving consumer goods (FMCG) sector. Notwithstanding, business is challenging and competition is fierce and growing. "There are a lot of newcomers in our industry, from within the Philippines as well as from across Southeast Asia, especially in the coffee and milk product lines", notes Mr Villamil. "Our strategic business plans must address how to launch superior products and accelerate growth whilst maintaining lean operations and an harmonious workforce. These are challenging times and the business and workforce plans we implement today will determine our success tomorrow and in the coming years."

With over 5,000 employees in 7 major sites around the Philippines, Nestlé Philippines Inc. has a 103-year history of nurturing generations of Filipino families. The global company has a long track record of robust business disciplines and these extend to the strategies and tools used in HR. "We have a strong focus on organizational design supported by data and metrics which lays the foundation for the alignment of our workforce plans with the business plans", says Mr Villamil. "By forecasting where the business is headed, we can ask ourselves, is the current organizational structure still relevant or do we need to change existing norms and mindsets? We turn to the data to help us answer such questions."

Mr Villamil cites workforce attrition as an example of how HR uses analytics to better inform business decision-making. "Let's say you have an organizational attrition rate of 10% and you are seeking to reduce it to 7.5%. These figures are very indiscriminate and tell you little about who is leaving, what skills you are losing and where. We need to ask, what are the demographics of the leavers, from which departments, which roles, what age, gender and tenure with the organization? This allows us to build risk profiles for our workforce and predict potential flight risks. We really need to mine the data, analyze it, determine its business impact and then assign appropriate strategies."

In the case of employee attrition, Mr Villamil is an advocate of 'stay interviews' in favor of 'exit interviews'. With so many millennials in their workforce, Nestlé Philippines recognizes the importance of having career discussions early and often. "High potential employees are sometimes being offered the moon and the stars by competing employers", notes Mr Villamil. "We cannot retain everyone but we can plan and act to mitigate the risk to our business, if and when we lose good people."

Mr Villamil, previously a consultant and social sciences professor at the University of the Philippines, is deeply aware of the need to be proactive in a VUCA - volatile, uncertain, complex and ambiguous - world. "This VUCA environment is already impacting the Philippines and ASEAN integration will exacerbate its effects. The two key reasons we lose top talent are career progression and overseas migration and increasingly these are becoming interdependent. I ask whether we are moving far enough and quickly enough as a country to position ourselves competitively in the region. Certainly HR needs to play a more pivotal role than ever before and workforce planning is the cornerstone of strategic HR."

CASE STUDY

CASE STUDY

Holcim

Strategically Planning for ASEAN Integration

Araceli Gonzales

"There is an ocean of opportunities opening up for Filipinos and employers will need to be very clear about their value proposition in the labor market", says Araceli E. Gonzales, Vice President for Human Resources at Holcim Philippines, Inc (HPI). "We have recently introduced a strategic people planning process that is directly linked to our business and financial planning processes. It is essential we anticipate our talent needs in this very competitive market that is also experiencing transformational change", she says.

Holcim Philippines is one of the leading players in the cement and building products industry in the Philippines. Strong demand fuelled by domestic economic growth points to a highly dynamic operating environment at a time when the region itself is restructuring.

"The ASEAN integration agenda affects us on two levels: firstly, it opens the Philippines building products market to foreign competitors, which is likely to put pressure on prices and margins", says Ms Gonzales. "Secondly, it reduces many obstacles to labor mobility across the region, which forces all companies to compete for talent not just against in-country competitors, but also international ones."

Consequently, strategic workforce planning is a business imperative at Holcim Philippines. A dual focus of attracting the right talent and developing key competencies underpins the goal of building a sustainable talent pipeline to meet the future needs of the business.

"We are moving away from a focus on identifying key roles and positions in favor of a focus on critical competencies", notes Ms Gonzales. "Critical competencies allow us to think more laterally about the type of people and backgrounds that would suit a variety of roles. For example, the competencies of technical acumen and influencing skills are critical, even in our retail operations, so we have pursued

unconventional hires such as architects, designers and civil engineers into these roles. We recently considered a safety manager whose background includes mountaineering. After all, who can assess risk better than a mountaineer?"

The Holcim Philippines leadership readily recognizes the need to build on the strengths of the past but be ready and willing to innovate in response to unprecedented change. "Our executive team is now regularly and directly involved in preparing the leadership talent pipeline for new and challenging roles in the company. "Two high potential leaders from our identified leadership pipeline are invited to every monthly 2-day executive committee meeting. They participate, comment and engage in all aspects of the business strategy, which opens their perspectives beyond their current roles and allows fresh insights and approaches to be tapped", notes Ms Gonzales.

There is much more than lip-service paid to leadership development at Holcim. "A robust employee exchange program is part of our development initiatives and we have numerous high potentials stationed around the region and around the world, developing functional and leadership expertise in cross-cultural settings. The topic of leadership development occurs at the highest level in the organization and our regional CEO travels here regularly with the primary goal of meeting and contributing to developing of our high potential future leaders."

"It has not always been this way", says Ms Gonzales, "this is a traditional industry and the traditional approaches have been very successful to date. However we recognize that the nature of change confronting our industry and our country is such that we need an open mindset to remain competitive and continue to thrive in the future."

While many industries and organizations still remain unclear about the potential impacts of ASEAN integration, Holcim Philippines is at the forefront with forward planning for both its business and its workforce strategies.

CASE STUDY

TALENTED
Philippines

Chapter 5
Talent Acquisition

You have to create a great candidate experience – that means having fast turnaround times in the recruitment process.

– Ivy Paraluman De Borja
Senior HR Business Partner Asia
Harte Hanks Philippines

Mobile *Talent acquisition*

Speed **Ambitious**

Scale Gamification

EVP *Sourcing Guerrillas*

Employee Referrals

Online Job Portals **Job Fairs**

Community Spirit

Fun

Key Points

The combination of a shortage of skilled workers, significant growth and a youthful population means recruiters are hard pressed to fulfil the demands of their organizations.

Exponential growth in the IT-BPM sector, the speed at which Filipinos are pursuing opportunities abroad and pursuing advancement to senior roles are challenging factors in Talent Acquisition.

The Talent Acquisition function needs to evolve rapidly from a transactional to a strategic function with a sales and marketing focus and being integrated with the whole of HR and the business.

Establishing a strong EVP is critical to attracting quality candidates and equally important is delivering on that EVP post the recruitment phase.

Organizational cultures strong in social consciousness and those that are caring and compassionate align best with the natural drivers of the Filipino talent pool.
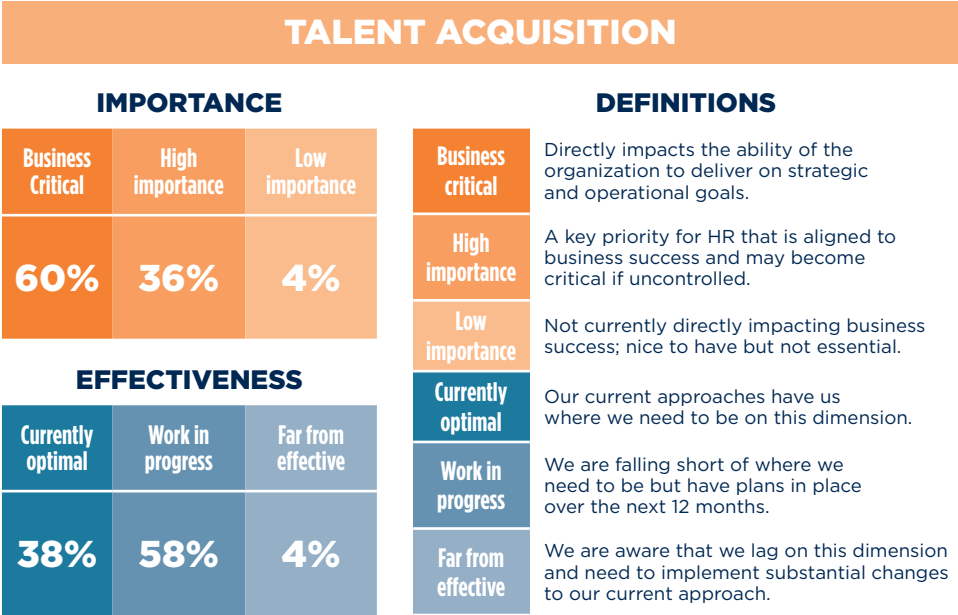
The Talent Acquisition Imperative

Like some of its Southeast Asian neighbors, the Philippines suffers from the paradox of being home to a large and youthful population, yet confronting an ongoing shortage of skilled talent. Consequently, talent acquisition remains a hot topic in the Philippines. For both local and multinational corporations, the battle to secure the right skills in a tight market is on. In our survey, 96% of respondents agreed that talent acquisition was either business-critical or of high importance in their organization. In order of priority, it ranks No.1 in importance in the Top 5 issues for Filipino organizations.

Sixty per cent of respondents rated talent acquisition as business-critical and a further 36% rating it as highly important. At only 38%, those who felt their recruitment efforts are currently optimized were in the minority. The majority, 58%, see recruitment as an ongoing work in progress.

The Philippines shares its focus on talent acquisition with many of its Southeast Asian neighbors but also has a few unique factors that are fuelling the flames of recruitment.

Talent acquisition remains a hot topic in the Philippines.

TALENT ACQUISITION

IMPORTANCE

Business Critical	High importance	Low importance
60%	36%	4%

EFFECTIVENESS

Currently optimal	Work in progress	Far from effective
38%	58%	4%

DEFINITIONS

Business critical	Directly impacts the ability of the organization to deliver on strategic and operational goals.
High importance	A key priority for HR that is aligned to business success and may become critical if uncontrolled.
Low importance	Not currently directly impacting business success; nice to have but not essential.
Currently optimal	Our current approaches have us where we need to be on this dimension.
Work in progress	We are falling short of where we need to be but have plans in place over the next 12 months.
Far from effective	We are aware that we lag on this dimension and need to implement substantial changes to our current approach.

3 Factors Fuelling Talent Acquisition

1 BUSINESS PROCESS OUTSOURCING MEANS TALENT INSOURCING

The exponential growth of the IT-BPM sector in the Philippines has created enormous job opportunities, especially for young and ambitious employees. Drawing in over one million of the country's workforce in less than ten years, it has also exacerbated the competitive tension in the recruitment market, such as has not been previously experienced.

Young millennials are especially targeted by the IT-BPM industry. They are eager to learn, hungry for development and progression opportunities and keen to earn a good salary with favorable benefits. Recruiters for this sector offer all of these and at levels that more traditional industries find difficult to match.

The sheer volume of vacancies, driven by business growth and significant employee turnover rates, and exacerbated by truncated recruitment timeframes, necessitates both urgency and incentives. Popular incentives include generous sign-on bonuses, referral bonuses, free transport and meals and above average health benefits.

Contributors noted:

"The traditional industries are struggling to compete with what's on offer in the BPO sector."

"In effect, the outsourcing industry has destroyed the compensation and benefits system in the Philippines."

2 FILIPINOS GRAVITATE TOWARD WORK OPPORTUNITIES ABROAD

For every one foreigner immigrating to the Philippines, eleven Filipinos move abroad. As discussed in Chapter 4, this exodus of talent has become a norm in the Philippines and many young aspiring Filipinos have little or no intention of seeking employment in the country

For every one foreigner immigrating to the Philippines, eleven Filipinos move abroad.

after the completion of their studies. Health workers and maritime services people are especially prone to migrate overseas, where salaries and benefits far exceed what they can expect at home.

This 'brain drain' of Filipino talent clearly shrinks the available talent pool and employers are left scrambling to attract the best of those remaining.

One Contributor noted:

"Amongst the top reasons employees cite for leaving are migration overseas and the promise of higher pay or rank."

③ CAREER ADVANCEMENT CONTINUALLY DEPLETES LOCAL TALENT STOCKS

Fast track career progression is a key motivator for young Filipino talent. Employers who withhold it suffer increased rates of attrition, even if the subject employee is yet to reach a level of competence commensurate with the desired promotion. This is a particular feature of the IT-BPM sector, where agent burnout rates are high and progression to team leader and supervisory roles are sought in as few as six months after commencement.

The Philippines' demographic dividend (the natural advantage afforded by the population's ratio of youth to the aged) gives the country great growth potential but also puts a very strong onus on the accelerated development of the young to align their skills and qualifications with those required and comparable to international benchmarks.

Contributors noted:

"Hiring senior and experienced people is our biggest challenge."

"In the call centers, tenure rather than ability often drives promotions."

This 'brain drain' of Filipino talent clearly shrinks the available talent pool and employers are left scrambling to attract the best of those remaining.

Fast track career progression is a key motivator for young Filipino talent.

The Changing Face of the Recruiter

With the critical importance of talent acquisition and the dire business consequences for organizations that fail in their bid to attract the quality and quantity of talent they need, recruitment has become a central focus for HR. The advent of powerful recruitment management technology systems that automate numerous functions such as ad placement, candidate screening, interview scheduling, background checks, assessment, job offers and even on-boarding success-ful candidates, has freed the recruiter from the shackles of volume administration to focus on value-adding activities.

This is a significant shift from the relatively recent past and calls on new skills for recruiters. Leading a recruitment team means going far beyond the daily transactional requirements of sourcing and selecting candidates. Indeed, today's recruiters are highly inte-grated with other HR functions such as talent mobility and succession planning. They are in the front line facing the labor market and must champion both the employment brand of their organization and drive candidate relationship management (CRM) activities. They are also the right hand to business managers who call on their expertise to forecast future talent needs and proactively address them[1].

Recruiters must champion both the employment brand of their organization and drive candidate relationship management (CRM) activities.

Amongst the new skill set critical for talent acquisition are:

- **Sales and marketing focus:** effectively using social media channels to locate and attract potential candi-dates. Being able to demonstrate advanced relation-ship building and influencing skills to allure talented people, explore opportunities and engage them. Championing the employment value proposition (EVP) of their organization and inspiring the interest of passive candidates.

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1   Bersin by Deloitte (2014): The Changing Roles within Talent Acquisition.

- **Integrated HR focus:** Talent acquisition is not a stand-alone function, although historically it has often been perceived that way. Recruiters need to be aware of talent needs that arise as a result of talent reviews, succession plans and talent mobility programs.

- **Business focus:** As the organization grows, restructures, expands offshore or experiences employee turnover, the needs of the business for people shift continuously. Recruiters must be business consultants who understand the demand and supply characteristics of their organization's workforce, in quantity, skill type and level. They must use market intelligence and internal data and analytics to produce human capital forecasts and associated strategies and action plans.

In a review of global best practice talent acquisition, building close partnerships with line managers was deemed to be the factor most strongly impacting the performance of the talent acquisition team, closely followed by candidate pool development, running effective social media campaigns and training recruiters on social and mobile technologies and the effective use of talent analytics[2].

Contributors noted:

"It's essential to give applicants a positive experience throughout the recruitment process."

"It's about turnaround time - slow processes and poor communication lose candidates."

> The EVP needs to be backed with a workplace culture that appeals beyond the initial recruitment phase.

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2   Bersin by Deloitte (2014): Predicting High Impact Talent Acquisition Performance.

Brand and Culture Matters

Prestigious brands and global franchises continue to put stars in the eyes of aspirational Filipinos. Big brand names are prevalent and growing in the Philippines and attract with the promise of stability, career paths and overseas opportunities. That said, the EVP needs to be backed with a workplace culture that appeals beyond the initial recruitment phase.

Filipinos thrive in a familial culture in which they can build personal and professional relationships. Managers that spend time getting to know each individual's circumstances, needs and challenges are viewed as caring and compassionate and these are critical factors in the retention of new hires.

Equally important is the organization's social consciousness and commitment to corporate social responsibility (CSR) initiatives given the community values espoused by Filipinos and the very real contribution that is necessary to support the under-privileged in the Philippines. In our interviews with HR executives, all could point to community-based programs that allow employees to volunteer their efforts, time and money to help others in need.

Contributors noted:

"Employees are attracted to a culture that is adventurous, courageous, young and nimble."

"Word quickly spreads around about the work environment."

"Employees are looking for an emotional connection with the company they work for."

"It's important to show a sense of pride and integrity, as well as social consciousness."

Filipinos thrive in a familial culture in which they can build personal and professional relationships.

Sourcing Channels

Where do you find the best candidates? Once upon a time, the primary channels for candidate sourcing were newspaper advertisements and recruitment agencies. Today there are many more options and their effectiveness varies considerably depending on the industry, role types, technical specialization and demographics.

People like to work with others that they know and trust. This basic instinct sits behind the elevation of recruitment sourcing channels that are most favored by hiring managers and recruiters alike, and also the most effective. In a survey of over 400 recruiters and HR managers, 88% of recruiters and 77% of HR managers rated referrals as the most effective method of sourcing quality job candidates.[3] It also happens to be one of the most cost-effective.

88% of recruiters and 77% of HR managers rated referrals as the most effective method of sourcing quality job candidates.

Sourcing Channels	
1	Employee referrals
2	Social media – LinkedIn, Facebook
3	Internal talent pools
4	Job fairs, sponsored school programs, internships
5	Job search engines
6	Formal ties with government institutions
7	Recruitment agencies
8	Newspaper advertising

3   Lee Hecht Harrison (2013): Trends and best Practices in Sourcing and Hiring Talent.

In our survey and interviews with HR leaders and managers in the Philippines, employee referrals were also ranked number one, however the volumes and urgency to fill vacancies demands a multi-channel approach. Traditional methods such as newspaper advertising and using recruitment agencies still prevail but are outflanked by faster and more direct channels such as sourcing via referrals and social media. Many organizations have also developed long term relationships with industry or academia to have external and independent advocates for their organizations and especially to source specific technical skills.

Traditional methods are outflanked by faster direct channels.

Selection Methods

Transparency and objectivity in candidate selection underpins the integrity of the recruitment process. While sourcing methods such as employee referrals can encourage nepotism and favoring friendships to an extent, the equalizer comes from applying competency-based assessment criteria to selection decision-making.

