Issue 5 | NOV 2008

ETHOS

Civil Service College
Singapore

14 Thinking About Winning: Leadership in the Global War for Talent
Interview with Jeffrey R. Immelt

Book Reviews:
37 Peter Cappelli, *Talent on Demand*
43 Richard Florida, *Who's Your City?*

66 Singapore as Innovation Nation
Conversation with John Kao

72 Creating Hot Spots of Innovation and Energy in Your Organisation
Lynda Gratton

THE ASIAN HUMAN CAPITAL AWARD

Honouring Innovative People Practices

The inaugural Asian Human Capital Award, conferred by the Ministry of Manpower and INSEAD, honours innovative and impactful people practices adopted by Asia-based organisations. Winners of this prestigious award will be recognised at the Singapore Human Capital Summit, where their successful practices will be used as case studies on effective strategies to address human capital challenges in Asia.

The event is the biggest of its kind in the region, bringing together top CEOs and HR directors from around the world to discuss leading ideas, practices and opportunities in human capital management in Asia.

Why You Should Apply

Winning the Award will establish your organisation within Asia as an exemplar in effective human capital management that effectively aligns business and people strategies to maximise value. The winner(s) will be:

A] Invited to join renowned thought and business leaders to share your winning people strategy at the Singapore Human Capital Summit;
B] Featured prominently in Asia publications; and
C] Presented with a specially-commissioned Asian artwork trophy

Application opens : 1 Dec 2008 to 28 Feb 2009
Award presentation : Singapore Human Capital Summit 2009
Email : awardsecretariat@mom.gov.sg
For more details, visit : www.singaporehcsummit.com/award.asp

All companies and organisations with operations in Asia are welcome to apply. So, nominate your company or other organisations for the Asian Human Capital Award.

Sponsored by:

MINISTRY OF MANPOWER

INSEAD
The Business School for the World®

ETHOS

Advisory Board

Chan Heng Kee – CEO and Dean, Civil Service College
Chan Lai Fung – Permanent Secretary, Ministry of Law
Chew Hock Yong – Deputy Secretary,
Ministry of Community Development, Youth and Sports
Loh Khum Yean – Deputy Secretary (Industry), Ministry of Trade and Industry
Ow Foong Pheng – Chief Executive Officer, JTC Corporation
Andrew Tan – Deputy Secretary (Special Duties),
Ministry of the Environment and Water Resources

Editorial Team

Alvin Pang – Editor • Sheila Ng – Assistant Editor
Stephanie Tan • Lai Wei Lin • Yee Ping Yi

We welcome contributions, suggestions and letters to the Editor.
The editorial team reserves the right to select, edit and publish articles according to its editorial policy. All correspondence should be directed to:

The Editor, ETHOS
Centre for Governance and Leadership
Civil Service College
31 North Buona Vista Road
Singapore 275983
Fax: +65 6775 8207
Email: ethos@cscollege.gov.sg

©2008 Centre for Governance and Leadership, Civil Service College

Published by the Civil Service College

The Civil Service College (CSC) is a statutory board under the purview of the Public Service Division (Prime Minister's Office). Established in 1971, the College is an integrated learning institution comprising the Centre for Governance and Leadership, the Institute of Policy Development, the Institute of Public Administration, Public Service Centre of Organisational Excellence, CSC Consultants and CSC International. Its vision is to be the Heart of Learning Excellence and Development for the Singapore Public Service.

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior permission of the Editor and the Centre for Governance and Leadership, CSC. The opinions and views expressed in Ethos are those of the authors, and do not necessarily reflect those of the Centre for Governance and Leadership, the Civil Service College or the Public Service Division.

ISSN: 1793-3773

Website: http://www.cscollege.gov.sg/ethos

CONTENTS

Issue 5, November 2008

03 **Editorial**

05 **Developing People Strategies for Asia**
Foreword by Leo Yip

08 **Global Talent: The War Goes On**
Pushp Deep Gupta

14 **Thinking About Winning: Leadership in the Global War for Talent**
Interview with Jeffrey R. Immelt

18 **Talent Management in Asia: Four Perspectives**
Featuring SHCS plenary speakers Kan Trakulhoon, Ho Kwon Ping, Peter Cappelli and Israel Berman

24 **Accelerating the Growth of the Asian Leader**
Bruce J. Avolio and Peter Ong

32 **Leadership Development in the Singapore Public Service**
Ong Perng Yih

37 **Review of Peter Cappelli's *Talent on Demand***
Toh Boon Kwan

43 **Review of Richard Florida's *Who's Your City?***
Cai Shan

49 **The Global Talent War: Why Singapore Needs to Get Serious About Branding Itself**
Ng Siew Kiang

54 **Developing Human Capital: Insights from the Summit**
Geoff Armstrong

59 **Sharpening Singapore's Edge: Insights from the IBM Experience**
Teresa Lim

66 **Singapore as Innovation Nation**
Conversation with John Kao

72 **Creating Hot Spots of Innovation and Energy in Your Organisation**
Lynda Gratton

EDITORIAL

This thematic issue of ETHOS continues the important conversations raised at the inaugural Singapore Human Capital Summit, held in October 2008. It examines more closely some of the many issues that face leaders, developers and observers of human capital today.

These are surely tumultuous times for the world economy. It is also a period of global transition and generational shifts, as a young, ambitious, mobile and capable Asian workforce takes its place at the forefront of the global talent pool. They bring with them attitudes, lifestyle preferences, work ethics and cultural contexts that depart significantly from those of the baby boomer generation that has dominated organisational strategy and management thinking for half a century. The rules of the game will have to be re-written in the wake of the financial meltdown, but the star players in the new economic order will also change places and faces. Business as usual is over.

Organisations, cities and even nations, recognising that the ingenuity of people—and not the promise of technology—is the real long-term driver of economic growth, are engaged in an international talent grab that will only accelerate in the years to come. Sound talent management and effective leadership will become ever more precious commodities in the current economic climate, where there is much less room for error, incompetence or slack. Researchers from Hewitt Associates put forth the notion that a fundamental re-thinking of human resource strategy is necessary as organisations scramble for the critical talent they need to survive and thrive in a period of knife-edge competition (page 8).

Four distinguished Summit participants discuss contemporary challenges and opportunities in managing talent in Asia, highlighting the dramatic changes that have taken place in the nature of the new workforce (page 18). We also have the privilege of hearing from GE Chairman and CEO Jeffrey Immelt, who re-affirms the importance of sound leadership and core values in times of bewildering change (page 14). The key traits that define the successful leader of the future—including integrity, strong communication skills, and a knack for working across diverse groups—appear to cut across industries and cultures.

Different findings also imply that the way to groom tomorrow's leaders, whether in the private ("Accelerating the

Growth of the Asian Leader", page 24) or public sectors ("Leadership Development in the Singapore Public Service", page 32) may come not from the formal classroom but from real life, on-the-job experiences. If this holds true, then the present crisis may prove a formidable crucible for a more rugged, new generation of leaders to come.

This issue of ETHOS also features reviews of two new books of interest to business leaders and policymakers: Summit speaker Peter Capelli's *Talent on Demand* is a discussion of strategies that attempt to balance conflicting organisational needs in the face of ever-shifting demand and supply of human capital (page 37), while Richard Florida's *Who's Your City* examines the concept of urban centres as hubs of talent and creative activity. His research suggests that cities (and companies) that have earned a reputation for being attractive to talent are much more likely to be successful in drawing similar talent in future (page 43).

Florida's book cites Singapore as a "spike", that is, one of the exceptionally successful and creative cities in the world. Indeed, Singapore aspires to be at the forefront of human capital practice and thereby, demonstrate itself as a location of choice in which to live, work and play. But perhaps results alone no longer speak loudly enough. Ng Siew Kiang from Contact Singapore argues that more could be done to present a holistic, coherent and attractive image of Singapore to the world (page 49). Teresa Lim, drawing from her experience as IBM Singapore's Managing Director, suggests ways in which Singapore could become even more attuned to the emerging workforce that will shape the economy of tomorrow (page 59).

In conversation, leading author and advisor John Kao puts forward the idea of a national innovation strategy that could change the way nations approach the challenge of becoming magnets for creative energy (page 66). Also, Lynda Gratton from the London Business School suggests ways in which organisations can also generate productive hotspots of creative activity (page 72).

I wish you a productive and enjoyable read.

Alvin Pang
Editor, ETHOS

FOREWORD

Developing People Strategies for Asia

The rise of a new Asia, led by the growth of China, India and other emerging economies in the region, should endure the current global financial turmoil and economic downturn.

The scale and depth of Asia's economic transformation is presenting many new human capital challenges. An unprecedented number of new workers—several hundred million of them—have flooded the global labour force since China, India and Vietnam opened up their economies. Ironically, Asia's rapid economic growth has widened the gap between strong demand for skilled professionals and business leaders, and the available supply of suitable talent. Competition for talent has become more intense. So has the challenge of leadership development to meet the corporate needs of Asia. More Asian companies are operating across the region, and going global. Managing across cultures and continents has become imperative to their business success. At the same time, Asian demographic trends, especially an ageing population, will become more pronounced over the next few decades.

These human capital challenges are unique in time and space, and will therefore require Asian solutions. They are key strategic issues pivotal to sustaining Asian growth and competitiveness at both country and company levels. It is therefore quite critical to build up thought and practice leadership in human capital management that is Asian in focus.

This is why Singapore initiated the Human Capital Summit: it is a platform to discuss, at the strategic level, Asian thinking and practices in response to these challenges. Singapore's geographical and business connectivity enables it to play a role to bring together global thought and practice leaders, regional business and human resource (HR) leaders, as well as the latest HR research and practices.

THE SINGAPORE EXPERIENCE IN HUMAN CAPITAL DEVELOPMENT

Singapore itself has built up a store of experience in human capital development and management over the

years. Developing its human capital as its sustainable competitive advantage is a key national priority. Singapore's experience in educating its young people, upgrading the skills of its workers and keeping the workforce highly competitive is relevant to the regional discussion on human capital challenges. Its approaches to leadership development in the public and corporate sectors, as well as in managing the challenges and opportunities of an ageing workforce, might also be useful.

Singapore has also built up a good understanding of both Asian and Western business and people practices and thinking. Being in the heart of Asia, Singapore understands Asia and the business and people challenges of the region. Doing business in Asia is integral to the business models of most Singapore companies. Singapore's use of English as the language of business and medium of instruction in schools has also allowed it ready access to Western thought and practice. This enables Singapore to marry the strengths of both Asian and Western approaches into human capital practices.

Another factor is its global business location, with a diverse and cosmopolitan workforce comprising nationalities from around the world. There are over 33,000 international companies operating in Singapore, originating from countries in Asia as well as Europe and the US. About 7,000 multi-national corporations operate out of Singapore, with over 60% of them using Singapore as their regional or global headquarters.

These attributes enable Singapore the opportunity to share its perspectives and experience in tackling some of the broader Asian human capital challenges.

A CATALYST FOR GROWTH

The staging of the Human Capital Summit helps Singapore to deepen its HR practice within the public and private sectors. The sharing of cutting-edge thought and best practices, by academic leaders and prominent companies with a global footprint as well as Asian and Singaporean firms, helps to define higher benchmarks for Singapore organisations and professionals to aspire to.

Becoming a centre for leading human capital practice strengthens Singapore's position as an attractive investment and business location. It also broadens the growth potential of human capital businesses, such as HR consultancy services and executive leadership development. These in turn enhance Singapore's own talent infrastructure, which is imperative to retaining and developing its own talent, as well as attracting talent from elsewhere.

It is also important for new knowledge on human capital strategies to be generated and shared. Two research projects on Talent Challenges in Asia and Asian Leadership, commissioned by Singapore, were presented at the inaugural Singapore Human Capital Summit. Singapore's Ministry of Manpower is also working with Professor Lynda Gratton from the London Business School on a research programme to develop innovation Hot Spots for Singapore-based companies. The findings will be shared at the next Summit in 2009.

In the development of new thinking on Asian human capital strategies, more research needs to be done to generate new knowledge on what works, and how effective approaches can be contextualised for application by companies operating in Asia. This is an area to which Singapore is keen to contribute.

Leo Yip
Permanent Secretary,
Ministry of Manpower

Opinion

Pushp Deep Gupta

Global Talent: The War Goes On

In 2008, Hewitt Associates was commissioned by Singapore's Ministry of Manpower to conduct wide-ranging research on current and future talent challenges with a special focus on Asia. In this article, they highlight key findings from their research.

The term "war for talent" was coined by McKinsey & Company in 1997 as part of a research study on how companies manage leadership talent. The war for talent was deemed to be a strategic business challenge and a critical driver of corporate performance. Then, when the dot-com bubble burst and the economy cooled, many assumed the war for talent was over. However, the intense competition for talent persisted.

In today's global economic environment, it is tempting to reach the same conclusion as was reached at the end of the dot-com era, but we believe that it will be the wrong conclusion to reach, yet again. In this article, we outline major findings from the research and highlight the fact that human resource (HR) and business leaders cannot take it easy—they will continue to face talent challenges, albeit of a newer shape and kind.

GLOBAL TALENT CHALLENGES

Research has confirmed that across the globe, significant demographic, economic, socio-political, and technological changes are dramatically altering the workforce and the world of work. Collectively, powerful global forces—such as changes in birth rates, retirement trends, technological advances, rising global competition, more liberal trade and migration policies—are radically altering the way we need to think about our workforce and manage our human capital.

Our research shows that the future of work and the next-generation workforce will be characterised by the following themes:

1. **Workforce Diversity:** From compliance to inclusion, managing a workforce that varies in age, gender, race, ethnicity, nationality, religion, lifestyles and life paths is becoming a top priority.

2. **Skills Shortages and Surpluses:** An ageing workforce, less experienced and smaller younger generations, downsizing, declines in investment in training and education, and poor workforce and succession planning are some reasons contributing to skill shortages as well as surpluses.
3. **Global Work and Workforce:** Companies and jobs are being re-located across the globe. There is a proliferation of global nomads and student migrants. Electronic immigration is becoming more common, meaning that more workers are able to and are choosing to take jobs in other nations and work virtually.
4. **Virtual Work and Workforce:** Technology is re-defining the workday and workplace. Remote working and virtual teaming are on the rise. Workers are switching between work and non-work in new ways—for instance, working through their commutes, through their nights, or through their vacations, thanks to technological advancements in communications and IT.
5. **Autonomous and Empowered Workers:** Workers are focused on individual employability. They seek to be more powerful in the job market and more influential on the job.
6. **Changing Employment Contracts and Disengaged Workers:** Increased workloads and work hours, compensation cuts, intense productivity pressures and transactional relationships are some reasons for employee disengagement, calling employers to re-visit the overall employment deal.

> The war for talent was deemed to be a strategic business challenge and a critical driver of corporate performance.

7. **Human Resource Costs and Return on Investment Pressures:** The cost of human capital is increasing, while HR budgets are shrinking. Internal HR is under pressure to become a business partner and faces competition from HR consulting and outsourcing providers.

While some of the above global talent challenges, such as skills shortages and the rising cost of human capital are not new, other challenges such as workforce diversity, changing employment contracts and disengaged workers are becoming more prevalent than ever. In our view, organisations will have to take note of the unique effect these challenges will have on their respective efforts to hire and build organisational capability.

