Talent Management in the 21st Century: Lessons from Singapore

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Introduction: How do we understand how modern corporations think about managing careers and developing talent? In the 1950s and through the early 1980s, the answer was clear. Careers were based on a model of the Organization Man, the classic book by Fortune editor William H. Whyte, where the mechanisms that corporations used to manage executives, managers, and the white-collar workforce were generally based on an elaborate bureaucratic system that was grounded on the assumption that the company “owned” or at least controlled the careers of the people who worked for them and that the company could predict with great accuracy the skills it would need in the future. The metaphor for advancement was to climb a job ladder, typically inside a functional “silo” like marketing. The joke at IBM, perhaps the archetypical Organization Man employer, was that the initials “IBM” stood for “I’ve Been Moved” because employees not only changed jobs with each advance but typically locations as well. The systems for hiring, evaluating, and advancing managers that drove careers were based on the notion of lifetime employment and a set of mutual obligations between employers and employees.

From the perspective of the corporations, these arrangements helped them solve the crucial problem of ensuring that they had the right talent to do the work of the company in the right place at the right time. For the employees, these arrangements determined who got ahead – when they advanced and how far they would go. For society, they determined the composition of the upper and middle classes as well as important aspects of social life. Regular corporate relocations of executives and their families and the spillover of the executive hierarchies into social life are among the prominent examples.

The Connection to Singapore: U.S. corporations dominated international business in the post-WWII period, and while similar developments were underway in corporations based outside the U.S., especially in the U.K., much of the rest of the business world was exposed to the career management practices outlined above through the foreign operations of U.S. multinational corporations. The transfer of U.S. business practices more generally is perhaps most apparent in Singapore, which began its drive to modernization in the 1960s when U.S. corporations were in their ascendancy. Singapore had as an explicit goal the development of best practice models of operating by learning

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from experiences in the rest of the world. Unlike many countries, Singapore welcomed multinational operations and sought to learn from them. It also developed arrangements that applied these best practice models to the government itself, and that spread lessons throughout the business community.²

Two decades of corporate restructuring as well as new models for organizing business operations have almost completely eradicated the underpinnings of the Organization Man model in the U.S. The need for faster adjustment to changing business conditions drives periodic and unpredictable job cuts when business turns down; when it turns up, employers must hire experienced outsiders to expand more quickly; when business changes direction, employers need to bring in new competencies. Because the companies themselves cannot plan their operations far in advance, it is next to impossible for them to have a credible career plan for their employees.

Despite these changes, most observers in the U.S. still use the 1950s and ‘60’s “Organization Man” framework to describe corporate employment simply because there appears to be no other model to use. The alternative of model of a “free agent market” where everyone hops from company to company as if they were temporary help workers is sometimes invoked. But with the exception of a very few professions such as information technology, that model does not fit reality, either. Managers in particular do have important ties to their companies, and their own success is deeply linked to the success of their company. The challenge, therefore, is to describe accurately the arrangements that modern corporations use to manage the careers of their managers and executives. Is there an organizing logic about these new arrangements that is the equivalent of the “Organization Man” of the earlier generation?

Comparisons between the U.S. and Singapore experience could prove instructive on at least two dimensions. The first and most basic is, to what extent did Singapore companies modify or adapt career practices borrowed from U.S. multinational companies to the reality of the local context, and how did the modifications reflect, for example, the much greater mobility of managers across organizations that has long been the case in Singapore? In particular, some pundits believe that the changes in the U.S. model – the decline of the Organization Man – was driven by the tight labor markets and explosive economic growth in the U.S. during the 1990s. Singapore has had faster growth and tighter labor markets than the U.S. for at least a generation. If these factors break down lifetime career models, then we should not see them in Singapore.

² The interest of the Singapore government in learning from multinational companies continues. About half of the Fortune 500 companies have significant operations in Singapore, and the government’s multinational corporations and regional headquarters program, which operates through the Economic Development Board (EDB), is designed to attract operations from more companies to Singapore. The government’s Manpower 21 report sees the economy of the country being driven in the future by talented individuals, and foreign talent will be a critical part of that strategy. (Ministry of Manpower, 1999, p. 14).
Second and more important, to what extent have practices in Singapore changed in ways that parallel the developments in the U.S.? The dominant explanations for the change in careers in the U.S. turn on fundamental developments in the way companies operate, such as faster cycle times and greater difficulty in planning, and the resultant practices of downsizing and restructuring. These changes in the way businesses operate appear to have come to Singapore as well. Are they also accompanied by changes in careers and development in Singapore? If not, then they cast some doubt on these factors as an explanation.

More recently, Singapore has experienced an economic downturn, one that would be seen as quite mild in the rest of the world, but it is significant because it has broken an almost 30-year run of economic growth. In part, the downturn was a hangover from the “Asian Flu” financial crises that began in Thailand and swept through Southeast Asia beginning in 1998; in part it reflected a spillover from the U.S. recession in 2001 that has yet to completely lift; and it was exacerbated by the SARS crisis in 2003 that severely hurt international travel and trade. Whatever the causes, the economic slowdown has prompted serious rethinking about employment relationships in the country. Many companies have had forced redundancies and many more have had voluntary plans to cut workers during the downturn. There are reports that many of the companies that were forced to cut workers had to bring in management experts from the U.S. and Europe to carry out the reductions because they understood the need and had the special competencies needed to downsize organizations. Some observers suggest that after spending a generation worrying about hiring and keeping talent, human resource executives in Singapore found it very difficult to make the paradigm shift to getting rid of talent.

More generally, the downturn has raised debates that are very similar to those that began two decades ago in the U.S. about the responsibilities of employers to their employees. In particular, employer demands to reduce the fixed costs of employment, especially when business demand changes, have caused many to begin to think about alternative employment arrangements. The government has entered the debate with a tripartite taskforce and its Report on Flexible Compensation (Ministry of Manpower 2004). It presents the merits of policies that make pay vary with organizational performance and, in the process, transfer some business risk onto employees. While these discussions are relevant to all occupations, the issues truly come to a head with management employees. Managers and executives in many companies are seen as being the essence of the organization. They are also the group for whom the company truly tries to plan careers and invests in developing their skills and competencies. In the context of this discussion about restructuring, the question asked in the study below is, has anything changed about the way in which management careers operate?

The arguments that follow are based on case studies of important employers in Singapore and conversations with the heads of their human resource functions. The interviews served two purposes. They described the practices of these employers with respect to career management issues and how they have changed over time. In some ways just as
interesting and revealing are the stories that these experts tell about their own careers as they offer a window into the operation of the executive labor market in Singapore.