There is extenssive use of job anaylsis and competency profling.

Our research in the Philippines found extensive use of job analysis and competency profiling to define the experience and attributes required in job roles, giving clear direction to recruiters. We also found prevalent use of psychometric assessment and behavioral interviewing, based on these defined competencies. At the graduate and entry levels, bulk recruitment, in group settings such as assessment centers are popular, especially in high volume industries.

If selection methods are robust and implemented well, one question remains: *why is first year employee turnover so high in many organizations?* We proffer that there must be a disconnection between either:

- The expectations set during the recruitment process (how realistic is the job preview?), and/or
- How well aligned is the candidate not only with the competency profile, but also their motivational fit and the culture of the organization?

With the availability of assessment tools to evaluate all three of these attributes, recruiters should explore the incremental value that may be achieved in reducing turnover via a better assessment of these factors.

One more recent addition to the available suite of selection instruments is technology that allows organizations to gamify some of their practices. Already used extensively by multinationals around the world, including Adobe, Facebook, Nike, Mitsubishi and Sony, gamification in recruitment allows organizations to screen and assess potential candidates by engaging them in a custom-developed online game, whilst simultaneously providing an introduction to the job and an overview of the organization[4].

One Contributor noted:

"We need to hire people with the skills to survive in the new VUCA reality."

Gamification in recruitment allows organizations to screen and assess potential candidates.

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4   PageUp (2014): The Talent Management Gamification 9-Box.

Practice Makes Perfect

Global best practices in talent acquisition have progressed substantially in recent years. This is largely attributable to technology advancements that not only automate administrative processes, but also open the door to new and dynamic ways to proactively find and attract potential candidates. As a result, the recruitment function enjoys much higher status and recognition than it has had in the past, but also heightened expectations.

As it is the first point of reference for most candidates, creating a compelling employment value proposition that is clearly articulated and espouses the values and culture of the organization is essential. In the Philippines, organizations know and appreciate the importance of quickly making this connection and highlighting how they bring a whole-of-life experience to the workplace.

Once engaged to continue, candidates should have a seamless and enjoyable experience throughout the recruitment process, which should be as fast as possible and punctuated with frequent personal communication. Assessment processes should be rigorous and fair and evaluate each candidate's alignment to the job and organization based on their competency, motivation and culture fit.

Finally, a recruitment technology platform is fundamental to effectively implementing recruitment strategies and campaigns and should deliver not only process efficiency, but also competitive advantage through proactive social sourcing, gamified screening and assessment and recruitment analytics.

The FILIP*essence* of Talent Acquisition

INTENT: Enchantment

What are the unique features that attract the best and brightest Filipino talent?

Filipinos have lofty expectations of their employers. Beyond providing great jobs and working environments, Filipino talent is attracted to organizations that embody the spirit of community values including a social conscience and familial atmosphere and that create opportunities for their careers to flourish and grow.

KEYWORDS: social, community, caring, family, fun, opportunity, technology

	GLOBAL **BEST** PRACTICES	PHILIPPINES **RIGHT** PRACTICES
Compelling EVP	Attractive global vision, mission, values, culture and work environment	Engaging EVP highlights a corporate and community vision and mission, caring culture, fun and social work environment
Engaging Candidate Experience	Ease of access to employment opportunities and interactive communication	Speedy recruitment processes effect quick job offers to the right candidates. Direct contact with recruiters and managers personalizes the experience. Use of technology, especially mobile, to leverage a highly connected talent pool
Selection Process Integrity	Competency frameworks drive objective and transparent hiring processes	Success Profiles define the skills, competencies and experience required and are objectively assessed, together with motivational and culture fit
State of the Art Systems	End to end online functionality to facilitate efficient, targeted recruitment	Advanced online recruitment management systems enable social networking and mobile access. Gamified apps facilitate company and job previews and screen for critical success criteria

CASE STUDY

Guerrillas in our Midst

Ivy De Borja

Attracting, securing and retaining talent in the IT-BPO industry is not for the faint-hearted. With the industry churning 55%-65% of its workforce annually, the talent acquisition task is simply never complete. "Workforce planning and forecasting is critical in this industry", says Ivy Paraluman De Borja, Senior HR Business Partner Asia, Harte Hanks Philippines. "You need to plan to be constantly ahead of the game. We look at historical turnover trends and forecasted business volumes to calculate our manpower needs. It's a continuous struggle to match what is available in the talent market with the level of skills you need."

Harte Hanks Philippines is the local arm of the multinational marketing firm. The customer contact center in the Philippines employs about 2,000 agents. With high turnover a feature of this industry, Harte Hanks emphasizes the quality of hires in the first three months of employment in order to reduce employee turnover. "Employee referrals still rate amongst the best sourcing methods for new staff", says Ms De Borja. "The volumes of applicants from employee referrals is much lower than going to market, but the quality is much higher. New recruits from this source have a much higher likelihood of staying."

Harte Hanks' talent acquisition team ensures that every talent-sourcing channel is activated to support their labor demands. "We advertise, use online job portals and are active at job fairs", notes Ms De Borja. "We work hard to build relationships in the candidate market because we believe that everyone we meet becomes a potential recruiter for our business. You have to create a great candidate experience – that means having fast turnaround times in the recruitment process. We have invested in technology that facilitates our recruiting efforts and augments it with assessment processes that quickly allow us to profile candidates and gauge their alignment with the job and the organization."

A more recent feature in the race for talent that we need to contend with is the advent of sourcing 'guerrillas'. These professional talent poachers are proactively scouting for talent using what can only be described as guerrilla tactics. Making clandestine visits to workplaces or trawling popular malls and hangouts, they search for bright young employees that are ready for a change of role or employer. They are often armed with enticing tempters such as sign-on bonuses and competitive benefits.

With the workforce talent being a seller's market, the importance of a strong employment brand cannot be underestimated. Global companies leverage their international presence and associated career opportunities while local companies highlight their community spirit and national pride. Having a reputation as a great place to work lays the foundations for attracting top talent. Development and progression paths are also significant factors in the attractiveness of a company's employment proposition.

"Compensation is important", says Ms De Borja, "but money alone is not enough to retain good people. Studies of workplace attrition highlight the importance of relationships with supervisors, managers and teammates. This is a characteristic across Asia but especially true of Filipinos. On the whole, companies that have well designed and implemented talent management practices create the workplaces that retain top talent."

Harte Hanks is committed to the important role of Human Resources in its business, not only for candidate sourcing but in all aspects of talent management. HR in Harte Hanks is fast becoming an enabler of business performance and talent retention. "The right HR person knows how to balance the needs and differences found across a large population of people with the business requirements that lead to success. They do this by being approachable but also firm. Demonstrating how we can help lower employment costs or increase revenue are important to business goals and success in these areas leads to a workplace where we can and do invest in talent."

CASE STUDY

CASE STUDY

groupm

Partnering for Success

Amy Hocson

"Fundamentally, HR is about genuine concern", says Amy Hocson, Human Resources Director, GroupM. "Genuine concern for the company and people. My approach is to find time to get out from behind my desk and paperwork and meet our people. That is the way to build relationships, understand their concerns and needs and ensure that the business stays abreast of any talent management challenges."

GroupM, one of the country's leading media investment management operations, oversees MediaCom Worldwide, MEC Global, Mindshare Worldwide, MAXUS and Movent. Its parent company is WPP. Like many Filipino companies, GroupM is experiencing significant growth, tripling the size of its workforce over the past five years and expecting continued growth. "We are expanding into new markets, new businesses and acquiring new clients", notes Ms Hocson "and our goal is to continue to be the market leader and the preferred digital and media agency in the Philippines."

Talent acquisition and retention are key areas of focus for GroupM, with competition for talented, motivated employees at an all-time high. "Aside from offering competitive compensation and benefits packages, we offer an opportunity to work with the people and cultures of our different agencies." To help address the current challenges in talent acquisition, GroupM is also relaunching Media Masters, a structured program targeting college graduates, in which they are paid to learn about the media and digital industry and experience a variety of roles and projects. "It provides an overview of many facets of work in an agency and allows participants to identify their best areas of interest and skill."

"We also value fun at work with the "Life Should Be Fun" Committee, which ensures that employees have a close and social connection with their peers and managers and are having fun, not just working hard."

The HR team at GroupM is committed to business partnering. Each brand under the GroupM umbrella runs as an autonomous unit with its own Managing Director and teams. Reporting to the CEO, HR operates at a centralized level to provide HR services, consulting, employee advocacy and support to each business as required, whilst maintaining each agency's autonomy and independence. "It relies on very open communication and transparency in what we deliver", notes Ms Hocson. "We build trust within each agency by working closely with them on a regular basis, discussing people issues, engagement initiatives and performance matters and encouraging shared learning through initiatives we call 'echoing', in which employees present ideas and knowledge they have gained to others that are interested in the group."

"Filipinos want to feel a close relationship with their work and their colleagues. We are a working family and we want our time together to be fruitful, engaging and rewarding. We have a strong sense of Pakikisama at GroupM – we support each other and come together to support others that are less fortunate when we can." One example is GroupM's Power of One (PO1) global program where employees gather together one day in a year and volunteer their time and efforts to support a cause, raise funds and have fun collaborating along the way.

"Human resources are our greatest asset. No company can succeed without people. To create a culture of excellence requires the joint efforts of leaders, employees and HR. As we grow our business to serve our clients in the digital era, having the right people on the journey is paramount."

CASE STUDY

TALENTED
Philippines

Chapter 6
Talent Performance
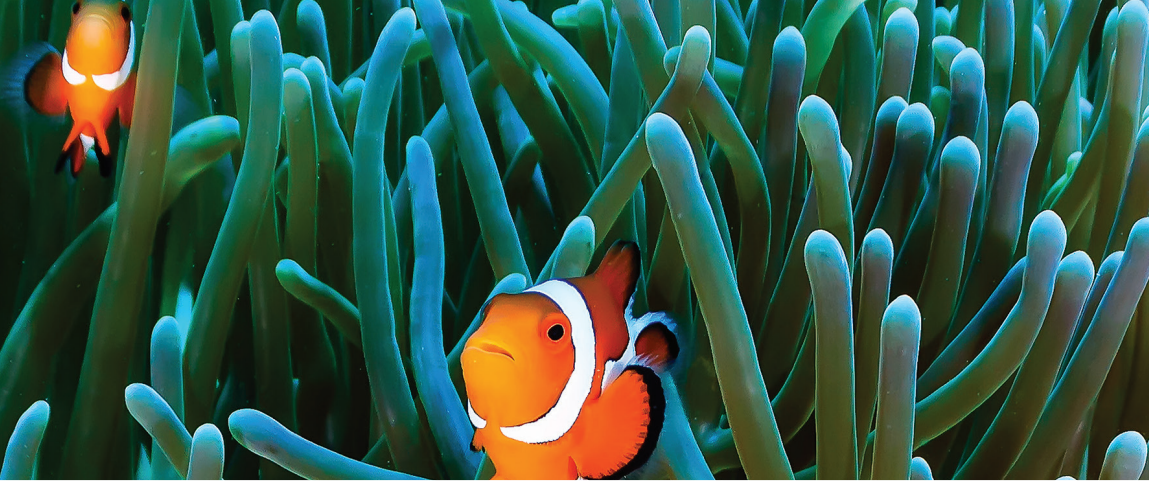
Great leaders inspire great teams that create great business results.

– Lirio Ongpin-Mapa
Vice President for the Center of Leadership & Change, the
Philippine Partner of the FranklinCovey Company

Performance

Accuracy

Growth Mindset

Productivity

KPIs

Balanced Scorecard

Goal Setting 360 Degree Feedback

Cascade Rewards

Align Business Results

Measures Collaborate

Key Points

Performance management is a widely adopted practice across the Philippines with goals and KPIs set, cascaded and reviewed at intervals during the year.

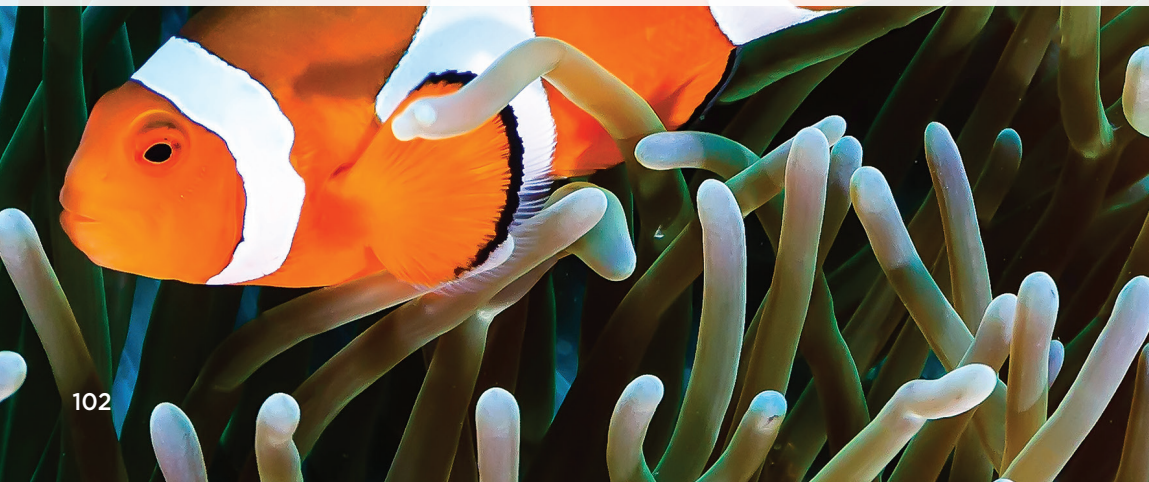Challenges in defining KPIs that are measurable and objective remain and there is a tendency for Filipino managers to avoid difficult performance conversations.

Evidence from neuroscience shows that whether a leader has a fixed or growth mindset has a significant impact on those they lead.

The Filipino trait of pakikisama can present a challenge for managers if they feel the performance discussion will damage good interpersonal relationships.

Filipinos have a strong drive to achieve and progress in their careers, which leads to the high rate of acceptance of performance management processes.

The Performance Imperative

Employee productivity is a crucial element to the commercial success of enterprises and was correspondingly rated the second highest priority for HR. 58% of our survey respondents stated that talent performance was a business-critical factor, with a further 40% rating it as highly important. Only 2% of respondents felt talent performance to be of low importance in their organizations.

Despite the combined 98% vote for the importance of talent performance, only 37% of respondents believed their organization's approach to performance management was currently optimal and 57% have initiatives under way to improve their performance management processes and/or systems.

A large number of organizations in the Philippines have adopted global performance management practices, a by-product of their global parentage or a localised effort to bring structure and measurability to worker productivity. The implementation of these global standards in the Philippines highlighted a number of Filipino nuances.

Employee productivity is a crucial element to the commercial success of enterprises.

TALENT PERFORMANCE

IMPORTANCE

Business Critical	High importance	Low importance
58%	40%	2%

EFFECTIVENESS

Currently optimal	Work in progress	Far from effective
37%	57%	6%

DEFINITIONS

Business critical	Directly impacts the ability of the organization to deliver on strategic and operational goals.
High importance	A key priority for HR that is aligned to business success and may become critical if uncontrolled.
Low importance	Not currently directly impacting business success; nice to have but not essential.
Currently optimal	Our current approaches have us where we need to be on this dimension.
Work in progress	We are falling short of where we need to be but have plans in place over the next 12 months.
Far from effective	We are aware that we lag on this dimension and need to implement substantial changes to our current approach.

KPI's Rule

Filipino managers have taken to goals and the key performance indicators (KPIs) with zest. The mostly annualized process of goal setting is a uniform practice we witnessed in almost every organization, whether of international or local origin. Many organizations also reported reviewing and/or resetting goals and KPIs on a six-monthly or even quarterly basis.

The great appeal of KPIs is the absolute clarity they project onto performance expectations and this appeals to both managers and their employees. While some organizations gave evidence of negotiating agreed KPIs with their employees, the predominant approach was a top-down setting of performance expectations. On the whole, performance expectations in the Philippines are set high. This is especially true of the IT-BPM sector, in which high transactional throughput drives profitability and demanding clients seek to optimize their return on investment.

Too strong an emphasis on KPIs can fall short in effectiveness if quantity prevails over quality or the behaviors demonstrated in achieving them are disruptive or destructive. For example, two outbound call agents in a call center with a KPI of ten calls per hour will yield very different results if one has an average closing rate of 14% and inspires the team whilst the other closes on 8% of calls and continually expresses his frustrations. Increasingly, organizations are moving to a balanced scorecard approach which requires a focus on financial, customer, process and people measures and drives a more holistic approach to performance measurement.

Increasingly, organizations are moving to a balanced scorecard approach.

Contributors noted:

"We set goals and KPIs quarterly – that way every single person has clear direction and feedback."

"Managers' skills in setting and tracking KPIs is very good – it's clear to see when team members are performing and when they are not."

The Rating Game

The best-crafted goals and KPIs are still prone to fail in the execution of them if performance feedback and measurement are compromised by subjectivity, bias or simply ineffective communication. While the process of setting goals and KPIs is generally implemented with confidence and competence, the process of giving feedback and rating performance is often not.

Whether by way of manager to employee review or 360 degree feedback, a common theme that emerged in the research was the relative reticence of Filipino managers to tackle difficult performance feedback conversations and the propensity for 'soft ratings'. Whether to avert confronting a performance issue or to protect a salary increase or bonus, ensuring objective and consistent performance ratings was reported to be a challenge.

There is a relative reticence of Filipino managers to tackle difficult performance feedback conversations.

Contributors noted:

"We have implemented Everyday Leadership – a coaching culture to change the focus from ratings to daily conversations."

"We take consequence management very seriously - we reward good performance but there are serious consequences for breaches."

"We have instigated 'management by wandering around'."