ASIAN TALENT CHALLENGES: COMING OF AGE

Asia is not immune to talent challenges. While the Asian region holds much promise for organisations as far as high growth is concerned, major factors are expected to shape the world of work in this region for years to come. Our research uncovered the top three challenges—capability, culture and contract—facing Asian businesses:

Capability

Demographic drivers such as age, education, gender and migration are contributing to Asia's capability crisis and causing a tight labour market, especially for skilled professionals and critical talent. This is because across Asia, skills demand is outgrowing education supply; even in countries like India and China where one-third of the world population resides, skilled talent is in short supply because university graduates lack the level of skills needed by global corporations. This is exacerbated by the fact that the skill sets required by organisations are ever-changing and expand even in a rapidly shifting business environment.

Companies are also facing a severe crisis at the leadership level. The ability to develop future leaders is one key concern; our research pointed out that the greatest capability-building challenge is building leadership talent in their respective organisations. The other major issue pertains to the capability of current leaders. For instance, our research suggests that Asian managers tend to be technically sound but are short on communication and people management skills.

Culture

Our research reveals that a shift is occurring in the Asian business context as a result of changing values and culture. In traditional Asian business, a more autocratic rather than democratic, and more paternalistic rather than egalitarian, management style prevails. The emerging Asian workforce, however, is influenced by Western management styles, and tends to be dissatisfied with a more authoritarian style of management, preferring instead an open and independent approach.

> An increase in workforce diversity means that different groups of employees have widely differing expectations and aspirations.

As a result, employers are increasingly struggling to engage their Generation Y employees who are ever more mobile and willing to change jobs. According

to our research, building an engaged workforce is a top talent management challenge for all respondents across Singapore, Shanghai and Bangalore.

The critical theme for managing engagement in organisations is "Diversity". An increase in workforce diversity means that different groups of employees have widely differing expectations and aspirations. For example, high levels of remuneration, fast-paced growth and open communication are some of the things taken for granted by young employees who are entering the workforce during a time of relative plenty. Conversely, older employees, who constitute a significant proportion of the workforce, are more moderate in their expectations and continue to place value on employment aspects such as job stability and a culture of respect and seniority.

Contract

In Asia, the fundamental agreement of service—the "employment promise" or the "performance contract" between employer and employee—is dramatically changing, and a new employment relationship is evolving. The old deal was simple and universal: it valued experience and loyalty. The players were dependent and worked effectively in a command-and-control environment. However, the new playing field values performance and customer orientation. Talented Asian workers have an unprecedented ambition for fast-track growth and the willingness to work for it. The players are more independent and desire greater empowerment, challenging work and flexibility.

> The fundamental agreement of service between employer and employee is changing.

Sustaining satisfaction is therefore a huge challenge. Employees demand genuine and compelling career opportunities as a means to remain employable and ensure professional growth. However, there is a compelling perception among employees that they lack opportunity. In fact, one in every two employees in Asia does not see a future with their current organisation; average employee tenure is low.

Given the current struggle to attract talent in Asia, many employers have no choice but to comply with employee demands for attractive reward packages. Pay is also being used as a retention mechanism, with organisations making counter-offers in order to retain the staff they need, which, in their view, is less costly than having to locate, attract and hire a qualified replacement.

EMERGING HUMAN CAPITAL IMPERATIVES

As part of our analysis of key workforce trends, we have identified human capital imperatives critical for future-focused organisations. These themes, appplicable globally, emerged through our extensive research and interviews with leading talent and thought leaders across the globe. Specifically, our research focused on three key questions:

1. How should companies and organisations today manage their human capital, from both strategic and operational standpoints? What are the talent priorities they must get right?
2. What are the most effective and innovative practices by leading companies in managing the talent challenge?
3. Looking out at the next five to nineteen years, what can be predicted about the future of work, and how organisations will be managing their workforce?

Emerging from our research, we believe that these represent a global perspective of the most pressing issues impacting future organisations and workforces around the world. We present the identified human capital imperatives under three categories:

Programmes

Organisations need to create high impact solutions for key talent programmes, which include:

- strategic sourcing;
- global talent management;
- customised rewards;
- high-value learning;
- and opportunities for growth.

People

Organisations need to develop high performance and engaging cultures by:

- developing leaders;
- cultivating sustainable relationships;
- building new manager capabilities;
- supporting work flexibility;
- and facilitating inclusive and unified work environments.

Performance

Organisations need to deploy strategic processes for managing the HR function. These include:

- practising evidence-based HR;
- creating an employee value proposition;
- engaging in continuous foresight and planning;
- managing corporate citizenship and stakeholder connections;
- and developing global HR capabilities.

CONCLUSION

The workforce is in the midst of an unstoppable and dramatic transformation. These changes will influence how the work is performed, where it is performed and what skills are required. To survive and be ahead of the competition, organisations will need to be aware of their talent challenges and have the right human capital strategies and practices in place.

Pushp Deep Gupta is a Regional Consultant in the area of leadership. He has been working with Hewitt Associates for the past nine years in a variety of roles in consulting and internal HR across three countries. He moved from India to Malaysia, and then to Singapore where he was responsible for setting up the HR function for Hewitt Associates. He now leads the "Top Companies for Leaders Study" for the Asia-Pacific region, and teaches courses on consulting and management at the National University of Singapore's Business School.

Interview with Jeffrey R. Immelt

Thinking About Winning: Leadership in the Global War for Talent

The Chairman and CEO of GE reflects on the continuing importance of sound leadership in a rapidly changing global business landscape.

What is your philosophy of leadership and people management?

At a company like GE, which is over 130 years old, leadership and people management go hand in hand. We pull talented people together and focus on developing five growth traits: external focus, clear thinking, imagination, inclusiveness and expertise.

In a dynamic, fast-changing, increasingly competitive world, it is essential that leaders are able to take personal responsibility and have the ability to understand how the company fits in with the world. Alignment and time management are vital and you have to realise the things that are really important: setting priorities, measuring outcomes and rewarding people, developing and helping them. It is crucial to understand people, to always be fair, and to want the best for them.

Leadership is also about knowing how to get the best out of people. It is about establishing trust between all members of the team in order to steer and motivate the team towards success, by harnessing diverse skills and qualities inherent within the team and coordinating all of this into a strategy that can produce positive results.

The best leaders in the world are good at identifying the vast array of talents and skills that are available to them and understanding how to blend and use all of these very unique skills and resources. They know how to create a team atmosphere which is stimulating, fun and challenging and one in which every member realises that they have a voice and will be listened to.

In your view, how has the global competition for talent changed over time and what can we expect, going forward?

I believe that competition for the best people is now a central axis of corporate competition. With new technologies transforming the nature of work, the skills demanded, and the ways in which people collaborate, I think that pressures

on recruitment and retention of talent will continue.

The rapid expansion of skilled labour in key emerging markets further intensifies the global competition for human capital. China now produces four times as many scientists and engineers as the US. India has also become a major source of technological talent, including growing numbers of young professionals holding advanced degrees from leading universities in Europe and the US.

Leading organisations must build capabilities to understand and source talent more strategically, based on a clear definition of skill gaps and needs for the future. At GE, we are in a continuous search for global talents with local expertise—talents who can positively impact GE in terms of innovation and growth. In Asia, for instance, moving people around is often a cultural challenge. So there is a need to always understand the situation and the environment you are in. One size does not fit all.

What strategies does GE employ to attract, retain and make the most of the talent it needs to succeed? What challenges does it face?

Considering the ongoing talent war, I would say attracting talent and retaining them continues to be a challenge. Being the seventh largest company in the US, and the 11th in the world, GE is a big target for top talents—companies everywhere want our people. So we invest in our people. We spend around $1.2 billion on training annually, grooming them on various levels at different career bands, and focusing on professional skills. We do classroom training, on-the-job mentoring and coaching. We are also accelerating overseas assignments where employees can further expand their multi-cultural skills and interpersonal relationships. For commercial and sales leadership roles, we provide commercial leadership skills and training in enabling managers to imagine, define and build new businesses across global markets in their primary businesses as well as in alternate new spaces or vertical markets.

> The best leaders in the world are good at identifying the vast array of talents and skills that are available to them and understanding how to blend and use all of these very unique skills and resources.

Our people participate in a broad range of leadership development programmes, both as individuals and as part of the leadership teams of their respective businesses. We also hold

regular Asian talent forums in key cities across the region, as well as meetings with our GE Women's Network, which is an organisation that empowers the female employees of GE. At GE, employee engagement is key, with on-the-job training programmes that provide our strong talent pool with chances to develop, grow and be recognised for performance, regardless of nationality and seniority.

In your view, what positive role can government and public policy play to support businesses in their competition for the best talent and workforce?

In the ASEAN region, there are strong labour protection laws. These can make the market more attractive, as regulations help to make talent pool pricing even more relevant to the market. At the end of the day, it is the government's and every company's role to safeguard the welfare of their constituencies and people. The ASEAN Economic Community 2015 integration initiative will be an important enabler to allow the migration of talents in prescribed occupations, for example, design engineers and medical technicians, across international borders within ASEAN. This proposed action by the governments in ASEAN will provide rapid deployment of key talents to high-growth sectors across the region, and support stable economic development, while providing competitive compensation benefits for individuals with special skills.

> Singaporeans are external thinkers who can help bridge economies within ASEAN as well as China and India.

What is your impression of Singapore and its workforce?

I've been at GE since 1982 and have worked with almost every nationality. I find Singaporeans to be very diverse in terms of talent. Singaporeans also possess a high level of competency, and are external thinkers who can help bridge economies within ASEAN as well as China and India from a cultural and business perspective. Singapore talents are a highly educated workforce, with a high sense of professionalism, great execution and strong work ethics. Singaporeans also have terrific communication skills given that English is widely spoken in the country.

Looking ahead to the next 20 years, what advice would you give to business and government leaders in terms of leadership?

All I can say is, it will always be tough out there. Managing change and keeping up with change is very important. Strategic thinking requires leaders to think differently—and think ahead.

However, the most important thing is perseverance. You need to be able to face matters every day with energy and passion. You also need to be able to motivate employees by giving them jobs that have the possibility of changing the world. There is nothing better than thinking about winning.

You need to be able to motivate employees by giving them jobs that have the possibility of changing the world.

But you also need to have unyielding integrity, which is something that we take very seriously in GE. Past accomplishments do not guarantee future success. Leaders and companies that seek to continue to lead must perform with unyielding integrity earning the trust of stakeholders—be they governments, customers, suppliers, shareholders, creditors, employees, media or the communities where we live and work.

Jeffrey R. Immelt is Chairman of the Board and Chief Executive Officer of GE. Mr Immelt was appointed on 7 September 2001 after serving as GE's President and Chairman-elect since 2000. He began his GE career in 1982. Over the last 24 years, Mr Immelt has held a series of global leadership roles in GE's Plastics, Appliance, and Medical businesses. He became an Officer of GE in 1989, and joined the GE Capital Board in 1997. In 2005 and 2006, Barron's named Mr Immelt one of the World's Best CEOs. He serves as Chairman of The Business Council and is on the board of three non-profit organisations: Catalyst, devoted to advancing women in business; Robin Hood, focused on addressing poverty in New York City; and the New York Federal Reserve Bank.

For more information about GE, visit the company's website at http://www.ge.com.

A Singapore Human Capital Summit Plenary

Talent Management in Asia: Four Perspectives

Experts and business leaders share insights on the challenges of managing talent in Asia today.

Speakers: **MR KAN TRAKULHOON**, President and CEO, Siam Cement Group
MR HO KWON PING, Executive Chairman, Banyan Tree Holdings Ltd
PROFESSOR PETER CAPPELLI, George W. Taylor Professor of Management and Director, Centre for Human Resources, The Wharton School, University of Pennsylvania
MR ISRAEL BERMAN, Managing Director, Asia Region, Hay Group

KAN TRAKULHOON: I'd like to start by pointing out three key aspects of talent management: selecting the right people, developing them and letting them grow.

The first point is to recruit the right people. Every year, we recruit more than 40% of the total cohort of top-honours graduates in Thailand, through campus recruitment programmes and internships. When they join the company, they go through a 20-day orientation, where I teach the first modules covering our core values and vision.

People development is important. Every year, we spend about 600 million baht for classroom training. For the past 24 years, we have brought in Wharton professors to work with our middle managers on six modules on management. We also work with Columbia University on leadership issues, because some of these soft skills need more work. We also send executives to do MBAs in Harvard and Wharton. Today, we have about 334 graduates who have completed these programmes.

And finally, retention. The best way is to challenge people, give them stimulating work and allow them to grow with the company. It has worked well for our company. According to statistics, 30% of overseas graduates who come back leave their company; 20% of them change work partners. But this is not true in our case. Since the 1970s, none of our graduates have left the company, even though they do not have binding contracts. The turnover rate of our staff in Thailand is less than 1%. The turnover rate in our 100 subsidiaries and affiliates outside Thailand is higher at about 10% to 15% but it is declining.

HO KWON PING: I think in Asia, you have to look at the mobility of talent beyond any one single country. The whole concept of expatriate talent is not the same as before.

In the past, the term "expatriate" used to refer to white males only. But now we have a rainbow explosion of talent from different nationalities and both genders, and management culture is therefore changing in significant ways.

The second point is that although in Singapore we are concerned about an ageing society, there are still a lot of young people in the rest of Asia. The workforce and the widening talent pool in Asia generally comprise Generation Y individuals, not baby boomers. You need to manage these young people and their aspirations differently and I think this is a defining feature of talent management in Asia.

Take Banyan Tree as an example: we currently have 8,000 people across 20 countries, and we are expected to grow to about 15,000 to 20,000 in a few years. We are not a very big company but we deal with about 15 nationalities. I have to work with 2,000 young, ambitious people in middle management who only want to work in high-flying companies. In this situation, one of the key challenges is to develop a company culture which is cohesive and dynamic enough to attract and retain these people who have unique aspirations in a globalised Asia environment. I think what is increasingly important isn't technical competencies but soft skills: the ability to communicate your ideas clearly; to act and function effectively in a cross-cultural environment. This again will be one of the defining attributes of young talent in Asia.

What is increasingly important isn't technical competencies but soft skills: the ability to communicate ideas clearly; to act and function effectively in a cross-cultural environment.

In my experience, Asian talent and young Asian people in general are not so quick to show initiative and push themselves to the forefront. If you want to get somebody to push their own ability beyond the defined norms of authority, you cannot just tell people they are "empowered". You have to structure the empowerment so that they can gradually discover how to take initiative for themselves. We should help them overcome their cultural hesitancy in pushing themselves forward. The capability is there, but culturally, Asians are not as assertive. Therefore, there is a need to train people to be assertive if we

want to groom talent that can rise to the top.

Another point is that generally speaking, Asian talent tends to be more home-bound; they like to stay within their own country and in the region, as opposed to Western expatriates who are very keen to see the world and travel. In order to give our Asian staff international exposure, we adapt by giving them shorter programmes where they don't have to be away from home for long. We give them assurances that after they go overseas for assignment, we guarantee them a position back home. So if you want international exposure for your young Asian talent, you have to recognise this cultural inclination to stay close to home.

A fourth point is that, in the hotel industry just as with the military, there are people who have dynamism, initiative and enthusiasm but not necessarily the academic qualifications for a fast-track career. It is necessary to have a fast-track programme where you can recognise raw talent and push them to the fore. Otherwise, you will find that you have missed out on talented individuals who do not have all the academic prerequisites.

Continuing management education is important. At Banyan Tree, we have our own management academy, where many of our own senior management are facilitators and where we provide opportunities for enthusiastic young staff to develop, regardless of their academic background.

PETER CAPPELLI: Talent management is about anticipating needs which are going to be in the future and then setting out a plan to deliver on the human capital required. That requires, in part, that you anticipate what the future will be like. That proves to be an impossible thing to do. So instead, we have to assume we know the things that are going to be, rather than learn to manage the uncertainty seriously.

