

## **2016-2017 HCMS Scholarship**

### **Question:**

**Critically discuss how HR professionals can contribute to building business resilience in the challenging economic environment.**

**1<sup>st</sup> Runner Up**

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### **Introduction**

Since the global recession in 2009, global economy has experienced its glorious time with rapid growth, led by major economic bodies such as China, the U.S., Middle East, Europe, etc. However, we are approaching the edge of another 17-years-passed when we face another economic downturn. Given the macro situation in major continents (e.g. increasing geographical tensions, shifting focus on inward-looking policies, slowing down of China's economic growth, etc.) for the past few years, the world economy has just experienced the slowest YOY growth since 2009 (United Nations, 2017b).

Economists has warned a tough year ahead of Hong Kong's economy given the pessimistic private consumption and uncertainty of Right Wing economic policies (Sun, 2017). As Human Resources professionals, it is of vital importance that we look beyond the current situation and try to develop business resilience for the challenging economic situation.

Human Resources (HR), a cost centre for every business body, will have to reasonably minimize cost while maximizing value of our functions. In simpler words - "Simple Solutions with High Impact" is the new era of HR.

This essay is going to discuss how trends in micro human resources solutions

can support business resilience for Hong Kong major industries (i.e. financial services, tourism, trading and logistics, and professional and producer services) under our unique economic environment.

## **Recruitment**

### ***Gamification***

It has long been a challenge for HR professionals to estimate new recruits' adaptability to the company's culture and customs at interviews. Given the current situation of globalization and automation, the ideal qualities of suitable candidates become more personality-focused instead of a simple checklist of technical skills while the search becomes unconfined geographically. As a result, HR professionals have been adopting "Gamification" sessions at interviews in the hope to simulate for performance management (HR Trend Institute, 2015). Not only is this a low-cost method, it is an interactive way to bring out a piece of extremely valuable information which is often neglected by traditional HR professionals - the genuine reaction and personality of candidates. Only by giving credits to this information can HR professionals be able to secure the value of recruitment practice by identifying the most suitable candidates who are worth for further investment.

### ***Contract workers***

Businesses in Hong Kong have been revitalizing their hiring methods given the challenges under the slumping economy in recent years. A notable increase in the hiring of contract staffs in Hong Kong since 2014 is resulted as the maturity of the labour market is following the footsteps of the U.S and U.K. (Holliday, 2014). Not only does contract hiring (fixed term/agency contract) minimize responsibility shouldered by businesses along employment (i.e. fringe benefits, year-end bonus, trainings and perks, etc.), it gives firms the flexibility needed to respond to the dynamic economic conditions owing to its short turnaround time. Although this might dampen employees' intrinsic motivation, it is of no doubt that major industries are evolving into project base scheduling and are demanding higher flexibility in labour resources to improve business resilience towards the challenging economic situation.

### ***Hire for improvement***

Other than the above suggestions, the new era of talent acquisition should be proactively planning for future need of workforce and to recruit for the improvement of business resilience instead of simply filling up vacancies. HR

have to participate in strategic planning as a business partner, look into the future and shape the workforce into what's best for the sustainability of the company. In short, talent acquisition plays an important part in "recruiting the most suitable ones at best cost-value possible" from "an expanding and increasingly complicated pool" to put their business in the best position.

### **Improving Employee Relations**

Employee relation has decisive importance over ultimate success of whole HR function. It alters employees' perception towards the company's leadership, policy, vision and is even correlated to the cost for company to steer towards success. Under Hong Kong's extremely low unemployment rate, employees are more likely to look for better opportunities as it is less costly and alarming for them to do so. This is costly for the company as trained employees left for better options with company's investment. Hence, good employee relation is an important goal for HR to achieve.

There are certain highlights that HR professionals could look into to enhance employee relations.

### ***Employees' segregation***

The way HR segment employees have been improving over past decades. It is common that we segregate employees into large groups such as generation Y who demands work life balance over career progression, enjoys attention and embraces challenges in general (Alston, 2017) while generation Z who needs speedy information and emphasizes in being passionate about work. However, it is time HR follows the footstep of our counterpart, marketing division, to individualize our "internal customers".

HR should gather individualized information, leverage data analytic technologies, and generate experimental predictions on individuals' preference, motivation and behaviours. Such information will be the basis for HR to deduce any employee relations measures such as assessments and trainings, rewards and compensations, and even in the shaping of company's image to best attract talents in different generations. In short, HR will be able to retain company's investment by making well-informed decisions that ultimately improve employee relations.

### ***Two-way communication***

Communication is another significant factor that contributes to employee relation. It is still uncommon for company to establish a two way, transparent communication which employees feel free to express their opinions without any hesitation. HR can adopt regular “talkback surveys” which gathers anonymous feedback in a way that no employees can, or will be made responsible for their opinions. However, such suggestion will only be effective when participants are well-educated with the purpose of such surveys. Therefore, it is suggested that only employees who meet the seniority standard should participate (e.g. employees who have been with the company for over 18 months). This is to ensure that employees are able to give insightful feedback.

### ***Careful layoff procedure***

It is inevitable for company to lay off employees under certain circumstances. However, layoff procedures should be carefully designed to take care of the psychology go-through of both the employees laid off and others who stay with the company. For instance, recommendations and referrals could be allowed for employees’ who left with good terms while reasons for dismissal should be transparently communicated to minimize the disruption to team morale and company’s image.

### **Succession Planning**

Succession Planning plays a critical role in sustaining business’s success as it allows company to identify, empower and most importantly, retain star performers who are the key to both business resilience and success. This is one of the determining factors for our best employees to stay.

### ***>1:1 global succession ratio***

HR should always keep the company buffered with safety net and pipelines of global talents. When planning for any executive positions, HR should avoid 1:1 succession as this limits company’s flexibility and leaves it with no alternatives under this speedily changing environment. HR should keep an open-mind in searching for ideal candidates globally, especially for positions that requires specific skill set or background and has relatively loose requirement for successor’s culture fit or previous engagement with company. In this way, business can source for best successor from a global pool to minimize any disruption of uncertainty.

Furthermore, cultivating employee combination with rich cultural diversity advances company's culture, employees' exposure and brings in unpredictable sparks to development strategies. Therefore, so far as the cost is justifiable, HR should not hesitate but to do what's best for business resilience.

### ***Power Pay***

We have traditionally believed that performance follows a bell curve and salary of senior executives should follow a hierarchical pay scale. Not only have we failed to motivate workers, we have also failed to provide the incentive for super workers to join nor stay with the business. Recent statistics shows that performance follows "power law" distribution (Bersin, 2014) and performance of the top 1% can be 10 times average output (Feloni, 2015). In order to strengthen business resilience, HR should disregard hierarchical pay scale and adopt an effective power compensation distribution to equip the company with best talents and a competitive atmosphere for mediocre to improve.

### **Conclusion - a beautiful comma**

It has been a deeply rooted concept that Human Resource is a supportive function of business that it is a cost centre. The time has come for businesses to realize that Human Resources is a partnering unit of business. We work alongside with other departments and provide professional and insightful opinions from the most important dimension of any business - People. With aligned interest and support from other functions, Human Resources professionals will certainly be exploring innovative methods and methodologies to support growth and sustain prosperity of the company. It is just a beautiful comma after all.

## References

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