Given the importance of performance management to the organization's overall success, there were many examples of approaches that aimed to significantly improve the effectiveness of the performance process, including:

- inculcating a culture of high performance
- combining balanced scorecard measures with behavioral competencies
- clearly rewarding good performance and addressing under-performance
- training managers to be performance coaches
- 'everyday feedback' to monitor and align performance
- implementing a step-by-step process for performance improvement

The Human Factor

The fact is, performance management is generally designed as a highly rational process, as much to provide a clear and objective method of goal setting and performance assessment as to reduce the impact of human subjectivity. Perhaps therein lies the fundamental reason why performance management is loathed by managers and employees around the world.

No matter how clear and logical the criteria or how robust the assessment, the performance process is being conducted on humans and humans show vast variations in their acceptance and response to performance reviews. The Filipino trait of pakikisama, discussed in Chapter 3, gives an indication of the challenge that confronts managers and employees if they feel the performance conversation will damage good interpersonal relations.

Contributors noted:

"It comes down to the relationship the manager has with that employee - if it is good, the feedback is accepted; if not, it will be taken very personally."

"If you care about your people, give them feedback."

"We have weekly 1:1 touch-points - 30 minutes with each employee, so we always know where people are at, whether they have personal or work issues."

> Humans show vast variations in their acceptance and response to performance reviews.

A High Performance Mindset

Equivalent to the dramatic change technology has brought to how we connect and communicate is the change science has brought to our understanding of human behavior and motivation. Recent advances in neuroscience, in particular, have shown not only how the habitual patterns of our thoughts and actions are formed and maintained, but also how these can be changed.

For our discussion on talent performance, the work of neuroscientist Dr Carol S. Dweck is especially pertinent. Dr Dweck's research with both children and

> There are vast differences in performance and outlook depending on the mindset with which a person approaches the world.

adults has revealed vast differences in performance and outlook depending on the mindset with which a person approaches the world, and the mindset with which others view them. Specifically, Dr Dweck differentiates between *fixed* and *growth mindsets*[1].

A *fixed* mindset is based on the premise that intelligence and talent are fixed at birth and difficult or impossible to change. A *growth* mindset is based on the premise that intelligence and talent are fluid and can change with the acquisition of knowledge and experience. These beliefs about human nature impact how we see ourselves, how we parent children and how we interact with and lead other people.

The research points to a growth mindset being considerably more optimistic, constructive and effective in maximizing human potential. At its roots, a growth mindset reflects what we now know about brain plasticity, a term used to describe the natural propensity for the brain to continually form and reform itself based on new information and experiences we have every day[2].

> The research points to a growth mindset being considerably more optimistic, constructive and effective in maximizing human potential.

In the context of talent performance, a fixed versus growth mindset can have a very significant impact on individual, team and even organizational performance. Leaders with a fixed mindset about the performance and potential of individuals in their teams will lead them in accordance with this mindset, quickly recognising, encouraging and rewarding those they perceive to be high performers, and concentrating on the limitations and failings of those they perceive as poor performers.

Clearly, performance discussions lend themselves to benefiting from a growth mindset. In the Filipino culture where direct and personal criticism is difficult, a growth mindset is an important lever in the drive to develop high performance.

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1   Dweck, C.S. (2006): Mindset – How You Can Fulfil Your Potential. Random House Publishing.
2   PageUp (2010): The Neuroscience of Talent Management – Insights into Unleashing Workplace Potential.

	Fixed Mindset	Growth Mindset
Achieving goals means...	you are smart	you are stretching yourself and learning
Making a mistake leads to...	a loss of confidence	an opportunity to learn and improve
Failure to achieve...	is humiliating	is a wake-up call
Personal success comes from...	demonstrating your talent and being the best	being motivated and working hard
A poor performance rating means...	it's time to give up and move on	it's time to refocus and work harder
Performance feedback is...	confronting and threatening	essential to focus on strengths and areas for improvement
Talented colleagues...	are competitors for limited opportunities	are inspiring and a source of additional learning

Develop, Promote and Reward

Filipinos have a strong achievement orientation.

Filipinos have a strong achievement orientation, understand the drive for high performance and value the benefit and rewards available to them for achieving it. The normalization of goals, KPIs and measures in Filipino workplace practices also means that employees are focused on obtaining performance feedback and expecting consequences for both good and poor performance.

Performance Leads to Development

Filipinos are hungry for knowledge and eager to learn.

Hungry for knowledge and eager to learn, Filipino employees welcome training and development opportunities and are active participants in them. Many organizations we interviewed are recognizing the importance of a 'coaching culture' to optimize learning outcomes and provide high potential employees

with coaches and mentors to accelerate their growth. This is leading to a rebalancing of the content of performance discussions between feedback on KPIs and identification of development needs or tracking development progress.

Performance Leads to Promotion

The appetite for learning is matched by the appetite for career advancement and young Filipinos especially are looking to quickly translate high performance into promotions to more senior roles. This puts pressure on managers to continually advance their employees, however the organizational structure may simply not be able to accommodate continuous rapid promotions. Further, the desire for career progress is in some cases out of step with the level of skills and experience being developed, especially for young Filipinos seeking middle and senior management roles. The threat of attrition hangs over the debate about readiness for promotion and availability of roles, making this a continuous challenge for employers.

The appetite for learning is matched by the appetite for career advancement.

Performance Leads to Rewards

Short and long term incentives have become a common feature of Filipino compensation packages, even at very junior levels and especially in the IT-BPM sector. High pressure environments call for frequent positive reinforcement and monthly and quarterly bonuses rewarding the meeting or exceeding of KPIs are not unusual. Monetary rewards in the workplace are a national challenge for the Philippines, with many talented Filipinos following better paid opportunities abroad and those that remain often job-hopping frequently to enhance their take-home pay. That said, employees are attracted by more than just monetary rewards and most organizations are actively implementing social activities, fun and engaging workspaces and corporate social responsibility initiatives to deliver non-monetary rewards.

High pressure environments call for frequent positive reinforcement.

Practice Makes Perfect

It is human nature to set goals and be motivated to achieve them, hence the global best practice of corporate goal-setting that is cascaded and personalized throughout the organization makes imminent sense. Organizations in the Philippines are well versed in the structure and processes underpinning talent performance and should continue to implement them. Significant opportunity remains to de-emphasize the process elements of performance management through technology automation and enhancing the experience and outcomes with a focus on high quality performance conversations.

The heavy emphasis on goals and KPIs (the what) should be tempered with an equal measure of competencies and behaviors (the how) to ensure performance levels are sustainable and aligned with the culture and work environment.

"Kill performance ratings" is an emerging catch-cry in the performance management literature and where this is effective and possible, it should be considered. This is not the case in all organizations, at least in the short term, so if ratings must remain the global best practice is to source multi-rater feedback to determine them. Another important factor in performance evaluation is to consider that person's potential in the organization, requiring deeper inquiry into their interests and aspirations.

As mentioned, state-of-the-art performance management software is now readily available to support and enhance this process and is an essential tool in a manager's kit.

The FILIP*essence* of Talent Performance

INTENT: Connection

How can Filipino employees be inspired to deliver high performance?

The essence of effective performance management in the Philippines is having a personal and professional connection with each employee to facilitate open and honest communication and to have a deep and genuine interest in the performance and potential of talent. Filipinos thrive in response to a growth mindset that recognizes and praises their achievements and supports their ongoing development.

KEYWORDS: personal, feedback, recognition, growth, communication

	GLOBAL **BEST** PRACTICES	PHILIPPINES **RIGHT** PRACTICES
Corporate Alignment	Corporate goals cascade through the organization to individual goals and measures	Continue the alignment of corporate goals with individual performance objectives
What and How	Performance measurement includes the measurement of KPIs as well as behaviors and/or values	Standardize the inclusion of competency measures with KPI measures for all roles
Multi-rater Feedback	Rating and assessment of individuals incorporate multiple sources of feedback	Increase performance feedback training to focus on a growth mindset and open constructive feedback
Performance and Potential	Appraisal of past performance is merged with the assessment of potential	Focus on career discussions to identify the interests and skills of high potential employees
State of the Art Systems	Online and mobile access to performance data for employees, managers and administrators	Automate the performance management process to de-emphasize process aspects and replace with feedback and coaching

PERSPECTIVE

FranklinCovey
Organization Services

Bridging Leadership Competency Gaps

by Lirio Ongpin-Mapa
Vice President
FrankilnCovey Philippines

"Great leaders inspire great teams that create great business results", says Lirio Ongpin-Mapa, Vice President at the Center for Leadership & Change, the Philippine Partner of the FranklinCovey Company. "The need for leadership talent is very high in the Philippines and leadership is a competency that needs constant development – some leadership traits are inborn, but most are developed."

In the Philippines the three biggest challenges that require leadership development are:

■ The presence of multi-generations in the organization: each generation has their own strengths, experiences, work style preferences and needs. Senior leaders who experienced industrial age approaches to management are now leading knowledge-age associates. Resolving multi-generational conflicts requires a paradigm shift in the role of the leader. One such shift needed is to engage employees and seeing them as a whole – a person with body, mind, heart and spirit.

■ The business process outsourcing (BPO) sector in the Philippines has a seemingly insatiable appetite for leadership talent at all levels. "BPO is a very people-intensive industry, with hundreds of new customer service agents being hired every week around the country", notes Ms Ongpin-Mapa. "These agents are young and the talented ones can quickly progress from roles as agents to become team leaders in as short a period as six months." But of course the skills that define a good customer service agent are very different from those that define an effective leader. "It's a combination of new skills as well as work and life experience that presents the challenge for young Filipino leaders." The skills most needed by young leaders are coaching, giving feedback and managing performance. Real coaching rarely occurs and the tougher discussions are often avoided", says Ms Ongpin-Mapa. "That's to be understood in a fast-paced environment where training time is limited and often focused on product and technical aspects. This contributes to the high levels of employee attrition in these centers."

■ Global companies in the Philippines are confronted with leading Filipino managers and associates. Working in cross-cultural environments poses challenges in communication, aligning priorities and building team spirit.

Ms Ongpin-Mapa shared "FranklinCovey is a global company specializing in performance improvement. We help organizations achieve results that require a change in human behavior. In developing leaders we use the "inside-out' approach, starting with leading oneself, leading the team and leading the organization. Great leaders have an almost perfect balance of character and capability. Our principle-based solutions build character and competence."

FranklinCovey Philippines has been rolling out the world-renowned *7 Habits of Highly Effective Leadership* program since 1993. Ms Ongpin-Mapa was the first in the Philippines to receive accreditation in the program and is now delivering version 4, which highlights the importance not only of knowing the 7 habits, but living them. "In this new version, participants follow up the workshop with a 7x7 commitment of regular practice. That means 49 days of half hour focus on specific activities that reinforce and embed the learning that begins in the workshops", she says. The new program is also supported by an interactive mobile app, with daily reminders and booster activities to engage participants.

Following many years of experience with the 7 Habits program, Ms Ongpin-Mapa highlights some of the recurring challenges her Filipino participants face.

The 7 Habits of Highly Effective Leaders	
Habit 1	Be Proactive
Habit 2	Begin With the End in Mind
Habit 3	Put First Things First
Habit 4	Think Win/Win
Habit 5	Seek to Understand, Then Be Understood
Habit 6	Synergize
Habit 7	Sharpen the saw

PERSPECTIVE

PERSPECTIVE

"**Habit 1**, be proactive, is about taking personal accountability and being responsible for one's choices. We often hear that Filipinos lack assertiveness and may be perceived as reactive rather than proactive. When confronted, Filipinos can be emotional. They need to pause and focus on what they can change – think about their circle of influence, not their circle of concern."

"**Habit 2** is one that Filipinos relate to very well. Participants are led to discover and draft their personal mission statements and look holistically at their goals, including work, family and faith. We encourage them to look forward to their 80th birthday to set goals to ensure that their lives have meaning and purpose."

"**Habit 3**, putting first things first, will enable them to fulfil their personal mission. It requires the skill of focus and prioritization. This can be tough in today's hectic world but is essential to achieving work/life balance. We encourage planning and prioritizing based on not just what is urgent, but what is important. What's important comes from the goals that were set during Habit 2."

The first three habits build personal effectiveness or private victory: the primary requirement for emotional intelligence. It is the necessary foundation for interpersonal effectiveness or public victory, the second aspect of emotional intelligence, which is developed in habits 4, 5, and 6.

"**Habit 4**, think win-win, means seeking mutual benefit in interactions. It is the basis for building long-term relationships. This habit supports the Filipino cultural value of "pakikisama" – maintaining unity and smooth interpersonal relationships."

"Pakikisama" however, can translate into actions that fail to address real issues in the workplace simply in order to keep the peace, such as correcting the boss on something that is clearly wrong because this could be confrontational. Hence, Filipinos tend toward higher than average ratings when giving 360-degree feedback or performance reviews.

On the positive side, it means Filipinos feel for others. But it can drive an "I lose/you win" mindset, rather than a 'win/win' paradigm where both parties benefit. Thinking win-win requires balancing courage with consideration: to articulate ones thoughts and feelings in ways that consider the feelings of the listener.

"**Habit 5** is about empathic listening, which is the key to effective interpersonal relationships. An empathic listener hears the spoken word but looks for more – listening with their eyes and heart as well, to uncover real meaning. Given the importance Filipinos place on harmonious relationships, this is an important skill to master. The goal of empathic listening is to make the speaker feel understood. This is essential in coaching and giving feedback."

"**Habit 6**, synergize, is the result of habits 4 and 5. It requires all the preceding habits to have been adopted and mastered. Synergy requires that leaders can bring together the diversity of people, ideas and approaches together to inspire a common goal that unites teams. It is aligned with the Filipino value of "bayanihan" whose root word is "bayani" or hero… it inspires working together to be great."

"Finally, **Habit 7** is the habit of continuous improvement. Sharpening the saw definitely means a focus on ongoing professional development, but also much more. It means paying attention to renewing ourselves in all aspects of our lives, including maintaining physical health through nutrition and exercise, mental and emotional wellbeing, nurturing relationships and our spiritual selves. This is a highly important and valued habit for Filipinos as we seek to have a positive impact on our own and others' lives and leave a legacy in the work that we do."

There are many changes heralded for the Philippines. A united ASEAN brings great opportunities and will elevate the demands on leaders even further. New entrants will mean that cross-cultural capabilities will become increasingly important. "The history of the Philippines has forged the great adaptability of our nation. We bring an open and flexible mindset to the table and find it easier than some other cultures that are more rigid and fixed", says Ms Ongpin-Mapa. "Foreigners coming to our country also need to understand the importance we place on family and spiritual values. Respect for these is what brings out the best in Filipinos and is a critical aspect of successful leadership in the Philippines."

PERSPECTIVE

CASE STUDY

WUNDERMAN

A Performance-Inspiring Culture

Chay Mondejar-Saputil

Consistently ranked among the world's top digital, CRM and mobile agencies, global marketing and digital services firm Wunderman opened its doors in the Philippines just four years ago.

"We have experienced double-digit growth every year since our inception," says Ms Chay Mondejar-Saputil, General Manager, Wunderman Manila. "One of the keys to our success has been our ability to recruit and retain exceptional talent, who have the right skills and capabilities to help us bring the best personalized solutions to clients. This is why we place great emphasis on fostering an environment that will attract these great minds and keep them engaged on our mission."

One key challenge in the digital arena is the rapid pace of technological change. Wunderman Manila aims to build a company culture that inspires independent thought, agility and individual action. Cross-disciplinary learning and collaboration are also key for the agency.

"When we take on creatives, we look for someone who has a personal love of technology, and when we hire developers or technologists, we keep an eye out for someone who has a love for creativity," says Ms Mondejar-Saputil. "We want people who are constantly seeking to know more, so we have an agency culture that supports those that are adventurous, courageous and flexible."

Indeed, the company workspace itself is a testimony to an environment in which creative thinking and interactions are free to flow. Markedly informal, the Wunderman Manila office has workspaces that allow employees to play, watch TV and collaborate while sitting in beanbag chairs. There are also quiet zones for focus and concentration.

"We get a lot of discretionary effort from our employees, who may continue on after office hours to perfect a client deliverable," says Ms Mondejar-Saputil. "There is a strong camaraderie in our agency, and our staff often work as a team, putting in the extra hours of their own volition to support one another."

Besides creating a work environment that is fun and familial, Wunderman Manila maintains a results-oriented outlook to help employees remain results driven.

"High performance is paramount," notes Ms Mondejar-Saputil, "so we also have a strong focus on managing performance." While Wunderman Manila continues to use a globally standardized annual goal setting process with mid and full year reviews, a more agile and timely approach also ensures that one-to-one discussions occur every week. "We want to provide an avenue for regular feedback and coaching, as well as for keeping track of every individual's career aspirations. We find that a vast majority of real development comes from setting stretch goals and coaching team members to achieve them."

A core competency check also tracks employees' growth and includes a self and manager assessment that leads to identifying training and development needs.

"We have a learning management system called Wunderman University, which is an excellent source of online training for our teams," says Ms Mondejar-Saputil. "Our employees have the opportunity to enroll in a range of courses and boost various skills from personnel management to web development and design. Also, when we hold creative learning sessions, they are open to everyone including the developers and even the accounts folks! Likewise, creatives are encouraged to attend our tech or digital inspiration sessions."

Wunderman Manila is characterized by a young, ambitious and talented workforce. Creating the conditions for high performance in this fiercely competitive global industry has been a critical success factor for the continued growth of the company in the Philippines.

"Our culture brings our employees together to collaborate and achieve great, innovative results for our clients," says Ms Mondejar-Saputil. "People work with people they can learn from and respect; we want to encourage this sort of environment where craftsmanship in all types of work is recognized, be it creative, development, accounts or people management. We have been able to combine having fun in the workplace with hard work and continuous learning, and this formula is working well for us."