There are two approaches that companies have in managing talent. The approach in the US is to try to plan your way around the problem and assume you know what will be required 10 to 15 years later. The other approach, which is a sort of just-in-time strategy we see more often in Asian countries, is to rely more on outside hiring and less on formal development programmes. Both approaches have problems. The problem with the US approach is that you assume you know what changes will take place in the future. The problem that Asian companies have in outside hiring is that it can be very expensive when you need it. We want to think of an alternative strategy.

The first step begins with recognising uncertainty. We need to step away from

forecasts: don't bother to try and project what things will be like in five years, because the forecast can be so wrong it can do more damage than good.

> Talent management is about anticipating needs which are going to be in the future and then setting out a plan to deliver on the human capital required.

Instead, there are several things you can do. We have a choice between hiring from outside—which has no lag time but is more expensive, or developing talent internally—which can be cheaper and more attractive but it also requires a certain amount of predictability. But we should really be thinking about the *mix* of "make" and "buy". Mixing "make" and "buy" allows organisations to leverage uncertainty as narrowly as possible. But what is the right mix to use?

One consideration has to do with succession planning, which I believe is worthless because it does more harm than good. In a survey on US companies, only one in four efforts in succession planning actually works. Here's why: succession planning relies on two assumptions. The first is that we know who will take the job and that the person will be there to take the job in five years. The second assumption is that the job will remain unchanged in five years. Typically what happens is when the chair is vacant, the person comes in, looks at the succession plan, doesn't like it and leaves.

Instead of doing that, we see companies moving more into talent pooling. This means they are not trying to predict who will take this job, but instead, are using the principle of portfolios to manage risks. They look at a group of jobs and the common requirements of those jobs and then develop a group of people to fit into those five or ten jobs.

The third approach is perhaps the most important and this is to manage the question of investment in employees. Here's the problem, which I believe you face in Asia. You invest in the employee, develop him for five years and they leave and they take the investment with them. Your competitor who poaches them can afford to pay more because they don't have to recoup the investment of grooming them. So how do we deal with this problem?

One of the ways to do this is to think about ways to develop them more cheaply. For instance, virtually everyone agrees that the experiences in which they learnt the most from were not planned as formal training but those which were thrust upon them. So one key idea is for

the supervisor to find opportunities to push people into these formative roles and assignments. Many companies in India especially seem to have found better ways to help employees learn from work-based experience.

The last point is improving the internal job market and making it into a real job market. We should move from a model where the boss tells people when it is time to move and where to go. Sometimes, employees don't want to go and will quit instead. The question is: how we can change the model that works for the employer to one that works for the employee, and how can we strike a balance between the two to make it work? The key to retention is being able to offer your employees better opportunities for advancement inside than you can find some place else. And the way to do this is to know who your best employees are and find opportunities to move them around internally.

ISRAEL BERMAN: At Hay Group, we do a lot of research around the world. When you talk about investment in talent, you can see that the gap between the top 50 most admired companies in Fortune and the other 500 is enormous on the returns in the first year. When you look at the differentiator in their ability to attract talent, it's leadership development. It's about spending time with people.

So what do we do in the downturn? We worked with many companies in the crisis in 2000/2001. Many companies dealt with it by cutting staff and after the downturn, they started recruiting again, but some could no longer afford it and fell behind.

The key to retention is being able to offer better opportunities for advancement inside than some place else.

The best people are always wanted. Recruiting in Asia is not easy. But what is good in Asia is that talent management is an issue on the CEO and C-suite table much more than elsewhere in the world and the results show. People are taken better care of and you get more out of the investment. At the end of the day, it's about aligning people management to what we want to achieve as an organisation. One of the best examples you see in talent management is perhaps the Singapore Government, and how they invest in talent over the long term.

Now is the time to step up and demonstrate courageous leadership. In a downturn, you have to invest in the right people, and you learn to link reward to performance and prepare yourself for the upturn. If in difficult times, the first

thing we do is to cut staff, then we will not grow.

This article was adapted from a plenary session on "Leadership Perspectives—Talent Management in Asia: What Works?" held at the Singapore Human Capital Summit on 23 October 2008. The plenary was facilitated by Professor J. Stewart Black, Associate Dean, Executive Development Programs, The Americas, INSEAD and Executive Director, INSEAD Centre for Human Resources in Asia.

Bruce J. Avolio and Peter Ong

Accelerating the Growth of the Asian Leader

Research from Gallup suggests that the emerging Asian workforce may benefit from a different model of leadership development.

LEADERSHIP AND LEADERSHIP DEVELOPMENT IN ASIA

After years of phenomenal growth, Asian economies may well be facing a much slower pace of development given the current global financial crisis, although their fundamental potential remains sound. Indeed, given the instability and volatility in current global markets, highly capable leadership will be required across both public and private sectors, and across institutions large and small to sustain growth in difficult times. Top Asian leaders in government and the private sector should be asking a very fundamental question: "Does this region have the requisite leadership to keep growth going?"

Whilst rapid up-scaling of the Asian leadership bench is needed, Asian leadership, as a focal topic, has rarely been studied. Indeed, most of the research and books on leadership over the last decade have primarily focused on Western leadership. To this end, Gallup and the Global Leadership Institute (GLI)

The Asian Leader

Distinctive traits of the Asian leader emerged from the study's interviews with 44 CEOs.

Asian leaders:

- are highly confident;
- are generally aware of how they impact others;
- are more likely to listen first before acting;
- view their top management team's skills, experience and commitment as an organisational strength;
- are results-oriented;
- will support leadership development efforts only if they are more practical and embedded in day-to-day activities;
- are willing to be directive when needed, as opposed to simply being participative and collaborative;
- see integrity as one of the most important values of leadership;
- spend approximately one day a week informally developing their followers into leaders.

at the University of Nebraska-Lincoln (UNL) recently embarked on a landmark Asian Leader Study in 2008. This study was commissioned by the Ministry of Manpower (MOM) of Singapore, and covered leaders in six dynamic Asian cities, namely Singapore, Bangalore, Mumbai, Hong Kong, Beijing and Shanghai.[1] The Gallup-UNL Asian Leader Study has yielded many fascinating insights into the nature, style, quality and challenges of contemporary organisational leadership in Asia.

REDUCING "ACCIDENTAL" LEADERSHIP TRANSITIONS

Through the study, many Asian Chief Executive Officers (CEOs) interviewed revealed that they were not formally developed and groomed for leadership positions. Instead, they had often been selected to lead because they were the most qualified in terms of their job performance, without any particular qualifications or experience in leadership. This "accidental" advancement of leaders can be seen across the board, regardless of whether the CEOs were from Singapore, Beijing or Bangalore. This is due in large part to the fact that most of the organisations in the study's sample did not have a comprehensive and strategic leadership development system.

The four most common responses to why Asian CEOs ended up in leadership roles were:

- because it "just happened" (accidental) in terms of being at the right place at the right time;
- because they had a desire to have an impact by being a leader (a self-guided desire to positively impact others);
- because they were simply seeking to do well in their current position and, as a result, increasingly had leadership opportunities presented to them (incremental);
- because they were a member of the family business or had a strong parent who encouraged them to move into these leadership positions (appointed).

Leadership development in Asia must be more strategic, intentional and proactive.

Most of the CEOs said that they had no plan whatsoever to be a leader, let alone a top leader of an organisation. Very few saw it as their destiny to lead in the early part of their careers and were therefore not proactive and intentional in their personal leadership development. "Accidental" leadership transition seems to be the modus operandi in terms of leadership development for many organisations in Asia.

For organisations in Asia and for Asia as an entire region to accelerate and sustain their growth, more formal and more intentional forms of strategic leadership development must be embraced. Moving forward, leadership development in Asia must be much more strategic, intentional and proactive. If we leave leadership development to chance, Asia and its organisations run a very high risk of not being able to produce enough leaders to support their ambitions for growth.

MOMENTS MATTER

Many of the CEOs interviewed believed that job rotations and cross-cultural exchanges were very valuable experiences in developing leadership as compared to more traditional classroom-styled leadership development programmes. These CEOs mentioned the importance of anchoring events when asked to talk about key moments in their leadership development. Both positive and negative events helped define their sense of leadership early on in their careers, through occurences such as leading a corporate downsizing, integrating two companies through a merger, or taking a stand on controversial issues. Many would have benefited greatly from having some developmental support to get through these real life leadership challenges and scenarios.

Such key anchoring events could be systematically tapped by organisations that have put in place a strategic leadership

Leading the New Workforce

The new generation of Asian employees will make the job of being a leader in this region even more challenging.

The CEOs interviewed in the study saw big differences between their own generational cohort and that of the current one entering the workforce.

In their view, the new workforce:

- is not as loyal by nature and needs more leader effort to grow and instil loyalty;
- is more resistant to traditional, directive styles of management;
- wants to constantly know what is going on in the organisation;
- demands more flexible work schedules;
- is more protective of their time after work;
- has higher and clearer expectations about the organisation's responsibility to develop them;
- needs more face time and attention from their managers and leaders.

The CEOs expressed the need for their organisations and themselves to invest significantly more time in retaining, developing and motivating members of this new workforce.

development system. Anchoring events represent teachable moments for many a CEO and leader as they hone their leadership values and capabilities, formulate their leadership preferences and styles, and then use these experiences to improve their interactions with followers in subsequent leadership roles.

Positive and negative organisational events or 'accidents' will always occur. If organisations were to strategically leverage these teachable moments and anchoring events well, for example, by writing these events up and by leveraging them as internal case studies, or by pairing the leader undergoing the event with an experienced mentor during these learning events, we expect that organisations would be more capable and strategic in accelerating positive leadership development. Readying an organisation to tackle these events and using them for development might involve instituting "rapid response teams" or "coaches" who are prepared to help emerging leaders take advantage of these learning opportunities.

BALANCING THE FORMAL WITH THE INFORMAL

The study revealed that 86% of CEOs said that they provided mentorship when asked by their employees; however, only 17% had formal mentoring programmes in place within their organisations.

Most of the attempts at mentoring described in the CEO interviews were reactive and passive. Mentorship from these Asian CEOs ranged from taking employees to lunch, to listening to employee problems, providing advice and "offering wisdom".

When asked about their organisation's effectiveness in developing leaders, the CEOs in aggregate gave themselves and their organisations an average rating. Frequently in the interviews, the CEOs would talk about the many informal ways that leadership was being developed in their organisations, while indicating that formal programmes usually lack impact. The exceptions were CEOs coming from very large global enterprises that are well-known for investing a lot of time and resources into formal programmes to develop their leaders.

> Organisations need to leverage on Asian leaders' desire to be role models and mentors.

From our study, we can conclude that Asian leaders are generally more reactive than proactive in their development of their employees as well as their direct reports. We did, however, find that if the employees reach out to the CEOs to request advice or to seek mentorship, Asian leaders are quite willing to provide development support. However, it was also clear from the study that these leaders do not proactively seek out followers to develop, nor excite them to the prospect of assuming leadership roles. Moving forward, for Asia to grow to its projected scale, this reactive style of leadership development, at both the individual leader as well as at the organisational levels, will need to change.

ROLE MODELLING AND LEADERSHIP DEVELOPMENT

The CEOs interviewed mentioned role models frequently when they talked about leadership development. They have a great recollection and respect for the people who had mentored them and who had a strong impact on them.

Role models mentioned were typically male, and usually from family (fathers), school (teachers), or work (supervisors early in career).

The impact that role models have on the Asian leaders is typically earlier in their ascendancy into leadership roles. Many feel they should be displaying the positive characteristics of their role models now that they are in a significant leadership role themselves. Perhaps drawing on their personal experience, most of the leaders indicated that being a role model themselves is part of how

they conceived of their impact as leaders on their organisation.

From an intervention standpoint, organisations will need to fully leverage on these Asian leaders' desire to be role models and mentors. Role modelling and mentorship programmes can be formerly set up where junior to middle-level managers with high potential are paired up with senior level leaders with a strong desire to role model and mentor. By pursuing this strategy, Asian companies can better ensure that these junior to middle managers will be suitably groomed and mentored in time for a smooth and effective transition to senior leadership.

Executive coaching, as a senior leader development tool, does not appear to be well utilised, nor to have been systematically tested for impact, in Asia. Executive coaches could provide the type of facilitation that can help leaders become more aware of their strengths and limitations and they can facilitate development in others. With the right expertise and methodology, such coaches could potentially help senior role models take advantage of significant points of contact with junior staff and turn these "moments that matter" into positive developmental experiences. Executive coaching is something which Asian leaders and organisations could attempt to weave into their strategic leadership development programmes. Most importantly, future work to test the impact of using coaching on leadership development is long overdue in both Asia and the West.

CONCLUSIONS

Are Asian leaders and their organisations ready for what has been labelled a looming "war for leadership talent"? The answer in our minds is absolutely not, at this point.

Strategic leadership development associated at the CEO level in Asia is far too passive and accidental. For Asia and its organisations to scale and sustain their rapid growth, they need to make leadership development more intentional, strategic and proactive.

It is time to define a new way of developing the Asian leader. We believe it is not too late to do so. This is what we believe, looking ahead.

- Over the next decade, the growth of Asian cities and their organisations will lead to increasing competition for strong and able talent. There is no time to lose. Asian cities and organisations that aggressively attract and develop the best leadership talent sooner will be much better positioned to weather and win the "war for leadership talent". This means **having accurate tools to identify, select, hire, promote and develop raw talent** and these tools do exist.

- **Leadership development should commence earlier in an employee's career** (especially if they have leadership potential). Our study clearly indicates that early life events trigger significant understanding and change that better positions talented individuals for growth and for future leadership roles. Many of the CEOs in the study took a long time to derive leadership lessons despite the insights of experience. This is more likely to be the case when an organisation lacks strategic leadership development support. We need to better understand how teachable moments accelerate leadership development, whether they can be systematically created, and then to methodically apply them organisationally to accelerate leadership development.
- Organisations must be **more strategic and intentional in designing and implementing formal leadership development and succession management programmes**. They will need to balance the formal with the informal. Leaders must be on the lookout for, and make much better use of anchoring events to develop leaders in their organisations. Such leaders also must be measured and rewarded for developing future leadership talent; otherwise they will simply not allocate the required time and attention to do so.
- We do not see significant growth ahead for traditional training interventions or standard leadership development workshops. Instead, there will be a trend towards **highly customised** (to the organisation) and **highly individualised** (to the leader) leadership development interventions that are deeply embedded in organisations, psychologically meaningful to the leader, and strongly supported by information technology.
- As cities in Asia become more successful along with their respective organisations, there will be increased pressure to develop managers and leaders who have a global mindset. **The workforce will become increasingly diverse and more difficult to lead and manage** across a complex set of cultural values. The global workforce (including in Asia) is already demonstrating an increased emphasis on individualism and on achieving greater personal meaning in life and work. The new workforce will require greater flexibility at work, and will demand to be much better informed about how decisions are made generally and about them in particular.
- As a consequence of generational differences, there will be increasing pressure on leaders to be more transparent with their followers

and to proactively share leadership responsibilities and authority. The new workforce will be more keen to question their leaders, especially when they feel that such questioning is justified. Asian leaders and their organisations should therefore develop a new range of leadership capabilities, building an engaging and winning culture to attract and retain talent. We predict that **senior leaders will spend a lot more time and energy to develop their followers into leaders,** while emotionally engaging their high potential followers in the process.

These anticipated changes suggest that things will be more challenging for an Asian leader moving forward, especially in terms of their developmental role. Strategic and smart adaptations at the individual leader level will enable Asian leaders to triumph over these cultural transformations. Organisations and cities in Asia must act now, so that they can proactively win the war for leadership talent, and continue to thrive and succeed well into the future.

