

Long-term investment in human capital

| BY JOSHUA YIM |

This is an inter-connected world and the workforce is increasingly globalised. Asian economies are growing fast, but they also face tough challenges in managing and retaining talent. Thus, people strategies and talent management is a key issue facing business leaders and human resource practitioners. Over the three-day inaugural Singapore Human Capital Summit, business leaders, academics and other industry practitioners shared their thoughts, ideas, and experiences on this issue.

Identify and retain the best talent

This statement may not raise eyebrows but what struck me was how much this was emphasised by the various CEOs and senior HR people throughout the event. These top business leaders believe their No 1 job is to identify, develop and retain the best people because this is what will ensure their companies' success. In fact, some reiterated that this "people strategy" is more important than strategies to capture the market. Human capital management initiative is thus a form of competitive edge against your competitors, and having the right people in your team is becoming more and more important.

HR as a strategic business unit

Again, this is not a radical concept, but the summit highlighted the growing importance of HR as a strategic business unit in guiding the company to success. There is greater recognition of the role of HR, shifting from that of an administrative/tactical function to a more transformational role.

Interestingly, one speaker, a university professor, went against the grain and stated that there has been no change in the role of HR as recognised by industry leaders in the past 10 years. Naturally, many of the delegates, including myself, would beg to differ as we have been out in the field practising HR and recruitment work and have noticed the changes first-hand.

Value-driven organisations

Another term that permeated the whole seminar was the concept of "value-driven organisation". Many speakers reiterated the point that every organisation is driven by a set of shared values and convictions, which every member in the organisation embraces. These core values determine the behaviour of the members within the company, thus forming the "culture" of the organisation, which often influences the success or failure of the company.

Leadership through our present difficult times

In a turbulent economy such as the one we are facing now, it is natural for us to be plagued by the fear of what is going to happen to us and questions such as "how should leadership be different in times like these?"

Firstly, in a crisis, you need even stronger leadership. As the saying goes, "when the going gets tough, the tough get going". Hence, tough-minded leadership is required.

There are opportunities in every crisis and great leaders would make bold moves and hedge their bets in difficult times. When you're facing a financial crisis, people are scared, and the knee-jerk reaction is to lay off workers. However, some companies feel it's a golden opportunity for them to place bets. Toyota, which had speakers participating in the forum, invests in and trains its people during tough times so as to capture the market during the good times following the crisis. Nearer to home, we saw SIA undertake a similar strategy at one time.

In order to have strong leadership, communication is the key. It is important to tell your troops, your people who have been contributing to the success of your organisation,

what is going to happen and what they should expect for the weeks and months ahead. It's about assuring your people and managing their psychological state so that they embrace the right perspective because you cannot afford to let them lose their confidence. For instance, if a right-sizing exercise is necessary, workers would want to be informed so that they can prepare themselves.

Last but not least, much of the advice offered by the various speakers was to look long-term. Stock prices are plummeting week by week but that is due to speculators losing confidence rather than the fundamentals of many companies, which continue to be strong. Just as investors such as Warren Buffet are investing in stocks right now, leaders should act like these "real investors" and invest in their own companies as this is where the real value lies. The leadership and people in the organisation should not be distracted by all this speculation, which does not add value. Instead, they should work towards higher productivity, value creation and confidence-building for the long term. **E**

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