Talent Management in Singapore

Government as the Model: The phrase “Talent Management” is sometimes used to capture the set of practices that employers use to hire, train, develop, and generally manage those employees who hold important managerial and executive jobs in an organization. In Singapore, the government has played a unique and important role in shaping the talent management practices of companies. The place to begin investigating the questions outlined above about changes in talent management in Singapore, therefore, is with understanding the government’s own approach to talent management. Lee Kwan Yew reports in his memoirs that for “a small resource-poor country like Singapore, with two million people at independence in 1965, talent is a defining factor” (Lee, 2000, p. 158). He also tells of his interest in and appreciation of the management practices used by multinational companies operating in Singapore to develop their own pool of talent. The most important of those practices, at least for the government, concerned the selection and development of leaders. The practices he saw were the 1960s era policies of mostly U.S. multinational companies, the largest and most sophisticated in the world in terms of their ability and willingness to plan out careers. What he saw, in other words, was the Organization Man system in full flower, a system of talent management that began with careful recruiting and selection practices, early and continuous development of employees, and continued with career planning that moved people across jobs to maximize development and organizational potential. These programs built on each other like a pyramid to push the most “able” candidates into the most important executive positions. And he applied many of these talent management principles to the running of the country of Singapore.

Talent Management in the Civil Service: Singapore’s Public Service Division manages employment for the country’s 160,000 civil servants. The Division is its own Ministry run by its own Permanent Secretary. Although many of the policies for employment are standardized across the government, within each of the main Ministries, the Permanent Secretary has considerable discretion to determine how the careers of the managerial employees are addressed. At the very top of the government’s organization is the Public Service Commission, which makes appointments to the most senior positions in the Civil Service.

The first step in the government’s talent management programs, and arguably one of the first policies when the country was formed, was a set of “high-potential” programs to fill the most important government jobs. The Singaporean government seeks out talent early on – in high schools – identifying the best students and selecting them for future employment in the government. Selection is based in large part on high school examination results, the British “A” Level exams. Approximately 200 of these high flying students are identified each year, and they are offered an interesting proposition: They are sent abroad at government expense to the very best foreign universities, typically in the U.S. and U.K. This was a substantial investment that even upper middle class families would have otherwise found difficult to sustain. It is impossible for those
with less income. The students have an obligation when they return – and they are required to return – to work for the Singaporean government for six years to pay off their “bond” or debt to the government.  

A typical economic model of a training investment like this would have the returning students essentially paying off the investment in their education by working for wages below the market wage, but the deal the government offered was in many ways the opposite. The jobs the students are slotted into are arguably among the best jobs at the best pay rates in the entire economy. Known as “the scholars,” this cohort of new government workers are essentially enrolled in a government high potential program from the moment they begin to work. Inside the government, they compete for promotion and important assignments with other scholars, not with the rest of the civil service. The best development roles are reserved for them, and they are expected to rise to the highest positions in the government.

As soon as the scholars return to Singapore, the process of talent management begins in earnest with the decision of where in the government to work. This process has an interesting open market aspect to it: The scholars list their preferences for areas to work in, and the different Ministries on their short list then try to attract and persuade them to join up. Finance and Ministry of Trade have historically been the most popular choices while the Ministry of Defense has a reputation for moving quickly to find and lock in the scholars it wants to hire.

While the scholars are committed to work for the government for six years, the arrangements for managing them suggest the expectations for a life-long career. The different government agencies and branches have some autonomy in the management of the development of their employees, and they learn and borrow from each other. But there are also important common elements in the ways careers are managed across the government. One is that the scholars do not stay in one place. They typically rotate across positions in order to gain experience. Those that are identified as having the potential for leadership through these rotations and that have an interest in administrative work are classified as “dual career officers” whose careers are then governed at least in part by interests outside their current Ministry. Once so identified, they are then posted to another agency of the government to get more experience and also to have that potential verified by another organization.

The effort to find the best talent and to do so early was not limited to its own students, however. Singapore scholarships offer educational opportunities to promising students from across Southeast Asia with the hope that they will stay in Singapore and build their careers (Lee, 2000, pp. 166-7).

There are also some differences across Ministries in the ways talent is identified. The Ministry of Defense has arguably the most sophisticated practices. For example, it borrowed from the Royal Dutch Shell Corporation the practice of “Current Estimated Potential,” an attempt at around age 25 to predict a candidate’s potential for advancement over the next decade using ability tests and other psychological instruments.
If they succeed in this other agency, and their potential is verified, then they become an “administrative services officer” – a designation that puts them in the ranks of mobile leaders of the government and a career that would move them from Ministry to Ministry. While there are approximately 160,000 civil servants in Singapore, there are only 300 administrative services officers. They represent the heart of the government’s talent management program. One can think of this program as the “fast track” or the equivalent of a corporate “hi-potential” program that will take young managers from the ranks of scholars to the top of the government hierarchy. The administrative services officers take a “foundation course,” which includes five weeks of general management training and visits to many Ministries in order to develop their skills but also to give them exposure to how the government operates. These visits and the practice of job rotation more generally mimics the corporate practice in this area where the goal is to develop in candidates a feel for how the overall corporation (in this case the government) operates in order to prepare them to oversee those operations.

In their early 30s, a subset of administrative services officers are selected into the ranks of the Senior Management Program, again based on an assessment of their managerial potential. This program offers a two-month training course on management and administrative principles, further job rotation, and exposure through various projects to the thinking and decision making of the most senior government officials. From this point on, candidates are in the hunt to become the next generation of those senior officials. For positions above the level of Director, what one would think of as entry-level executive ranks, selections are made by the Permanent Secretary of each Ministry aided by a committee of insiders who are assessing potential and also keeping in mind the managerial pipeline – how positions will affect the development of candidates, what vacancies are likely to come up in the future, etc. For the most senior positions, “Public Service Leadership Posts,” which include Permanent Secretaries and agency heads, appointments are made by the Public Service Commission that oversees virtually all aspects of the government. There is an understanding that one does not stay in these most senior jobs for more than 10 years in order to allow turnover that creates opportunities for mobility further down the ranks.

The government began to rethink some of its talent management practices in the late 1990s in part because of competitive pressure in the labor market from the private sector. The Singapore economy has always had, by international standards, robust rates of economic growth and tight labor markets, but the end of the 1990s was a period of particularly strong demand from labor markets, and the government found itself losing many administrative services officers and senior management program candidates to jobs in the private sector. In part as a response to competition from the outside labor market, the government in 2000 opened up the internal market for officers in the younger ranks – below five years of experience – to shop for different jobs within the government. As with similar moves that happened in the corporate world, this opening of the internal labor market was done as a retention device: By giving our managers more control over the jobs they have, we are more likely to meet their needs and keep them in the government. It represented a realization that managers would leave the government if
they could not find the opportunities that suited them, especially when better matches with their interests appeared in the private sector.

The Permanent Secretary for each agency now has the power to decide for each agency whether to open the internal labor market for all jobs within that agency. That decision also includes a flip side, now that the economy has declined, which is whether to hire from the outside to fill some of these more senior positions. In other words, opening up the internal market for government jobs also means that the government can bypass the traditional process of promotion from within. These decisions represent a fundamental change in talent management for the government, a move away from the model where the government outlines the career path for individuals and toward what are now common arrangements in corporations where individuals effectively have to make important career decisions for themselves. It would be a mistake to describe this process as one where individuals manage their own careers because the uncertainty surrounding opportunities makes it impossible to “manage” a career in the fashion that employers had done for candidates in the previous generation.

