

2015-2016 HCMS Scholarship

Question:

Hong Kong's competitiveness hinges on its abilities to meet the demand for highly productive and creative human capital. It is believed that we have no shortage of diligent, productive and creative human capital to a great extent. How then our HR practitioners can help in managing our human capital to achieve their aspirations and unleash their full potentials so that they can further advance Hong Kong's competitiveness for the benefits of the corporation and community at large?

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Introduction

The 2016 Policy Address was just released on the 13th of January. Although Hong Kong achieved moderate growth last year, the government is committed to restructuring and upgrading traditional industries, as well as strengthening emerging industries, so as to capitalize on business opportunities from worldwide economic

recovery and China's continuous reform and opening up (Office of the Chief Executive, 2016).

In order to fulfill policy objectives, Hong Kong requires a strong human capital, which refers to the sum total of a person's knowledge, skills and other relevant workforce attributes that the company can utilize strategically (Grimsley). As a knowledge-based economy, the government makes an all-out effort to invest in education, such as expanding higher education opportunities in recent years. It also proactively attracts talents and professionals from outside Hong Kong through different admission schemes, including Quality Migrant Admission Scheme and pilot scheme to encourage second generation of Hong Kong permanent residents who have migrated overseas to return to Hong Kong (Office of the Chief Executive, 2015). Thus, Hong Kong has accumulated a large pool of productive and creative human capital over the years.

However, it is believed that human capital could not yield the ultimate benefits without being properly managed. HR practitioners could actually act as critical roles to cultivate and retain human capital. Therefore, this essay intends to recommend possible strategies to manage and optimize human capital aiming at enhancing Hong Kong's competitiveness for long-term development.

Strategy I: Reinforce Diversity and Inclusion Management

Due to globalization and technology advancement, people are allowed and willing to seek for diversity in modern societies. Workplace diversity is no exception. That is the variety of differences between employees in an organization (Kumar & Patrick, 2012). The differences could be derived from race, ethnicity, gender, age, idea, belief, etc.

It is likely that workplace diversity is favorable for business development. Ozbilgin and Tatli (2008) suggested that there is a positive correlation between successful diversity management and organizational performance. It is possible that workforce diversity enhances performance due to broader teams' perspectives, so as to increase problem solving ability. What's more, according to a HR Council employer survey conducted in 2010, 73% of respondents indicated "enhanced innovation and creativity" as a benefit of diverse workforce (Community Foundations of Canada). Therefore, HR practitioners should advocate workforce diversity within organizations and create a work environment that everyone respects and values individual similarities and differences, so that synergy effect could be generated and human capital are built up.

It is not uncommon to encounter barriers when managing workforce diversity. A study by Kumar and Patrick (2012) showed that the most prevalent challenge was discrimination, followed by prejudice (Appendix 1). Aiming at removing barriers and upgrading human capital in long term, HR practitioners should practice effective diversity management. They have to emphasize two-way communication. For example, through conducting advisory groups, employees could be involved in handling barriers by learning individual differences. This allows them to admit to bias and prejudice, so everyone would view co-workers as individuals and no longer judge them on personal factors. Apart from work teams, HR practitioners should also make employment or performance-related decisions based on objective and fair criteria (Kilbourne, 2010). As a result, heterogeneous teams could work towards mutual goals efficiently and effectively. More importantly, human capital could be further developed with enhanced productivities.

Furthermore, as an international financial center, Hong Kong has rising number of expatriates (excluding foreign domestic helpers), which could be illustrated by the growing number of visas issued under the General Employment Policy between 2014 and 2015 (Immigration Department - The Government of the Hong Kong Special Administrative Region, 2015) (Appendix 2). In order to reduce expatriate failure and manage highly diverse workforce, HR practitioners should offer intensive training programmes to all expatriates. These programmes should consist of cultural, language and practical training, so that expatriates can adjust and integrate into a new working environment. For instance, cultural training enables expatriates to further understand and appreciate Hong Kong's culture. It could definitely boost the effectiveness in communication with local colleagues. Therefore, they could release their full potentials and tap into the growth capacities, so as to facilitate Hong Kong development.

Strategy II: Start a Revolution on Performance Management

Although job market and business environment in Hong Kong are mature, many companies are still adopting traditional approach of performance management. In other words, managers would conduct performance review annually using a top-down mechanism by rating and ranking subordinates' performance. However, while more and more Generation Y (Gen-Y) adults enter the job market, a study from TriNet and Wakefield Research (Kalra, 2015) found that the above traditional approach would bring negative effects to them. This would adversely affect retention of human capital. Also, Barry, Garr and Liakopoulos (2014) pointed out that only 8% of companies indicated their existing performance management mechanisms drive high values.

Therefore, according to this line of findings, HR practitioners should build a new performance management culture to accommodate the dynamic changes in business climate. First, instead of annual evaluation, performance review should be regarded as a continuous process. Hong Kong is a highly service-oriented economy. Employees often participate in multiple service-related projects in a year. Since every project has different objectives, it is more appropriate to evaluate employees during and after each project. The survey from TriNet and Wakefield Research also showed that 85% of Gen-Y employees prefer HR departments to arrange more frequent performance discussion meetings with their managers in order to build confidence (Kalra, 2015). So, receiving ongoing feedback not only reminds employees to work in accordance with performance expectation of individual project, but also boosts employee morale and release their full potentials.

