An HR Conundrum: Talent Attraction and Retention Abroad

BY ELEANOR HUNT

HUMAN RESOURCE (HR) MANAGERS WORKING FOR MULTINATIONAL COMPANIES HERE AND ABROAD FACE COMMON ISSUES THAT CROSS COUNTRY BORDERS. THE MOST PRESSING CONCERNS ARE HIRING, ENGAGING AND RETAINING THE RIGHT TALENT.

In its 2013 Workplace Forecast Survey, the Society for Human Resource Management (SHRM) cites a shortage of skilled workers and global competitiveness for talent as top trends for 2013 and beyond.

Jeff Lupinacci, BBA '90, knows these issues all too well. As HR director for Eastern Europe at Kimberly-Clark (K-C), Lupinacci is in charge of recruiting, workforce planning, payroll, benefits, talent management, learning development, communications and corporate services across 15 countries. He is currently stationed at K-C's Moscow office on a three-year assignment. Lupinacci oversees a 35-person staff dispersed throughout the region. Before working for K-C, he managed human resources for chip maker Intel in Malaysia and Japan.

"Once you get out of the United States, especially in the emerging markets, the number one challenge is finding the right kind of talent," Lupinacci says. "They're there, and it's a small pool, but you've got every multinational [company] trying to go after them."

Assisted by 784 employees hailing from Russia, Ukraine and the Commonwealth of Independent States (CIS), consumer products giant K-C replicates its entire manufacturing, supply chain and support operations in Eastern Europe. Approximately 58,000 employees work at K-C facilities across 37 countries, manufacturing popular brands, such as Huggies, Kleenex and Kotex.

K-C Eastern Europe experiences a 20 percent gap between job openings and qualified applicants. Eschewing outside recruiting agencies, Lupinacci has brought recruitment in-house to increase the chances of finding qualified English-speaking candidates with optimistic, multinational mindsets. The company leverages social and professional networking sites, like LinkedIn, too.

"I have someone who is passionately selling the company to employees, and that's paying off," Lupinacci says. "Partially because the recruiting business is so strong here, we must make sure that the recruiters have a positive image of K-C. We're doing some employer branding to get people excited, and I'm talking about K-C at every conference I can get invited to as a strategy to bring our employer branding to the marketplace."

"Talent attraction and retention are issues in China too," says Weina Wang, global compensation/benefits manager for Microsoft in Dallas, who studied at Baylor University during her junior year through a student exchange program. "China happens to be a place that has a lot of good quality, high-tech talent, as well as management, finance, marketing and engineering people who are in high demand."

Consequently, Chinese companies must offer lucrative compensation packages, and state-owned enterprises and government agencies offer city citizenship privileges (called "hukou" in Chinese), which allow new hires to purchase houses and receive educational benefits for their children.

Due to talent demand and rising hiring and labor costs, it is imperative for HR managers to acquire the right talent assets for their multinational companies. Employee-company disparity can be problematic and expensive.

For example, companies in Russia can't fire someone without extensive documentation of employee performance. Even with conclusive evidence, there is a chance the company may end up in court. To prevent lawsuits, HR executives broker mutual agreements to buy out poor performers.

"A challenge for us is that some processes and policies may be antiquated, and there might not be an adequate infrastructure to enable ease of working, documentation, etc.," Lupinacci notes. "The labor laws by country can be a huge barrier in being able to deselect employees who aren't performing adequately. In Russia and Japan, you can't fire someone, so the labor laws and practices in the countries can be a real challenge when you're trying to transform the workforce."

Wang says, "In China, even if a person is changing an employer due to acquisition, but not changing the job itself, they ask for severance."

Importing talent from abroad can help meet local shortages, but immigration laws can be a drawback. In the technology sector, U.S.-based multinational companies are trying to fill positions by hiring foreign nationals. HR directors must procure U.S. employment visas, which is a time-consuming, administrative process with many requirements.