Simply ask yourself this question: "How long does it take to produce a top Asian leader?" Once you can answer that question, you will realise that you ought to start today on transforming the way future leaders will be developed, and by whom and when.

Bruce J. Avolio is the Marion B. Ingersoll Professor, Director of the Foster Centre for Leadership at the University of Washington. Professor Avolio has published extensively on leadership; his recent books include *Psychological Capital: Developing the Human Capital Edge* (USA: Oxford University Press, 2007) and *The High Impact Leader* (New York: McGraw-Hill, 2006).

Peter Ong is Managing Partner for The Gallup Organization in Singapore, Hong Kong, and South-East Asia. Mr Ong has led many leadership development and behavioural economics type projects with both public and private sector organisations. Mr Ong is exceptionally interested in the concepts of "Soul of the City" and its links to engaged citizenry and brain gain; and the building of successful and sustainable organisations through the employment of behavioural economics approaches. Mr Ong is an executive coach to a dozen C-suite executives leading key enterprises locally and internationally.

NOTE

1. The Asian Leader Study employed a two-pronged approach. For each of the six cities, 300 nationally representative middle managers were surveyed to obtain their assessment of middle to senior leadership in their organisations. In the second phase of this study, a total of 44 CEOs from Singapore, Bangalore and Beijing were interviewed to determine how they viewed their own leadership styles, and how they perceived the overall quality of leadership and followership in their respective organisations. The study also examined how each of these CEOs came into senior leadership roles and assessed what each of them were doing in their organisations to develop and grow future leadership. For further details on the study, please contact Professor Bruce Avolio at bavolio@u.washington.edu.

Ong Perng Yih

Leadership Development in the Singapore Public Service

A ground-breaking research study on public sector leadership in Singapore highlights the importance of leadership impact and challenging work assignments on staff development and performance.

The Singapore public sector has long since recognised the importance of top leadership capability as a key driver for organisational excellence and performance. In a continuing effort to understand how leaders best learn, grow and develop, a joint research study, "Lessons of Experience: Singapore Public Service", was conducted in 2007.[1]

In this study, a total of 36 public sector leaders were interviewed by researchers from the Center for Creative Leadership (CCL). These interviewees ranged in seniority from Director, Chief Executive to Permanent Secretary, and came from a broad range of functions, across 12 ministries and 18 statutory boards. The interviews were analysed by a team of researchers from CCL and the Civil Service College, Singapore (CSC).

Two key themes were identified from the study. One highlighted the value of challenging work assignments to

leadership learning. The other underlined the importance and impact that bosses, both "effective" ones as well as "bad" role models, have on the development of their staff, and how their impact may matter far more than they themselves realise.

LEARNING FROM CHALLENGING WORK ASSIGNMENTS

Work assignments, such as a task, posting, or promotion where the leader has to strive hard in order to achieve the desired outcomes, were found to motivate learning and change in the leader, with 92% of the interviewees citing work assignments as significant or memorable learning events. In contrast, coursework and training was cited by only 11% of interviewees as a source of leadership learning.

The developmental lessons derived from work experience varied according to the type of work assignments. Specifically, experiencing an increase in scope (for example, first supervisory responsibility) enabled a leader to learn more about managing and motivating staff. For leaders who undergo job rotations, they also gained a greater awareness of their abilities, preferences, limitations and preferred leadership styles. It was found that public sector leaders learnt to operate and network effectively across different agencies—a core competency in public sector work—by being immersed in boundary-spanning work regardless of whether the boundaries were within the organisation, between organisations, or with external stakeholders.

The developmental lessons derived from work experience varied according to the type of work assignments.

The significance of work assignments on leadership learning suggests a degree of initiative and reflection amongst Singapore public sector leaders. The new situations they found themselves in encompassed uncertainty and challenges in which they had to experiment and take risks in trying to adapt and cope with an unfamiliar situation. The more successful leaders were able to rise to the occasion and go on to learn from these experiences.

LEARNING FROM BOSSES AND SUPERIORS

Apart from learning through challenging work assignments, bosses and superiors were found to have an enduring influence on leadership learning, with 53% of interviewees noting the lasting impact their bosses and superiors had on them.

Interviewees commonly described their superiors as performing one of four

Four roles that bosses or superiors can play:

- A **catalyst** for development: These bosses intentionally challenge their staff while providing trust, autonomy, protection and cheer-leading.
- **Positive role model:** These bosses model positive behaviours that staff strive to emulate.
- **Teacher:** These bosses coach their staff by providing direct advice or instruction on how they can improve.
- **Negative role model:** These bosses exhibit negative behaviours which staff members promise themselves never to repeat with their own staff.

Source: Lessons of Experience—Singapore Public Service Study

broad roles: they were *catalysts, positive role models, teachers* or *negative role models*. The finding suggests that learning does not only occur with the demonstration of positive behaviours by bosses and superiors. Encounters with negative behaviours seem to trigger leadership learning as well.

From their experiences of bosses and superiors, interviewees learnt valuable lessons in accountability, as well as how to manage, develop and motivate staff. This suggests that behaviour modelling may be a key driver of leadership learning.

OTHER EXPERIENCES THAT LED TO LEADERSHIP LEARNING

Coursework and training appear to have had a lesser impact on leadership development compared to other forms of learning. Nonetheless, this does not imply that coursework is unimportant. Instead, there is now a strong impetus to review the leadership development curriculum to ensure their effectiveness and impact, for instance, by including appropriate challenging assignments and more consciously structuring developmental relationships with bosses and superiors.

Leadership learning also appears to take place when leaders experience adverse situations, such as dealing with crises, recovering from mistakes, or encountering an ethical dilemma. A typical lesson cited by leaders who had gone through a crisis situation was how to manage stakeholders through a variety of formal and informal communication channels. However, since these crisis experiences tend to be spontaneously imposed by the environment, they are not within the control of the organisation or its leaders, and would thus be more difficult to structure into a leadership development curriculum, except perhaps

in more static designs such as simulations, role play or interactive case studies.

Apart from identifying key event themes that led to leadership learning amongst the interviewees, the types of lessons learned by the leaders were also analysed. The lessons most frequently cited were those involving the need to deal with other people. Specifically, the top three relationship-based lessons cited by the interviewees were the ability to manage and motivate staff, develop staff, and manage stakeholders. Clearly, soft skills—interpersonal and social skills necessary to connect with people—are vital competencies in the public sector. A leadership development curriculum that emphasises relational leadership is likely to be important for the public sector.

IMPLICATIONS FOR LEADERSHIP DEVELOPMENT

The key findings suggest that the use of deployment through posting and job rotations can be an effective lever in leadership development. A clearer understanding of the potential challenges and associated lessons that different jobs may offer could enable better structuring of job postings to bring about maximal learning. Thus, it may be important to consider the timing and appropriateness of job postings in a leader's career so that the leader can gain the most out of work experiences.

The findings highlighted that bosses have a significant and lasting impact on their staff's leadership development. Specifically, critical lessons on accountability, and managing and motivating staff are learnt through developmental relationships with bosses. As such, we need to leverage more on this in our leadership development programmes. This would entail education so that bosses are more aware of their impact and are consequently more deliberate in taking an active role in the leadership development of their direct reports. It would also mean helping bosses develop skills to foster positive relationships that will motivate, inspire and develop their staff.

Critical lessons on accountability, and managing and motivating staff are learnt through developmental relationships with bosses.

From the perspective of leadership development programmes, the findings are compelling and suggest the need to focus more attention on how best to incorporate "challenging assignments" into the programmes so as to raise the effectiveness and relevance of coursework and training. The impact of bosses and the informal but significant roles they play for their subordinates

also suggest that a greater emphasis on "leading and developing others" may be required in structured coursework and training.

Interviewed public sector leaders appear to have learnt best from tacit and on-the-job experiences. However, it is known that an individual's willingness and motivation to learn plays an important role in development. Thus, generating a sense of ownership and accountability in leaders for their own development can facilitate the leadership learning process. At the same time, leaders may not be aware of how best to enhance their own development process in terms of leadership skills. Therefore, resources to aid self-development have to be developed.

NEXT STEPS

The study has provided many insights into the leadership learning process, particularly in highlighting the value of challenging job assignments and the significant impact of bosses and superiors on staff. The challenge now is to structure and deliver these insights as learning experiences for current and future leaders. This will continue to be an on-going field of research, as the Singapore Public Service strives to understand how public sector leaders best learn, develop and perform.

Ong Perng Yih is a Senior Manager in CSC Consultants, a department within the Civil Service College which provides focused and in-depth consulting services in the areas of talent assessment, organisation, people development and leadership development, and interventions to help public sector agencies on their journey towards people and organisational excellence. Ms Ong was part of the research team which analysed the findings from the study.

NOTE

1. Yip, Jeffrey, and Wilson, Meena, *Developing Public Service Leaders in Singapore* (Singapore: Center for Creative Leadership and Civil Service College, 2008). Undertaken by the Civil Service College (CSC) and the Public Service Division in collaboration with CCL, the research study was initiated in July 2007 and modelled closely after the earlier research studies on lessons of experience undertaken by CCL in the US and elsewhere. For the full report, please see http://www.cscollege.gov.sg/data/pages/1/doc/LessonsofExperienceSingaporePublicService.pdf Other recent reports by CCL include *Key Events and Lessons for Managers in a Diverse Workforce* (2003) by C. A. Douglas and *Developmental Assignments: Creating Learning Experiences Without Changing Jobs* (2006) by C. D. McCauley.

Book Review

Toh Boon Kwan

Talent on Demand:
Managing Talent in an Age of Uncertainty

Author : Peter Cappelli
Published by : Harvard Business Press, Massachusetts: 2008

In his new book *Talent on Demand*, Peter Cappelli defines talent management as "the process through which employers anticipate and meet their needs for human capital".[1] He argues that the number one challenge confronting organisations seeking to manage their talent is uncertainty and risk. Shorter business cycles and increasing competition have intensified the war for talent. Managing business risk, which derives from the uncertainty surrounding business demand, has a direct impact on talent management.

The risks of talent management are two-fold: firstly, the costs of a mismatch in employees and skills. An organisation either has a shortage of talent to meet rising business demand or a surplus of employees when business demand slackens, necessitating lay-offs. Secondly, when employees resign, it loses the talent development investments that it has made. Both risks could derail an organisation's efforts to meet its goals.

THE LIMITATIONS OF CURRENT TALENT MANAGEMENT PRACTICE

It does not help that the two primary talent management approaches in use today have not been able to help organisations manage talent effectively.

The first of these approaches is reliance on internal development of talent. The principle of internal development is that companies invest in the development of employees and later secure the benefits of that investment through enhanced employee performance. Organisations make long-term plans for talent development on the assumption that they can forecast demand for talent with reasonable certainty years and decades in advance. They develop succession plans to identify the positions that need to be filled at every level; recruiting, developing and promoting top talent into key positions and retiring them in a system of life-time employment.

This approach also assumes that there

are no leaks from the talent pipelines. However, unpredictable markets dominate the contemporary economic scene. Boom and bust cycles have led to the demise of the life-time employment model. Staff turnover creeps up during tight labour markets. Leaks in the talent pipeline accelerate as employees change jobs with greater frequency and after shorter terms of service. Developing talent internally remains an expensive option and, with rising staff turnover, is an investment that seems mostly to go down the drain—or worse, to the benefit of competitors.

> The key to talent management lies in acknowledging uncertainty, responding and adapting to it.

The second of these approaches is to rely on outside hiring. Why develop staff internally when you can poach a well-trained hire from another organisation on the cheap? Outside hiring, however, assumes that there is a big pool of well-trained talent waiting to be headhunted. Internal development of talent is a much more attractive proposition, particularly when outside hiring becomes too expensive in a tight labour market and outside hires are not able to meet unique organisational needs. Outside hiring is also a reactive strategy and imposes a time lag before the talent could come on-stream.

The shortcomings of both contemporary talent management practices have led Cappelli to propose a third approach in *Talent on Demand*. His new talent management paradigm aims to enable organisations to respond quickly to changes in our highly competitive economic environments. It balances the use of internal talent development with outside hiring, taking into account both employee and organisational interests. The key lies in acknowledging uncertainty, responding and adapting to it.

FOUR PRINCIPLES FOR THE FUTURE

Cappelli proposes four principles in talent management in our age of uncertainty:

First, make and buy talent to manage demand side risk. Every organisation has to determine its talent management strategy. In meeting the demand for talent, is it more costly for the organisation to produce an excess of talent than to experience a shortfall of talent? Or would it be more cost-effective for the organisation to accept a shortfall of talent and top it up with outside hiring to meet its talent needs? Having an excess of talent may not necessarily be a good thing as ambitious talents

may not wait around for a higher-level job opening to appear. They would leave for a competitor who needs their skills immediately. Having a talent shortage may mean missed business opportunities when the market experiences an upturn and boom times return. Hence, a talent strategy that includes the making and buying of talent minimises the risk about being wrong in forecasting demand for talent.

Second, reduce the uncertainty in talent demand. Longer-term forecasting is fraught with inaccuracies in view of rapid changes in business conditions. Succession planning is limited in usefulness, as trying to predict which employee should fill a position (and with which precise skill-sets) many years in advance is fraught with risk under ever more volatile circumstances. Instead of attempting to forecast and plan around uncertainty, Cappelli advices a portfolio approach to manage the risk of uncertain demand for talent in future.

A strategy that includes the making and buying of talent minimises the risk of being wrong in forecasting demand for talent.

Instead of having decentralised management development programmes, Cappelli advocates a centralised approach instead. He argues that this is more efficient in allocating talent, since departments that have a surplus of talent may release those talents to departments which are experiencing a shortage. It also reduces costs since duplication of effort is eliminated. Developing talent pools of generalists who can fill a range of jobs rather than training specialists for specific jobs will also help to reduce uncertainty in demand. Skills shortfalls could be met by just-in-time training and coaching. Making shorter forecasts for talent will also reduce uncertainty.

Third, earn a return on investments in developing employees. The huge cost of management development could be reduced by shortening the time employees spend on such training. It is important to identify early the employees who have the potential for advancement and provide them with opportunities to quickly advance to positions where they can contribute significantly to the organisation. Getting employees to share the costs of such training would help improve the rate of return. Asking employees to volunteer for important projects led by senior management over and above their normal workload is one way of meeting organisational goals while providing opportunities for these employees to gain access to senior management. Providing tuition funding

for employees who read their courses after office hours is also another way of sharing costs.

> If we are unable to fill key positions on a consistent basis, it may be timely to review the length of term appointments.

Fourth, balance employee interests by using an internal market. Employers who make it easier for employees to switch jobs *within* the organisation improve their chances of retaining talent rather then losing them. This necessarily involves negotiating a balance between the interests of the employee and the organisation in career advancement, working out compromises that take into account the preferences of both employee and employer.

TALENT ON DEMAND IN SINGAPORE: IMPLICATIONS

How might Cappelli's framework fare within the context of Singapore? Cappelli notes that larger Singapore companies continue to emphasise internal talent development despite losing a significant amount of talent to smaller companies that focus on outside hiring to meet staffing needs. This practice, he surmises, is due to government influence on listed company boards to ensure a continuous transfer of talent as it benefits the country and society.[2] He cites the Singapore Public Service's centralised talent management approach for its Administrative Service in support of his criticism of decentralised talent development models.[3] Cappelli also describes the Public Service's systematic talent development approach in developing a pipeline of leaders to fill senior management positions.[4] In addition, he also explains the use of bonded full fee government scholarships to protect the Public Service's talent investments as well as to fill its high-potential programmes.[5]

What remains missing from Cappelli's references to the talent management strategies of the Singapore Public Service is an assessment of their effectiveness, particularly in terms of talent development. Internal development of talent has been a key to the success of the Public Service, especially when it comes to filling of key positions at the public sector leadership levels. Outside hiring at these levels is very limited due to the specialised needs of the Service.[6] The use of term appointments has also led to constant rejuvenation of talent at the highest levels. However, this stance assumes that we have a deep bench of talent who are waiting in the wings to step up to fill these positions. If we are unable to

fill these positions on a consistent basis, it may be timely to review the need to constantly rejuvenate talent and even consider extending the length of the term appointment.

