

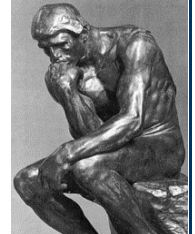


Chief Executive Notes

In this issue of *Talents*, we are glad to share some latest developments on the leading edge of talent development and human capital management.

On ECUST campus, we brought together leaders of the international business community and schools to share their thoughts on career planning with 1600 students. At the conference organized by CCFA, franchisors found the topic of talent matching helpful and requested support to identify top performers to join the business. The feature article in this issue discusses the value of employee happiness and its impact on productivity.

Enjoy, and let us know your thoughts. See you next issue.



Feature Report

Are your employees happy?

And, if not, how it impacts the intangible assets of your business

On average 80% of workers in China are misemployed. With the severe shortage of qualified employees available, misemployment could hold the key to tackling the tasks of developing badly needed professional and managerial talents, and of reining in the wild turnover plaguing many enterprises. The heart of the problem, most do not realize, is whether the employee under question is a happy one.

[Learn more](#)



In Action

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East China University of Science and Technology. May 10th 2007

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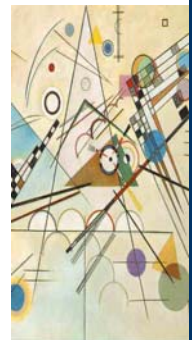
[Learn more](#)

Selecting top performers for your franchise

The 5th CCFA Franchise & License Matchmaking Workshop. May 19th & 20th 2007

At the conference organized by the CCFA, we introduced the concept of competency-matching and participants requested support and advice with selecting top performing store managers and franchisees using Personality and Competency Profiling Assessment.

[Learn more](#)




Research Center – Your Turn

Now what do you think of job happiness? Let yourself be heard by answering questions in this WRC survey. Please [click here to start](#). Information collected in all WRC surveys will be kept confidential and used for analysis. Answer all 5 questions to earn your WRC points. After 10 points (two surveys total) you can receive a free PCA personality profiling test and essential report.



Editor: Jean-Christophe Florenson Associate Editor: Debra Xu



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Are Your Employees Happy?

And, if not, how it impacts the intangible assets of your business

By Dr. James Song, CEO Waterville International Management Information S&T Inc.

On average 80% of workers in China are misemployed. With the severe shortage of qualified employees available, misemployment could hold the key to tackling the tasks of developing badly needed professional and managerial talents, and of reining in the wild turnover plaguing many enterprises. The heart of the problem, most do not realize, is whether the employee under question is a happy one.

“Why did I lose that manager over mere 25 yuan RMB a month? It doesn’t make sense!”

Over the years as a human capital strategy consultant advising MNCs in China, I have often heard questions like this from many baffled executives. My answer has been that they actually didn’t lose her over 25 yuan. And of course it doesn’t make much sense, for that 25 yuan appeared to be beyond the real issue. A safer bet is that she left because she was not happy working there.

“But what does that have to do with her growth and success?”

The answer is: everything, because success is a very personal thing. Even in China. Well, particularly in China, China today.

People leave you, giving up the opportunities you create for them, when they don’t find it happy working in your organization. Right or wrong, that’s the reality.

High Turnover Is the Tip of the Iceberg

Talent shortage has topped the agenda of MNC executives and business planners. The marveling at the country’s speed and potential of growth quickly gives way to an agony over the frustrating shortage of employable talents available, disappointing performance, and crippling turnover of key employees.

“Just when you have invested enough in them to get them up to speed, they walk away. What triggers it? What are they thinking? What can we do to prevent this from happening this often?” wonder aloud CEOs.

“We have tried everything,” laments one frustrated veteran HRD. “Nothing seems working: Training, counseling, raises, promotion, trips, family leaves... People could leave a month after starting. Where do they go? Typically they are lured away by employers supposedly offering more opportunity for growth. Or an EMBA program. This whole process seems irrational and is getting out of control.”

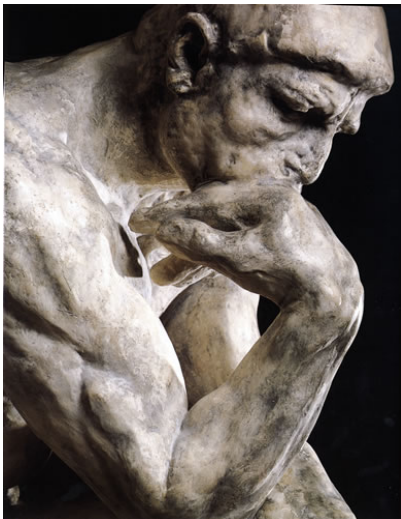
The problem is costly, and the solution seems elusive. Many factors contribute to the situation. The leading cause is a mere trickle of supply overwhelmed by torrential demands in many industries. A closer look at this widening supply-demand gap reveals several layers of mechanistic causes.