U.S. immigration policy established several employment-based (EB) visa categories. There are no wait lists for EB-1 visas requesting priority workers, managers, executives or people with extraordinary ability in the arts or sciences. However, wait times are long for the popular EB-2 and EB-3 categories for advanced degree professionals, skilled workers and technicians.

Since U.S. policy limits the number of visas that go to applicants from any one nation, U.S.-based HR directors seeking information technology (IT) professionals from India, which predominates in the IT field, wait the longest time to obtain visas for their new hires.

"The EB-3 category is completely backed up – no one is current," says Laura Hernandez, associate professor specializing in Immigration Law at Baylor Law School. "As of December 2013, EB-3 visa applicants from India who are now receiving visas started waiting in September 2003."

That is why Facebook CEO Mark Zuckerberg and Silicon Valley companies are lobbying the U.S. government to open up immigration.

"They say there aren't enough people to run Facebook and want to rely on foreign labor," Hernandez offers. "They are saying if they don't have a foreign office, they essentially can't overcome it. Americans don't study for the STEM [science, technology, engineering, math] advanced degrees, so most of the students in those degree programs are foreigners. When they are in school, they are here most likely under a non-immigrant visa. Silicon Valley companies are complaining about labor pools of people who can do their work but can't stay in the country."

According to SHRM, HR professionals rated the lack of STEM graduates in the U.S. compared with other countries as a top-ten trend likely to have a major impact in the next five years. Technology leaders are concerned, which is why Zuckerberg and several Silicon Valley companies started a lobbying group called FWD.us. Promoting immigration reform, the group is calling on the U.S. to set aside more visas for highly skilled immigrants with advanced math and science degrees.

The immigration reform bill (S.744) that passed in the U.S. Senate in June 2013, but has stalled in the House of Representatives, has broader implications – not only for undocumented workers but also for U.S. companies needing skilled professionals.

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"Everybody has to be concerned about this comprehensive immigration bill. It hits employment and a lot of other issues that don't get as much attention," Hernandez says.

After acquiring capable employees, Lupinacci says the next pressing concern is engaging them and bringing his company's Midwest U.S. culture of trust, openness and customer focus to the global workforce. Employee engagement and inclusion enable the establishment of core processes and resources that drive retention, efficiency and leadership development.

"The challenge is how to create that rational and emotional connection with employees, so they fall in love with your company and give 120 percent," Lupinacci says. "Russia has a communist background in which people were discouraged from speaking up and taking risks. In this part of the world they are very smart people and well educated, but basically teenagers when it comes to the free market."

Lupinacci leverages compensation, training, career opportunities and succession planning to maintain employee interest in K-C.

