

# Hiring and Retaining the Right Employees

Taicang Workshop



Asia-Pacific Management Consulting, headquartered in Dusseldorf, has helped around 300 German companies (95% of their clientele, the other 5% being Austrian and Swiss) to develop and carry out strategic plans for staff retention in a work environment with high turnover like in China.

Dr. Lin, President of the company, explained that Asia-Pacific Management Consulting currently generates around half of its revenue from China operations, where demands for recruitment services seem relatively high. He explained that recruiting quality staff is difficult, but keeping them is even harder.

Companies often absorb heavy costs related to flights and training, but after the first year, around 14% of staff leave the company. Three years down the road, the typical Chinese office has only retained 10% of its acquired staff.

Using a case study example, Dr. Lin explained how one company effectively amended its staff retention rate from 40% to 0% for 8 years. This operation was undoubtedly expensive as it required the proper incentives; therefore, he more often recommends altering the company's staff retention rate by about 3-5%.

According to current studies, one-third of staff leave their company due to insufficient pay. Not getting along with the supervisor or manager makes up another third of unsatisfied staff, and a displeasing work environment drives away the other third. More specific reasons include lack of team-building, lack of training, non-transparent company info/rules/policies, the location is too far from home, there is a better chance

for career development elsewhere, insufficient contract renewals, not enough support from Germany, or their skill sets are better suited to another job. A lack of direct contact with management, or not seeing eye-to-eye with the CFO, HR manager, or GM assistant (GM right-hand-man/administrative person) were also repeatedly stated reasons.

Most Chinese will not say why they are leaving a company because they do not want disharmony or to hinder their chance of returning to the company if needed. Therefore exit interviews are insufficient tools in determine the cause for their departure. Anonymous interviews with sincere interviewers can get more information. It's important to talk to current and former employees. There should not be any conflicts of interest to the interviewee.

One issue with having a staffing agency hire your employees is they will often find the person with the best education and background for the job. However, Dr. Lin's strategy is not to hire graduates of well-known universities because the candidate will eventually want to move on to bigger companies. The HR department or recruitment staff must find a balance between skills, education and qualifications in order to retain the employee. Also, unstable personal circumstances contribute to retention rates, especially for those who live far away. Although the distance between one's home and workplace may seem relatively close, factors such as increasing traffic can dramatically affect commute times and lead to dissatisfaction. Any miss-match between the employee and the company will never last and the best candidate is always the one most suited to the corporate culture.

Foreign companies also tend to attract job-hoppers and people who are looking to build their resume. Therefore, an individual's personality and loyalty must be a top condition for hiring. It takes a lot of effort to find the most suitable person, but this is the stage that is most important for determining whether the selected employees will remain in the company or not.

The hiring process is the next important step to ensure the employee will be retained. A company must compare with how competitors are handling bonuses, overtime and travel costs. This can make a big difference when compared to a regular salary. Employees should know exactly what they are making so they never have to wonder or question. At the end of the presentation, the speaker summarised his key messages and suggested a possible generic retention program.



Dr. rer. pol. K.-H. Lin

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