

# Human Resource Executive®

Special  
Focus Recruiting



Chinese college students listen to a Philips Electronics representative at a recent recruiting event.

## Challenges in China

**As China grows ever more popular as a country to set up shop in, HR leaders are faced with ever-increasing recruiting pressures.**

BY CINDY WAXER

Since becoming a card-holding member of the World Trade Organization in December 2001, China has fast become a favorite locale for American companies eager to grab a slice of the world's sixth-largest economy. With its billion-plus population and low-cost labor, it's no wonder corporate American stalwarts including Motorola, Philips Electronics and Dow Chemical Co. have all established operations in China's urban city centers, from Beijing to Hong Kong.

"The number of companies doing business in China has grown tremendously," says Ames Gross, president of Pacific Bridge, a Washington-based recruiting and consulting company specializing in the Asian market. In fact, China's influx of foreign-owned businesses shows no signs of slowing down. In early 2004, the Chinese government committed to creating 9 million new urban jobs in hopes of maintaining the country's phenomenal economic growth rate—an impressive 9.1 percent in 2003. But for all its promises of a productive labor market and

plentiful business opportunities, China has proven to be a difficult location for recruiting top talent.

Expatriate expenses, a shortage of highly qualified local workers, cultural differences, language barriers and increased competition are forcing American companies to come up with innovative recruitment and retention strategies. A decent annual salary and an office window may lure workers in America, but attracting talent in China means thinking outside the proverbial box.

## Rethinking Recruitment

Take, for example, Philips Consumer Electronics. Despite having established more than 100 offices across Asia, the Georgia-based purveyor of televisions, PC peripherals and audiovisual products was struggling to gain credibility as a top-notch employer among China's recent university graduates just a year ago.

"Our position in the [Chinese labor] market was not very good," says Jo Pieters, Philips' vice president of global recruitment. "We didn't appear on the list of the Top 20 companies for university graduates or the Top 20 companies for more experienced professionals; we just didn't appear on these lists."

So, in July 2003, Philips spearheaded a nationwide labor market survey in an effort to better understand the employment demands of the nation's highly qualified graduates. First, the electronic goods company identified China's top 11 universities. Following this, a total of 2,000 students hailing from these universities were asked to complete a standard survey. Respondents were asked questions such as, "What is your criteria for selecting an employer?," "What do you interpret as Philips' strengths and weaknesses as an employer?" and "What makes a company worthy of a ranking on a Top 10 employer list?"

Based on what they learned from their survey, Philips' China-based HR managers were able to fine-tune their approach to recruiting college grads. For example, survey respondents indicated they had little brand knowledge of Philips and wished to interact directly with Philips' personnel to learn more about the company. In response, Philips developed both on-campus and online "career chats" where students could speak with the company's HR managers directly and ask whatever questions they had.

Since launching the "career chats" program, the number and quality of applicants has "dramatically increased and improved," says Pieters, as has Philips' on-campus reputation. Once

relegated to not even making it to the Top 20 list, the company now ranks as one of the Top 10 employers among China's engineering, science and business grads.

## Establishing a Stronghold

Academia, however, isn't the only source of talent for America's overseas operations. Given the shortage of local Chinese workers with high-level managerial experience, many companies must rely on expatriates with senior-level credentials to help get business units up and running before passing the torch to local workers. Motorola is certainly no exception.

Over the past 20 years, the Schaumburg, Ill.-based telecommunications giant has invested more than \$3 billion in China, rightfully earning itself the title of one of the country's largest foreign investors. Currently Motorola's facilities in China include a wholly owned company, a holding company, nine joint ventures and 24 subsidiaries, with more than 12,000 employees.

From the beginning, Motorola's expats have worked tirelessly to establish this stronghold in the Asian market. Today, almost 15 percent of Motorola's China-based managers are expatriates. While local HR managers could have been burdened with the task of overseeing these expats, Motorola instead opted to form a global assignment center. Situated at the Schaumburg headquarters, the center supervises expatriate assignments and ensures that foreign workers seamlessly settle into their new roles.

In light of the high cost of keeping a single expat on the payroll (Ames of Pacific Bridge estimates an annual price tag of \$500,000), Motorola's center keeps careful tabs on which expats are to be treated as local hires with comparable pay; which are to be slowly absorbed as local hires after five or six years of high-priced service and which global assignments are ripe for termination altogether. But that's not all. The center also sees to it the areas of housing, child education and health care meet the same standards in China

as those experienced in the expat's native country.

Says Jason Lum, senior vice-president and HR director for Motorola's Pacific region: "Those are the three fundamental areas. If you don't have them, you have no right to invite anybody to China."