Similarly, the use of bonded scholarships as a recruitment tool of largely untested fresh recruits into high-potential programmes as distinct from the use of scholarships as a retention tool for high performing serving officers may be contentious. It could in fact undermine morale among serving officers who have not received these scholarships when they were recruited.[7] Addressing this divide would be one way of building a more cohesive public service. For instance, more emphasis could be placed on the in-service nomination of high-performing serving officers for entry into high-potential programmes and less emphasis given to the automatic placement of scholarship holders on such programmes.

The Public Service may have to leverage on recruiting directly from top universities, going forward.

How do we go forward from here? Cappelli has already offered some answers.

Some companies buy talent by recruiting directly from top universities. The Public Service may have to leverage more heavily on this option going forward, in line with the trend of rising numbers of Singaporeans who are able to fund their own education at premier universities independent of government scholarships. Hiring is also immediate, without the need to wait for the inevitable time lag for scholarship holders to graduate.

Buying talent also limits the need to forecast manpower needs years in advance. For instance, the Building and Construction Authority's release of its graduating scholars from their bonds at the height of the Asian financial crisis in 1998 illustrates how inaccurate manpower forecasting can be in the short span of a few years.

Cappelli's idea of incorporating the making and buying of talent into corporate human resource strategy may not sound new. In fact, he reminds us that most of the management development practices in use today are of recent vintage. For instance, the first high-potential programme was only introduced in 1926.[8] Peer assessments and forced ranking was pioneered in the armed services before making its way into industry. Similarly, the use of psychological assessments and selection boards became common practice after their pioneering use in the military. This is not surprising since the armed services

had to develop and deploy huge numbers of manpower quickly and efficiently during the Second World War.[9] However, before we dismiss Cappelli's ideas as largely common sense with nothing new to offer, it is worth noting that common sense is not common practice. By focusing senior management's attention on what is inadequate in current talent management approaches, Cappelli has done human resource practitioners a great service. Take heed.

Toh Boon Kwan is the Assistant Director of Training and Development in the Leadership Development Department, Public Service Division, Prime Minister's Office. He holds a history degree from the National University of Singapore, a diploma in human resource management from the Singapore Institute of Management, and a postgraduate degree in strategic studies from Nanyang Technological University. He is also a prize-winning historian whose works on local and regional military history have been published and reprinted in leading international academic journals.

NOTES

1. See p. 1.
2. See pp. 101-102.
3. See p. 148.
4. See pp. 201-202.
5. See p. 181.
6. See Neo Boon Siong, *Dynamic Governance: Embedding Culture, Capabilities and Change in Singapore* (Singapore: World Scientific, 2007), pp. 354, 456-457.
7. For an American perspective on the divide between inexperienced scholarship holders and long-serving officers within the Singapore Armed Forces context, see Sean P. Walsh, "The Roar of the Lion City: Ethnicity, Gender, and Culture in the Singapore Armed Forces", *Armed Forces & Society*, 33, No. 2 (January 2007), pp. 265-285.
8. See p. 35.
9. See pp. 40-43; The British armed forces perspective is provided in Jeremy A. Crang, *The British Army and the People's War*, 1939-1945 (Manchester: Manchester University Press, 2000).

Book Review

Cai Shan

Who's Your City?

How the Creative Economy Is Making Where to Live the Most Important Decision of Your Life

Author : Richard Florida
Published by : Basic Books, US: 2008

When Thomas Friedman asserted that "the world is flat", he could hardly have imagined that it would one day be countered by another notion: that the world is in fact "spiky". This is precisely what Richard Florida argues in his new book, *Who's Your City?*. Florida, an academic in economy development and demography, is best known for his writings on the rise and flight of the *creative class*—a catch-all reference to the strata of talented individuals in a society, including scientists, writers, artists and designers, who create the new knowledge, technology and innovations that drive economic and cultural development. His current book is the product of extensive research on the relevance of place to the creative class; it paints a convincing picture of a world where the geographical congregation of diverse, creative talent is now a key underlying driver (or at least a pre-requisite) for economic growth and cutting-edge innovation.

WHAT THE WORLD *REALLY* LOOKS LIKE

Florida aims not so much to debunk the great levelling effect of globalisation as to puncture the belief that the world is *only* flat. He makes the case that the global economy that emerges is in fact full of "peaks and valleys". Through empirical data and detailed visual maps, Florida illustrates the increasing clustering of population, innovation and higher-level economy activity in only a handful of locations, which Florida describes as "mega-regions". He considers these regions, which include agglomerations of adjoining cities and suburbs, as the true fundamental economic units of the world—contrary to past theories of growth which tended to look exclusively at nations and firms, and discount the relevance of location.

Florida identifies a few dozen mega-regions worldwide, across the United States, Europe and Asia, of which the largest is Greater Tokyo, followed by the Boston-New York-Washington corridor, and the Chicago-Pittsburgh mega-region. These mega-regions house a range of 5 to 100 million people and produce hundreds of billions, and even trillions, worth of economic output. They amass talent, production, innovation and markets on a massive scale and pace that far surpass that of their neighbours.

WHY DOES THE WORLD LOOK THIS WAY?

What sustains this accelerating concentration of economic growth? Florida describes this "clustering force" as the "tendency of creative people to seek out and thrive in like-minded groups, and the self-perpetuating economic edge that comes from their doing so". This edge derives from the sheer productivity advantages, economies of scale, and knowledge spillover effects available to creative people and firms when they cluster.

Such clustering may be viewed as the centripetal force of globalisation that concentrates economic activity, versus the centrifugal force of globalisation which spreads it out. In reality, the two forces act in concert. The economic value of "spiky" creative input is consolidated and realised through centripetal forces which increase the returns on value-added activities (through faster roll-out of services and goods worldwide), thereby attracting more talent and innovation to these locations, and making them even "spikier".

"Means migration" describes the re-location of highly educated and skilled people to the small number of metropolitan areas ("means metros") and the corresponding exodus of the lower to middle classes outward from these places.

> If two talent hubs start off with similar economic conditions and talent clusters, how will they compete such that one (or both) emerges as the winner?

The powers of agglomeration and "preferential attachment" (in which creative people attract other inventive people) explain why these peaks continue to ascend, and grow closer together, while the "valleys" sink and diverge. In effect, the clustering force sorts locations into a hierarchy, by concentrating not only talent but also jobs, industries and firms within regions, on an unprecedented scale.

But what about the competitive dynamics and drivers between regions

and cities during the clustering process? If two talent hubs start off with similar economic conditions and talent clusters, how will they compete such that one (or both) emerges as the winner? It is unclear which precise factors best determine the outcome.

GEOGRAPHY OF HAPPINESS

It turns out that people are happier in places with higher concentrations of personality types like themselves. Florida's findings from his Place and Happiness Survey further reveal that not only is place important to individual happiness, different cities affect happiness differently. In fact, cities, like people, have distinct personalities, which attract certain types of people over time. For example, "experiential" cities like New York and Boston have more "open-to-experience" personality types, while "conventional dutiful" regions like those in the Sun Belt[1] have more agreeable and conscientious people.

Florida argues that psychological fit clearly defines "place happiness" and people's migration choices. This implies that the global sorting of locations is not just based on jobs, education and skills, but also on basic personality types.

But why should happiness be important? Florida draws attention to studies demonstrating that place happiness "activates" people to do more and engage in more creative activities that spur economic growth, in a regenerative cycle. So could the geographical clustering of personality types explain regional growth and innovation?

The global sorting of locations is not just based on jobs, education and skills, but also on basic personality types.

The answer, according to Florida's data, is a resounding yes. He finds that not only do personality variables explain a substantial portion of regional variance in innovation, talent, income and even housing values, an "open-to-experience" personality is the most consistently linked to regional economic growth.

Openness is also associated with curiosity which predicts where creative people and ideas congregate. In short, openness is a driving factor of regional innovation and growth by helping cities to attract and capitalise on diversity and creativity. Places like London, New York and the San Francisco Bay area are stellar examples of their ability to attract and mobilise "open-to-experience" people.

MOVING THROUGH THE LIFE STAGES

At the end of the book, Florida attempts to make the book of practical use by

including a self-help section to guide people in their decisions on the best places to live, particularly for the three big moves they will face in life: when they graduate from college, when they have children, and when their children leave home. The basic considerations—economic opportunity, basic services, security and aesthetics—are necessary but assumed. Instead, the implication Florida makes is that people will move to places that fit their evolving needs as their life phases change, and that places (including cities) will develop specialisations in the life stage they fit best.

We should seek to understand what Singapore's personality is and how it plays out in the global mindshare.

WHOSE CITY IS SINGAPORE?

Given the myriad choice of global destinations, will Singapore emerge as one of the leading "spike" locations attracting the most creative and skilled talent? Florida, as a cartographer of mega-regions, describes Singapore as having become a "top destination for innovative people of all lifestyles and interests". Can we sustain our competitive edge and continue to re-invent ourselves? Should we specialise to cater to a particular phase of life?

It is apparent a city's success now relies much less on the ownership of factors of production. The critical issue is how to attract enough creative, "open-to-experience" talent who will form a critical mass attracting the inputs of other talents. Perhaps, the first step, relating to Florida's mapping of place happiness, is to recognise the major role that psychology can play in driving economic structure and growth. We should thus seek to understand what Singapore's personality is and how it plays out in the global mindshare. Do we give people a sense of openness and welcome? Can people conjure who are the diverse and creative people living in Singapore?

Multi-agency efforts are already in place to brand Singapore in the global consciousness. But whom should we be trying to attract?

The answer is probably young people. Florida describes regions in the US which attract young people as not only as emerging winners in the competition for talent, but also gaining a long-term economic and demographic first-mover advantage that is difficult to catch up with. There is only a small window of opportunity. While young people are the most likely to move of any demographic group, their propensity to re-locate declines sharply with age. Taking account of this effect, the Ministry of

Manpower introduced the Work Holiday Programme in 2008 to make it easier for young global talent to work and holiday in Singapore. In the long run, we will need to broaden and deepen our outreach to young students and professionals overseas, an effort which agencies such as Contact Singapore are spearheading.

> Our talent strategy will have to encompass softer, intangible factors that matter to people.

So will Singapore come to specialise as a place for the young? Probably not. There are several cities which Florida identifies as "generalist places" which not only appeal to people across different life stages but also have thriving economies and societies. Two prime examples of "generalist" locations are the San Francisco Bay area and Boston. On the other hand, Florida and Arizona are "specialised" regions drawing many wealthy retiring baby boomers.

Might Singapore conceivably become a global leisure village for rich retirees or well-established mid-career professionals? One clear adverse effect would be the "gentrification" of place which often pushes up housing prices that, at escalating levels, can inhibit innovation (due to lack of cheap space to house creative activity) and reduce attractiveness to new talent. Greying demographics and extended healthcare needs can also burden the broader economy over time. More critically, as both a nation and a city, Singapore cannot afford to cater only to a particular demographic; instead, it must maximise the gains that diverse groups at different life phases can bring. Indeed, young people would also want solid options as they progress in life, and to be able to exercise real flexibility and choice in career, lifestyle and family size. Singapore has the potential to become an attractive "generalist" hot spot, with distinct, different and inclusive communities that are attractive to different people at various stages in life. This is more likely to encourage the talent that does come to Singapore to stay on for good.

Talent retention is an issue Florida does not dwell on. However, he does note that there are those with the means to migrate who choose to stay rooted. A big reason is that close personal and social relationships can outweigh economic opportunities. This implies that social networks can be tapped to retain talent. Some global nomads might be more inclined to settle if they are able to reach their potential *and* find happiness with their families and communities around

them. Gallup surveys of foreign talent in Singapore also indicate that social networks are particularly important to segments of talent and greatly affect their satisfaction with life here. The broader point is that increasingly, our talent strategy will have to encompass softer, intangible factors that matter to people.

Last but not least, it is interesting to note that mega-regions develop from city-regions growing outwards and into one another, rather than simply growing upward. For Singapore, this process of merging presents an inherent constraint, as there is no physical hinterland for us to expand into. This signifies that we have to leverage the world as our hinterland and build a "Greater Singapore" mega-region, through extending our economic, trade and transport links to all corners of the world map, and by finding innovative ways to include overseas Singaporeans as part of our extended social and economic base.

CONCLUSION

Florida's *Who's Your City?* delivers a persuasive, well researched and cogent argument for the key importance of location in today's global economy, albeit one centred mainly on US cities. Nevertheless, it should convince readers to ask themselves the question more often: "Where should I choose to live?" For policymakers, the burning question might be: "How can we become the place where the best talent would choose to live?"

Cai Shan is a Manager in the International Manpower Division (Policy), Ministry of Manpower, Singapore. She is currently pursuing postgraduate studies at Harvard University in the US.

NOTE

1. The Sun Belt is a geographic region commonly perceived to stretch across the south and southwest of the United States, which has seen substantial population growth in recent decades, partly fuelled by a surge in retiring baby boomers who have migrated domestically, as well as the influx of migrant workers.

Ng Siew Kiang

The Global Talent War:
Why Singapore Needs to Get Serious About Branding Itself

Singapore has what it takes to be a global talent magnet: now it needs to make its case clearly, argues Ng Siew Kiang from Contact Singapore.

Singapore has been largely discreet in its efforts to attract talent and investments. The Government tends to work through its agencies to establish contacts to bring industry heavy-hitters to our shores. While this approach has served us well in the past, we can no longer afford to be subtle. As competition from our regional and global competitors escalates, we need to leverage on every avenue available to us to promote ourselves as a location of choice for the world's best talent.

THE CHALLENGE AT HAND

Talent has been and continues to be a key resource pillar of Singapore's economic strategy. Without the luxury of land, natural resources or a large indigenous workforce, we rely heavily on

the collective brainpower and resources of both our own people and those whom we can attract to work, invest and live here. Now, more than ever, we need to tap the professional skill sets of global talent, including Singaporeans residing overseas, who can help propel emerging sectors in Singapore—such as biomedical sciences, clean technology, interactive digital media and financial services—on to the world map; as well as create new areas of growth for Singapore.

This is a challenge because of the nature of skilled talent—there is a limited pool that is highly sought-after and highly mobile. From London to Moscow, Shanghai to Dubai, headhunters are reporting a global shortage as countries aggressively woo professionals to grow emerging sectors in their own economies.

Singapore and its various government agencies, such as the Economic Development Board (EDB), Ministry of Manpower and Contact Singapore, will need to make a concerted effort not just to create favourable conditions for working, investing and living for global talent and their families, but also to showcase why talent should choose Singapore above any of our regional and global competitors.

Strategic to these imperatives is a campaign to brand Singapore as a talent destination. A unique brand proposition targeted at global talent would single out Singapore as the unequivocal choice among competitor cities. When graduates from leading universities begin job hunting, or when investors and entrepreneurs are looking for a place to invest and set up their businesses, we want Singapore to be top-of-mind. We want talent to think of Singapore not just as the ideal place for them to be but the only place to be.

We want Singapore to be top-of-mind. We want talent to think of Singapore not just as the ideal place for them to be but the only place to be.

WHY BRANDING?