CASE STUDY

CASE STUDY

FUJI XEROX

Adaptability: The Secret Sauce for Change Management

Maggie Banggiacan

"It's not very hard to work with Filipinos", says Maggie G. Banggiacan, Human Resources Manager, FX DMS Philippines Inc. "It is an innate Filipino value to be amiable and adaptable, so the local culture naturally lends itself to adapting to different people and environments across the globe.

The adaptability trait has come in very handy at FX DMS over the past two years. Following the acquisition of a portion of the Australian marketing services company, Salmat Services Inc., the Japanese owned FX DMS Philippines Inc. was formed. This subsidiary of Fuji Xerox provides international clients with a wide range of document management and technology solutions across Asia Pacific.

"One of our earliest and biggest challenges was a cultural transformation from the environment these employees were used to under the Australian Salmat leadership, to a somewhat more formal and more structured vibe as reflected in our newly embraced values at Fuji Xerox", says Ms Banggiacan. "As an example, before the change, we were a very casual 'jeans and t-shirt' environment. Suddenly we became a business casual 'slacks and polo-shirt' world here."

These outward signs of change clearly demonstrated to employees at the time that a new era had dawned and it was time to adapt if they wanted to keep up with the changes. "We felt it very important that our teams understood that we were on a journey of change and that this journey offered many new perspectives about the company that employees began to appreciate and embrace", says Ms Banggiacan. "We launched a myriad of locally driven policies to keep the "house" in order, awareness campaigns and levelled up our employee-driven events and activities to reinforce the new culture that is uniquely FX DMS."

Change does not only require adapting to new ways – it often requires the 'unlearning' of comfortable patterns and practices. One notable change was in the way performance and productivity would be measured and rewarded in FX DMS. "In one respect, the performance review process for the company remained unchanged, in that employees still had clear performance goals and performance indicators", notes Ms Banggiacan. "However, a new online productivity measurement tool was introduced to measure the productive capacity

of every employee and give them immediate feedback about how efficiently they were using their time at work and delivering for our clients. This brought a whole new meaning to the word "efficiency" for us."

Developed internally by FX DMS, the productivity tool allows employees to track their hours and categorize them as Productive-Billable, Productive-Non-Billable or Non-Productive. "We always aim for a set percentage standard of productivity in these categories which translates to a daily, weekly and even monthly view of each individual's productivity. When this is achieved, we know that we are aligned and continue to provide excellent service and contribute to the achievement of our overall business goals. This is all thanks to Wayne Williams, our Group General Manager for Offshore Services who has always supported and pushed for efficiency and positive change."

Data from this system can be aggregated at team, division and country level to show the relative efficiencies of work and where there is a need to either reassign resources to more productive uses or alternatively, increase resources to support work overloads. "As a result, managers now have clear business data that helps them in their decision-making, such as when we need to increase headcount, change the makeup of various teams or even reward performance", says Ms Banggiacan.

Such a change could be expected to be quite confrontational and likely to be resisted by employees. Importantly, positioning the approach to highlight how it enables each team member to track their personal contribution to the company goals was a critical factor. "Now that we have clear and accurate measures of productivity, teams are keen to be seen as highly productive. We often have team members speak to their managers about the shortage of productive tasks they have scheduled in a day with a view to increasing their productive output and value to the organization."

"We have recently begun to gauge the employee landscape and engagement through an FX DMS internal survey, developed in Australia and currently used by all FX DMS Offices. This has already been released and responded to twice since its inception in 2013", says Ms Banggiacan. "We hope that the efforts we have put into building our new culture through open communication about our vision and goals, and empowering employees to effectively manage their own performance through the new practices we have introduced, will yield good results and attest to an engaged workforce."

"I believe Filipinos are great workers who aim to be valuable contributors in their own line of work. Our natural adaptability and our "Pinoy" way of connecting with our colleagues and managers, here and overseas, means we are highly receptive to change and look for the positive opportunities that can arise from it. And of course, despite sometimes being under pressure and knee-deep in work, Filipinos always maintain a great sense of humor!"

CASE STUDY

TALENTED
Philippines

Chapter 7
Talent Development

Despite the challenges of continually recruiting and training for the industry, we take it as a positive development that we are producing great talent here because they are in hot demand around the world.

– **Agnes Fidelino**
Head of Marketing & Business Development
Meralco Power Academy

Talent Mobility

Talent Development

50:30:20 AGES

Career Planning Mobile

Learning on Demand Critical Competencies

Social *Video*

Gamification

Key Points

The imperative to develop talent in the Philippines is a national as well as an industry agenda item.

Improvements to the education sector will yield significant medium to long term benefits, however in the interim, industry is playing a key role to fill the gap.

The global 70/20/10 Rule should be adapted in the Philippines to 50/30/20 to reflect the balance needed in this young demographic seeking to accelerate skills development.

Neuroscience-based models for effective learning such as AGES aid in the uptake and absorption of new learning.
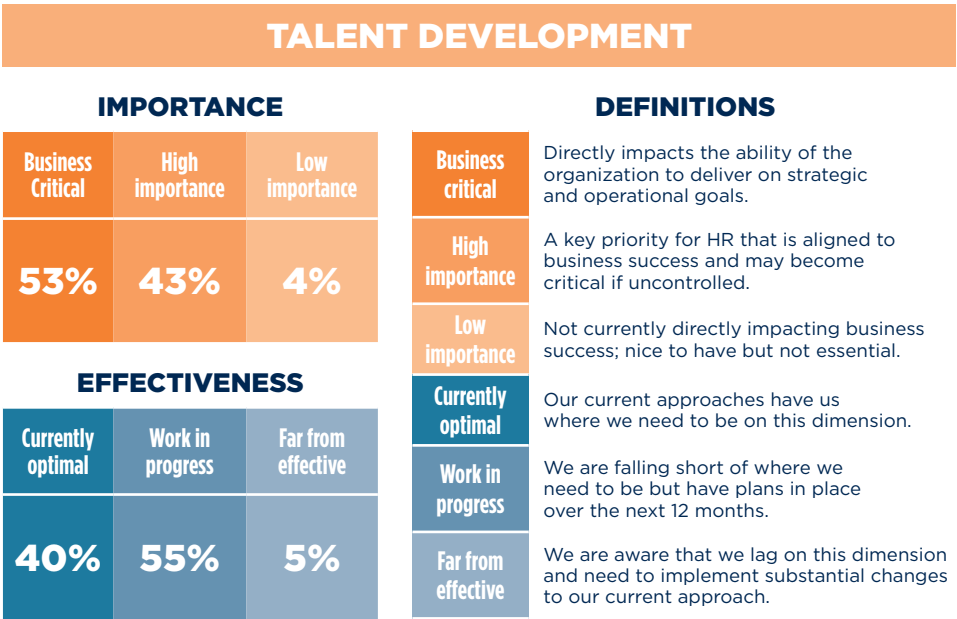
Three top trends in learning and development are video based material, enterprise gamification and mobile on-demand access to content.

The Talent Development Imperative

Developing the skills of the organization's available talent is a win/win strategy for employers and employees. For employers, the benefits emerge through increased productivity and innovation; for employees, their resulting increased levels of knowledge and expertise are priceless in the pursuit of their career goals. Supporting employees through development and career management has also been shown to increase an organization's employment value proposition, engage and retain employees and attract new talent.[1]

Amongst the hottest emerging trends in HR are corporate learning ("skills are now currency"), talent mobility, career planning and leadership pipelining.[2] In our survey, 53% of respondents rated talent development as business-critical and a further 43% deemed it to be highly important. Very few organizations in the Philippines are taking their eye

Amongst the hottest emerging trends in HR are corporate learning, talent mobility, career planning and leadership pipelining.

TALENT DEVELOPMENT

IMPORTANCE

Business Critical	High importance	Low importance
53%	43%	4%

EFFECTIVENESS

Currently optimal	Work in progress	Far from effective
40%	55%	5%

DEFINITIONS

Business critical	Directly impacts the ability of the organization to deliver on strategic and operational goals.
High importance	A key priority for HR that is aligned to business success and may become critical if uncontrolled.
Low importance	Not currently directly impacting business success; nice to have but not essential.
Currently optimal	Our current approaches have us where we need to be on this dimension.
Work in progress	We are falling short of where we need to be but have plans in place over the next 12 months.
Far from effective	We are aware that we lag on this dimension and need to implement substantial changes to our current approach.

1   Bersin by Deloitte (2015): Career Management Systems 2015 – Enabling Employee Growth through Career Management.
2   Bersin by Deloitte (2015): Predictions for 2015 – Redesigning the Organization for a Rapidly Changing World.

off the development ball. Awareness is acute and invest-ments in corporate learning and development programs have been extensive, however only 40% of respondents believed their strategies and programs to be currently optimal and 55% are in the process of enhancing their learning and development (L&D) systems and processes.

Education

Almost all Filipino children undertake elementary school (ages 6-11) and basic literacy rates are over 96%, however enrolment into secondary schools in 2013 was only 85.3% and the completion rate was 74.8%. Despite the enrolment of over 2.5 million students into the tertiary education sector each year, less than one quarter complete these courses to graduate with their qualifications.[3]

The challenge of educating the nation is well docu-mented in the Philippines. Government initiatives to improve the education system have begun, including the shift from a K-9 to K-12 curriculum, impacting 20.7 million Filipino children in this cohort. The K-12 policy is part of the government's 10 Point Education Agenda, which also includes universal kindergarten, improve-ments in reading, science and mathematics, expanded government assistance for private schools and the reintroduction of technical and vocational education in public high schools.[4] By 2035, efforts to improve the education sector will see school enrolment rates in the Philippines soar to put the nation in the world's top 20.[5]

These are essential initiatives to build the future talent pool of the Philippines but still leave shortcomings in the present day. School and college graduates are simply not equipped with skills and capabilities that make them quickly functional in today's fast-paced and demanding

> By 2035, efforts to improve the education sector will see school enrolment rates in the Philippines soar to put the nation in the world's top 20.

> School and college graduates are simply not equipped with skills and capabilities that make them quickly functional in today's fast-paced and demanding workplaces.

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3   National Statistics Office, Republic of the Philippines (2014): Philippines in Figures 2014.

4   CEF Monitor (2013): Philippines creates opportunities in overhaul of K-12 education system. http://monitor.icef.com

5   ICEF Monitor (2012): New 2035 enrolment forecasts place East Asia and the Pacific in the lead. http://monitor.icef.com

workplaces and the gap is being filled by vocational training and industry investments in further education by necessity.

Corporate academies and universities and comprehensive corporate development programs are increasingly popular in the Philippines. They are providing world-class programs, developed in conjunction with local academia and international business schools, to build the critical technical specialist, managerial and leadership skills that remain in such short supply.

Contributors noted:

"We are making line managers much more accountable for people development."

"We have shifted from a focus on critical roles to critical competencies and developing these in our leaders."

The 70/20/10 Rule Revisited

A commonly used framework around the world for workplace learning is the 70/20/10 Rule. The idea came from the emergence of adult learning principles several decades ago, which recognized that the highly formal, structured and rote learning approaches often practiced in schools at that time was ineffective in adult workplace settings. Too often, employees and managers would spend days in corporate training rooms from morning till night, overwhelmed with business concepts and models, immersed in personal and professional development programs – only to retain less than 10% of the content within three months and waste considerable time, effort and money.

By re-organizing training and development to reflect the real-time and experiential underpinnings of adult learning principles, the rule concentrates 70% of efforts toward on-the-job learning, 20% to observation and coaching and a modest 10% to formal training. The common sense of this approach quickly won it favor with the business and HR community. Combined with the projected savings to training budgets that were burgeoning seemingly out of control, the 70/20/10 Rule found itself universally adopted.

Corporate academies and universities and comprehensive corporate development programs are increasingly popular in the Philippines and are providing world-class programs.

Too often, employees and managers would spend days in corporate training rooms.

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Last year, we suggested that the unique demographic circumstances in ASEAN, which for the most part shows a reverse trend to the western world in terms of population aging, requires reconsideration in the application of the 70/20/10 rule. In fact, we went so far as to suggest that for ASEAN it should be re-launched as the 50/30/20 Rule for the following reasons:[6]

- The baseline of education in the region remains below western standards and few school and college graduates have the work-ready skills and knowledge on which to build. Therefore a 70% on-the-job learning focus may present too large a gap, especially in the first five years in the workplace.

- The urgency to accelerate learning in ASEAN means the heavy weighting to on-the-job learning may be inefficient and slow down the rate of development. This is because learning opportunities in an on-the-job setting occur over an extended period of time and some may not occur on the job for some employees at all.

- At 20%, the possible contribution of experienced peers, managers and mentors is under-rated. The powerful effects of social learning and gaining confidence through the guidance and shared experiences of others should not be under-estimated.

- At 10%, the amount of formal training may simply be insufficient to bridge the knowledge gaps of workforce entrants or future supervisors and managers.

Since posing the revision of the 70/20/10 Rule to the 50/30/20 Rule for ASEAN, the idea has received resounding acceptance from thousands of HR and line managers and many have inculcated it into their learning and development philosophies.

Contributors noted:

"Our programs include online, face to face and immersion through job assignments and work rotation."

> Since proposing the revision of the 70/20/10 Rule to the 50/30/20 Rule for ASEAN, the idea has received resounding acceptance.

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6 PageUp Global Research (2014): Talented Southeast Asia – Business Success through Talent Management Excellence.

"Our focus is to roll out our coaching and mentoring program to all 500 managers in 2015."

"We partner with local institutions and global consultants to build best practice learning programs."

Development Takes AGES

Having established the 50/30/20 Rule as a framework for organizations in the Philippines to design their learning platforms, a key test of the effectiveness of training and development is, does the learning stick? That is, does the program design and delivery ensure that the learning content is not only taught, but actually absorbed and learnt?

For adult learning to be effective, we know that it must contain relevant and innovative content, apply engaging methods of instruction using blended delivery methods and interactive technology and have tight program management and clear measures of learning outcomes.[7] To identify the methods of program design that deliver these features, we can return once more to developments in neuroscience.

Dr Lila Davachi, Associate professor of Psychology at New York University established a model to guide the development of learning initiatives. Easily remembered by the acronym **AGES**, it highlights four essential components of effective learning programs[8]:

- **Attention:** the need to apply focused concentration on the task. This requires the limiting of distractions as well as presenting content that is of interest and meaningful to the audience.

- **Generation:** the need to engage learning participants to do their own thinking, take a problem-solving approach and generate their own ideas and solutions. This requires interactive content with room to explore, challenge and create.

- **Emotion:** the need to balance rational and factual

Adult learning relies on relevant and innovative content, blended delivery and interactive technology.

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7   Bersin & Associates (2010): Learning Leaders.

8   PageUp (2012): The Neuroscience of Learning and Development – Crystalizing Potential.

content with emotional cues to activate multiple brain regions at both conscious and subconscious levels. This requires injecting fun, excitement and social interaction into the content and/or the delivery of it.

- **Spacing:** the need to allow adequate gaps in time for learning to be absorbed and consolidated to memory. This requires learning to be broken into stages, interjected with physical activity, sleep and content application.

The **AGES** elements lend themselves well to the Filipino culture and psyche. Already keen and willing to learn, Filipinos will respond especially well to development programs that are fun, interactive, social and continuous.

Contributors noted:

"Top of the list in development priorities are high quality decision-making, communication, analytical and critical thinking and leadership skills."

"Our Learner's Card system is very popular – employees accumulate points for learning and earn rewards."

3 Trends in Learning & Development

Of the five human senses, vision is trumps – by a long way.

① VIDEO IS KING

Of the five human senses, vision is trumps – by a long way. Almost the entire occipital lobe of the brain is dedicated to translating visual stimuli and associating meaning to visual cues. It is a biological fact that humans "think in pictures" and draw their primary learning from what they see. It is little wonder then that video content is fast becoming the preferred and most effective way people are pursuing learning. There are a growing number of sites providing free access to educational resources. These sites host millions of video clips holding learning content from every imaginable source, including the best and most prestigious academic institutions in the world. By 2018, Internet video traffic will represent 79% of all consumer Internet traffic, up

from 66% in 2013.[9] Content consumed via video provides the most engaging learning format and is much more likely to be absorbed and retained.

❷ THE GAME IS ON

Another human idiosyncrasy is our penchant for games. Young and old, regardless of background and culture, playing games is a natural way of learning around the world. Be they games of challenge, endurance or simply fun, players experience a smorgasbord of sounds and scenes and many involve competition and social inter-action. The growth of game technology has spawned a plethora of digital games and more recently this tech-nology has entered the sphere of organizational learning and development. Already organizations worldwide are transferring or rebuilding learning content into gamified applications with significant payback in user adoption, engagement, return rates and learning outcomes[10]. We can anticipate a mass increase in gamified L&D content in the coming years.

❸ LEARNING ON DEMAND

Flexibility. Immediacy. Accessibility. Today's learners want material they can readily access whenever they are ready to engage with it. What better way to address this chal-lenge than taking learning mobile? The three elements of informal learning (compared to formal structured learn-ing) are on-the-job experiences (or embedded learning), social learning and on-demand (or mobile) learning.[11] Putting access to learning into the hands and pockets of learners wherever they are, whenever they want it, dramatically increases not only the flexibility of attaining learning, but also the user engagement and ownership of the learning actions. Combined with the growth of

> Playing games is a natural way of learning around the world.

> We can anticipate a mass increase in gamified L&D content in the coming years.

> Flexibility. Immediacy. Accessibility.

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9   Cisco (2014): Cisco Visual Networking Index – Forecast and Methodology 2013-2018.

10 PageUp Global Research (2014): The Talent Management Gamification 9-Box.

11 Bersin & Associates (2012): The Rise of On-Demand Mobile Video for Learning and Develop-ment.

Putting access to learning into the hands and pockets of learners increases flexibility, engagement and outcomes.

video formats for learning, the trend toward mobile video learning is accelerating fast and will be the preferred method of consuming learning content in the future. Of course, streaming online video content requires high Internet bandwidth capabilities. While this is currently an issue in the Philippines, infrastructure investments in technology are a national priority and we anticipate significantly higher speeds and reliability to be available in the foreseeable future.