It's for this reason that Motorola has also invested heavily in China-based education initiatives, including the setting up of schools in 25 municipalities across the nation, in addition to providing more than a million dollars' worth of scholarships to a total of 12 universities.

## Global Access

While hiring locally is a significantly more cost-effective recruitment solution than sending expats packing, the competition for local talent in China is fierce. Qualified candidates often encounter several job offers at a time. Beating the competition to the punch means making rapid-fire decisions—a tough task for a company whose American-based headquarters also want input into the hiring process.

Dow Chemical Co. is a prime example. The Midland, Mich.-based plastics behemoth runs its global offices not by region but by business unit. As a result, filling a position in China could require the insight and input of a hiring manager based in Indonesia. In order to streamline this cross-global hiring process, Dow turned to Taleo's talent management software. The solution serves as a comprehensive database—a single source of information on Dow's available job positions, the number of qualified candidates who have applied and what measures have already been taken to fill a particular position. The information housed on the system spans a staggering 67 countries.

"Before Taleo, we were all over the place and we didn't have a lot of credibility with our hiring managers," says Jon Walker, Dow's HR IT global director.

Thanks to the enterprise-management solution, globally scattered stakeholders in the hiring process—including recruiters, hiring managers and senior-level managers—now enjoy visibility into the hiring process and candidate pool as they need. By offering this transparency and a bird's-eye view of worldwide hiring processes, Walker says, Dow has been able to expedite the identification and hiring of top talent.

"The faster I can get to talk to a candidate who matches our requisition, the better chance I have to land [him or her] over my competition," says Walker. In fact, since implementing the solution, Dow has been able to reduce the average number of days it takes to fill a position by more than 50 percent.

So, too, has Philips Electronics relied on technology to ramp up its recruiting efforts in China. Peopleclick's Web-based recruitment-management system enables Philips to identify candidates, screen applicants, forecast talent needs and post jobs both internally and externally. By automating functions that would typically have to be performed by HR professionals scattered across China, Pieters says, Peopleclick "takes away the administrative burden from recruiters," and allows them to focus on retaining top talent.

### **Seasoned Workers**

The constant scramble for top talent in China has had an enormous impact on the expectations of local workers. Long gone are the days when a company could count on its cachet as an American stalwart to attract applicants. These days, local Chinese workers are wise to the benefits they can offer a business boasting U.S. headquarters.

"The local talent pool is becoming more robust and more savvy about working for multinationals," says Tina Kao, a senior consultant at global consulting firm Hewitt Associates. As a result, luring highly qualified candidates has forced American companies to up the ante on annual salaries, accommodation allowances, bonuses, special training and compensation packages.

"What we're seeing among companies—both multinationals and local—is a much more varied and sophisticated compensation package," says Kao. According to her, today's HR professionals are wooing in-demand candidates with performance bonuses, housing-cost considerations, child-education subsidies, stock options and profit-sharing.

That's not to suggest, however, that HR professionals can bank on the almighty buck to meet recruitment targets. Bill Gu, a senior client partner in Korn/Ferry's Shanghai office, says American companies that wish to be successful in China must carefully consider cultural differences. Unlike many of America's salary-driven employees, China's workers often place loyalty above monetary perks.

"If a person has a very good relationship with his boss and his co-workers, it would be very difficult for him to make the decision [to leave] even if you offer him a very good package and a very good position," says Gu.

Rather than focus on financial incentives, Gu advises HR professionals to demonstrate a commitment to establishing a stable presence in China. Fostering a strong brand identity and convincing local candidates that they'll be working "for a company that really wants to train them and grow them" is a surefire way to recruit talent in China, he says. Whether in the midst of interviewing candidates, creating classified ads or manning on-campus recruitment booths, it's up to HR professionals to communicate and evangelize the company's dedication to its employees' career development and long-term professional growth.

Lum of Motorola agrees. Part of that company's commitment to local employees has entailed subsidizing the building of homes for local workers.

At the behest of its HR team, the company's senior-level management agreed to become involved in the constructing homes and apartment complexes in the late 1980s when Motorola was first establishing a presence in China.

Today, employees can take out loans through Motorola in order to buy or rent those properties. "Now, how many companies really build houses for their workers?" says Lum. "But when we do that, we send a very clear message to candidates that we're here for the long-term."

In the end, though, there's no single recipe for recruiting in China. Promises of car allowances and subsidized housing may work for some recruiters while others will rely on training programs and travel opportunities to lure qualified candidates. What is certain, however, is that laying claim to a U.S.-based head office isn't the calling card it once was. Instead, recruiters must think differently in order to attract the nation's dynamic new workforce.