In 2003, the government faced another challenge with respect to the opening of labor markets, this time a demand by some scholars that they be released from their obligations to work for the government after completing their education; that they be allowed to pay off their debt and go immediately to the private sector. In this case, the government held its ground, threatening among other things to shame any scholars who failed to complete their bond by publishing their names and stories in the media.

**Transfer of Government Experience to the Private Sector:** As noted above, the Singapore government learned about talent management practices from the private sector, specifically from U.S. multinational companies, but it also itself became a model from which the private sector within Singapore learned. Some of these efforts at transferring knowledge and practices are explicit. The new Workforce Development Agency, for example, offers government-supported training to employers, helps arrange groups of employers into training consortia to provide training, and also offers training programs to individuals who are not sponsored by their employers. The agency is also developing job matching services that help dislocated workers find new jobs.

The most interesting examples, however, are less formal and operate at higher levels of authority. As noted below, some “private sector” companies are essentially owned by the government. In many other companies, the government is a substantial and, in some cases, controlling investor. These companies, formerly known as “government-linked,” are now referred to as “government-listed” companies. The government plays an important role in the governance of these companies through appointments to boards of directors as well as in shaping senior executive appointments. Ministers and other senior government officials are clearly familiar and typically comfortable with not only the priorities of talent management in the government but its mechanisms and institutions. When they advise government-listed companies, this experience travels with them. In a small country like Singapore, there is a fair amount of overlap in leadership positions, what has become known as “interlocking” among the membership of boards of directors.
Particularly for the executive ranks, talent management practices tend to spread from the government sector to these companies.

*Private Sector Follows the Government’s Lead:* In addition to various discussions with government officials, especially in the Ministry of Manpower, I interviewed seven executives who headed human resources in their organizations as well as some of their direct reports. In several cases, these executives were recent arrivals to their current employer, and their comments therefore often reflected a great deal about practices at their previous employer. They included the following:

1. **Mrs. Lai Min Yeo**, head of human resources for Ernst and Young, Singapore, formerly head of human resources with Korn/Ferry Singapore where she also did executive recruiting in the financial services industry.
2. **Tommy Ng**, head of human resources for the Raffles Group, formerly with Hyatt.
4. **Desmond Wong**, head of human resources for City Development Holdings.
5. **Geraldine Lee** – head of human resources for Capital Land Holdings and previously with IBM.
6. **Cynthia Chia**, head of human resources at OCBC Bank, formerly with Apple Computer.
7. **Yee Chye Lim**, head of human resources for DBS.

The experiences of their organizations as well as their own careers reveals a great deal about how talent management in Singapore is evolving. These interviews represent an interesting mix of corporate organizational forms: Singapore Press Holdings, originally a government operation and a monopoly that has become government-linked company in an environment where competition is slowly emerging; DBS Bank, another organization that began as a government agency and is now a government-linked company but in an environment where competition is international and fierce; Capital Land Holding, a government-linked company in a competitive market; The Raffles Group, a government-linked company in a fiercely competitive international market; City Development Holdings, a privately held company that competes with Capital Land Holding, OCBC Bank, a publicly held international bank; Ernst and Young, a multinational company with a partnership model. The interviews therefore represent different points along a continuum from strong government influence to weaker government control as well as from protected markets to open, international competition. Along the way, the interviews also discussed a range of other companies where these executives had worked. The range of experience may suggest something about the variation in talent management practices and, in particular, what factors drive that experience.

It is worth noting, however, that these interviews are concentrated among the type of firms that are most interested in developing talent internally. Smaller firms, privately held organizations, and those that are less focused on long-term prospects tend to have much less interest in developing their own employees. Instead, such firms typically get the talent that they need by hiring from the outside. These firms are classic examples of
“free riders” in that they feed off of the investments in talent made by larger firms, hiring away employees from those organizations. An important question is just how large the “free riding” sector has to be – how much outside hiring they must do – before the firms that are losing talent begin to question whether they should continue to invest in their own employees. The first response is likely to be to change the type of investments that they make, shifting away from investments in skills and knowledge that are clearly useful elsewhere and that come with credentials that signal the value of those skills to outsiders.

**Government Influence and Protected Markets: Singapore Press Holdings** -- Colonel Leong How WEE, head of human resources for Singapore Press Holdings (SPH): SPH was until recently the only newspaper publisher in Singapore, producing nine daily papers in four official languages with the *Strait Times* being the oldest (1845) and most important. SPH is a government-linked company now publicly listed. Perhaps 60-70 percent of its shares are held abroad. The other important news service is Media Corporation of Singapore (MCS), which is a statutory board that runs the broadcasting industry. In 2000, the government gave MCS authority to operate a newspaper and SPH authority to operate two television stations in an effort to create some real competition in both industries. The result also created real competition for journalists.

The history of tight labor markets and a shortage of talent in Singapore has been perhaps especially the case in journalism where employers relied to a large extent on foreigners. For SPH, the labor shortages extended to printers and, as in most organizations, information technology. Language ability turned out to be a key shortfall, not only in English but perhaps even more so in Chinese after the government no longer required that it be taught in school. Australians made up the bulk of the foreign workers, and SPH for many years even had an office in Sydney which employed subeditors who worked on the daily papers from a distance.

Career paths in the journalism side of SPH divide between the “front end” reporting jobs and the “back end” editorial jobs. Each requires different skills and personality types, and the dual-career ladders associated with these two sides of the business create separate career tracks. Because there are relatively few journalism positions in the organization, it is difficult to have much hierarchy. At the *Straits Times*, for example, there are roughly 200 journalists and at most three levels of management. Especially when the labor market tightened, the demands from employees for promotions rose, and many employees whose ambitions were frustrated quit. In response to demands from employees for advancement, SPH created additional supervisory positions, such as copy editor jobs, as a way of rewarding meritorious employees through promotions.

The belief at SPH is that the best way to assess performance is relative to others, and so they do a ranking of employee performance once every year with promotions being the main vehicle for rewarding superior performance. The role of seniority in determining rewards – both pay and promotion – has declined since the 1980s, while the role of performance has steadily increased.
Careers outside of journalism are managed somewhat differently. SPH recruits managers directly from university into management training positions of four to six years in length. The candidates rotate through new positions every 18 to 24 months and then settle into a functional area. Attrition from this route has always been very high, however, from 12 to 14 percent per year – nationwide, turnover averaged closer to 20 percent. SPH also hired from the outside at the senior level when they felt they did not have an adequate internal candidate; there may even be a bias toward external candidates in the company now. The conventional way to hire from the outside, perhaps not surprisingly, is to advertise in the Saturday edition of the *Straits Times*, an approach that is common across the economy.

While corporate recruiters made substantial inroads in the 1990s, their penetration has for the most part been limited to the most senior positions in the economy. Mid-level outside hires are still filled from the ranks of individual applicants replying to job openings posted in the want-ads.