Practice Makes Perfect

The strategic alignment of learning and development programs with the capability needs of the business is a global standard essential in HR, where competition to fund multiple initiatives is always high. In the Philippines, this can be effected through regular training needs analyses in consultation with line and HR management and supported by return on investment data that tracks the performance metrics of current programs.

Around the world, the recalibration of learning to de-emphasize formal structured learning in favor of informal methods is changing the design and delivery methods for learning content. In the Philippines, we recommend the 50/30/20 rule supported by the AGES model to deliver the most effective learning outcomes for local employees.

Learning management systems (LMS) have been implemented extensively around the world and the importance of technology-aided learning platforms is clearly evident. In the Philippines, organizations should seek LMS providers with strong mobile, video and social functionality to position themselves for high rates of uptake of informal and online learning.

The FILIP*essence* of Talent Development

INTENT: Agility

How can Filipino talent development be accelerated and learning outcomes optimized?

Filipinos are natural learners with a thirst for new knowledge and impatient to grow. Providing engaging and interactive learning platforms, using social and mobile technologies and learning through shared experiences is the essence of talent development and ensures Filipinos shine. Make it fast, fun and friendly.

KEYWORDS: social, mobile, active, crowd, sharing, continuous, engaging

	GLOBAL **BEST** PRACTICES	PHILIPPINES **RIGHT** PRACTICES
Strategic Alignment	Training and development needs are directly linked to business needs and have executive buy-in	A regular and comprehensive training needs analysis aligns development investment with business priorities and develops 'glocalized' content to optimize global programs for local conditions
Learning Management System	Automated administration, content and tracking of training and development	Learning platforms leverage online mobile and social functionality to provide an engaging learner experience and make learning available anytime, anywhere
Corporate Academy	Customized programs designed and implemented to world-class standards	Corporate academies become industry centers of excellence for development and expand their reach through local training associations
70/20/10 Rule	Experiential learning is augmented with coaching and mentoring and formal training is minimized	Apply the 50/30/20 rule and apply the AGES model to develop customized development programs with high uptake and effectiveness
ROI Measures	Return on development investment can be demonstrated and informs L&D decision-making	Increase the use of performance metrics for learning and development to demonstrate ROI

INDUSTRY PERSPECTIVE

A Macro Mindset for Talent Development

by Adrian J. Robles, MHRIR
President
Philippine Society for Training & Development

"Five years ago, we discovered a 40-year old Presidential Decree declaring that private and government firms should celebrate, every fourth week of May, the training and development of the nation's talent," says Adrian Robles, President of the Philippine Society for Training & Development (PSTD). "The same decree specifies that PSTD should spearhead this celebration and this is the reason why we have held our annual convention on this particular week every year since." Consequently, talent development has been on the Philippines' national agenda for over four decades and continues to gain prominence in line with the rise of the country and the rest of the ASEAN region on the world stage.

"Now more than ever," notes Mr Robles, "the Philippine workforce needs to be prepared for the changes that the ASEAN integration and broader globalization will bring." Filipinos are proud nationalists and want to be the best they can be. The workforce demographic is youthful, ambitious, and eager to learn and grow, so training and development are keenly sought by employees and function as the key lever for the attraction and retention of talent. Of course, this is also a double-edged sword because highly skilled talent is also highly attractive to competitors, both within and beyond Philippines' borders.

"There are two schools of thought on the development of young talent in the Philippines," says Mr Robles. "The first is that organizations need to channel their efforts into creating great workplaces where workers are happy and are not easily enticed to leave. The second is that organizations should allow them to grow and learn in order to motivate them to maximize their potential even if this means allowing them to leave the company and find the things that they are really good at or can be good at."

It is difficult for organizations in the Philippines to find the right balance between these opposing views. The investment in training and development can be enormous and the resulting uplift in performance and productivity can only be achieved if talent is retained. However, Mr

Robles notes that organizations known for their commitment to talent development gain a reputation as top employers with an authentic employment value proposition.

"Employers can really benefit from taking a macro perspective, especially where millennial employees are concerned," notes Mr Robles. "Should we strive to retain them or should we, instead, recognize the challenge and accept that the 2-3 year horizon that these talents stay with the organization, during which we invest in their development and harness their work efforts, will benefit not only the company in the short-term but also the industry and the country eventually?"

Workplaces in the Philippines, as elsewhere, are changing dramatically. Generational differences, technology advances and new workplace expectations are challenging leaders and managers as never before. "We want to adopt a coaching and mentoring model to accelerate the development of young talent," says Mr Robles, "but when you have Gen X managers, who grew up with the discipline of using the card catalogues in libraries, coaching Gen Y employees, whose world is almost entirely digital, the task of reconciling these very different frames of reference can become difficult."

The PSTD focuses on the importance of personal leadership as an underlying driver of business transformation. "It must start at the individual level – a leader needs to develop the right mindset for growth, promote a cross-cultural perspective, and assert to influence the organization and ultimately, the nation," says Mr Robles. The Filipino culture is rich and diverse. "Our history brings strong influences from the Spanish and Americans that we have used to our advantage, including our world-renowned service ethic and excellent English language skills. But we also have many cultural nuances across the various regional provinces of the Philippines that make it unwise to generalize. For example, it is customary in the large, northern island of Luzon to use the terms 'po' or 'opo' when respectfully addressing elders or anyone in a more senior position. They oftentimes misjudge as disrespectful or arrogant those who come from other regions where these terms are not part of their vocabulary." Cross-cultural management takes on an even broader perspective as national boundaries become more relaxed with the ASEAN integration. "The key is for us to be mindful to never impose our own culture on others," Mr. Robles adds.

"Our preparation for globalization will push the Philippines beyond existing mindsets; we need to be open-minded and ready for change," says Mr Robles. "The PSTD is working hard to help organizations share views and practices to make training and development practitioners better at their craft, and ultimately play a more strategic role in human capital development and, consequently, in the success of their organizations."

INDUSTRY PERSPECTIVE

A Powerful Force in Technical Skills Development

Meralco Power Academy Team

"Our aim is to share thought leadership and advance the skills and expertise of those in the utility industry", says Agnes Fidelino, Head of Marketing & Business Development, Meralco Power Academy. "Through public forums, corporate training programs and partnerships with schools and academia, we aim to play a key role in the development of crucial technical and engineering skills in the Philippines as well as in the international arena."

With a 111-year history of experience in distributing electrical power to its franchise area that serves 25% of the Philippine population, Meralco is the go-to authority for the power industry in the Philippines and a leading player in the region. As a party to the Heads of ASEAN Power Utilities Association (HAPUA), the Meralco Power Academy supports the development needs of the utility sector, with several initiatives under way including programs such as a 2-week power engineering program for the development of technical skills and HR programs on Workplace Learning & Performance and Engaging a Multigenerational Workforce. Meralco is also unique as being one of the few utilities in the region that has undergone a transformation experience from a monopoly to a customer-centric organization. This provides a lot of learning insights valuable for the power and energy sector.

The Meralco Power Academy was established in 2013 as a dedicated commitment to enhancing the expertise of Meralco employees as well as the broader utilities industry and operates from two facilities located at the Ortigas Center and in Antipolo City. The Academy's focused team develops and facilitates an extensive curriculum covering many aspects from global lineman skills development, to design and power engineering, utility management, safety management and the future of

power and energy. Program duration ranges from 2 days to 2 months and is supported by formal assessments and ISO 9001 accreditation.

"We service a stakeholder triangle", says Ms Fidelino, "which is made up of academic institutions, government regulators and industry. The Meralco Power Academy works with all stakeholders in this triangle and at the center are our customers and employees." This comprehensive and committed approach often puts Meralco at the forefront of change and progress, with industry participants following the lead.

"Our partnership with academia is also very important to us", notes Ms Fidelino. "We are working closely with top universities on an applied knowledge exchange between their faculty and our technical experts to drive innovation and excellence in electrical engineering. As the Philippines moves to a K12 educational system, we hope to transfer the training methodology to select schools, where school students in K11 and K12 will learn some of the core skills used in the utilities industry, such as becoming a lineman. By the time they leave school these students will have job-ready skills for entry level positions, ensuring a talent pipeline for our industry as well as supporting employability."

The quality of skilled Filipino workers in the utilities sector, in particular, the Meralco lineman, has long been recognized. This is evidenced by the frequent poaching of Filipino talent not only within the community in the Philippines but also by countries around the globe, including the U.K., Australia, Canada, U.S. and Saudi Arabia. "Despite the challenges of continually recruiting and training for the industry, we take it as a positive development that we are producing great talent here because they are in hot demand around the world", says Ms Fidelino. "We are addressing this challenge by running our programs for international utilities and partnering with competitors elsewhere to build the overall available stock of skilled engineers and power workers."

In the future, the Meralco Power Academy hopes to develop a utilities MBA program that teaches both the technical and leadership skills necessary in the industry. "Of course we need great technicians but we also need great leaders with commercial acumen, project management, risk management, advanced negotiation and ecosystem-influencing skills. It's a dream we hope to make a reality over the coming years."

CASE STUDY

CASE STUDY

Towards Public Service Excellence

Arthur Luis P. Florentin

"Our mandate is to support the achievement of the Philippine Civil Service Commission's core purpose of 'shaping the servant hero towards public service excellence' through learning and development", says Arthur Luis P. Florentin, Executive Director of the Civil Service Institute. "By targeting both public service leaders and the HR practitioners that support them, we hope to raise the benchmark by instilling a clear competency framework that defines success and inspires leaders and HR practitioners to develop toward them."
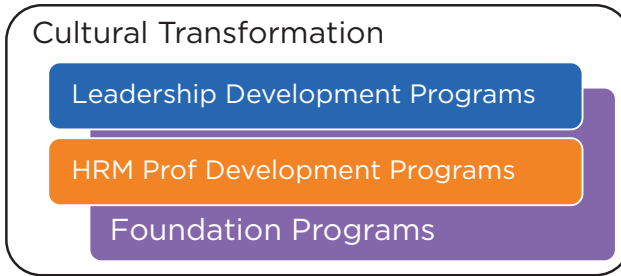
The Civil Service Institute (CSI) is an arm of the Philippines Civil Service Commission (CSC), whose core purpose is Gawing Lingkod Bayani ang Bawat Kawani (to make every civil servant a servant hero), through its vision to be Asia's leading center of excellence for strategic human resources and organization development.

The CSI is mandated to provide learning and development frameworks and programs to the Philippines' 1.4 million public sector employees. However, due to its limited resources, CSI is only able to accommodate over 2,000 participants to its programs every year. As a strategy, CSI adopted a curriculum framework consisting of leadership development, HRM professional development and foundation programs. This allows CSI to deliberately focus on leaders and HR practitioners and provide them with programs that will enable them to create an impact in the bureaucracy through competency development and organizational transformation.

For public service leaders, CSI's main offering is a Leadership Certification Program for Middle Managers. This program is based on the five (5) leadership competencies that were found critical across the bureaucracy. These are: 1) Thinking Strategically and Creatively; 2) Building Collaborative and Inclusive Working Relationships; 3) Leading Change; 4) Managing Performance and Coaching for Results; and, 5) Creating High Performing Organizations. The program consists of eleven (11) classroom training days with 90 days action learning project to develop and embed the skills acquisition. Certification is based on successfully passing the competency assessment after the action

learning project. For those who feel they have already developed the five competencies, they may skip training and directly seek recognition of prior learning through the same competency assessment. The program was developed with the support of the Philippines Australia Human Resource and Organization Development Facility (PAHRODF).

Civil Service Institute Curriculum Framework

Cultural Transformation

Leadership Development Programs

HRM Prof Development Programs

Foundation Programs

Some of the other learning and development programs for public service leaders are: 4Cs of Change Management; Ethical Leadership; Strategic Performance Management System; Mentoring and Coaching; and, Knowledge Management.

To enable the HR practitioners in the bureaucracy to support their respective leaders in creating organizational transformation, a Core HRM Professional Development Program was developed, covering the following areas: 1) Strategic HR; 2) Competency-Based Recruitment, Selection and Placement; 3) Competency-Based Learning and Development; 4) Performance Management; and, 5) Employee Relations. This program was also developed with the support of PAHRODF.

"Registrations are already strong for programs months in advance", notes Mr Florentin "and we are confident that participants and government agencies are recognizing the importance of developing these competencies, as well as our ability to deliver programs of world-class standards."

"In a new era of workplace mobility and talent scarcity, we must recognize the need to be competitive against global benchmarks and be prepared to change where necessary", says Mr Florentin. "We need transformation at all levels – personal, societal and national – because we cannot expect to produce a dramatically better result for our nation unless we do something differently. We have recognized the need to overcome the bureaucratic and transactional perception people have of the public sector. We are focused on serving the community and see programs such as the WLP supporting our efforts to be progressive and leading the way."

CASE STUDY

TALENTED
Philippines

Chapter 8

Talent Retention & Engagement

In the Philippines, the principle factor that attracts and retains employees is the quality of the relationships they experience in the workplace – with their colleagues and their managers.

– **Kumar Suraj**
Country Human Resources Manager
at a multinational corporation

Praise

Happy

Engagement

Retention

Appreciation

Transparency

Community

Good relationships

Connections

Respect

Corporate Social Responsibility

Holistic

Key Points

Employee engagement is the '21st Century problem' around the world.

The Philippines shows the highest rates of employee engagement in the ASEAN region.

The key factors that disengage workers from their workplace are feeling disconnected from the organization, disconnected from their jobs, poor communication and lack of visible opportunities.

HR strategies should emphasize initiatives that increase engagement rather than focus on retention, as retention is an outcome of engagement.
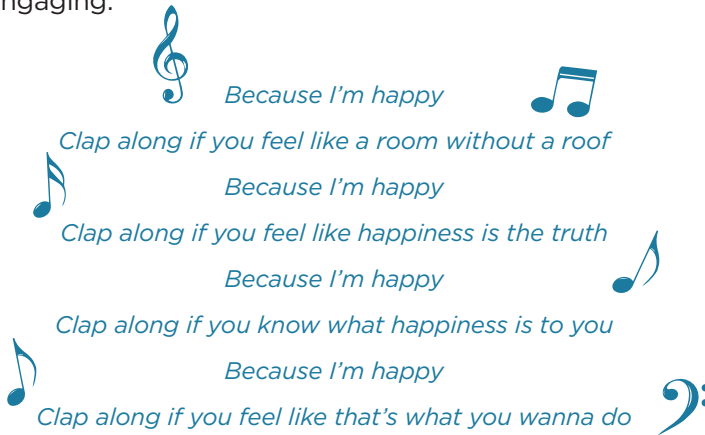
Filipinos by nature take their work and workplace personally, so connecting at an individual level is key to engagement.

There are many ways to increase employee engagement and the majority of them rely on good management and leadership practices.

The Engagement and Retention Imperative

By the end of 2014, that year's number one song Happy, by Pharrell Williams, had sold over 15 million copies worldwide and the video clip clocked more than 560 million views. This upbeat, optimistic and infectious tune had struck a chord around the globe with its simple tempo and positive theme. You could say it was engaging.

Because I'm happy

Clap along if you feel like a room without a roof

Because I'm happy

Clap along if you feel like happiness is the truth

Because I'm happy

Clap along if you know what happiness is to you

Because I'm happy

Clap along if you feel like that's what you wanna do

RETENTION

IMPORTANCE

Business Critical	High importance	Low importance
54%	**40%**	**6%**

EFFECTIVENESS

Currently optimal	Work in progress	Far from effective
32%	**59%**	**9%**

DEFINITIONS

Business critical	Directly impacts the ability of the organization to deliver on strategic and operational goals.
High importance	A key priority for HR that is aligned to business success and may become critical if uncontrolled.
Low importance	Not currently directly impacting business success; nice to have but not essential.
Currently optimal	Our current approaches have us where we need to be on this dimension.
Work in progress	We are falling short of where we need to be but have plans in place over the next 12 months.
Far from effective	We are aware that we lag on this dimension and need to implement substantial changes to our current approach.

At the very same time, workplaces everywhere were (and still are) struggling with the number one HR challenge of the 21st century: employee engagement. With almost predictable consistency, survey after survey shows that today's employees, many of who are of the millennial generation, have very high expectations of their work and their employers and a very low tolerance for these expectations not being met.

> The Philippines has the highest levels of employee engagement in Southeast Asia.

In a recent survey that tapped the preferences of over 200,000 workers worldwide for job elements that were most important to them, the top ranking element was "appreciation for your work", followed by "good relationships with colleagues", "good work/life balance" and "good relationships with superiors". At ranking 7 and 8 were "job security" and "attractive fixed salary" and "company values" came in at number 10.[1]

In our survey, retaining talent ranked 3rd in the Top 5 priorities for HR in the Philippines. A total of 94% of respondents rated retention as business-critical or of high importance in their organization and only about one-third reported that their retention results were currently optimal.

Why Aren't Employees Happy?

> The 100 million peso question is, why are the majority of employees not engaged?

In their annual global survey, Gallup found that a mere 13% of employees are actually engaged, 63% are not engaged and 24% are actively disengaged.[2] The good news emerging from this study is that the Philippines has the highest levels of employee engagement in Southeast Asia, with 29% of employees engaged and only 8% actively disengaged. This result is almost twice as good as the next best performer, Thailand. The bad news is that this still leaves approximately 70% of Filipinos in the disengaged cohort, making them unlikely to be performing at their best and constantly vulnerable to the temptation to seek greener pastures.

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1   Boston Consulting Group (BCG) & The Network, 2014: Decoding Global Talent - 200,000 Survey Responses on Global Mobility and Employment Preferences.

2   Gallup (2013): State of the Global Workplace – Employee Engagement insights for leaders worldwide..

The 100 million peso question is, why are the majority of employees not engaged? The answer can be found in the ways employees feel disconnected from their workplaces.