We have made the difficult transition from the third world to the first in a matter of decades, but our metamorphosis is far from complete. With the building of a new financial district in Marina Bay, the construction of the Integrated Resorts, the expansion of biomedical facilities and info-comms hub, we need more and more professional talent, with more specialised skill sets to realise the potential of our structural transformation. And in the league of first world cities, this competition for talent is all the more intense.

The American Marketing Association defines a brand as a "name, term, sign, symbol or design, or a combination of them intended to *identify* the goods and services of one seller or group of sellers and to *differentiate* them from those of other sellers"[1] (italics are author's own). Branding Singapore as a talent destination is useful and necessary to forming our global identity. It gives a recognisable face to the many opportunities we offer. It is part of cultivating the perception of our status as a global first world city—a necessary prerequisite for attracting the talent that we will need.

Consistency in messaging, experience and perceptions of Singapore as a talent destination is crucial to winning mindshare.

A strong brand identity differentiates us from the rest of our competitors. Japan is known for its hardworking workforce, China for its abundant, cheap labour and Germany for its science and technology base. Singapore has long cultivated a reputation for an efficient workforce, but that is clearly no longer a sufficiently unique factor. Branding presents an untapped opportunity to distinguish and strengthen our competitive advantages.

Putting in place an overarching brand proposition that encapsulates Singapore's attributes as a talent destination would help align the messages of Singapore's various government agencies, create opportunities for synergy with other Singapore branding efforts and importantly, would deliver a consistent message to the intended audience. Collectively, consistency in messaging, experience and perceptions of Singapore as a talent destination is crucial to winning mindshare in the long term.

Branding a country as a talent destination is a challenging and long-term undertaking. Singapore's history is replete with examples of how the foresight of our economic planners has borne fruit over time, for example, the land reclamation of the Jurong Island, the decentralisation of the city centre and the building of satellite towns throughout Singapore. Likewise, growing the promise of a brand that will attract global talent needs time, but the results are long-lasting and far-reaching. Singapore does not have the luxury of allowing market forces to dictate the shape of our economy. Successful branding as a talent destination is one of the ways we can be proactive in shaping how the rest of the world perceives our economic status and viability.

BUILDING THE BRAND PROMISE: SINGAPORE'S STRENGTHS

As it stands, Singapore already enjoys some competitive advantages to becoming a global talent hub that a branding campaign can capitalise on.

Professional Appeal

Focus group studies of foreigners working in Singapore suggest that global talent is largely motivated by better career prospects. Today, Singapore is home to over 7,000 multinational corporations, about half of whom have regional or global headquarters here. They operate in a pro-business environment with transparent legislation, strong infrastructure, political stability and attractive tax regimes. Key industry sectors are anticipating continued expansion and new investments, leading to rapid job creation at middle to senior levels.

Professionals based here also benefit from Singapore's Global Schoolhouse programme, which has seen the entry of several internationally renowned educational institutions, offering plenty of opportunities for professional upgrading, executive education as well as networking. From a professional development standpoint, Singapore is a great place to be.

For investors, the Government is rolling out the red carpet as well. A range of programmes, like the Global Investor Programme, Financial Investor Scheme and the Entrepass scheme,[2] is already in place. They demonstrate that the Government is serious in its bid to encourage enterprising and successful foreign businessmen to call Singapore home.

The Liveability Factor

What truly sets Singapore apart from other cities is the quality of life found here. The Quality of Living Index survey by Mercer Human Resource Consulting rated Singapore the best place to live in Asia for personal safety.[3] Good and affordable healthcare, education, transportation, safety and security are all positives that influence the decisions of companies and individuals considering a move to Singapore. These attributes should be integral to Singapore's branding as a talent hub.

> Growing the promise of a brand that will attract global talent needs time, but the results are long-lasting and far-reaching.

Beyond being safe, clean and comfortable, we are also becoming an urban playground. The staging of the Formula One Grand Prix Night Race, the impending launch of two Integrated Resorts, the introduction of the Singapore

Flyer and a myriad of new lifestyle, dining and entertainment options all contribute to upping the fun factor. This liveability factor lends further credence to the brand proposition that Singapore is a place where global talent and their families can not only work, but also live and play.

WHAT'S NEXT?

To execute a highly visible and wide-ranging branding exercise involves the efforts of various ministries and statutory boards of the Singapore Government. So, it is imperative to develop a brand proposition that clearly spells out the attributes that make Singapore a talent destination. This will help each government agency to align with and incorporate the branding message while pursuing its own agency goals. For example, trade bodies can publish advertorials about working and investing in Singapore; the education ministry can showcase the facelifts that public schools have undergone; the Singapore Economic Development Board (EDB) can target companies to set up shop in Singapore and Contact Singapore can woo business leaders and entrepreneurs to do business here.

However, one agency needs to hold the reins for the entire branding effort to be cohesive. Contact Singapore, whose portfolio promotes Singapore holistically, not just its industry, tourism, healthcare or education, for talent attraction, can play this role. The ultimate objective is greater than the sum of its parts—only when the Singapore brand calls to mind "the place where the best come to work, invest and live", then we are on the right path to winning the global talent war.

Ng Siew Kiang is the Executive Director at Contact Singapore, an alliance of the Singapore Economic Development Board (EDB) and the Ministry of Manpower. Ms Ng has been with the EDB for 15 years in various key appointments. Her most recent appointments were as Director of Human Resources, and prior to that, as Deputy Director in the Chemicals cluster. Before joining EDB, Ms Ng was with AT Kearney, an international consulting firm. She has a Bachelor in Chemical Engineering from the National University of Singapore and a Masters in Business Administration from the Massachusetts Institute of Technology.

NOTES

1. American Marketing Association, http://www.marketingpower.com/

2. The Global Investor Programme and the Financial Investor Scheme are programmes for foreign investors with substantial capital and entrepreneurial track record who wish to apply for permanent resident status in Singapore through making economic contributions. The Entrepass is an Employment Pass for foreign entrepreneurs who would like to start a business in Singapore and be actively involved in its operations. Information on the programmes can be found at www.contactsingapore.sg

3. Mercer Human Resource Consulting, Quality of Living Global City Rankings, 2007.

Geoff Armstrong

Developing Human Capital: Insights from the Summit

The theme-weaver for the inaugural Human Capital Summit reflects on the event's broader significance and key insights.

The inaugural Human Capital Summit has just taken place, at a time of unprecedented turmoil in world financial markets. The collapse of banking models that first appeared unassailable and the prospects of global recession have, in particular, added to the turbulence in which organisations now have to thrive, compete and prosper.

Turbulence, though, is nothing new. These recent developments merely strengthen the growing emphasis that organisations are putting on people as their primary source of sustainable competitive advantage. More specifically, they are facing the need to develop leadership and management systems that will enable them to take advantage of turbulence and turn organisational agility into a core competence.

This is a very different set of skills than those which had been required for success throughout most of the 20th century. When Western models

of management—with their emphasis on mass standardisation, economies of scale, hierarchical layering of decision-making from the top and short-term focus on financial returns—were good enough, there seemed to be no reason to change or, for many developing economies, not to imitate them.

> Organisations are increasingly dependent on the discretionary contributions of the people who work for them.

Even when firms in Japan showed that customers appreciated the products of a more engaging process—whereby employees at all levels are encouraged and expected to contribute to continuous improvement in quality, innovation and value for money—it was too easy and too common to dismiss such approaches as being culturally particular. When Toyota opened itself to international researchers and described its philosophy of lean management in great detail, few embraced the lessons fully, preferring instead to cherry-pick isolated programmes to emulate, rather than seeing it as a whole new way of working that was more suited to the way the world was moving.

As we move deeper into the global economy of the 21st century, there is a new focus on evidence-based ways of leading and managing. It needs to be unencumbered by models of the past, although, of course, learning from them.

Against that background, the Singapore Human Capital Summit uncovered and explored a diverse but converging set of pressures driving change in the human resource sector. It also looked at new approaches that organisations are taking to succeed in the emerging environment.

The following were the prevailing themes of the Summit.

GLOBALISATION IS NOT JUST ABOUT CUSTOMER MARKETS

Global mobility of talent, technology, capital and ideas is a reality. Disruptive technologies are leading to new sources of competition. New entrants to a sector, unencumbered by sunk investment in plant, buildings and methods can often undermine established players with new offers that customers prefer. National protectionist barriers are decreasingly relevant; and not all countries are equally adept at building human capital strategies, infrastructure and economic policies that can attract winning organisations.

TALENT HAS ASPIRATIONS OF ITS OWN

Organisations are increasingly dependent on the discretionary contributions of the people who work for them. Succeeding generations learn from the experiences of their parents and grandparents. Educational standards and material aspirations are rising; so are the expectations people bring into the workplace. More and more employees are demanding to be treated as respected contributors of value, invested in as important assets, enabled to work in flexible ways that fit with their personal and family lives, and empowered to fulfil at least some of their own aspirations in return for their commitment to their employing organisations.

Today's employees see their employment as a negotiable and changing relationship, not as a lifelong contract. Generation Y wants more from work than a salary and a pension, and they are prepared to move frequently into another relationship that appears to suit them better.

Employers need people who are willing, skilled and equipped to use initiative, innovate and make connections without having to be told what to do. Such behaviour cannot be enforced—it has to come from engaged employees voluntarily contributing to the level of their potential.

Today's employees see their employment as a negotiable and changing relationship, not as a lifelong contract.

CUSTOMERS ARE FICKLE, DISLOYAL AND IN THE DRIVING SEAT

"They want what they want, when they want it." Indeed, customers expect to be given the opportunity to buy things they have not yet identified a need for, as soon as it becomes available. In this information-intensive age of instant gratification, they expect the widest range of choices and will buy from wherever it comes, regardless of geographic or traditional sector boundaries.

Like employees, they see themselves in a relationship where they have buying power—not just as the grateful recipient of whatever product or service the organisation puts out.

Customer power, coupled with the pressure to act in a socially responsible way, and to be transparently accountable to a wider range of interests than just equity owners, has shifted irreversibly the ways that firms can act.

LEADERSHIP MUST EVOLVE

In the new world of the globalised economy, new forms of leadership are needed. The Summit surveyed many, including Dave Ulrich's notion of leadership as brand and other concepts of employer brand. Many of the chief executives who spoke emphasised on a number of features of effective leadership behaviour:

- Explicit values, frequently communicated, genuinely shared, understood and acted upon;
- "Walk the talk": leaders need to demonstrate the values themselves in all that they do and be visible to their followers;
- Authenticity and integrity are essential at all levels;
- Transparency and consistency in objective setting, performance management and reward;
- Continuous improvement of processes and focus employees on where they can add most value;
- Open communication and engagement with the widest range of views, inviting and respecting contributions, not suppressing unorthodox opinions;
- Developing people well and ensuring a strategic approach to succession;
- Leading people, not driving them, towards commonly understood goals.

Leadership development was seen as largely unsatisfactory and too haphazard. While Asian leaders and potential leaders were highly educated, often at prestigious business schools, many felt that their main learning had come from unplanned, unstructured experiences, "being thrown in at the deep end", assigned to an urgent project or overseas posting. Coaching and mentoring for leaders was not common.

On the other hand, in many Asian countries, it was felt that a more family-oriented, consensual and long-term approach to building a business was a strong base from which to develop leadership styles appropriate to the challenges ahead. While by no means universal across Asia, this was felt to be a competitive advantage worthy of further study.

CONCLUSION: TOO IMPORTANT TO BE LEFT TO CHANCE

In seeking to build a sustainable advantage through people, a number of directions have found general support at the inaugural Human Capital Summit.

Firstly, there is no "one size fits all" solution. Indeed, competitive differentiation requires each organisation to design its culture and working practices as a deliberate strategic act, so that it stands out from its competitors

with hard-to-imitate capabilities. Its human capital strategy and real life practices should align with its business strategy. Furthermore, these should contribute measurably to its delivery and to making possible more ambitious strategic intent for the future, based on the capacities so created.

Secondly, human capital strategies should enhance an organisation's overall capacity for success. They should result in measurably superior performance, as well as build agility and resilience. They should act as a magnet for talent at all levels, both in attracting and retaining high-value contributors and in inspiring them to perform highly.

Furthermore, talent is only partly a question of staffing the organisation with good people. Without effective leadership, management, development, motivation and opportunity, talented people cannot flourish.

Finally, the Summit reinforced the key notion that human capital management is too important to be left to chance. It needs to be rooted in an evidence-based decision science, many of the components of which are already known, testable and measurable. And it needs to be systematically thought through in every organisation and applied in ways that support and extend its planned business outcomes.

Geoff Armstrong, CBE, is a past President of the World Federation of Personnel Management Association (WFPMA) and a retired Director-General of the United Kingdom's Chartered Institute of Personnel Development. He was the theme-weaver for the inaugural Human Capital Summit, held in Singapore from 22 to 24 October 2008.

Teresa Lim

Sharpening Singapore's Edge: Insights from the IBM Experience

Singapore needs to develop T-shaped workers and a culture that favours innovation, collaboration, diversity and values.

Singapore's highly talented workforce is world-renowned for being efficient, skilled and hard-working. Singaporeans have often been branded as driven, speedy, responsive and task-oriented individuals—traits that boost the employability of and demand for our talent globally. Our competent and disciplined workforce fuels Singapore's economic growth and attracts foreign talent. Supported by a world-class infrastructure and education system—both well suited to the challenges of a highly dynamic economic environment—Singapore has moved to the forefront of global human capital. Our strengths have given us an advantageous reputation for world-class performance: witness the recent World Bank Summit, the staging of the world's first Formula 1 urban night race, and our hard-won privilege of hosting the inaugural Youth Olympics in 2010.

Nevertheless, a reputation for excellent execution may have served Singapore well in the past—particularly through the manufacturing era—but the same model is not adequate in today's rapidly evolving service economy. To ride the wave of change in modern business, we need more innovators and creative thinkers. Critically, we need a culture that thrives on innovation, openness, trust, collaboration and diversity. We also need to nurture a workforce that is well versed in disciplines vital to the service sectors, bringing to the table a strong mix of business, technical and people skills.

Open systems and approaches provide a level playing field which stimulates competition, innovation and the free flow of goods and ideas.

AN INNOVATIVE AND TRUSTING CULTURE

Does Singapore possess the climate and culture to nurture innovation, embrace openness and instil trust? At IBM, we strongly believe that enterprises built for sustained growth stand on a foundation of core values. IBM's set of core values—including one which stresses "Innovation that matters, for our company and for the world"—guides every IBMer's decision-making. Our values, through the innovation process, enable us to develop new business ideas and transform business operations.

For instance, IBM's recently concluded InnovationJam 2008—a 72-hour worldwide online brainstorming session—witnessed the coming together of over 90,000 participants worldwide, including employees and clients from over 1,000 companies, who contributed ideas in areas such as change, disruption and innovative business models and sustainable growth. In Singapore, more than 1,300 staff and over 40 clients participated in the jam, which was a first for many of them.

A culture that truly supports innovation and ideas creation also embraces openness and trust. Open systems and approaches provide a level playing field which stimulates competition, innovation and the free flow of goods and ideas. Beyond issues such as ethics and legal compliance, businesses today need to build trust.

At IBM, we demonstrate trust by "lowering the centre of gravity" of the company. We trust IBMers, and push decision-making authority out and down by encouraging greater collaboration at the base level in order to mitigate hierarchical thinking. To be a successful, globally integrated company, we have eliminated layers of management, moved more resources closer to clients

in the markets and developed innovative policies, such as establishing blog guidelines which encourage IBMers to get out and engage with the blogosphere, but to do so in a responsible and transparent way. Critically, such a culture requires strong leadership: one that can foster greater collaboration, as opposed to more positional leadership.