SPH assesses the potential of their management employees, estimating how high in the organization they have the ability to advance, but they do not tell the employees about their estimate. There is also an effort, perhaps initially generated as a retention device, to make it easier for employees to move across the organization and across functional areas. Previously, permission of one’s supervisor was required for an internal move, but there has been some let-up in that requirement. Now, if employees have been in a functional area for more than four years, their supervisor can no longer prevent them from moving elsewhere in the company. In the past, human resources attempted to play a quiet role as matchmaker, finding places within the organization for employees who wanted to move and lobbying local managers to make it happen. Now the process is more complicated because there are so many more positions and potentially many more opportunities for mobility.

There are predictable career paths both on the journalism side (short paths) and on the business side (longer paths), and SPH is interested in managing careers for its employees. In upturns, that interest corresponded to creating positions to meet the demands for advancement; in the recent downturn, it meant managing their expectations to conform to diminished opportunities. The important trends over time, however, have been an expansion of the use of outside hiring, an increase in the use of dismissals for poor performance, and layoffs when demand fell. These developments obviously reinforce each other: Cutting employees for poor performance creates vacancies; eliminating workers in downturns creates openings when business returns. Both create opportunities for outside hires.

SPH already makes considerable use of contract employees, which can be managed with much greater flexibility, and expects to continue in that direction. They have also begun to allow employees greater flexibility in areas such as telecommuting.

**Banking -- Government Control and Competitive Markets -- DBS Bank and Yee Chye Lim**, head of human resources for DBS. DBS began as a department of the government’s economic development board, then became a separate bank – first a commercial bank and now a universal bank. In 1998, DBS consolidated several local
banks, merged with the Post Office Savings Bank, and took on a foreign CEO, John Olds. Now DBS is an international bank that owns and operates banking operations around Asia with a Singaporean CEO. Although it is no longer a part of the government, its roots come from there, and it remains a government-listed company.

The story of DBS bank today is very much a story about the transition seen above. Until 1998, it was very common to rise within the ranks of the organization, and talent management looked much like it did in most government agencies. Since then, DBS has entered lots of new businesses and has hired a great deal from the outside, especially in the treasury department. This outside hiring significantly disrupted the internal career advancement processes. DBS would like to return to the model of developing its own talent and building the pipeline that makes this possible. It believes that there is enough stability in its operations to allow it to once again grow its own talent. Like many other banks, however, it has reasonably high rates of turnover, averaging 20 percent.

Current talent management arrangements in the bank are as follows: It has a “management associates program” which hires from university. Promotions from entry-level Associate to Senior Associate are reasonably automatic. After that, promotions are based on merit and are much less certain. Most of the turnover in the management ranks occurs at this level. While it is possible to remain a Senior Associate, few candidates stay there long before quitting. Unlike many other organizations, it is possible to be “promoted” at DBS without necessarily moving into a new position. That is, promotions are not limited to vacancies in the more senior positions. DBS faces some interesting challenges in this regard in that they are seeing a flattening of the management hierarchy – no more “acting” titles, which are traditionally used to develop employees, no more AVP, SVP, and EVP titles. From this point on, there will simply be VP positions and then Managing Director positions. So the number of possible promotions will fall dramatically, and the transition between the remaining positions will be much, much longer. This trend is apparently happening at other banks as well. Citibank in particular has taken out management levels so that the leap between VP and SVP there is now a much more significant promotion.

Before 1998, DBS used a potential assessment system based on the Royal Dutch Shell approach of paper and pencil assessment tests at the Associate level to predict how far in the organization they had the potential to advance. Since then, attempts to assess potential independent of current performance have stopped. Assessing potential is now a regular consequence of the performance management system. That is, high potential now means a high performing employee.

In terms of performance management, DBS followed the practice of all of the major international banks of doing forced rankings of employees. This left a bad taste in people’s mouths at DBS, especially those who received the lowest rankings because their morale fell and many quit. Interestingly, this is exactly the outcome that most companies desire from forced rankings – to force out the poor performing employees. At DBS, the fact that the labor market for banking managers was reasonably tight meant that the bank could not easily replace them and did not necessarily to lose even its poor performers.
DBS still has a high potential program (entry to which is now based on high performance), and they do replacement planning for key positions. But the pressure for the latter came from compliance demands associated with government regulations, especially in the area of risk management: Who will fill these key jobs if someone leaves? At the moment, talent management is a reasonably ad hoc process limited to the top 10 percent of the corporate hierarchy, but the bank is thinking about developing more systematic programs that would include creating a talent manager position to run them. The demand for talent programs comes from the fact that the career path at the moment brings candidates up through the functions, which means that they are often narrow in their experience and lack general management skills despite the fact that they are senior in terms of position and tenure.

DBS does have an internal posting system online for positions up to the level of the Vice President. But this system is very different from that in most organizations. It is only for lateral moves. That is, one needs to already have the “title” in terms of rank for any jobs to which one wants to apply – for example, only VPs can bid for a position as VP of retail operations. Employees need permission from their boss to apply for a new position through the on-line system. This arrangement, therefore, does relatively little to open up the internal labor market.

The bank sees two fundamental choices for its talent management plans going forward. The first is to develop reasonably precise and detailed plans that would identify specific job needs in the future – e.g., so many Directors of Retail operations, so many VP’s of trading – and then develop employees specifically for those positions. This is the traditional “manpower planning” approach. The second choice is to make use of portfolios or pools of talent where the candidates have more general skills that could be applied in a range of jobs. Rather than try to predict specific skill needs, the goal here is to develop managers whose skills are reasonably malleable and then try to make them fit into specific jobs once it becomes clear what those jobs will be.

Banking -- OCBC Bank -- Cynthia Chia, head of human resources. OCBC is an international bank headquartered in Singapore. Before coming to OCBC, Cynthia Chia began her career at Apple Computer where she was impressed with their belief in investing in talent and that the depth of human capital in a company was its crucial attribute. She notes that companies in Singapore used to look to Singapore International Airlines as the model – reports are that 90 percent of their executives still come from within the company. But they are no longer seen as the model for managing human resources. Increasingly it is U.S companies – in the banking industry, it is Citibank. She notes that some of the companies that were models for developing employees internally may not have great financial success with their approaches. When Texas Instruments was operating in Singapore, she notes, it was the training ground for virtually all electrical engineers. They hired the best, trained them, but then lost most of them to competitors.
The experience at OCBC mirrors that of the banking industry elsewhere, especially US banks. Graduates are hired into a two-year training job as an officer and are then promoted typically over five years to senior officer and then branch manager. From that point, the next promotion also takes roughly five years to AVP, heading a unit of a function; from there candidates move to department manager positions and a VP role in 3-4 years; at that point, one is in the executive ranks, and a move into an SVP position within five years is possible. While this career ladder seems very clear, the movement along it is, in practice, very uncertain, especially after one gets to the branch manager position. OCBC loses a lot of good candidates particularly at the AVP level. They go to competitors for bigger jobs and bigger pay. The AVP level is, ironically, the point where candidates truly become useful to the Bank.