	Engaged	Not Engaged	Actively Disengaged
Philippines	29%	63%	8%
Thailand	14%	84%	2%
Malaysia	11%	81%	8%
Singapore	9%	76%	15%
Indonesia	8%	77%	15%

Source: Gallup (2013): State of the Global Workplace

Disconnected from the Organization

If employees are to commit themselves to the organization, they want to know what it stands for and how they can contribute to its vision and mission. Moreover, they want to feel an emotional connection to these goals, to be inspired, excited and challenged by them. *The best leaders understand that there is an emotional undercurrent to everything they do.*

Disconnected from the Job

When employees feel they are accountable in their roles and empowered to deliver, they strive to do their best. For personal satisfaction, peer collaboration and recognition from their leaders, employees want meaningful

jobs that contribute to the business goals and highlight their interests and skills. *Employees want to gain a sense of pride from their work achievements.*

Disconnected Communication

Work environments with high levels of open communication that support the frequent sharing of knowledge, progress, results and promote joint problem solving and creativity, are places where people shine. Communication should be in multiple formats and forums and involve workers at every level. *Knowledge and sharing is key to involvement and commitment.*

Disconnected Opportunities

Great talent seeks great opportunities – opportunities to contribute, to learn, to progress. Organizations that make clear the channels employees can pursue to achieve these aspirations create natural pathways for innovation and growth.

Contributors noted:

"We are very active with corporate social responsibility initiatives, and they are very popular with our employees."

"We have instigated 'Conversations with the CEO' – selected employees have breakfast, lunch or snacks with the CEO and get to know him personally, as well as his vision for the company."

"Our CEO and HRD travel around the country every month to share the business results and speak directly with employees."

Retention is an Outcome of Engagement

It is to be expected that if retaining employees is the problem, retention strategies should be the solution. Employers around the world have invested billions of dollars and years of effort into devising all manner of policies and programs in an often-futile attempt to retain their talented employees. From a suite of financial incentives including long term bonuses, share options, housing and health benefits and even family support, to a catalogue of initiatives such as flexible work arrangements, attractive workplace design and social activities, to the career carrots of learning, mobility and progression opportunities - organizations have been steadily exhausting the possibilities of what they can do to make good people want to stay. As we have already seen, with very disappointing results.

Refocusing efforts and investment toward engagement initiatives is the strategy most likely to fulfil the goal of retention. This is because retention of itself is not an action or strategy, rather it is the result of doing many things well that engage employees and make them want to stay.

The key difference between a focus on retention and a focus on engagement is this:

- A retention focus leads organizations to develop policies and programs designed for what they believe will appeal to the majority of employees;

- An engagement focus leads organizations to enlist their managers and leaders to understand each employee's individual goals and motivations and appeal to their personal needs.

By nature, Filipinos do the latter very well. As is evident throughout this book, for Filipinos, work is not just a job, *it's personal*. The best managers really get to know each of their employees: their personal and professional goals and challenges, their circles of influence outside the workplace (including family, friends and community networks), their fears, obstacles and limitations and their strengths, capabilities and future potential. This holistic

Organizations have been steadily exhausting the possibilities of what they can do to make good people want to stay.

Refocusing efforts and investment toward engagement initiatives is the strategy most likely to fulfil the goal of retention.

By nature, Filipinos do the latter very well. As is evident throughout this book, for Filipinos, work is not just a job, it's personal.

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understanding of every member of the team creates a family atmosphere that deeply connects employees to their colleagues and leaders and this is what underpins their engagement in the workplace.

Contributors noted:

"We create an environment of respect and in which employees enjoy being with their peers."

"They like working in a fun environment with like-minded people."

"From time to time, we get people off the shopfront and out to have fun together – family days, fun runs, parties and get togethers."

An Engagement Shopping List

If you are still looking for practical ways to enhance employee engagement, perhaps consider the following:

This list highlights one additional point worth mentioning: engagement initiatives are amongst the most inexpensive activities line and HR managers are likely to undertake because at their core, many are simply about good management and leadership.

Engagement initiatives are amongst the most inexpensive activities.

Engagement Shopping List

- ☐ Communicate with energy and passion
- ☐ Create experiences
- ☐ Support important causes
- ☐ Encourage volunteering
- ☐ Provide opportunities for social interaction
- ☐ Involve employees in decision-making
- ☐ Encourage online networking and crowdsourcing
- ☐ Communicate with mobile apps
- ☐ Share personal stories
- ☐ Hold regular communication forums, such as Townhalls
- ☐ Empower employees
- ☐ Create a great place to work
- ☐ Be fun and informal when appropriate
- ☐ Take a "no surprises" approach to feedback
- ☐ First coach, then manage
- ☐ Create an open and transparent environment
- ☐ Praise and encourage, praise and encourage some more
- ☐ Encourage sharing
- ☐ Challenge individuals and help them reach their potential

Practice Makes Perfect

Simply put, organizations that actively pursue employee engagement will benefit from higher rates of retention. As a result, they increase the stability of their workforces and strengthen their leadership and succession pipelines.

It is important to know your talent for development, succession and mobility planning. Mapping the organization's high potential employees and understanding their personal and professional aspirations is essential not only to retaining them, but also helping them maximize their potential. Aligning individual development plans to business plans ensures employees feel connected and contributing to the organization. Staying abreast of their career goals and supporting the achievement of them indicates a manager that is also a caring mentor.

Engagement surveys are actively used around the world as barometers of the workforce and can provide insightful guidance to managers and leaders seeking to improve engagement levels. An opportunity exists here for the involvement of employees in both the analysis and interpretation of engagement survey outputs as well as creating the action committees necessary to communicate and implement corrective or enhancing initiatives.

Finally, rewarding employees beyond their salary and benefits with generous praise and regular constructive feedback is both engaging and motivating. By adding opportunities to engage socially and play a broader role in the community, employees can fulfil goals beyond their job description and feel holistically connected in their society.

The FILIP*essence* of Talent Engagement & Retention

INTENT: Bonding

What engages Filipinos in their workplace and makes them want to stay?

Filipinos have a deep intrinsic desire to belong – to their families, communities and workplaces. The essence of belonging is a trusting bond that develops from the respect, inspiration and attachment Filipinos feel toward their colleagues, leaders and the organization. Personal concern for their wellbeing and professional development are essential, as are being treated fairly, being empowered to contribute and receiving recognition and rewards.

KEYWORDS: happiness, attachment, sincerity, openness, care, harmony

	GLOBAL **BEST** PRACTICES	PHILIPPINES **RIGHT** PRACTICES
Tag Top Talent	Dynamic processes that frequently identify top talent with critical skills and/or high potential	Know your top talent personally and professionally and support both their personal growth and career growth
Talent Reviews	Frequent reviews to calibrate talent, pinpoint flight risks, update development progress and build succession plans	Have open and very frequent career and development discussions and take action to address concerns and aspirations
Individual Development Plans	Link personal goals with organizational objectives and focus on developing potential	Establish clear development plans for individuals and take personal care and interest in supporting the progress of their implementation
Engagement Surveys	Conduct organizational health checks through employee engagement and pulse survey, monitor and act	Involve employees in interpreting the outputs of engagement surveys and create employee think tanks and task forces to empower them to take action
Reward	Recognize high performance with financial and non-financial rewards	Be generous with praise and feedback and involve employees in rewarding social and community activities

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PERSPECTIVE

Calling on Talent in the IT-BPM Sector

by Penny Bongato
Executive Director Talent Development
IBPAP

"The key limitation on growth is the ability to hire, engage and retain talent", says Penny Bongato, Executive Director Talent Development at IBPAP (IT & Business Process Association Philippines). And growth in the business process outsourcing and services management sector continues to be unrelenting.

The Philippines proudly hosts world-class outsourced services with an approximate 10% share of the US$250 billion global market (estimated by the Everest Group) by 2016. With double-digit employment growth forecast to continue in the sector, the pressure is on to supply a continuous stream of skilled talent ready to meet the demands of the hundreds of IBPAP local and multinational member organizations.

"Our Service Management Program, now in its fourth year, is a college program built in collaboration between industry, academia and the IBPAP to specifically develop the technical and behavioral skills necessary for success in this industry", notes Ms Bongato. The Service Management Program consists of a series of modules that educate students in core tenets of the business process management industry as well as skills in business communication, service culture and critical thinking. "This initiative serves to address the mismatch between the skills the industry demands and those that students have previously graduated with" says Ms Bongato.

IBPAP used the Global Competitive Assessment tool to assess critical competencies in 2,500 workers employed in the IT and business process management (IT-BPM) sector. The results were compared to actual on-the-job performance and showed a strong correlation between high performance on the GCA test and high performance in the workplace. This allowed a unique competency model to be developed that guided content development for the Service Management Program. The first graduates from the program have been well received by industry employers, with placement rates exceeding 80% of job applicants. This focused approach has drawn the attention of comparable industries in India and China, with similar talent challenges, but without the development infrastructure now available in the Philippines.

Whilst the Service Management Program has been designed with new entrants to the industry in mind, an online learning portal has now also been developed to allow those already employed in the industry to hone their skills and develop further. This e-Service Management Program is an open university offering that supports the management development initiatives offered by many employers.

"Ongoing development is very important in our industry and is one of the key retention levers available to employers", says Ms Bongato. With the industry attracting thousands of millennial generation employees each year, skill development and career progression are major motivational factors, so continuous learning and education are sought-after by ambitious, tech-savvy and business-minded Filipinos.

"The IT-BPM sector will continue to play a vital role in the Philippines economic advancement and our talent development initiatives are designed to increase employability across the nation", notes Ms Bongato. With service centers now reaching far beyond metro Manila into many tier 2 and 3 cities, the industry is creating employment opportunities that ultimately improve the livelihoods of thousands of Filipino families and communities.

PERSPECTIVE

CASE STUDY

BAKER & McKENZIE

A Millennial Magnet

Eric Riego de Dios

"The millennial generation wants to learn, grow, and see quick rewards for their efforts, so you need robust and flexible programs to attract and retain them," says Eric Riego de Dios, Director of Human Resources at B&M Global Services Manila, Inc. (B&M GSM).

Established in Manila 14 years ago, B&M GSM is a proud and integral contributor to premier global law firm Baker & McKenzie, which is present in 47 countries around the world. With over 700 employees in the Philippines, B&M GSM provides a broad range of services, from simple business process transactions through to highly specialized support services such as intellectual property resolution and knowledge management.

"Each year we hire bright young graduates through our associations with academic institutions and the industry fraternities. A key attraction for these talented millennials is the focused commitment we have to both professional development and corporate social responsibility programs," notes Mr. Riego de Dios.

"We take continuous learning and development very seriously. Fortunately, Baker & McKenzie has a rich array of global learning resources through our linkages to some of the best business publications in the world, such as the Harvard Business Review and The Ashridge Journal," he says. "Our employees can take advantage of the Development Framework and Learning Roadmaps we are developing for a variety of position clusters in our organization, for which we have developed specific curricula that can be pursued via a mix of channels including e-learning, classroom training, and coaching."

Another key element that clearly engages not only millennials but employees of all generations is the opportunity to contribute to social and community initiatives through organization-sponsored corporate social responsibility programs. "To underscore the Firm's commitment is the presence of a director that manages the global CSR initiatives at Baker & McKenzie. "We have worldwide programs as well as local ones that support under-privileged communities everywhere and give our employees an opportunity to participate in activities that help others. For example, we recently supported a school in one of the poorest

villages in Southern Luzon that could not afford computers to assist in the technology training of local students. GSM and our employees provided not only financial support and computer equipment but also travelled to the village to help build an IT lab at the school and train teachers in the use of the IT tools," says Mr. Riego de Dios. Such programs connect employees to the social fabric of the nation and benefit everyone involved.

"And of course, Filipinos love to have fun and interact socially, so we also have a range of social activity groups that give employees the opportunity to pursue their personal interests with like-minded colleagues." At B&M GSM, employees can sign up to join activity groups such as the GSM Runners, who train and run for local causes; the GSM Arts Group, whose members explore and share their interest in art, film, painting and sculpture; the Chorale Group, who represent B&M GSM in singing competitions in corporate and industry engagements; or the GSM Football League, which currently holds two corporate championship trophies.

"Engaging employees, especially millennials, simply requires that you firstly ask about their interests and aspirations and then respond with programs and initiatives that match these. We communicate openly and listen to our employees through regular town hall meetings and round table discussions," says Mr. Riego de Dios. "As a result, we have built a strong and growing team whose professional skills and community connections continue to deepen. This benefits them, our organization and our clients."

CASE STUDY

CASE STUDY

Globe

A Circle of Happiness encompasses Globe

Avon Morales-Sison

"Our philosophy is that happy and engaged employees deliver wonderful customer experiences that lead to strong business growth", says Avon Morales-Sison, Director for Human Resources Business Partnership, Globe. "We call that the Circle of Happiness and it begins with employees that are committed to exceptional customer service which translates to a brand experience that people love and connect with."

The business environment for telcos is getting tougher as consumers continue to exercise their preference for digital services. Demand for data and broadband services is outstripping the mainstay of telcos around the world, which was once voice telecommunications. "Globe's business vision has expanded to be a leading provider of digital services, including upgrading to 3G and 4G broadband, introducing secure virtual wallets through digital device-generated payment services and also digital entertainment", says Ms Morales-Sison. "Today and into the future, our goal is to enrich the lives of our customers' telecommunications experiences through ease and relevance."

Executing on the Circle of Happiness philosophy therefore is a key focus for HR at Globe. Numerous programs and initiatives are underway. Take Globe's Immersion Program, already completed by over one-third of Globe employees, including the CEO, which gives participants first-hand experience in all customer-facing aspects of the business. "Employees will spend time on the phones at our call centers dealing with customer enquiries and in retail stores providing advice and initiating product sales. Only this way can all our employees really see our business through a customer's lens", says Ms Morales-Sison.

Another example is Globe's approach toward career development. "Employee-driven career development is a core tenet of our talent management framework. We empower employees to be accountable for their own careers and support them in the achievement of their career goals. Our leaders are trained to coach and mentor the company's talent – they are champions of career development", says Ms Morales-Sison. "Take for instance technical engineers and IT developers, which are critical roles in our business. We know that to hone their professional skills, they are bound at some stage to seek opportunities abroad. Rather than stopping them, we facilitate cross-

border mobility opportunities with our sister company in Singapore, where they will gain further knowledge and skills to enhance their expertise." Increasingly talent capabilities are becoming more complex, such as composite roles that require a fusion of technical, IT and business skills. Such capabilities can only be developed over time through ongoing learning, development and diverse experience.

At Globe, developing a culture of innovation and contribution requires that employees fundamentally understand the customer. In this way, the business and HR are inextricably linked. And clearly, the recipe is working. In 2014 Globe won Asia's Best Employer Brand Award by the Employer Brand Institute, World HRD Congress & Stars of the Industry Group, as well as Top Company to Work For in Asia, at the Asia Corporate Excellence and Sustainability (ACES) Awards.

CASE STUDY

TALENTED
Philippines

Chapter 9

Technology Changes the Game

Technology is nothing. What's important is that you have a faith in people, that they're basically good and smart, and if you give them tools, they'll do wonderful things with them.

– **Steve Jobs**
CEO & Founder
Apple

Critique
Thinking Academy
Creativity
Learning
Fast Track
Leadership Potential
Accelerate
Gamification Education
ROI
70/20/10 *Careers*

Key Points

Filipinos are amongst the most socially connected people in the world and smartphones are their device of choice.

Enterprise technology uptake is increasing in momentum with Southeast Asian Chief Information Officers more bullish than their global counterparts about technology investments.

There is significant opportunity to support the transformation of HR to strategic business partners through technology.

Some organizations in the Philippines are already accessing technology in recruitment, performance management and learning and development, but they remain in the minority.

A majority of Filipino organizations have prioritized investment in HR technology in their forward plans.

The gold standard for HR technology is Cloud-based unified talent management software.

IN THE NEWS

"Makati Selfie Capital of the World"
Time Magazine, March 2014

Francis Philippines Visit: Pope Selfies Dominate Twitter Frenzy
Surrounding His Arrival
International Business Times, 9 February, 2015

Selfies, apps and cardboard cutouts: Papal-mania is sweeping the
Philippines
Newstalk 106-108FM, 15 January 2015

It would be hard to argue that there are few things Filipinos hold dearer to the hearts than their faith and their phones – and at the beginning of 2015 these two collided in a frenzy in the Philippines.

Ten months earlier, Time Magazine had conducted a study of cities that recorded the most number of selfies taken in a 24-hour period based on Instagram postings. The undisputed winner – Makati, where 28% more selfies were taken than in the number two contender, New York City. Cebu City also ranked in the top 10.

Fast-forward to January 2015. His Holiness Pope Francis arrives in Manila to a reception of millions of devoted Filipino Catholics. Two days of national holidays are decreed and streets are closed as crowds flock to the centers in the hope of a distant sighting of His Holiness, or simply to be in the presence of his holy aura. How can you reach so many people in such a short time?

Turns out, there's an app for that. In preparation for the visit, the Vatican released the Papal Visit Philippines app on Apple's iOS and Google's Android systems to share news, photos, send prayer requests and track an endless thread of tweets and of course, selfies. Selfies with friends in crowds, with cheering followers, even with the Pope, or was that just a cardboard cut-out of the Pope? No matter, the live minute-by-minute coverage of the Pope's time on this long-awaited visit to the Philippines was optimized and shared, with technology.

There could be no simpler or clearer demonstration of the pervasive role technology is playing in the lives of Filipinos.

Online and Active

Forty million Filipinos are now online, an Internet penetration rate of 40% of the population. A steady stream of Internet uptake has seen this figure grow 10% in the last twelve months and 393% in the last five years.[1] Today, 70% of Filipino Internet users are under the age of 29 and 96% are active social media users, amongst the highest in the world. With their cultural drive to stay connected to family, friends and colleagues, Filipinos are natural adopters of technology that enables instant and constant communication.