EMPOWERING COLLABORATION

For people, whether employees or citizens, to embrace innovation and openness completely, the provision of appropriate platforms and tools is important to get incumbents in the right frame of mind.

The IBM Thinkplace is where IBMers around the world come to collaborate. Employees can post ideas and get feedback from colleagues, explore and collaborate with fellow IBMers to find and refine ideas, and join or sponsor a technical team to implement ideas. As a leading advocate for Web 2.0 and collaborative technologies, IBM deploys Web 2.0 tools throughout the company (the InnovationJam being an example). IBMers readily leverage these tools to encourage innovation, communication and resourcefulness. As a result, IBMers are able to form powerful, diverse social and expertise networks within the company, allowing speedy access to subject matter experts in order to resolve client issues. This helps us to live up to our professional commitments as innovators and trusted business advisors.

For people to embrace innovation and openness, the provision of appropriate platforms and tools is important to get them in the right frame of mind.

HARMONY IN DIVERSITY

Another key pillar for success is the ability to harness the talent of a diverse group of people regardless of their backgrounds. Non-discrimination policies and programmes must *permeate* all activities such as hiring, training, compensation, promotions, transfers and terminations. At IBM, effective management of our workforce diversity policy is an important strategic objective. Every IBMer is expected to abide by this policy and uphold the company's commitment to workforce diversity. In 1935, IBM was one of the first companies to introduce equal pay for equal work—28 years before it was passed as a law by the United States Senate. In Singapore, IBM employs more than 30 different nationalities bringing various skills and strengths to power our clients, business partners as well as society at large.

Today, over 1 million foreigners work and live in Singapore. On close examination, the attributes that attract and retain talent in a country are not dissimilar to those that work for a global corporation. A good reputation, strategic leadership, stability, sound policies, favourable benefits and a high performance culture are some of the reasons why certain countries and companies are more popular than others as places in which to invest, build a career, or make a home. Developing the ability to understand (and appreciate) diversity and creating platforms to help different people thrive professionally and personally will position Singapore ahead as a global talent hub.

MEANING BEFORE MONEY

How does a country or company sustain its attractiveness as a global talent magnet in the long run?[1] Over and above run-of-the-mill talent management practices and monetary rewards, more can be done in terms of initiatives that are truly reflective of the needs of its evolving workforce. What motivates Generation X (generally defined as those born between 1961 and 1981) and Generation Y (those born after 1982) talents? Beyond money, Gen X and Gen Y talents are attracted to companies who provide and promote collaborative and open cultures.

Generation X may prefer jobs that cater not only to personal growth, but are also flexible in terms of work-life integration, so that they can accommodate their personal interests. Generation Y, which grew up with the Internet, are motivated by peers, and prefer telecommuting for the flexibility it provides. They will readily take time off to travel; they are big on searching for meaning in life, and value broader social awareness and action.[2]

Understanding and appreciating diversity and creating platforms to help different people thrive professionally and personally will position Singapore ahead as a global talent hub.

This is why IBM provides staff with meaningful challenges outside of the office. Indeed, as a strong supporter of corporate social responsibility, IBM has always focused on the innovative application of volunteerism and technology to address global societal issues. As Samuel J. Palmisano, Chairman, President and CEO of IBM Corporation summarises aptly, "For us at IBM, this is much more than a matter of legal compliance or even giving back

to the community. It is and has always been integral to how we conceive of ourselves as a business."

For example, our recently launched IBM Corporate Service Corps is part of a Global Citizen's Portfolio initiative to develop leadership skills while addressing socio-economic challenges in the emerging markets. An IBMer in Singapore spent one month alongside a group of eight colleagues from diverse cultures to make a difference to the lives of the people in Davao, Mindanao. At the end of the month-long enriching experience, participating IBMers returned to their respective offices across the globe embracing their professional and personal lives with deeper value and meaning.

We need to groom our young, from an early age, to be independent thinkers and exhibit thought leadership.

Singapore in general is a strong advocate in the area of work-life integration initiatives. The Government has been partnering industry to drive policies, incentives and programmes that enable employees to achieve the most out of their working and personal lives.

However, Singapore's ability to attract, retain and motivate talent will also depend on policies and programmes that actively cultivate and support the spirit of volunteerism and mentorship. These initiatives will also become crucial in developing a workforce with a global mindset and perspective.

GLOBAL EDUCATION FOR A THRIVING GLOBAL ECONOMY

Just as it is important to welcome foreign talent to our shores, we need to raise the quality of Singaporean workers to world-class standards. This begins with education. We need to groom our young, from an early age, to be independent thinkers and exhibit thought leadership. We need to promote a culture where Singaporeans are encouraged to express their opinions and have different perspectives to offer. The younger generation must grasp the importance of bringing to the table both individual excellence as well as the ability to achieve results through collaboration.

To groom leaders of the future, there is a need to go beyond academic brilliance to developing effective communicators as well. Ultimately, the ability to persuade and rally others to serve a common cause is key to success on the world stage.

The future will require us to adopt a global mindset and to become knowledge workers. We also need confident and competent collaborators. To this end, IBM is working with universities around

Developing T-shaped Workers for the 21st Century Economy

With the global shift to a service-oriented economy, IBM identified a need for the 21st century worker to possess a strong mix of business, technical and people skills.

IBM envisioned the ideal individual to be a "T-shaped" persona—someone with deep proficiency in an area, engineering for instance, but who is also comfortable interacting in a productive way with other departments, such as marketing, industrial design or finance.

IBM also saw a need for universities to evolve from teaching concepts relevant to the manufacturing era to those relevant to the services economy. Over the past four years, IBM has worked with universities worldwide to equip students with an integrated mix of business, technology and people skills in a new academic field we term "Service Science, Management and Engineering" (SSME). Today, the SSME curriculum is offered in varsities ranging from Carnegie Mellon University and Cornell University in the US to Tsinghua University in China.

In Singapore last year, IBM and 15 industry partners announced a collaboration with three local universities on a wide-ranging initiative in support of service science innovation through education, research and talent development. As part of the programme, keen and talented students will also be groomed to become multi-disciplinary professionals.

the world in developing a Service Science Management and Engineering curriculum aimed at producing "T-shaped" personas—individuals who have a deep proficiency in one field, but who are also conversant and comfortable interacting with other areas of activity.

CONCLUSION

Singapore has built an excellent workforce, which today has become the nation's prized asset. To continue to stay ahead in the global economy, we need to harness our strengths and offer local and foreign talents an environment which values key attributes including innovation, openness, trust,

collaboration and diversity. We will also need a superior education system that nurtures thinking individuals who are comfortable collaborating across diverse fields of activity. Singapore will then be well placed to become a global human capital hub of the future.

Teresa Lim was named Managing Director of IBM Singapore in January 2007. In this role, she is responsible for the operations of IBM Singapore, including all product and services division, as well as the company's sales and distribution business. Prior to this appointment, Ms Lim was Vice-President of ibm.com for Asia Pacific. Since joining IBM Singapore in 1989, Ms Lim has held several positions in sales, strategic planning, marketing and human resources. Early in her career, in addition to her skills and training responsibilities, she also led the corporate organisation transformation initiative for IBM Singapore. Ms Lim is an active member of the Board of Directors in the Civil Service College, Singapore.

NOTES

1. Cost is a prohibitive factor for foreign talents considering relocation to in Singapore, according to Mercer's Cost of Living Survey 2008, which ranked the Republic 13th most expensive city in the world. However, foreigners also welcome the safety, cleanliness, efficiency, quality housing and education which Singapore offers. Nonetheless, it is of paramount importance to sustain Singapore's distinctive offerings and competitive positioning by ensuring we continue to offer compelling value.

2. Lancaster, L.C. and Stillman, D., *When Generations Collide: Who They Are. Why They Clash. How to Solve the Generational Puzzle at Work* (Wheaton, IL: Harper Business, 2003).

Conversation with John Kao

Singapore as Innovation Nation

ETHOS speaks to innovation thought leader John Kao who argues that innovative capacity can and should be cultivated as a national strategy.

What does it mean for a nation or a country to be innovative? Can a nation's overall innovative capacity be usefully determined?

I think we're still at an early stage in terms of trying to measure the innovation capability of countries. Some rankings of national innovation capacity exist, which I think are inadequate. The tendency is to count objective factors such as patents, advanced degrees and so on.

I would look at other factors, based upon my assumption of how innovation works—which is that people with disruptive ideas, business models and insight often come from a society that is more diverse and stresses on thinking at the edges of disciplines. I would look for people with inter-disciplinary backgrounds and the level of diversity and tolerance in the society they come from, which suggests a culture that supports innovation.

Societies that will succeed are those which have done great job of cultivating home-grown talent through education and creation of opportunities, or have welcomed that sort of talent from abroad. They would have cultural sensitivity and the intelligence to build bridges across social and cultural boundaries. Also, they would have the money, the managerial talent and the will to invest in the future, such as in the form of basic and applied research and infrastructure.

This kind of societies is likely to better appreciate and reap the fruits of innovation on a worldwide basis. I think you'll see small societies that are very sophisticated when it comes to innovation begin to pull away from the pack and develop disproportionate wealth creation. My bet is that these communities would include Singapore, Finland and the San Francisco Bay area.

What are the key barriers to a nation's innovative capacity?

One of the dilemmas of innovation is that when you are on top of the game, you have to, in some respects, throw away what you know and take one or two steps back, in order to see what the next best step is.

The most important but subtle barriers are mindset, ethos and values. If you have on paper the desire to carry out innovation in a big way but the cultural DNA is one of avoiding risks or valuing smooth and efficient career progression, you're not going to change people's behaviour. Of course, every society has its own unique set of psychological barriers.

The problem in many otherwise well-run countries is the absence of a big national idea beyond simply trying to maintain a standard of living.

I think one of the reasons why you don't seem more entrepreneurial in Singapore—even though there are plenty of people who are capable of being entrepreneurs—is because while there is a rewarding upside of being successful in a public sector or private sector track, the downside is also huge, compared to many other societies. In Silicon Valley, the saying is: if you haven't gone bankrupt at least a couple of times, you're not working hard enough. In Singapore, if you have business trouble, everybody knows about it; it is considered bad, a game-ender. I think this mindset will create an interesting cognitive dissonance for Singapore as it aspires towards becoming a centre for innovation, a talent magnet and a global city.

You could also argue that the problem in many otherwise well-run countries is the absence of a big national idea beyond simply trying to maintain a standard of living. Look at great companies—they are not about creating shareholder value exclusively. Someone said a long time ago that great companies make meaning.[1] They create value in the realm of intangibles that make life worth living. And if you think about how hard innovation is to practise, there has to be a reason why you would get out of bed in the morning to engage with those kinds of challenges.

For me, an innovation nation is a country that mobilises the creativity of its people for the purpose of addressing large-scale complex challenges and trying to make the situation of humanity better. So it isn't about just making new stuff to make money but about aligning with an important national purpose.

However, a national idea has a lot of subtleties. You can't just cook one up and sell it like a brand because it has to have a certain authenticity. On the other hand, without some degree of attention on the part of leadership to articulate the national narrative and ensure that there are stewards and catalysts for that process, innovation is not going to

happen—simply having millions of people think about it isn't going to generate the necessary results. A national character tends to be the result of complicated social, historical, emotional and cultural factors. At any given moment in history, you need leadership to crystallise those factors into a national purpose.

Why is it important for a country to have a coordinated national strategy for innovation, instead of allowing it to emerge spontaneously?

A society that only relies on the bubbling up of innovation from the ground is going to be at a disadvantage for two reasons. First, a government's policies are significant enablers of national innovation. A government nurtures the roots of the innovation economy through its education policy. Fiscal, regulatory and investment policies encourage certain kinds of entrepreneurial behaviour. Governments may also sponsor dual-use technologies, where there is a national security and a commercial or broader application.

The kind of innovation that is increasingly important is not about coming up with a new way to design, for example, a teapot, but actually transforming innovation into something that yields broad new streams of opportunities. This scale of innovation requires a great deal of human capital and infrastructural investment. So even if you had a very vibrant venture capital industry as the US does, it is not necessarily going to be enough to ignite an entire industry. You need support in academic research, basic science and so on.

A government's policies are significant enablers of national innovation.

Yet in societies where you only have top-down development of ideas, there is a great potential for getting it wrong because governments are often not very good at the business of picking winners. So every society is going to be a blend of government action complemented by innovative entrepreneurial behaviour on the part of the public. The question is really what the balance between the two should be.

Many countries are now adopting innovation as an organisational principle—not just for how they coordinate their resources and development, but also in terms of how they plan to compete on the global stage. An innovation strategy is really about focusing on the most important agendas, having some sense of priority and matching resources against those priorities, because no country can do everything.

What's interesting about innovation is its potential to lead to non zero-sum outcomes, in the sense that the more we have countries that are innovative and the more fruits of innovation are shared, the more humanity's overall innovation capability increases, presumably with benefits for all of us.

In your view, what approaches to innovation might Singapore successfully pursue?

Your expectations are going to be the keys to your outcomes. So if your expectation is that you're going to be a platform for the innovative activities of others—based on decades of experience as a platform for multinationals and certain kinds of technical development—then that's likely what will happen.

Certainly, being a sort of system integrator makes sense for Singapore. There is money, sound business practice, IT, financial engineering and human capital here, where wild and crazy entrepreneurs from elsewhere can come to create new things in a competent environment and split the upside with Singapore. Perhaps there will be some trickle-down in the process to local entrepreneurs over time. It's not a bad strategy.

Yet it would be a pity to stop there, because my impression is that there are many smart, really creative, cosmopolitan people here who, given the right circumstances, could be every bit as accomplished as entrepreneurs in any part of the world, bringing world-changing ideas to fruition using Singapore as a platform. So therefore I think you shouldn't just think about Singapore as an enabler because then you'll only be an enabler.

I think the cultural milieu in Singapore will eventually evolve to a point where creative risk-taking, expeditionary activities like those you see in Silicon Valley become an everyday occurrence. But because this will take time, it might be useful to start thinking about setting up creative enclaves—like some companies in Finland—in which entrepreneurial and innovative activities can flourish with a certain degree of insulation from the external environment, where the right mix of talent is freed up from responsibilities for a good length of time and given access to resources to make a serious foray towards big expeditionary goals.

How should government and public service capacity evolve in order to better support an innovation nation?

I think there is a need for real clarity about what innovation is: that it's not just science, technology, creativity or improvement, but that it occupies a spectrum of concerns that many people are engaged with. My sense is that for the public sector to really drive the

innovation agenda in Singapore, it needs to move on to a 2.0 conceptualisation of what innovation is and also what skills can manage it.

Because design is an approach to innovation that involves prototyping, visualisation, collaboration and other useful skills, it is also important for a country to invest in design in terms of educational institutions and resources, the arts and so forth.

So what do the managers of innovation need to do? It's not that they need to know about brainstorming. Instead, they have to know how to foster collaboration so that emerging possibilities become visible. They must understand how to create alliances across disciplinary boundaries. They need to be able to craft a vision for their work group, and know which talents to bring in or what activities they should be involved in. They need to make useful exceptions. They need to be conscious about their willingness to encourage risk-taking and exploratory behaviour, and accept that a certain percentage of these ideas is not going to work out. All these are very subtle skills.

I'm not worried about Singapore being able to continue as a well-engineered society with well-engineered processes. I am, however, concerned about Singapore's ability to think in a very expansive way about the future and put enough effort into that task so that real fruit comes out of it.

It has been said that the bottleneck for science and technology innovation is no longer the generation of ideas. There are plenty of ideas and lots of idea-generating capability. What's lacking is the capacity to transition ideas from the laboratory into the marketplace. To do that you need people who understand both science and the entrepreneurial business process, which is why places like the California Institute for Quantitative Biosciences has training programmes that are called "Idea to IPO...and Beyond".