Partly because of turnover at this level, the bank often goes outside to hire VPs and SVPs. Because there are not sufficient opportunities for promotion, good candidates leave, and because too many leave, the bank has to go outside to find new ones – a surplus of talent leads to a shortage. Citibank, some believe, avoids this problem by creating faster promotion tracks. Interestingly, the current CEO at OCBC, David Connor, came from Citibank and brought with him many senior executives. There is some sense that talent leaves OCBC for other opportunities at the more junior executive leaves but comes into the bank from the outside at more senior levels.

The prospects for internal promotion may worsen in the future because the hierarchy of the bank has gotten flatter – there are now only five levels of management below the CEO – and the span of control has grown to 10-15 direct reports. The flattening has come in response to demand to respond more quickly to changing market conditions. As jobs have gotten broader, the jobs demand new skills, especially the ability to work with others. As other companies have also reported, those skills are often outside what one has learned through advancement along the traditional promotion ladder.

The bank has a large budget for training and an internal program for helping candidates advance in the management ranks – the OCBC Academy. (How well this program works in practice is the subject of some debate for outsiders, however.) Once in the senior ranks, candidates sent outside the bank for executive education programs. The bank has also been active in teaching the skill of performance coaching as a way of improving the performance of subordinates. Performance management, Cynthia believes, is not taken especially seriously in Singapore because there is a cultural reluctance to give strong feedback. As a result, everyone gets a similar appraisal – 360 degree feedback programs are not common and are not popular. Forced rankings, she notes, might be especially useful in Singapore because they force more honest feedback. The bank has a balanced scorecard to assess the performance of individuals that is aligned with overall business goals. Every individual has performance targets with respect to budgets, measures of quality outcomes associated with processes (such as customer feedback), and employee-related performance goals to achieve, such as the number of subordinates promoted and where they went, the number of positions filled internally, etc.
The OCBC has a high potential program made up of the top 5 percent of managerial employees based on management potential. The CEO and his direct reports form an Exceptional Talent Committee to handle the careers of high potential employees. The committee decides who should get an MBA, who should be relocated to important assignments, and other important career decisions. The employees are not told that they are in this pool, but they typically accept the career recommendations that are offered. No doubt they understand that these recommendations are pointing them toward the top of the organization.

The bank also has a very open system of internal mobility. Employees initiate movement through an internal job board, and the human resources department handles the entire process. Supervisors are not told that their employee wants to move, and they are only allowed to hold an employee for eight weeks once the employee is offered another position in the company. All jobs, including executive positions, are posted on the internal job board. While Cynthia notes that local managers still try to hide talent from other operations in the bank, it is difficult to do given this open posting process.

Overall, Cynthia is worried about the future supply of managerial talent in Singapore. Because so many companies seem to have shifted toward buying talent on the outside market, as opposed to developing it internally, it is not clear where the additional talent will come from. She also believes that when companies buy talent on the outside, they should make better use of it than most do. That is, rather than simply taking an outside hire and slotting them quickly into an existing job, they should move them around and expose more people in the organization to the new hire’s experience and ideas. One option for a bank like OCBC is to get the talent from abroad, increasingly from India. The extensive use of foreign expatriate workers represents its own set of challenges.

**Government Influence and Competitive International Markets: The Raffles Group**

--- Tommy Ng, Vice President for Human Resources for Raffles Group. Raffles is an international luxury hotel chain that also operates the Swisshotel Brand.

The corporate hierarchy at Raffles has separate Managing Directors for the Raffles and the Swisshotel brands. The corporate office has vice presidents for the major functional areas that cover both brands, a senior vice president for HR, a senior vice-president for employee development, and one for “corporate development,” which includes planning for reorganizations – the idea here is that operating teams do not have to take time away from their focus to address restructuring issues. The two brands also have vice presidents for human resources.

The Raffles Group has some relatively unique organizational characteristics. One is a highly matrixed form of management. Company executives are expected to maintain two portfolios of responsibility, one corporate and one operating. So, for example, the Vice President of HR for Swisshotel has in that role overall HR responsibilities for that brand, but he is also Vice President of the Swisshotel facility in Zurich where he is based. Regional General Managers have similar responsibility for a local hotel. This model is very similar to the approach pioneered by the electrical contracting giant ABB and serves...
the goals of keeping the corporate hierarchy small as well as keeping the corporate executives in touch with the issues of line management. Ad hoc teams are used widely in the company, adding another layer of responsibilities.

Perhaps to compensate for the lack of functional depth associated with a matrixed structure, the Raffles Group maintains “champions” whose expertise in particular tasks is used throughout the company. For example, there is a special team that opens new hotels, coming in before the hotels open their doors to handle the unique tasks associated with initial start-ups. These groups are similar to “centers of excellence” that exist in large, diversified companies where the corporate hierarchy has been trimmed down.

The Raffles Group tries to find talent early. Like the government, it sponsors its own “scholars” who are selected in high school and sponsored to attend hotel school. They come to work for the company to complete their end of the deal. The turnover of this group is considerable, however, and a great many stay just long enough to pay off their bond to the company. Raffles also employs many interns who begin as part-time or vacation employees from hotel school and then become full-time employees. The company does not like to hire young workers from competitors because they come in with the culture and practices of those competitors. As Tommy notes, “It becomes difficult to mold them.” Once hired into permanent jobs, future managers begin a one-year management training program where they rotate through the functional areas of hotel operations. Reports from their mentors in those areas are used to shape who ends up in which area, and the idea is to look for competencies that are unique to that area. Performance assessments are based on specific competencies and a “balanced scorecard” approach to assessing competing goals.

Candidates for the company’s “High Potential” program are selected from these assessments based on at least two years of top performance scores and above average competencies as well as the indication from supervisors that the candidate would be able to handle the tasks associated with positions two levels higher. Once identified as high potential, the careers of these employees are managed by corporate staff. Corporate human resources in consultation with the Managing Directors in their areas plan their career moves. An important part of this program is that the candidates meet with a subcommittee of the Raffles Board of Directors where their progress is considered individually. The board has the final say on the jobs that each candidate will take.

Employees who do not make the high potential track by age 30 have more or less missed the opportunity permanently. Those who make it are expected to get their MBA degree through a part-time degree program. They are also expected to find mentors based on their interests, although the company will assign them mentors as well. Employees can be dropped from the program, although if a high potential employee leaves the company, management has to explain what happened to the board. The company tells candidates when and where they are expected to move, and generally they agree, perhaps because there are consequences for future progress if one says no. Perhaps also people who are not interested in moving do not enter this kind of work given the expectation that career
advancement requires movement across facilities, countries, and even between the two brands.