Even despite the notoriously unreliable and slow Internet speeds averaging 3.6 megabits per second (Mbps), compared to the ASEAN average of 12.4 Mbps and Singapore of 61.0 Mbps, Filipinos love their mobile devices. Mobile device penetration exceeds 101% in the Philippines, meaning there is more than one phone per person for every man, woman and child in the population. Smartphones currently represent only 15% of handheld devices but this is forecast to grow to 50% by the end of 2015, driven by Android phones priced at between US$50-US$250.[2]

Everywhere you look, Filipinos are armed and online with their digital handsets and Filipino employees increasingly view their virtual presence as a natural extension of their physical lives.

70% of Filipino Internet users are under the age of 29 and 96% are active social media users.

Smartphones currently represent only 15% of handheld devices but this is forecast to grow to 50%.

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1   http://www.internetlivestats.com/internet-users/philippines/
2   OnDevice Research 2014: Philippines Mobile Internet Trends

Enterprise Technology

The ubiquitous spread of consumer technology is strongly influencing the focus on enterprise technologies across the Southeast Asian (SEA) region. In a recent survey that compares the responses of SEA Chief Investment Officers (CIOs) to their global peers, findings show that [3]:

- SEA CIOs are expecting technology budget increases averaging 3.6% (1.0% global average)
- 60% are focused on the development of mobile as the primary or secondary interface for employee-facing applications (48% global average)
- 91% of SEA CIOs are shifting from backward-looking to forward-looking predictive analytics (80% global average).

Overall, regional heads of IT are considerably more optimistic and confident about future technology investments than their global counterparts. That said, concerns about infrastructure, security and digital business risk are higher, with 81% of SEA CIOs concerned about their ability to manage such risks, compared with a global average of 69%.

Investments in HR and talent technologies in the Philippines trail behind global trends. With the exception of a small number of global multinationals, many HR departments in the Philippines are still using manual or spreadsheet-based systems to implement and monitor recruitment activity, performance management, succession planning and training plans.

Investments in HR and talent technologies in the Philippines trail behind global trends.

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3   Gartner (2015): 2015 CIO Agenda: A South East Asia Perspective

Technology in the Hands of Managers and Employees

Employers in the Philippines see the increasing importance of having not only an online presence, but an interactive and mobile optimised website that appeals to the large millennial talent pool they are seeking to attract. Notwithstanding, there remains a significant gap between the prevalence of mobile and social technology currently in the hands of millennials and the talent technology available in enterprises.

Employees in our company can use their mobile devices to...

Yes
Wish I could
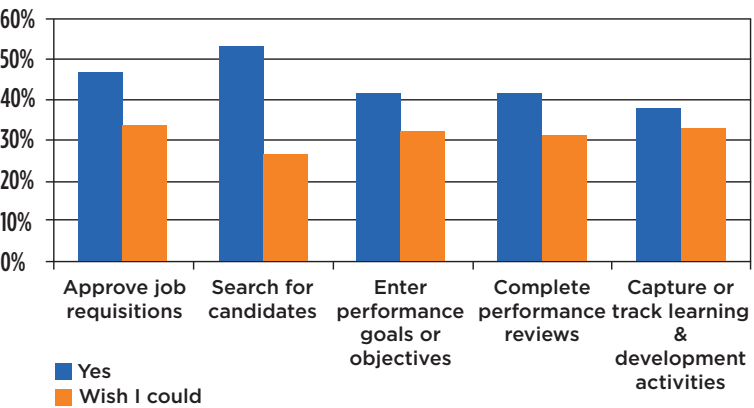
Recruiting Talent

Approximately half of our survey respondents are actively using technology in the recruitment process. 46% said their organizations use online systems to approve job requisitions and 54% currently have the capability to conduct an online search for candidates. However, almost one-third of respondents only 'wished they could' undertake these activities online, highlighting a latent desire to use technology more proactively in the sourcing of external talent.

While most organizations have an active website including Careers pages to channel online traffic to available job vacancies, few such websites have been mobile-optimised to stream employment information effectively to hand-

held devices. Mobile optimisation requires that a website has been built to render effectively on small screen devices as well as provide functionality that easily allows candidates to search and apply for jobs. This enhances the mobile experience for applicants and provides recruiters with a competitive advantage in a tight talent market.[4]

Managing Performance

Approximately 42% of respondents said that employees could use their mobile devices to enter performance goals and objectives as well as complete performance reviews. A further 32% said they 'wished they could'. In the future world of work, tools that allow remote talent management will become increasingly important. This is an essential element for organizations that have:

- a large and/or decentralised workforce
- employees 'on the road' or in remote locations
- contracted labour assigned to specific tasks or projects
- managers leading geographically dispersed or virtual teams.

Aside from the logistical advantages of accessing performance data anytime, anywhere, there are significant benefits in terms of providing immediate performance feedback and real-time coaching. On a mobile device, constructive interactions between employees and their managers can occur in-the-moment to significantly enhance communication, performance and job satisfaction.

Learning & Development

Only one-third of survey respondents said they could currently capture and track learning and development activities on a mobile device, another one-third 'wished they could'. With learning and development being of

> In the future world of work, tools that allow remote talent management will become increasingly important.

> Only one-third could currently capture and track learning and development activities on a mobile device.

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4   PageUp, 2014: White Paper – Mobilise Now! Are Australia's Top 100 Company Career Sites Ready?

such critical importance to young Filipino managers and leaders, the enablement of online platforms to facilitate learning on-the-go should be a top priority. The long commute to work can easily be transformed into a concise learning session; small segments of video content can build to form a progressive learning track; audio books and ebooks can educate any time, anywhere.

Social Media in the Workplace

As expected, Filipinos do not put their devices away when they enter their workplace. Rather, they actively use them to stay connected with their networks and even to support work activities, especially in the sourcing and recruiting of talent.

How do you use social media at work?
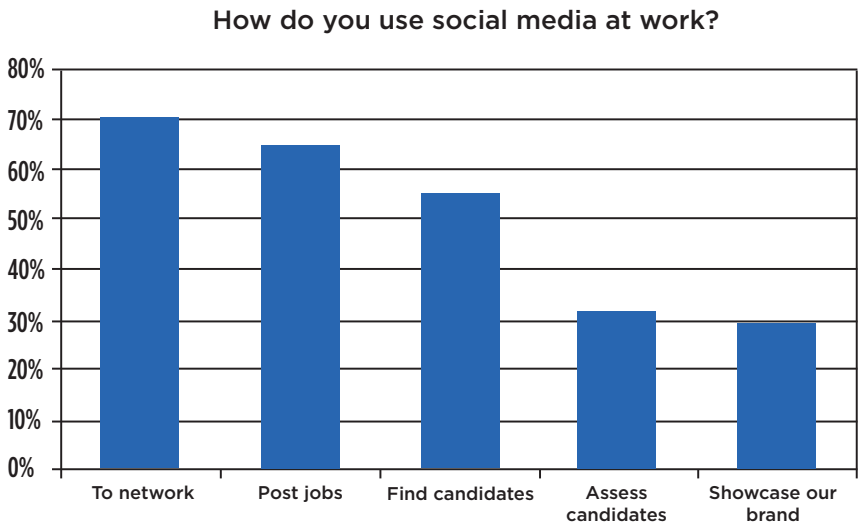
No surprises that 71% of respondents use social media to network, however as many as 65% post jobs to their social networks and 55% actively use these networks to find candidates for jobs. Less common is using social media for assessing candidates or showcasing the corporate brand, but these are also on the rise.

## *A Growing Emphasis on Technology Investment*

In recognition of its increasing importance to effectively attracting, developing and retaining talent, Filipino enterprises are actively seeking to increase their investment in talent technologies that expedite and enhance these processes.

71% of those surveyed stated that their organizations were seeking to investigate new talent technologies. Specifically, 76% said they needed to improve their ability to produce effective people management reports and workforce analytics.

65% of respondents recognize the need to introduce or improve access to people management functions via mobile devices and 75% plan to increase their use of social media, particularly to source and attract new talent.

76% said they needed to improve their ability to produce effective people management reports and workforce analytics.

In the next 12-18 months, our organization will...
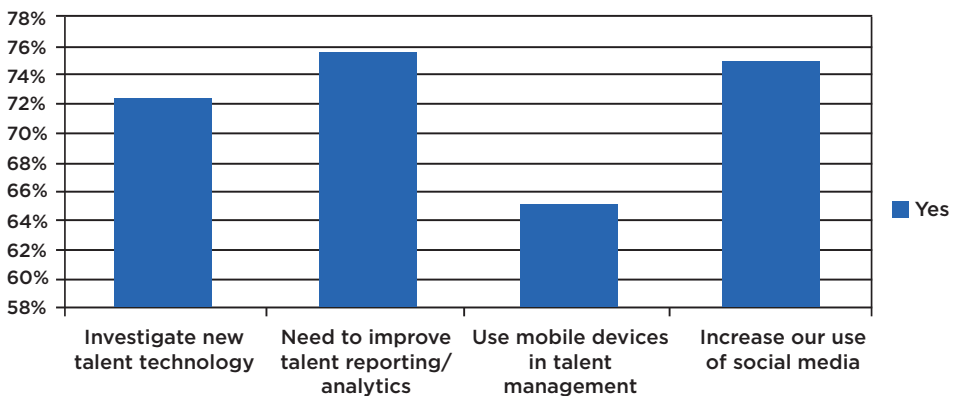
These Philippines statistics are consistent with a new focus on talent technology in the ASEAN region overall. Regional research shows that Asian based firms are recognizing that to be competitive in the war for talent, technology is essential to reach their target audience as well as empower managers with today's sophisticated talent technology tools.[5]

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5   Towers Watson 2013: Transforming HR in Asia

The Gold Standard in HR Technology

In order to realize the possibilities that HR technology can deliver, that technology needs to solve real and present business and HR challenges, such as reducing lost productivity due to insufficient manpower, increasing performance by accelerating skill development, facilitating speed to market through innovation or creating competitive advantage through world-class leadership. Each of these business challenges requires the right people with the right skills in the right roles at the right place and time.

A unified people management suite provides a technology platform that integrates all HR data from core HR systems, payroll, recruitment, performance, training and development, career and succession management, into one unified source of truth. This is the gold standard in HR technology.

A unified people management suite provides a technology platform that integrates all HR data.

RECRUIT

PERFORM

RETAIN

LEARN

ONE JOURNEY

ONE PLATFORM

ONE EXPERIENCE

ONE
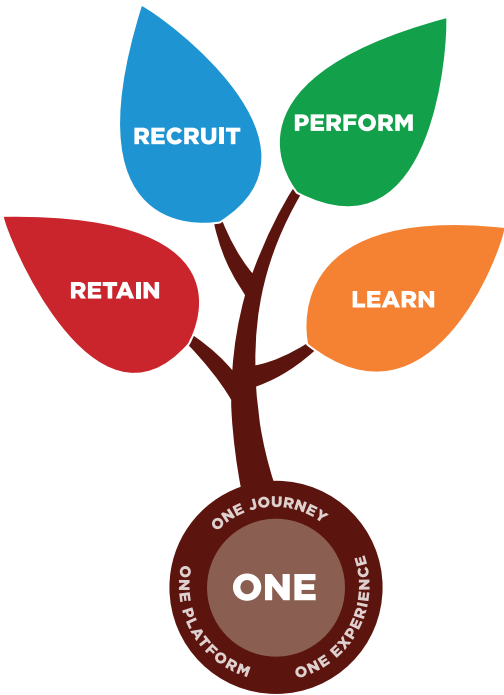
To qualify for this gold standard, the technology platform must meet some stringent criteria. It must:

- be a Cloud-based application allowing cost-effective universal access and scalability
- be built on a single code platform, rather than an amalgamation or integration of several disparate components
- be developed for and compliant in the ASEAN region
- have the flexibility to adapt to each organization's HR workflows and practices
- have an engaging user interface that is easy to use, intuitive to navigate and responsive
- be fully mobile-optimised to enable HR activities to be completed on mobile devices by managers and employees
- link internal and external data sources (such as social media) to provide comprehensive talent profiles
- have a powerful analytics engine that produces custom dashboards and reports with ease.

With the surging growth of the Philippines and the region, ensuring the right HR technology infrastructure is in place to put HR in the driver's seat to deliver competitive advantage through human capital resources management will be a critical differentiator between industry and business leaders and laggards.

Practice Makes Perfect

In western markets, the migration from proprietary enterprise systems to Cloud based applications is in full swing. Its popularity stems from a number of advantages Cloud applications have over in-house software, including speed of implementation, cost effectiveness, ease of upgrades, universal access and the ability to scale without limit.

The developing world is uniquely positioned to take advantage of the technology advancements that have taken decades to develop and are now available for immediate implementation. For HR in the Philippines, organizations can leapfrog the iterative development of software that has been occurring and immediately install cutting-edge technology at highly competitive prices.

A further feature that is especially important across ASEAN and certainly in the Philippines is mobile optimization. Best practices around the world are reflecting the mass appeal of fully functional mobile apps and for many in the Philippines, the primary or only Internet access available is via smart devices.

With social networking driving so much behavior in the Philippines, integrating social platforms into HR technology is a prerequisite, as is ensuring high rates of user adoption through engaging designs and interfaces that reflect the social and cultural attributes of Filipinos.

Business intelligence through analytics is a number one priority around the world and equally important in the Philippines. Meaningful analytics rely on clean and current data and this is still a challenge for many organizations where manual or poor quality data is a reality.

Finally, best practice technology implementation requires a model of user support that is effective and affordable. The Philippines already leads the way with outsourced models of customer support and should leverage this capability for locally based enterprises also.

The FILIP*essence* of Talent Technology

INTENT: Networks

How can the Filipino passion for technology enhance people management?

Filipinos thrive on the super-highway of communication and have completely adopted consumer technologies that enable continuous connections with their extensive networks. The essence of effective enterprise technologies is to use these principles to create engaging platforms that encourage the open exchange of ideas, feedback and guidance and that can be accessed with ease on any form of mobile device.

KEYWORDS: flexibility, mobile, interactive, social, connected, easy

	GLOBAL **BEST** PRACTICES	PHILIPPINES **RIGHT** PRACTICES
Cloud	SaaS systems enable scalability, flexibility and cost efficiencies	Skip to Cloud to leverage best-in-class HR software quickly and cost-effectively
Mobile & Social	Desktop/laptop applications are optimised for mobile devices and integrate with social media	A mobile-first approach is paramount. Seek software with well-developed social and mobile functionality
User Adoption	Technology architecture and design centers on an engaging user experience	Look for interfaces that reflect the social and cultural attributes of the Philippines
HR Analytics	Integrated analytics and big data applications enable predictive workforce planning	Assess current HR data sources and ensure high quality data is available in HR systems
Support Model	High and low touch support available through direct and partner channels 24/7	Leverage Filipino capabilities developed in the IT-BPM sector to build world-class IT customer support for local enterprises

TALENTED
Philippines

Chapter 10
Talented Philippines 2020

I believe it is time for HR in the Philippines to shine. To step up, be bold and ambitious and play a leadership role.

– **Ramon B. Segismundo**
SVP & Head Human Resources & Corporate Services
Meralco

Future

Globalization

Technology *Holistic* **Talent**

Redesign

HEART **Change**

Engage Artisans

Optimism Relevant

Thought Leaders

Enthusiam

Eyes on the Future

The future of work looks very different from the workplace of today. In the multi-cultural, multi-generational workplace of tomorrow there will be fundamental shifts in the type of work people do, where and when they do it and how they connect and interact with colleagues, leaders and customers. Disruptive trends include:

- The globalization of everything – products, markets and people. The genie is out of the bottle and driving a whirlwind of global activity. While some observers expect a resurgence of nationalistic policies in response to globalization, ASEAN integration will see the opening of many currently closed doors that will create fundamental and lasting change in the region.

- The omnipresence of technology – from wearable devices to robotics, the technology revolution seems bounded only by human imagination. Infrastructure availability and access to technology will continue to increase at steep rates, connecting everybody and everything.

- The redesign of work - from the static and structured forms of the past to flexible and engaging modes that shift the focus from process to outcomes. This will be driven by the dual forces of the need for organizations to be agile and efficient as well as workers seeking balance and satisfaction in their work.

The future will bring enormous change and with change comes great possibility as well as uncertainty. In the Philippines, our research uncovered a thirst for change and passion to continue to improve the prospects of the nation and its people.

The Human Resources practitioner has the unique and privileged role of touching the lives of thousands of people through workplace initiatives, directly or indirectly. This puts the Human Resources function at the center of organizational change and transformation.

Traditional	Workforce 2020
Security	Flexibility
Salary	Prosperity
Benefits	Opportunities
Prestige	Actualization
Promotion ladder	Career navigation
Taking charge and getting ahead	Nurturing and growing
Personal assistant	Personalized technology
Office productivity tools	Follow-me-and-know-me tools
Vertical	Cross-functional
Multinational	Globalized
Job description	Work portfolio
Organization hierarchy	Intra-and-extra-organization networks
Commute	Telepresence
Consent-based decisions	Contingency-based decisions
Employment history	Personal branding
In-person face time	Virtual face time
Annual review	Individual "dashboard"
All-hands meetings	Stakeholder managment
Localization	Co-location
Occupational	Holistic
Work-life balance	Work-life integration
Job offer	Value proposition
Business unit	Working community
Managing	Coaching
Developing specific skills	Maximizing potential
Goals and mission statements	Roles and aspiration statements
Company and industry focus	Market transitions and adjacencies focus

Source: Cisco: Transitioning to Workforce 2020

The HEART of the Enterprise

The Philippines is well into a period of transformation that holds great promise for the nation and its people. In this environment of growth and change, HR has an enormous contribution to make through strategies and initiatives that will build human capital capabilities.

We have consolidated some key themes encountered during our research into five factors we believe to be critical to HR's future success in the Philippines, organized into the acronym, HEART.