Moreover, HR practitioners have to advocate effective coaching and encourage both raters and ratees to start open dialogues. Traditionally, performance review is a one-sided appraising process and Kalra, 2015 revealed that nearly half of all respondents received vague feedback in appraisals. Further development of human capital is then limited as ratees do not understand exactly how they can improve. Therefore, apart from raters, employees should also act as coaches aiming at engaging ratees during the whole performance review process. Through providing specific and productive advice and follow-up discussion sessions, both parties are committed to change and coaches can guide ratees to achieve agreed goals readily. On top of that, HR teams should implement a 360-degree performance review programme. It is a comprehensive evaluation. This represents all employees would be trained as coaches and human capital could be enhanced when employees receive effective coaching of all-rounded competencies.

In addition, it is essential to weaken the link between performance information and compensation decisions. In the first place, because of bias and other rating errors, performance appraisals might not reflect the true stories. Foo and Whitter (2015) pointed out that nearly 90% of HR people are skeptical of the accuracy of the review results, so appraisal is not a 100% trustworthy tool to help make sensitive decisions. Furthermore, if compensation and performance are closely associated together, performance rating tends to be threatening and disruptive to employees. Parent, Sloan & Tsuchida (2015) suggested that it might provoke a “fight or flight” reaction, which undermines engagement and self-confidence and this is likely to hinder coaching process. Hence, instead of performance rating, it is recommended that HR practitioners should make reference to competitive value of employee and external

labour market conditions to determine compensation decisions. Certainly, it would improve performance and strengthen human capital.

Strategy III: Facilitate a New Learning Experience

In Hong Kong, everyone seems to focus on sustainable development in recent years. From the government perspective, officials are committed to build a prosperous and harmonious society. From the business perspective, executives are devoted to maintain the triple bottom line. In the eyes of HR practitioners, it is about training and development, which optimizes human capital in Hong Kong.

According to Eighteen, Haims, Stempel and Vyver (2015), 85% of participants indicated that learning is a “very important” or “important” issue in organizations. Developing human capital internally not only can drive motivation, but also can unleash high potential talents to attain companies’ strategic goals, so as to gain competitiveness with competitive advantages. Therefore, HR practitioners should manage sustainability of their human capital by actively facilitating learning experiences.

As mentioned previously, the proportion of Gen-Y employees in labour market is increasing continuously. They demand a new model of learning and development programmes. This includes personalized training programmes. In line with the study by Eighteen, Haims, Stempel and Vyver (2015), HR teams should tailor-made employee-centric learning packages with professional trainers according to individual performance goal and career plan. They can provide experience-based learning projects and simulations, so that learners can learn from both success and failure in a controlled setting. Furthermore, since most Gen-Y learners in Hong Kong are tech-savvy, HR department can cooperate with online learning providers, such as Udemy to offer employees a digital learning experience, so they can access to learning materials through computers or even smartphones anytime and anywhere. Instead of adopting the “push model” that employees are required to attend classes and learning materials are pushed down to everyone, the new “pull” learning model provides flexibility and human capital could be nurtured effectively and efficiently.

Moreover, HR teams should encourage peer teaching, which means that employees take up teaching role after learning new knowledge. Everding (2014) revealed that peer teaching is a more effective learning approach than traditional classroom learning because employees tend to figure out key points and organize knowledge into a coherent structure before teaching. Google is a first mover to advocate this

learning culture, which launched a Googler-to-Googler programme to place employees into teaching roles. According to Karen May from Google's Head of People Operations, it is a way employees work together and they can show the best of themselves when transferring valuable knowledge to others (Kessler, 2013). Therefore, it is suggested that HR practitioners follow the example of Google and help organize volunteer teaching and sharing classes, so that volunteer employees not merely teach others, but also inspire others and themselves.

Conclusion

Hong Kong has positioned itself as Asia's world city with numerous opportunities. Hong Kong has a productive workforce and citizens make their best endeavor to maintain it as a vibrant and resplendent city. Quality human capital is then accumulated. However, without properly implementing human capital management, they are only our ingredients and can never become delicious dishes.

More and more multinational companies focus on managing human capital and treat them as true investments. For instance, Adobe is committed to create a new performance management culture by adopting a "Check-In" system to facilitate learning and development (Colvin, 2015). Through implementing diversity management strategically, revolutionizing performance management and learning and development programmes, human capital in Hong Kong could be nurtured and they can unleash their full potentials, so Hong Kong's competitiveness is further enhanced with sustainable competitive advantages.

Therefore, it is time for HR practitioners to utilize our ingredients and turn them into delicious dishes with secret recipes. Let's continue to realize the Hong Kong's legend in a new era.

Appendix

Appendix 1 - Frequently Encountered Barriers when Managing Workplace

Diversity

Barriers for accepting workplace diversity	Mean rank
Discrimination	2.75
Prejudice	2.94
Ethnocentrism	3.83
Blaming the victim	4.06
Stereotypes	4.44
Harassment	4.77
Backlash	5.21
Friedman chi-square	319.781
Asymptotic significance	0.000

Appendix 2 - Statistics on Visas Issued under the General Employment Policy

Statistics on Visas Issued under the General Employment Policy *

Profession	2014	2015 (Jan - Mar)	2015 (Apr - Jun)	2015 (Jul - Sep)
Administrators, Managers and Executives	9 083	1 887	2 105	2 647
Entrepreneurs	215	55	44	49
Other Professionals	6 998	1 499	1 653	1 746
Sportsmen and Entertainers	8 584	3 305	1 920	2 366
Teachers / Professors	3 219	594	949	1 064
Others	3 577	1 119	1 207	1 407

* excluding persons admitted to take up employment under schemes or arrangements catering for Mainland residents, foreign domestic helpers, imported workers admitted under the Supplementary Labour Scheme as well as those admitted under the Immigration Arrangements for Non-local Graduates.

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