The career path for high potential candidates typically takes them to head of a functional area within a hotel, where they get significant supervisory responsibility; from there to Assistant Manager of a hotel, where they get operating experience; and then to General Manager of a hotel. The Assistant Manager position is the bottleneck in the career path. It is the point in the career advancement where the most candidates are lost and where corporate recruiters come looking. The reason is because the move to General Manager requires a vacancy, and some better candidates get impatient with waiting. This is another example where corporate growth helps fuel development by providing more opportunities for advancement which, in turn, improves retention. Once candidates get to the General Management position, however, they seem to stay solidly in the company’s system. Above that point, Raffles does a “replacement planning” exercise for every top job, identifying three candidates who are potential replacements should the incumbent leave.

In addition to this career path, the matrix form of management and team-based assignments provides a great deal of opportunity for skill development. Managers are given the opportunity to work on temporary projects around the world and try their hand at new tasks, especially in cross-functional teams. During the 2003 SARS crisis in China, for example, the managers of the Raffles and Swissotel facilities in China, where business was moribund, were diverted to projects elsewhere.

Despite the internal orientation of talent management at the Raffles Group, Tommy’s own career reflected a different model, perhaps an older model, based on outside hiring. He began his career working for the U.S.-based Hyatt Hotel chain. Hyatt has a reputation for developing employees but also for having a country-specific management approach and, some say, for shedding talent in mid-career. Tommy felt that his career had hit a plateau at Hyatt: Corporate leaders seemed to be groomed and developed within the U.S., and at the mid-career level, he sensed that development opportunities for him had declined. Opportunities for development were more or less delegated to one’s local general manager. He could become head of HR for Singapore operations but saw little opportunity for advancing beyond that.

Instead, he moved to the Raffles Hotel, at that time the premier “brand” in Singapore but still a relatively small operation, where he headed HR. As the Raffles Group expanded to 11 hotels and then bought the Swissotel Group, his job expanded as well. This was a classic lateral move: He left a smaller job at a bigger company to take a bigger job at a smaller company. As the Raffles Group expanded to 11 hotels and then bought the Swissotel Group, his job expanded as well. His corporate advancement therefore represented the classic “bet on the company” model: The company more than doubled in size, and the scope and responsibility doubled as well. One can think of this as the equivalent of a substantial promotion.
A final example of talent management from Raffles suggests something more general about the dissemination of practices across employers in Singapore. The Raffles corporate staff prepares best practice papers for the board of directors (two or three for each meeting), that outline a problem area and a best practice solution to it along with the Raffles experience in that area. The directors share them with the other companies on whose boards they serve, and knowledge spreads across the economy.

Real Estate Development -- Government Influence and Competitive Markets at Capital Lands Management with Geraldine Lee, head of human resources for Capital Lands Management. Geraldine had previously been with IBM and, before that headed human resources for Singapore Technology Engineering. She notes that as organizations in Singapore restructured and reinvented themselves, their internal pipelines of talent often became inadequate. In response, they went to the outside to hire the talent they needed. “Product cycles are so short that companies can’t easily predict what they will need, so they have to go outside to get it.” There has also been pressure from the government to learn how to meet talent needs more quickly. The Government Linked Companies within the Singapore Technology Group especially feel this pressure through their Executive Resource Compensation Committee, which guides talent management practices for these companies.

Capital Lands is a real estate development company, the largest in Singapore and one of the largest in the world. Compared to other industries, it would seem fair to say that the business has not changed that much over time. Because it is highly cyclical, though, it may be as volatile as any other industry, and the need for skills changes. It aims for an overall rate of 15 percent lateral or external hires, but in new businesses where new skills are needed, the percentage of outside hires is as high as 60 percent.

Like many other corporations, Capital Lands has begun to think about talent management as a portfolio. For example, they keep good recruits on their radar screen even if they can’t hire them now in order to bring them in at a later time. The company has a high potential program that is based on identifying general management capabilities as judged by an employee’s supervisors. The company has a panel to determine whether candidates really merit the high potential track, and it is something of a challenge for sponsors to get their people through. The main advantage candidates receive is access to the key decision makers. The company also has a Strategic Business Leadership Program, which provides training and development experiences on how to run an organization, for more senior candidates who could potentially head departments and become Deputy General Managers.

More generally, Capital Lands uses work experience, especially across-border programs that team up candidates with business partners in other countries, in order to develop the capabilities of its management employees. One of the problems it and companies like it have in trying to give people experiences that will broaden them is that the candidates are now so busy doing their full-time jobs that they have little time for development. And local managers often resist development – they would rather have the candidates spent
their time on their current tasks rather than on developing their capabilities for future jobs.

Although Capital Lands is a large business, it does not have the scale in terms of human resources – the total size of its managerial base is not big enough – to have deep pipelines of talent. Its response, in addition to outside hiring, has been to try to broaden employees so that they can be adaptable and fit in to many different opportunities should they come up inside the company. (One can think of this as developing a portfolio approach within the individual.) The program of job rotation at Capital Lands is in part designed to help achieve that. Where the internal pipeline isn’t sufficient, such as in areas where the company is growing fast, it expects to continue to hire from the outside.

The top 10-15 percent of employees in the corporate hierarchy are subject to a talent review that is headed by the CEO of their operation and includes the heads of the company’s subunits. The review is designed to see how this top group is performing and assess where they are headed in the organization. More generally, the goal of the talent review is to think about the long-term match between the demands for managerial talent and its supply. The individuals in this top cohort know that they are in the elite group, they work closely with the senior management team, and they can influence their own assignments and their own development path as a result.

Despite these development opportunities, Capital Lands also experiences the problem of people leaving the company for opportunities elsewhere. This is predominately the case at mid-career where the individuals feel that they do not see sufficient opportunities internally. Post and bidding systems are one approach to providing career opportunities internally, but Geraldine notes that the downside of these systems is that they make it impossible to use mobility as a development tool and promotion as a reward: If candidates have to initiate the process by bidding and local managers do the choosing, then the process of mobility is outside the hands of human resources and the corporation. In some lower-level jobs at Capital Lands, it is possible to be promoted without moving into a vacancy. For more senior positions, however, promotions are restricted to vacancies.

**Real Estate -- Independence from Government with Competitive Markets: City Development Holdings** -- Desmond Wong, head of human resources for City Development Holdings. The second largest real estate developer in Singapore, City Development Holdings represents a very interesting contrast to the largest real estate developer, Capital Land Management. While Capital Land is a government-listed company, City it is a privately held company where the founder retains ownership and several of the top executives in the company were also there at its founding. Although a significant company financially, City Development Holdings has only 1,000 employees. Its practices with respect to talent management are very different from Capital Lands, indeed from larger corporations in general. They may represent practices that are much more typical of local, smaller businesses.
As with many similar companies, City Development Holdings hires some candidates directly from university but has no formal system for developing them. Some of the new hires have been sponsored by the company – the scholars model again. But unlike the government’s scholars program, once hired into the company, these candidates are assigned directly to a functional area where they remain. Because the organizational hierarchy is relatively flat, there is not much scope for advancement within functional areas. A promotion up the functional ladder often involves a huge increase in responsibility, and at these more senior levels, the company prefers to fill positions from the ranks of experienced workers from competitors. Of the eight top executives in the company, three were hired from the outside. Desmond’s own career followed this model: He worked for Capital Land Management, the largest real estate development company, and ran human resources for one of its operating units. He moved from there to City to head its overall human resources function – a step down in company size in return for a step up in job title and responsibilities. His own move was facilitated by a corporate recruiter. The rise in the use of corporate recruiters more generally reflects an interest by employers in pursuing candidates who are not actively looking for a new position.