H **Holistic HR**
E **Engaged Employees**
A **Artisans of HR Craft**
R **Relevant to Business**
T **Thought Leaders**

Holistic HR

HR is amongst the most complex functions in any organizational structure. Numerous areas of specialization exist, from workforce planning and strategy to organizational design, industrial and employee relations, compensation and benefits, recruitment, learning and development and talent management. A successful HR team must not only demonstrate expertise in each of these aspects, but also has an holistic view that leverages the integration of them, across HR and within the business. HR leaders inherently sign up for a strategic role, but not all can deliver on it. The HR leader of tomorrow will have a holistic view and mix the tactical ingredients from the numerous HR specialty areas in the right quantities to address their organization's challenges.

Engaged Employees

So crucial to organizational success is having an engaged workforce that this should sit at the center of the strategic HR plan and be the primary KPI for HR. With an engaged workforce, talent is attracted using minimal organizational effort, performance and productivity are optimized and retention rates are high. In short, many of the tactical challenges HR and line managers face each day could largely dissipate if employees are satisfied in their work, happy in their environment and connected to the purpose and values of the organization.

Artisans of HR Craft

Whether we refer to human resources or human capital, there are two elements to these phrases that highlight HR as a craft. In human, we recognize that we are dealing with thinking, feeling, dynamic people who have a myriad of wants and needs and complexities. In resources or capital, we recognize that these people represent valuable units of production in an organization, whose talents can be utilized, optimized or even wasted. The success of the organization requires that both are managed extremely well. HR should develop their skills and experience like the artisans of any craft, pursuing personal and professional excellence and providing business leaders and managers with wise counsel and pragmatic solutions.

Relevant to Business

Tomorrow's HR leaders will step comfortably into business shoes. Business partnering means engaging in high levels of collaboration with line management, providing strategic advice, speaking the language of business and using both qualitative and quantitative data to help guide workforce planning and decision-making. To achieve this, HR practitioners need to move in and out of line management roles, honing their skills in business operations as well as advancing their HR expertise.

Thought Leaders

Change and transformation requires new thinking, fresh ideas and willingness to not only adapt to the uncomfortable, but to seek it out and challenge it. In this environment, HR can and should be thought leaders, challenging current approaches, questioning the status quo and offering insight and foresight based on research, broad observation and creative problem-solving.

The Voice of HR in the Philippines

In our research we spoke with dozens of executives and HR professionals to gauge their views on the unique characteristics of HR in the Philippines and how they anticipate the evolution of HR to unfold. Here we share some of their commentary.

On themes and unique characteristics from the Philippines, Contributors noted:

"Filipinos are adaptable and versatile across nationalities and cultures – we value diversity and this is one of our core strengths."

"Above all, we value relationships and want to connect with the person."

"Service is in our nature. Filipinos love to learn and are highly trainable."

"Our culture supports families, which is why we have a much greater proportion of women in executive roles than in many western countries."

"Patience is definitely a virtue in the Philippines and an important trait in successful leaders."

"Family, faith and relationships – these are at the heart of every Filipino."

"A caring environment will always be important to us – our workplace is just another part of our community."

On the future of HR in the Philippines, Contributors noted:

"It's a great time to be in HR in the Philippines – good HR practitioners are in high demand, respected and there is lots to do."

"Filipinos should look outward and broaden their experiences – this is healthy in our increasingly international world."

"We are losing some of our best HR talent to other countries."

"We are on the business partnering journey but most HR departments are still more transactional than strategic."

"HR needs to step into line functional roles from time to time to really understand the business."

"HR is not on a separate island from the business. We need to be able to talk business, understand operations and finance."

"Whilst HR is the custodian of employee data, using this data to best effect is not yet happening."

"We must continue to align to global best practice in HR and challenge our own standards."

"ASEAN integration is a very positive step forward – there are enormous cross cultural learning opportunities."

"I say, let the gates be open – the more you fall the more you learn. We have all fallen once."

Overall, a sense of optimism and enthusiasm prevails in the Filipino HR community, tempered only by size of the challenge that stands before them. Much work has been done, much more is under way and yet there is still an enormous amount to do.

The level of awareness and understanding of critical business and HR issues in the Philippines is high. A significant challenge awaits in resourcing and executing on these challenges. HR departments in the Philippines need to invest in developing the business acumen and strategic expertise of emerging HR leaders and avail them with the technology and resources that enable them to truly step into the role of business partners.

We turn the conversation over to the perspectives of three thought leaders for their insights into HR in the Philippines and recommendations for advancing this most critical of organizational functions.

MERALCO
Ang liwanag ng bukas

Be Bold, Innovate and Above All, Execute

by Ramon B. Segismundo
SVP & Head Human Resources & Corporate Services
Meralco

The HR function has a chequered history in the Philippines. In the 1960's our country progressed ahead of its regional neighbors under US influence and the HR function progressed with it. The following decades of social, political and economic challenges have somewhat held back development. After being ahead of the game, today's HR professionals in the Philippines are richer in knowledge, but do not have a clear advantage in terms of translating this into a competitive contribution.

"The function lends itself to a lot of execution issues", says Ramon B. Segismundo, SVP & Head Human Resources & Corporate Services, Meralco. "The Philippines is rapidly evolving, so some HR functions, notably organizational design and development, are more advanced here than what we see around the region. However, our overall ranking in terms of HR practice sophistication is not where it should be."

That said, Mr Segismundo is bullish about HR's future prospects in the Philippines. "Over the next few years there are several defining events that will once again put our focus on the nation's human capital to drive competitive advantage", he says. Amongst these he cites:

■ **A regional transformation** as the ASEAN integration gains momentum and key milestones in regional flexibility, openness and mobility take shape. Already, senior HR executives are being recruited into Filipino organizations from around the region, a move unprecedented to date.

■ **An economic bounty** as the Philippines continues steady GDP growth rates and outperforms regional peers. The improved fortunes of the country will translate into higher investments in people and HR practices. HR systems, processes and professional skills development will benefit from capital investments that have been withheld previously.

■ **A spiritual renaissance**, inspired by the recent papal visit to Manila. The Philippines deep Christian ethics and beliefs received a boost during the January 2015 visit by His Holiness Pope Francis, the first in 20 years. Politicians and business leaders alike were reminded of their true mandate to serve the people and communities of the Philippines.

"This is an important and exciting time in our history", says Mr Segismundo. "Our prospects are good and despite the country's ongoing challenges including natural disasters, we are taking great strides in the right direction."

There is already considerable activity driven by the perceived opportunities arising from ASEAN integration. United as a bloc, ASEAN marks a formidable presence on the world stage. Government and industry groups are organizing regional delegations. Associations such as the People Management Association of the Philippines (PMAP) have already rebranded their training arm to be known as the Asian Institute of Human Resources, reflecting their broader target audience. Filipino companies are making strategic investments abroad and multinationals are increasing their stake in their Philippines operations.

Critical Success Factors for Strategic HR

"The Philippines HR community needs to understand what true business partnership means", says Mr Segismundo. "We have a very significant contribution to make to developing the human capital of our nation and it requires an uplift in HR skills and practices."

Among the characteristics that Mr Segismundo sees as critical to the success of HR professionals are:

■ being **ecosystem managers** – that means understanding the businesses they service in their entirety, beyond the HR department. HR needs to know what the business drivers are, what people capabilities are required to achieve them and align their activities accordingly. Beyond their own organization, HR needs to understand their organization's industry, the challenges it faces and the broader economic and political environment.

■ having a **global mindset** – that means seeking best practice wherever it is in the region and around the world. While it is important to retain the Philippines' cultural values and national identity, there is also much to be learned from lessons already

PERSPECTIVE

PERSPECTIVE

experienced elsewhere. With many multinationals already invested in the Philippines and more coming, the opportunity for business and HR to draw on global expertise is promising and should be cultivated.

- infusing **business performance with malasakit** – that means following your inner compass to ensure the Filipino attribute of malasakit, so etched in the culture, pays positive dividends in the workplace, thereby facilitating high performance. It is possible for companies to make profits and at the same time help the country's development. It is also possible for leaders to drive business outcomes with a heart.

"I believe it is a time for HR in the Philippines to shine. To step up, be bold and ambitious and play a leadership role", says Mr Segismundo. "Now is the time to innovate, take risks and experiment. Try new practices, seek new opportunities, and think laterally about career paths, in and outside of HR."

"Mostly, I believe it is a time for action. As a professional function, HR needs to deliver and to execute a human capital strategy that gets results for the business. That is how we will not only stay relevant to our business partners, but be their trusted and dependable advisors."

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All Aboard for HR Transformation

by Jose Carlo Javier
Human Resources Director
International Container Terminal Services Inc.

When the shadows fall on 2015 it will mark a new era for ASEAN as we move to regional integration that will create a united front in the form of the ASEAN Economic Community. In the Philippines there is already evidence of organizations and industries strategically preparing themselves for this future, with many multinational corporations repositioning and expanding their assets in the Philippines. But this will not be the sole domain of the big global players – an influx of small and medium companies will also be a feature in this new environment. Some organizations in the Philippines believe they are ready for the new world – most, however, would admit that their plans are still a work-in-progress, with numerous unknowns and contingencies remaining.

"The economic transformation heralded by these changes is having its impacts not only in the business arena, but also in HR", says Jose Carlo Javier, Human Resources Director at International Container Terminal Services Inc. "Together with significant structural changes, such as the exponential growth of the business process outsourcing (BPO) sector and procedural changes, such as the increasing sophistication of HR practices, we are standing at the footsteps of a new and exciting era."

Mr Javier reviews these three areas of transformation and notes the profound impact they are already having on business and HR.

■ **Economic growth fuels demand for HR skills**. The improving economy is translating into business growth, which in turn is leading to an increased demand for organizational headcount. The challenges of attracting, developing and retaining employees, therefore, has become a focal priority and business leaders are turning to their HR functions for strategies and applied assistance. "The continuously growing number of companies operating in the Philippines has resulted in an increased demand for high quality HR skills, which outstrips the growth in supply", notes Mr Javier. "Ten years ago, it was predominantly large and foreign companies

that built out their HR functions, but with economic growth, small companies have become large and are equally in need of HR skills." This creates a challenge in terms of both the quantity and quality of HR practitioners available. "Our first generation of HR directors are getting close to retirement and the second generation have not yet necessarily had the time to build their experience and skills to the same level. This is putting pressure on market demand for top HR people and has resulted in an upward creep in HR salaries."

■ **BPO growth is shifting market equilibrium**. The Information Technology & Business Process Management (IT-BPM) or BPO sector began its growth in the Philippines approximately ten years ago, with an intense acceleration in the last five years. This growth has been a bonanza for the nation's economy and for employment and the success of the sector has skyrocketed its importance and visibility, with the Philippines being the number one preferred destination for outsourced services by companies in countries all around the world. "This phenomenal growth has of course been very good for the country," says Mr Javier, "but I have observed an interesting regression to transactional HR in many instances." By their nature, BPOs are processing environments that achieve success by creating greater efficiencies and cost savings than their clients are able to replicate themselves. "This has developed process expertise in these centers with highly automated systems and approaches, but in some cases we have lost the relational aspects that once existed." Mr Javier cites as an example the outsourcing of payroll processing. "In an outsourced payroll unit, the agents are representing a third party. They do not know the employees on that payroll by face – for them, this is simply employee number 5476. When calculating that employee's termination pay, they know that employee 5476 is being terminated for breach of clause 6.3 in his employment contract and ensure all the appropriate procedures and calculations are correctly executed. They don't know about his personal circumstances, the impact on his family or what his future prospects will be." This necessary but impersonal approach drives a focus on process compliance, speed and efficiency that is very different to a one-to-one face-to-face interaction. "It leads to a highly process focused transaction and hones a very different set of HR skills."

■ **HR has evolved in its sophistication and impact**. When the current generation of HR leaders began their careers, concepts such as competencies, performance management and organizational design were still in their infancy in the Philippines. "Today, we have a wealth of theories and frameworks representing global best practices and we have business managers keen for their implementation", says Mr Javier. "Where previously a company might run a 'Marketing 101 Class' across all business units to educate employees about the role and importance of Marketing, today we could be running the 'HR 101 Class', to help line managers better understand and utilize this

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function." Business leaders today recognize the critical role their people play in their success and that every line manager is in fact a manager of the organization's human resources. The increasing sophistication of the HR function can also be attributed to the significant elevation of this topic on the academic agenda. "Again, ten years ago there were very few institutions that offered academic qualifications in HR. Today, bachelor and masters degrees in HR can be pursued in most of academia, which has raised the benchmark of skills in this field."

With a career spanning fifteen years across multiple industries in prestigious multinational and local organizations, Mr Javier has seen his fair share of change and transformation in HR. For the future, the factors he deems critical for the success of HR practitioners include:

- **Cross-cultural competence**: the ability to understand and appreciate the cultural differences around the ASEAN region and know how to leverage this diversity. "If the HR team can understand what the right buttons to push are in each culture, they are setting up for success. But this is a skill and it needs to be learned."

- **Commercial acumen**: The best HR people are also business people. They understand the business drivers, can engage in a conversation with a line manager about operational issues and translate these into HR initiatives that support getting business results. "Gone are the days of HR being in the back room, producing canned leadership programs that might be on the periphery of what is actually needed. Today's HR needs to listen, understand and adapt HR tools and practices to fit the business they serve."

- **Integrated HR**: Understanding the HR function end-to-end and its application in business is paramount. This is especially true at senior and executive levels where HR needs a strategic focus. "Having deep specialist expertise, such as in recruitment or payroll or development, is acceptable in the junior and middle ranks, but as a HR leader progresses his or her career they need to be able to integrate all aspects of HR into their strategies for the business."

- **Business credibility**: Perhaps the ability to harness executive support and buy-in is the ultimate litmus test for HR. Without business acceptance, HR initiatives will quickly falter and wane. "Academic qualifications in HR have certainly increased the perception of HR by line management. But to be adopted as a strategic partner, an HR executive also needs to develop excellent influencing skills to gain the support of his executive peers. Believability and a bit of charisma doesn't go astray either."

The HR transformation train is loaded and steaming ahead. The opportunities for HR to contribute both strategically and operationally to their businesses are unquestioned if the right initiatives are implemented by the right people. The HR function in the Philippines is on the right track to effect this transformation – all aboard!

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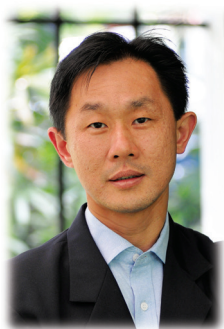
On Being National and International

by Kwan Chee Wei
Chief Executive Officer
Human Capital Leadership Institute

In his capacity as Chief Executive Officer of the Human Capital Leadership Institute based in Singapore, Kwan Chee Wei has had extensive experience across the ASEAN region, including strong professional ties with the Philippines. Here he shares some thoughts on how he perceives human capital management and the HR function in the Philippines.

"As I travel around the Southeast Asian region, what is notable is that Filipino talent is represented everywhere", says Mr Kwan, "be they in the healthcare, hospitality or customer service industries. Increasingly, I also see Filipino nationals in top HR roles in many countries." The Philippines ranks among the world's top exporters of talent. The combination of English language fluency, excellent people skills and a readiness and willingness to follow work opportunities abroad, positions Filipinos very high on the talent mobility register. "Filipinos travel very well and adapt with ease in a variety of cultures, even those very different to their own."

The Human Capital Leadership Institute (HCLI) brings together government, academia, industry and consulting firms to provide thought leadership, networks and executive development programs for the Asian business and HR community. The HCLI Leadership Mosaics series provides the latest research on strategic human resources and leadership challenges in a number of Asian countries, including the Philippines. "Our work addresses three main challenges", says Mr Kwan, "optimizing the preparation of expatriate leaders for their roles; preparing up-and-coming leaders in each country for success in multinational corporations; and elevating the best talent in-country to critical regional leadership positions."

"The caliber of HR talent emanating from the Philippines is good – above average for Southeast Asia, especially at senior levels. The desire to learn from global best practices, especially from the U.S.,

has resulted in some of the large local conglomerates implementing very progressive HR practices. The national and community spirit of Filipinos resonates through their application of HR, which is strongly focused on engaging employees in a social, collaborative and harmonious workplace."

The Philippines still has many of the challenges of rapidly developing nations. More commitment and investment in education, especially for the bulk of the population outside Metro Manila, is essential to align the capabilities of school and college graduates with the needs of the workforce. "It requires tri-sector collaboration between government, academia and industry to lay the foundations for the educational development of the country's future workforce."

Apart from raising the education baseline, Mr Kwan advises Filipino HR leaders and managers to continue their efforts to build the human capital of their organizations. "Western best practices are a good starting point, but Filipinos should not under-estimate the importance of adapting these to suit the psyche and needs of local employees. The Philippines has the right ingredients to build talent for the country and the region. And the time to do it is now."

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In Closing

Around the world and within the region, eyes are on the development and progress of the Philippines. In many respects *the golden child of ASEAN,* the Philippines has emerged in the 21st century with strong economic foundations, a positive reform agenda, a demonstrated capability to develop the high-value services sector and an exuberant population rallying for change and opportunity.

The consolidation of the ASEAN bloc will come with all the challenges and opportunities inherent in such a profound transformation. While all its member countries stand to benefit from the integration over time, those who lead the charge, identify and consolidate the opportunities and proactively manage risks will earn the early adopter advantages. The Philippines has the capacity and capability to achieve this if government and industry lead with focus and a pragmatic plan of action.

Success will come from the strength and character of the people of the Philippines. Known around the world for their work ethic, integrity and adaptability, Filipinos are valued and respected in the global workplace and are highly sought. Continuing to develop the nation's human capital of today and tomorrow must remain a top priority as an investment in the country's future. Leveraging the global marketplace and being an exporter and importer of both best practice and best people will position the Philippines as an attractive center of excellence. There will always be obstacles to overcome and these will test the mettle and perseverance of those best placed to meet them.

This is the challenge for the **Talented Philippines**.