Low Employability plus Misemployment

First, the out-dated Chinese national education system does not seem to know how to do their jobs right supplying the market with prepared and well adjusted graduates. The decade-long Cultural Revolution a generation ago, during which all colleges and universities were shut down and professors were denounced, persecuted, and mob-lynched, had a devastating impact on the country's capacity of talent production. The destruction of the foundation was deliberate and thorough, and the rebuilding has been painfully slow.

The Cultural Revolution truncated the nation's production of researchers, teachers, and administrators. Many faculty members are ill-nurtured, under-qualified, and constantly distracted. Academic corruption is common. A desperate national government scrambles to slam down impulsive non-measures, such as imposing universal teaching syllabuses, or jerking up university enrolments, once by a whopping 50% over one year. Meaningful career services barely exist on campus, even in the MBA programs, leaving students at the mercy of hovering "career planning consultants" with dubious qualifications.

The school system's failure has hit the talent supply with severe consequences, and two areas seem to suffer the most: managers and specialty professionals. A couple of years back, *Fortune* magazine's nation-wide survey found the percentage of MBA graduates that are valuable to employers to be in the single digit. Specialty skills are hard to find, which is a global issue but from which China suffers the most, catching businesses off-guards at the sudden surge of swelling demands.



Critics have observed that many graduates from Chinese universities tend to be technically proficient while socially under-adjusted, thanks to decades of hostility towards the business culture and market economy. This further contributes to substandard performance and high turnover. Observers would not realize, however, that turnover is a price for misemployment, and the reason is simple: The "little emperors and empresses" have arrived at the workplace.

Since 1978, China has adopted the mass family planning policy of "one baby per couple." This sweeping measure has created a younger generation that has been forced-fed to be highly willful and demanding, by doting yet ambitious parents and grandparents confronting an uncertain future. Most choose their major fields of studies and types of employments without understanding themselves: what motivates them and what they should be good at. Families and teachers make all the decisions for them. In the workplace, they leave once they don't find themselves happy. They must be happy.

Happiness plays a major role in this generation's work life, a reality that the hard working executives do not quite appreciate. Human nature is such that, when it comes to productivity and success, personal happiness is centrally important. It has to do with how one listens to one's mind and heart.

Mind and Heart

Raising the question of happiness has raised many executive eyebrows. Shouldn't a nation like China best know the value of focus and hard work? Giving up these wonderful development and growth opportunities is erratic and reckless. Are these youngsters out of their minds?

Maybe the mind is not the only driver of the behavior in question here. When it comes to morale and loyalty, it is the heart that tips the balance in many people.

Management is applied behavioral psychology. Thanks to decades of personality research, we have gained much insight into how our conscious and subconscious mental processes act and interact to motivate our behavioral responses to situational signals. In plain English, we know a lot more about how our minds and hearts work.

I use mind and heart to indicate the rational, reasoning and emotional, passionate sides of our motivations. Effectively managing the human capital needs our attention to both. In all endeavors, the key to success is inspiring and keeping people's passion. By entirely focusing on the "hard" side of talent, namely knowledge, skills, and experience, while ignoring the "soft" side such as motivation, attitude, and passion, we risk missing a critical factor. After all, we always hire a person because of the presented capabilities, but we rarely lose a person because of what we see on the resume and during the interview. When you lose her heart, how can you keep her mind?



Whether people are happily productive is of strategic value to business success. As Robert Kaplan and David Norton point out, to assess the strategic readiness of a company's human capital, businesses must identify the strategic job families—positions that enable the best qualified employees to contribute to enhancing critical internal processes. Businesses also ought to "pinpoint the set of specific competencies needed to perform each of those strategic jobs." Too large a "competency gap" compromises the organization's strategic readiness in terms of its "intangible assets."

When people do not give the job their full minds and hearts, productivity and effectiveness suffer. When people do not find adequate inspiration and passion in a job, they are more easily attracted by outside jobs that promise new opportunities and happiness. Intangible? Hardly.

What can be less than immediately tangible is the effect of culture. New arrivals in China find the issue of culture intimidating. Even those who have been here for years continue to find it bewildering. In trying to understand motivation and happiness, the key questions are what makes one happy and, often more importantly, what makes one unhappy.

The answers depend on two factors: the national culture and the individual personality.

Nationality, or Personality?

Raising the issue of national culture is like stating the sky is blue. And it is a no-brainer to argue that each person is different. But when it comes to effectively developing and managing people in China, many executives find a daunting task in disentangling nationality and personality.

What national cultural norm should dominate a company's organizational culture? Is complete cultural integration possible? Is identifying an individual as a data point out of the national norm pragmatic consideration or counterproductive stereotyping? Where does one draw the line and where is the balancing point, the golden mean?

These questions are not easy, because they are moving targets. Not only may the expectations and characterizations of Chinese nationals shift, but the executives building businesses in China may also be undergoing dramatic personal changes. Physically being here does not enable everyone to make sense out of things immediately. All right, you speak the language, but do you speak the culture?

The solution is surprisingly simple: Focus on the person, and place the national culture in the back drop. The underlying reasoning is also simple. National culture is not something you can change or decipher overnight. After all, you are not dealing with representatives of the country and its culture as much as with individuals who have distinctive personalities.