There is even less scope for development outside of one’s functional area in smaller companies like City than there is within functional areas. The functional areas are not large enough to support “Assistant Manager” positions or other training assignments where someone from another functional area could watch and learn the skills needed in another area. The process of advancement as a result is less clear, very informal, and ad hoc -- as it apparently is in many of the local Singapore companies.

Turnover in companies like City is fairly high, no doubt in part because opportunities for advancement are relatively limited. On the other hand, flat hierarchies like these smaller companies have also imply that managers receive much more responsibility sooner than they would otherwise have. As a result, these companies represent important opportunities for individuals to get initial experience and, especially, to demonstrate real achievement. A typical career path therefore might be from the larger firms like Capital Land, where one can receive initial training and experience, to the smaller ones like City, where one can have more significant responsibility, and then possibly from there back to the larger company – if they remain in a functional area – or into more general executive positions – if they are in operating or line management.

Privately held companies like City may also have a special niche in the general career ladder. Especially where a founder is still in charge, privately held companies often remain deeply paternalistic in their approaches and have a closer, more personal relationship with their staff. The older generation of workers, Desmond believes, may have a greater appreciation for those paternalistic practices and be more willing to commit to companies that have them. The younger generation, in contrast, expects to see more change, expects to see career paths for advancement but is not so willing to commit to the company, creating a new challenge to retain them.

During the period of a tight labor market, City Development also responded to the demand from employees for advancement by creating additional positions in a hierarchy.
When the economy turned down, human resource practices changed directions and moved toward broadening jobs, giving people wider experience and opportunities but without promotions, and greater responsibility.

The performance assessment system had been a closed approach in that the employees had no direct input into it and did not learn much about what their assessment was. The approach now is to involve the employees in setting their own job objectives and to require their supervisors to debrief the employees on their performance, the model that is typical in most organizations.

**A Cross-Company Perspective:** Mrs. Lai Min Yeo head of human resources at Ernst & Young, one of the “Big Four” international accounting firms with a significant presence in Singapore. Until recently, Mrs. Yeo held a similar position at Korn/Ferry, the world’s largest corporate recruiting firm and, like Ernst & Young, organized as a partnership. Her observations about talent management drew on both companies but especially on her experience at Korn/Ferry where she was involved in a line role of recruiting human resource executives for financial service companies. That experience with client companies gave her a wide exposure into the talent management processes of companies in Singapore.

In her experience as a recruiter, she felt that companies in Singapore were expecting the executives they recruited to remain with them only about five years; in the peak of the tight labor market, the expectation was only three years. Client companies used outside hires especially when they were embarking on a significant organizational change or change in strategy. The new hires were expected to complete a project or an engagement, not necessarily stay for a long career. One could think of these outside hires as functioning almost like project managers. This practice was much less common among the multinational companies because they had more sophisticated management systems in place to run their operations. Because they relied more on these systems, they were less dependent on the talent of individual managers. They could fill vacancies with less experienced internal candidates who could follow the systems. In the non-multinational companies with less detailed systems, in contrast, the candidates needed to more or less know everything about handling a job when they stepped into it. And when a CEO or other top executive left, not only was there a tendency to replace them with an outsider, there was a tendency to replace the entire team that supported them as well.

What characterized the companies that were the best at internal development of talent? The government itself and government-linked companies were far ahead of other local companies, in her view, because they were willing to take a long-term approach to developing talent. One of the reasons why they did so is simply because they were able to take a longer-term view in everything they did. They undertook larger, longer-term projects and needed longer-term talent management practices to accommodate those projects. The leaders in talent management like Standard Charter Bank and multinational companies like AMEX and Citibank also spent a great deal of time on performance management issues. They were constantly reviewing and assessing their employees. And
they also differentiated how employees were treated based on those reviews, giving the better ones substantially more attention and opportunity.

Korn/Ferry along with some other recruiting companies like Russell Reynolds has particularly sophisticated performance management systems. They give employees feedback on their performance, based in part on client responses, after every engagement. Korn/Ferry also began using 360-degree feedback as a performance measure, sharing the results with individuals and using the results as the basis for allocating stock options – the best performers got the most options. AMEX includes measures of job satisfaction of subordinates in the performance appraisals of executives responsible for them along with measures of customer satisfaction, and those appraisals have a real impact on career advancement.

The culmination of the performance management process at a partnership like Ernst & Young or Korn/Ferry is the decision whether or not to promote candidates to partner. Korn/Ferry has separate promotion committees at the group, region, and a corporate level, each with their own criteria that had to be met before a case could advance to the next level. Every nominee was assigned a case officer, someone who does not know them, whose task is to both assess and manage the case for promotion. Every candidate also has a sponsor, usually their office manager, who advocates for their promotion along the way. (If a candidate cannot find a sponsor, their case goes nowhere. If an office manager does not support a case, even if the nominee has another sponsor, the case also dies.) The case officer interviews virtually everyone who has worked with the nominee, including peers, as well as interviewing the candidate. And then there are votes of the partners or their committee representatives at each level of the process. Other partnership firms have similar approaches. They are among the most rigorous and thorough assessments of performance in the corporate world. They are also among the most time-consuming and expensive. Partnership reviews are worth it because the stakes are so high – a life-time commitment.

Finally, the companies that are best at talent management are differentiated by their willingness to accommodate the needs of their individual managers and executives, to find assignments, for example, that help them balance family life or that suit their particular career interests. The ability to accommodate these needs, much like the ability to assess performance and manage career advancement, requires resources and infrastructure. It seems inescapable that larger organizations find these tasks easier to do because they have the scale to make them feasible: The fixed costs of setting up a sophisticated performance management system are similar for 50 people or 500, but the average costs of using it are one-tenth as much in the larger firm; it is also much easier to find assignments that will match the needs of individuals when one has a pool of hundreds of potential assignments than when one has only a handful. Finally, it seems incontrovertible that more stable organizations find all these tasks easier to perform. It is far easier to do succession planning, for example, when future staffing needs are more predictable.
**Summary Lessons:** The cases described above present some similarities but also an interesting diversity of experiences. Many of the examples come from the financial industry, which makes some useful comparisons possible across the cases. Two of the cases are from international banks, an important difference being that one – DBS – was recently a government agency. Two of the cases are real estate development firms, with an importance difference here being that one of the companies is privately held.