Similarly, it doesn't matter if you have a zillion patents if they don't yield value for end-users. All these great technologies are not going to do any good unless they are applied to something that's going to change somebody's life. Over-engineering processes will lead to improvement and predictability but that won't necessarily lead to innovative design. It is all about the interfaces that enable transfer among disciplines.

Because design is an approach to innovation that involves prototyping, visualisation, collaboration and other useful skills, it is also important for a

country to invest in design in terms of educational institutions and resources, the arts and so forth. There are many deep skills embedded in the design disciplines that need to be unpacked for greater benefit.

I think that if Singapore remains a primarily engineering-oriented culture, it will miss out on opportunities in the future. When I come back, say, in ten years' time, I'd like to see deep design as a much more ingrained mindset, not only in terms of product development but in terms of how senior policymakers plan and carry out their vision for the country.

In Singapore as Senior Visiting Fellow to the Civil Service College from 12 to 14 February 2008, Dr John Kao was interviewed by ETHOS Editor, Alvin Pang. He is the Chairman and CEO of Kao & Company, and author of several bestsellers, including *Innovation Nation* (Free Press, 2007) and *Jamming: The Art and Discipline of Business Creativity* (Harper Collins, 1996). Dr Kao served as a faculty member of the Harvard Business School from 1982 to 1996, where he developed courses on innovation and entrepreneurship. He was a Visiting Professor at the MIT Media Lab and served as a Distinguished Visiting Professor of Innovation at the US Naval Postgraduate School. *The Economist* has called him "Mr. Creativity" and a "serial innovator".

NOTE

1. Pascale, R. T. and Athos, A. G., *The Art of Japanese Management* (New York: Simon and Schuster, 1981).

Lynda Gratton

Creating Hot Spots of Innovation and Energy in Your Organisation

Leaders can ignite creative energy by asking incisive questions and nurturing cross-boundary collaboration, writes Lynda Gratton from the London Business School.

Walk around any organisation and you will see people going about their daily routines. Sometimes as you walk the corporate corridors, you will come across something different, something that causes you to pause and consider how you might encourage it to happen throughout the organisation. It might be an excited debate among team members where enthusiasm and commitment is tangible. It might be an overheard conversation about a brilliantly simple idea. It might be a conference call on which, instead of being separated by time zones, people appear to be energised and working to the same goal.

For leaders and their human resource (HR) partners, these moments are organisational magic. For all the grand debates in the boardroom, the strategy retreats, the visions, this is what leaders strive for: the crackle of imagination in pursuit of organisational goals. I call

these Hot Spots. They are when our energy and excitement are inflamed through an igniting question or a vision of the future. They are times when positive relationships with work colleagues are a real source of deep satisfaction. They are the times we remember and when we add the most value—personally and professionally.

I began my exploration of the phenomenon of Hot Spots over a decade ago at companies like Nokia, BP and Goldman Sachs. Since 2006, my colleagues and I have significantly widened our research base and we are now studying organisations and teams across the world—and have recently launched a major research project on Hot Spots in Singapore.

Our interest is in those companies and teams that have more than their fair share of Hot Spots and, in bringing this about, we believe that leaders and their HR partners can play a crucial role. First, let us take a closer look at the role of the leader in creating a context in which Hot Spots of energy and innovation emerge.

THE ROLE OF LEADERS IN HOT SPOTS

We have discovered that leaders create high energy and innovative Hot Spots by asking difficult igniting questions, creating a network of friendships and opportunities for boundary-less cooperation, and championing and supporting the unique signature processes that create the context for the emergence of Hot Spots.

The Leader as Questioner

Some companies have developed an internal environment in which any form of doubt is perceived as ignorance or weakness and all forms of questioning are interpreted as either manipulation or affront. This kills the spirit of inquiry and reduces conversations to ritualised, dehydrated talk. The first task of the leader and their HR partner in creating good conversations is to institutionalise questioning and expressing doubt as a normal and routine part of the way in which the company operates. The ability to ask incisive questions requires careful cultivation. Spotting potential weaknesses or fallacies in an argument is a bit like luck; both need prepared minds.

The ability to ask incisive questions requires careful cultivation.

To be effective questioners, leaders need to constantly expose themselves to a variety of information and stimuli inside and outside the company so as to be able to generate independent and insightful thoughts. To encourage and

support this, there is an important agenda here for talent development strategies. For example, the professional firm PricewaterhouseCoopers encourages potential leaders to spend time developing their networks outside of the firm by encouraging potential partners to spend significant amounts of time outside of the firm in the community.

Asking igniting questions can also be supported through management practices. Take, for example, Lou Gerstner's approach as CEO at IBM. In his very first meeting with senior managers, he made a new rule: no overhead projectors and no slides would be allowed into the room. In IBM, meetings had become totally ritualised, with formal presentations of information using well-crafted colour slides. Managers spent an enormous amount of time preparing these presentations, which took up all the available time during the meetings. Instead of fancy presentations, Gerstner wanted quality conversations. Hence his new rule: no slides.

Individual habits and organisational inertia lead to the persistence of poor conversations in companies. Most leaders can think of any number of such simple rules that break habits and inertia. What matters is that the leaders and their HR partners consciously ask the questions: "What is blocking quality conversations in our organisation? What can we do to eliminate the blockages?"

The Leader as the Creator of Friendships

Creating friendships is also crucial to the emergence of Hot Spots. Our research on cooperation has shown the creation of a culture of cooperation begins with the quality and depth of relationships the members of the leadership team have with each other. Poor-quality relationships have a profoundly negative effect on the capacity of the company to thrive. But more than this, they send out strong messages to the other members of the organisation about what is legitimate and what is not.

> The first task in creating good conversations is to institutionalise questioning and expressing doubt as a normal part of the way in which a company operates.

Sometimes, these friendships require real courage on the part of leaders. While the advertising agency OgilvyOne had been a friendly place under the direction of its founder, David Ogilvy, its original entrepreneurial culture had, by 1992, ossified into highly autonomous factions led by barons who were more interested in protecting their turf than

in building the business. "The London office was horrible," a senior manager told us, "with constant backbiting and a lot of bad blood."

> Where Hot Spots flourish, we found practices and processes that are unique and extremely valuable to a company.

The change started with Charlotte Beers, the then CEO of Ogilvy, who invited all the business leaders to a two-day off-site meeting. Breaking with the norms, she began the conversation by asking direct questions: "How do we feel about one another? Why can't we work together? Do we recognise what that is doing to our clients?" That meeting was the turning point. Initially, the discussions were very difficult. "We simply did not know how to talk openly to each other," the same senior manager told us. "We were so used to being defensive and polite. It took two years and eight meetings—and some changes in the cast of characters—before we learned to deal with emotions and feelings, to be authentic. It's only through that process that we learned the power of friendship."

The Leader's Unique Signature

Hot Spots emerge; they cannot be ordered to appear. However, in each company where Hot Spots flourish, we found a handful of practices and processes that are unique and extremely valuable to the company. These are not best practices imported from elsewhere; rather they are the practices and processes that resonate with the values of the company. I call these *signature processes*, and leaders and their HR partners play a crucial role in defining and sponsoring them.

Exceptional leaders use signature processes as a means to communicate their values and the values of the company. To do so requires that the leader be very clear about what those values are. This is a key role for leaders and their HR partners. I saw this very clearly at the mobile phone company Nokia, known for its creative and unusual organisational structure. I can still recall the pride in senior executive Mikko Kosonen's voice as he talked of Nokia's signature process—their modular structure: "One of the distinctive characteristics of Nokia is the organisational architecture. It is avant-garde." Over hours of discussions, Nokia executives tried to describe the structure, their ideas behind it, how it worked, and what it meant. Figures were drawn, analogies made, and examples given—all with enthusiasm and caring.

AN IGNITING AGENDA FOR HR

It is clear to me that HR can play a key role in encouraging and supporting igniting questions, purpose and vision. Here are three ways that the partnership between leaders and HR can become a real source for the emergence of Hot Spots:

Support the Creation of Great Tasks

One of the most significant roles HR can play is to support the creation of great tasks. When developing tasks, three questions should be asked:

Does this task have meaning for people? Igniting tasks, like British Telecom's (BT) Challenge Cup, create a sense of meaning. Meaningful tasks resonate with employees' sense of values and, by engaging in these tasks, people believe they can have an impact on others or on the company. People working on the "force for good" initiative at BP or for BT's challenge knew that their contributions and energy created something that had impact and meaning.

> Igniting tasks create a sense of meaning that resonate with employees' sense of values.

Is the task challenging and exciting? Tasks are more likely to ignite energy when they are challenging, exciting, and ambiguous. When tasks are too simple and obvious, they generally fail to really engage people.

Does the task provide opportunities for personal growth? Employees are more likely to be engaged with and enthused by a task that provides an opportunity for them to develop their knowledge and know-how. It could be a task that develops their social capital by providing opportunities to span boundaries and enhance the quality and depth of their network. It could be a task which provides an opportunity to develop emotional capital through increased self-awareness or feedback. The actual developmental focus is unique to each task. Yet no matter how development occurs, it can play a crucial role in ignition.

Champion Purposeful Conversations

HR professionals can play a key role in supporting the ignition of latent energy in the company by supporting a culture of constant questioning. Tough questions need to be asked, and tough questions need fuel. Often, the fuel from a single work group or business unit is not sufficient. Some of the most interesting igniting questions come as a result of an individual's or group's exposure to a variety of information and stimuli from inside and outside the organisation. The challenge here for HR and talent

development is to create development opportunities that expose potential leaders to a broad and invigorating set of ideas and people.

Shape the Space and Time for Reflection

The formulation of igniting questions requires courage and connections. It also requires space and time devoted to the activity. Otherwise, the igniting questions go unspoken and unanswered, and the mundane triumphs. Our research has shown that it is often a lack of space and time that overwhelms the igniting purpose. Ignition needs both *chronos*—the compression of time, making the most of every moment, as well as *kairos*—the extension of time. Between the two, we move from the efficiency of compression to the slack of extending time, from the brainstorming that brings out ideas and data to the "brain-stilling" of depth and reflection. Here are three questions to ask about space and time:

Is the layout of the office conducive to broadening networks? The layout of the space in which people work can play an important role in supporting the creation of wide networks and creating space for reflection.

Is reflection built into development? Hot Spots of energy and innovation arise when broad networks are built and reflective questions asked. Both require periods when people can "play"—when they can have the unusual conversation, read an out-of-the-ordinary book, meet people outside of their normal network. All this requires that the tight rein of speed be relaxed. So an important question for HR is whether there are opportunities for broadening and reflection in the development of talented people.

Do we encourage a "third place"? Beyond the constraints of work and the roles of the family, there is a "third place", a place beyond work and family. It could be walking in the hills, yoga in the morning, engaging in a community project, time reading and thinking. The "third place" is unique to everyone and my research has found that being able to relax in a "third place" is crucial to reflection and building broad networks. Yet too often, work fills every available space, taking away any opportunity for quiet reflection. So the question for HR is how the organisation can support and encourage broader and deeper development and acknowledge the importance of the "third place".

And the acid test for this? I believe that the leaders and their HR partners who make this shift will walk the corporate corridors in anticipation rather than trepidation. And that has to be worth the effort.

Lynda Gratton is Professor of Management Practice at the London Business School. Her latest book is *Hot Spots: Why Some Teams, Workplaces and Organisations Buzz with Energy—And Others Don't* (published by Berrett-Koehler in North America and Financial Times/Prentice Hall in the UK). Her previous bestsellers were *Living Strategy: Putting People at the Heart of Corporate Purpose* (Financial Times/Prentice Hall, 2000) and *The Democratic Enterprise: Liberating Your Business with Freedom, Flexibility, and Commitment* (Financial Times/Prentice Hall, 2004). In 2007, Gratton was named by *The (London) Times* as one of world's top twenty business thinkers and was ranked second in *Human Resources Magazine's* Top 100 Most Influential poll. You can join the Hot Spots community by visiting www.hotspotsmovement.com

NOTE

1. In this action-based research, the Hot Spots Research Institute was commissioned by MOM to explore ways to support companies in the region to achieve optimum productivity and innovation. The research team is working with 10 companies in Singapore to experiment with a range of state of the art diagnostic profiles and e-learning methods. The study is designed to both support the development of the teams whilst assessing the applicability and performance of the various diagnostics and learning methods. The research began in September 2008 and will be completed by March 2009.

FURTHER READING ON HOT SPOTS AND RELATED ISSUES

For an overview of Hot Spots

Gratton, Lynda, *Hot Spots—Why Some Teams, Workplaces, and Organizations Buzz with Energy and Others Don't* (San Francisco, CA: Berrett-Koehler Publishers, 2007).

Gratton, Lynda, "Hot Spots—the way to manufacture genius in the workplace", *The Times Online*, 19 March 2007.

How to foster collaboration in teams

Gratton, Lynda and Erickson, Tamara J., "Eight Ways to Build Collaborative Teams", *Harvard Business Review*, November 2007.

How to manage complex teams as a leader

Gratton, Lynda, Voigt, Andreas and Erickson, Tamara J., "Bridging Faultlines in Diverse Teams", *MIT Sloan Management Review* 48 (2007): 22-9.

The challenges of virtual teams

Gratton, Lynda, "Working together...when apart", *Wall Street Journal*, 16 June 2007.

Civil Service College
Singapore

Ethos is a biannual publication of the Centre for Governance and Leadership, Civil Service College.

It aims to provide thought leadership, insight and context on a wide range of public policy issues of interest to Singapore.

Ethos is circulated to the policy-making community in Singapore as well as to a select international readership.

It is also available online at: **www.cscollege.gov.sg/ethos**

Centre for Governance and Leadership
31 North Buona Vista Road
Singapore 275983

SINGAPORE HUMAN CAPITAL SUMMIT

JOIN THE SINGAPORE HUMAN CAPITAL SUMMIT 2009

29 – 30 September 2009, RAFFLES CITY CONVENTION CENTRE, SINGAPORE

It is never too soon for companies to embrace forward-looking people management and leadership development strategies, to sharpen their human capital for that extra edge in business competitiveness. Hear from leading experts and top CEOs how Asia can leverage opportunities and overcome common and emerging human capital challenges at the summit.

Prominent speakers at the 2009 Summit include:

Bob Sutton, Professor of Organisational Behaviour (by courtesy) and Professor of Management Science and Engineering, Stanford University

Arthur Yeung, Philips Chair Professor of Human Resource Management, Professor of Management, Associate Dean, Director of Centre of Organizational and People Excellence, Academic Advisor to Executive Education Programme, China Europe International Business School and Professor of Business Administration, University of Michigan Business School

Lynda Gratton, Professor of Management Practice, London Business School

Tom Kochan, George Maverick Bunker Professor of Management, Professor of Engineering Systems and Co-director, Institute for Work and Employment Research, Sloan School of Management, Massachusetts Institute of Technology

For more updates, please register at www.singaporehcsummit.com/updateme

Organised by:

MINISTRY OF MANPOWER

WDA singapore workforce development agency

Leaders in Governance Programme

16 - 24 March 2009
Singapore

Inspirational leadership and good governance have the power to change the destinies of countries and cities.

This 7-day international programme for public sector leaders will offer practical insights into how innovative policies and effective implementation can create sustainable competitive advantage. You will have the opportunity to engage in discussions with Ministers and senior officials from Singapore and learn about Singapore's experience in public governance.

For the latest updates on the programme and application information, please visit our website at ***www.cscollege.gov.sg***

Civil Service College
Singapore