To a large extent, an individual's personality drives his or her unique ways of responding to various external signals. It predetermines one's behavioral motivations and value priorities. When people get to play their intrinsic strengths to the fullest extent, they are happy and productive. By completely ignoring the personality factor in talent development and human capital management, organizations risk leaving out a most fundamental part in the employment equation.

The tools that enable companies to gain insights into each employee's personality are called psychometric profiling, more commonly called personality assessment. A company deciding to invest in profiling must be aware that though personality analysis tools are readily available, not all tools are equally effective. The basic methodology has been long proven widely, but the predictive power in of the differently designed and differently applied tools vary substantially.

More challenging is the cultural barrier, as most tools are introduced from outside. Localizing a psychometric instrument takes more than simple translation. The non-existence of psychology in China for decades created a void of academic discipline and clinical sophistication. New concepts and terminology must be created. China's vast diversity and developmental fragmentation also demand careful handling of each individual case to avoid ramming the same key into different locks. Sensitivity and respect are essential in applying such western tools to reading, interpreting, and counseling a Chinese character.

Happiness is personal with a cultural context. And success is personal with a universal context. As multinationals become the standard of corporate structure, cross-cultural understanding of the individual's personal motivations begs to be prioritized. And the payback is solid. [▲ Back to Top](#)

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What Kinds of Talents Are Multinational Companies Looking for ?

East China University of Science and Technology. May 10th 2007

It is job hunting season for University students and many wonder: "What kinds of jobs should I be looking for" and "How can I find the right job?" Executives also face almost exactly the same questions everyday: "What kind of people should I be looking for and where do I find the right candidate for the right job?"

To help students and businesses, Waterville sponsored and co-hosted an unprecedented panel discussion at East China University of Science and Technology. The forum brought together leaders of schools and the Shanghai international business community, to share their thoughts on career planning, talent development, and human capital growth, to a packed auditorium with more than 1600 students.



The poster features a green background with white and yellow text. At the top left is the MBA logo. The main title in large white characters asks '跨国企业需要什么样的本土人才?' (What kind of local talent do multinational companies need?). Below this are three questions in yellow: '你想同顶级跨国公司高层对话吗?' (Do you want to dialogue with top multinational executives?), '你想掌握跨国公司在中国的人才战略吗?' (Do you want to master multinational talent strategy in China?), and '你想成为顶级跨国公司的一员吗?' (Do you want to be part of a top multinational company?). A date and time are listed: '请于5月10日18:30 在大礼堂参加关于本土人才的高峰对话' (Please attend the summit on local talent at the Grand Auditorium on May 10th at 18:30). A list of speakers and their titles is provided, including the host and several international executives. At the bottom, the host is shown in a black suit pointing upwards. The organizing institutions are listed as '主办单位: 华东理工大学商学院MBA教育中心 美国waterville公司'.

"Self awareness is the key! It is primordial for you, to know your core qualities," said Marc Dawson, CEO of Talent Spheres, Vice President and HR Committee chair of the British Chamber of Commerce. "And even more importantly, to know how those qualities will create value within the company."

"What matters is your capacity to learn from what you observe in your business environment," advised Fernando Ramirez, MD of Brenntag China. "This way you gain experience and confidence faster."

Degussa HRD David Li's made it simple and clear: "When we recruit students, what matters is attitude. We want people who enjoy challenges and are able to think creatively."

The panel also included SigmaKalon HRD Joy Zhang, CEO of Daylight Incorporated USA Michael J. Rosenthal, ECUST Vice President Ma, ECUST B-School Dean Shi, ICN Nancy France Dean Stephane Boiteux, AmCham Insight Magazine Managing Editor Vanessa Wong, US Consulate General Commercial Officer Francis Perters, and Waterville CEO James Song.

Next issue of Talents will feature an in-depth discussion on "How to Maximize the Value of Your Talent." [▲ Back to Top](#)

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Selecting Top Performers for Your Franchise

China Chain Store & Franchise Association Conference

May 19th & 20th, 2007

Matching the right person with a franchising business is not easy. Just ask McDonald's. When McDonald's decided to franchise in China, over 1000 investors applied. Eight were selected as candidates who must go through a whole year's training at their own expense. Only four survived...



The key to selecting top performers for a franchise is simply matching the right types of personality to the business model of the franchise. At the conference organized by China Chain Store & Franchise Association (CCFA), Dr James Song, CEO of Waterville, addressed the subject of scientifically selecting franchisees and store managers with high success potential using Personality and Competency Profiling Assessment.

A franchisor does everything possible to ensure consistency by standardizing operational systems, product quality, and marketing and sales processes. When it comes to the human capital, Franchisors are often baffled by the lack of effective and efficient processes to quickly narrow down the massive number of investors wanting to join the business. By adopting the latest psychometric profiling and competency modeling techniques, franchises can more accurately and cost-effectively identify, select and develop top talents who best fit the corporate culture and business model of the franchising business.



Want to know more about talent selection? Stay tuned for feature article in the next issue of Talents: "Selecting Top Performers for Your Business." [▲ Back to Top](#)

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