Most of the cases described above are government-listed companies, perhaps because most of the large, Singapore-based companies are listed. It would have been interesting to examine more non-listed companies in order to examine a central hypothesis about Singapore: the extent to which the government drives talent management practices through mechanisms like listed companies. Even though it is not possible to examine that issue directly through comparisons, there is ample evidence from the cases that government practices do filter down to the companies in various ways. It is interesting to note, for example, the extent to which many of the companies in this sample use the same practices as the government and the same language to describe them (e.g., “scholars” programs). Some of the commonality in practices may be explicitly intentional – the government recognizes the collective advantages of having large companies invest in talent as a way of feeding talent to the smaller companies. And some of this may be unintentional – informal copying of the larger and more successful organizations.

The dominant factor explaining the variation in practices across the cases does not appear to be the extent of government influence, however. It appears instead to simply be the size of the operations. Companies with more employees have the scale to develop more sophisticated and systematic approaches to talent management. No doubt there are fixed costs to running these programs. More important, organizations need many jobs in order to have pipelines of talent. Smaller companies like City Development have the smallest investments in internal talent management. Instead, they rely on outside hiring to meet their skill needs.

Desmond Wong notes another reason for the variation in practices. “You’ll find that Singapore managers who have worked in US companies tend to look like others who have worked in US companies,” he notes. This is also true for those who have worked in Japanese companies, although it is more difficult to observe because those companies try not to hire from the outside. There is a lot of exposure to best practices in management in Singapore, including talent management, but only the largest companies, he notes, can truly make use of those practices.

It is also clear that predictability of markets and structures makes it possible to plan for talent management. Companies that go through unexpected changes in markets, strategies, and structures need new skills and go to the outside to find them. Companies appear to have fundamentally different attitudes toward the notion of internal development that may go beyond these functional explanations as well. Other things equal, those that make these investments may do so because they want to look like the larger, successful multinational companies that have reputations for employee
development – local banks want to look like Citibank, local hotel operators want to look like Hyatt or Marriott.

There are also some clear and persistent similarities across the cases that appear to have been in place for some time. First, even the companies with the most systematic talent management practices seem to have a difficult time holding onto talent. Most of them lose a large number of managerial employees in whom they already have made substantial investments. These employees are lost at predictable points in the managerial hierarchy – typically in middle management right before they make the leap into the executive ranks. These employees (including many of those who were interviewed who had similar experiences at an earlier point in their careers) leave because they perceived that their promotion prospects were blocked or at least slowed down. So many of this cohort leave, more than any apparent surplus, that the companies end up sometimes having a shortage of talent at the next level.

Second, there is a clear pipeline that takes employees from the large firms that invest in talent to the smaller firms that do not. Whether this movement results primarily from a “push” in the form of employees who feel their advancement prospects are blocked or a “pull” from smaller firms that need skills and cannot develop them internally in an efficient way is not clear. But there is no doubt a well-beaten path from the pre-executive ranks at large companies into the executive ranks of smaller ones. Why these larger firms continue with arrangements that have them losing this investment in talent is not obvious.

There are also some new patterns. One of the most important is the flattening of the organizational chart, reducing the levels of management and the number of steps in the promotion ladder. This process makes internal development much more difficult because the leap in skill and responsibility requirements from one level to the next now becomes much greater. Internal candidates are less qualified than in the past, other things equal, for the next job up the hierarchy. This places an even greater burden on aspects of development other than one’s previous job – training and project-based experience in particular – to somehow prepare internal candidates for advancement.

The downturn in the economy represents another new and important development for these companies. Economic prospects going forward are less predictable, and planning needs to encompass the possibility that business can go down as well as up. Combined with the recession is the notion that the need to respond and adapt to changing economic conditions is likely to become more important in the future.

Despite all this, it is quite surprising the extent to which the companies in the cases above are planning to rebuild programs of internal talent development. Exactly how those programs might operate and still respond to the new challenges posed by flatter organizations, more variable economic context, and the need for greater adaptation is not clear. Perhaps the most fundamental division among the firms above is the extent to which they are thinking about the future of talent management programs along traditional lines of manpower planning versus more of a portfolio approach. The former has the firms attempting to predict specific vacancy levels and skill requirements into the future.
and then developing candidates to fill those jobs. The portfolio approach has them developing broadly skilled candidates who can then be squeezed into positions as they open, albeit imperfectly. The former places a great premium on the ability to predict and plan the future. The latter places an equal premium on the ability of people to adapt to new demands.

A second division that exists among the companies is the extent to which they are willing to think about development and career progression as something independent from the current management hierarchy. The number of vacancies in the senior management ranks drives mobility prospects in most organizations, and the problem, especially for companies that are flattening their corporate hierarchy, is that there are few openings at that level. Therefore, there is little need or opportunity to develop managers for advancement. In short, careers cannot advance because there are no vacancies.

There is another approach, however, and some of the companies described above have taken it, especially for employees in the lower ranks of management, which is to separate an employees rank or title from their current job in the organization. For example, it is possible to be an “officer” of a bank and hold any number of different job titles. It is also possible to change jobs and still retain the “officer” designation. Separating one’s rank or status in the organization from the work one is performing makes it possible for employees to see themselves advancing and being recognized for achievement on a schedule that is not necessarily equal to their movement up an organizational hierarchy.

The question asked at the beginning of this report is whether the kind of “Organization Man” approach to talent management that sees a company guide managerial candidates from entry-level jobs slowly up predictable pathways into the executive suite is under pressure to change in Singapore. One piece of evidence from the case studies is compelling on this point – the careers represented by the senior human resource executives interviewed in these case studies. None of these executives began their career in the company in which they now serve. My understanding from them is that their career movements were absolutely typical of what has been common for at least a generation in Singapore and that average turnover rates in Singapore have been about 20-30 percent per year for decades. All of these companies were relying at least in part – and apparently increasingly so over time – on external, lateral hires.

Despite the appearance that the Organization Man model is over, virtually all of these companies still talk about talent management as if that model is still in place, that internal development is the norm and outside hiring is seen as exceptional. Some who sense its erosion talk explicitly about rebuilding it. Perhaps the underlying issue is that it is straightforward for most human resource managers to think about what they need to do to build and manage a process of internal employee development. The more predictable and systematic the process is, the easier it is for them to see their way forward. In situations like the present, however, where product markets are changing rapidly and business strategy needs to adjust more quickly, planning of any kind becomes more difficult. In terms of human resources, there are no clear models for how to manage with this level of
uncertainty. And that may explain why most of the companies have not fundamentally questioned the planning paradigm.

The closest example of a new paradigm in the cases above is the portfolio approach to talent management, where companies are thinking about managing uncertainty by broadening the skills and experience base of individual employees. They are still planning for the future but in this case are planning for demands that are much less certain. It is also possible that the economy will settle down, that business strategy will become more predictable, and in that case, long-term planning will reassert itself as a model for human resources. For this to happen, however, many of the most fundamental developments in the international economy, such as the shareholder value movement, global competition, and information systems that foster speed, would have to reverse themselves. And that is not likely.

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