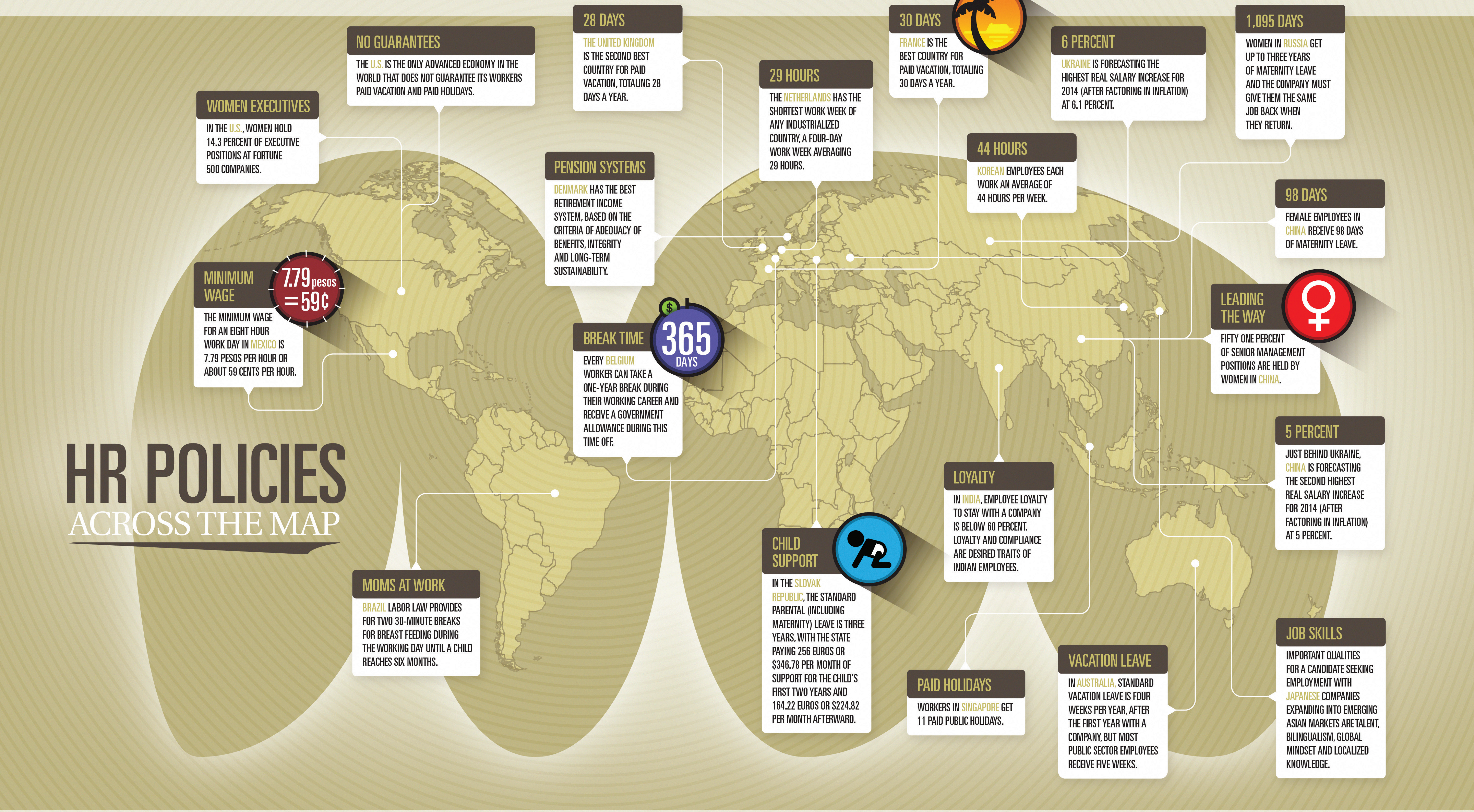
"Russians value training very highly, so I'm spending a lot of time doing training sessions," Lupinacci offers. "Our 'Energize the Employee' strategic objective is to help employees develop the right experiences and capabilities to deliver breakthrough results. So, we use the 70/20/10 rule of development: 70 percent is on-the-job experience, 20 percent is relationships like mentors and coaches, and 10 percent is classroom or online training. Over the course of 2013, we have moved 20 percent of our workforce into new roles or new organizations. Our goal is to actively rotate 20 percent of the workforce as a way to grow the employee base."

Also, KC has accelerated developmental programs to retain high-potential employees. In Eastern Europe, Lupinacci utilizes K-C's Highway program, which combines training, coaching, mentoring and experiences in a year-long program. Also helping to eliminate employee churn is the redesign of the company's Moscow offices into aesthetically inviting workspaces paralleling "Great Places to Work" ideals.

Yet, retaining and rewarding the best employees will remain hurdles in global HR management. SHRM acknowledges in a recent survey that more than 50 percent of HR professionals believe retaining and rewarding key employees and developing them into next-generation leaders will present challenges over the next 10 years.

Lupinacci has seen the issue deepen in Eastern Europe as workers yearn for fast-paced career paths and job-hop to nab more lucrative opportunities.

"The expectations of employees are higher than they should be," he notes. "The employee population thinks that they should be getting bigger jobs and moving up the ladder every two years, so there is a lot of churn in the market. People are moving into bigger and bigger roles when they may not really be qualified for them. This goes with the talent situation, but it's the employee mindset."



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