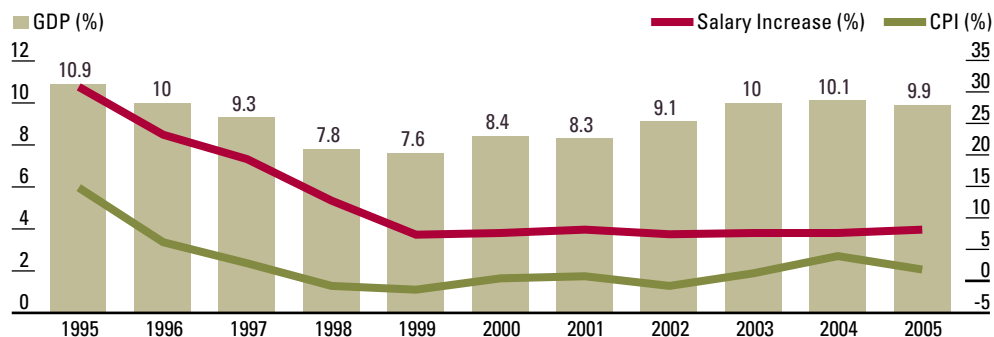


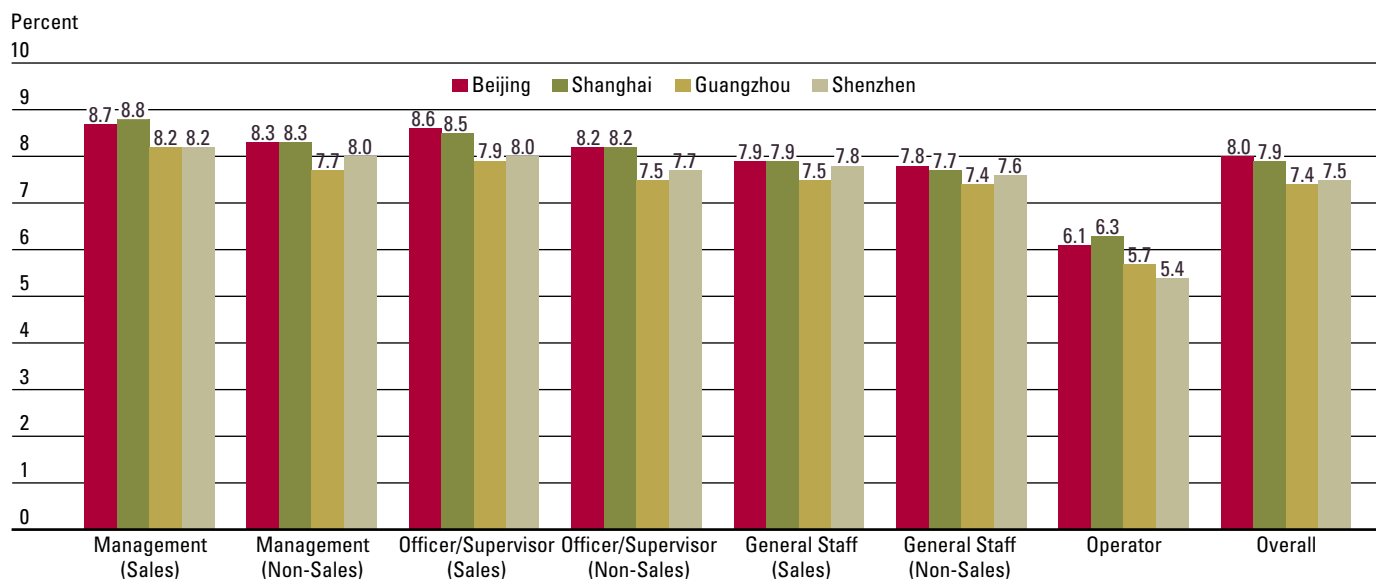
China's Tight Talent Market

China Market Movement, 1995–2005



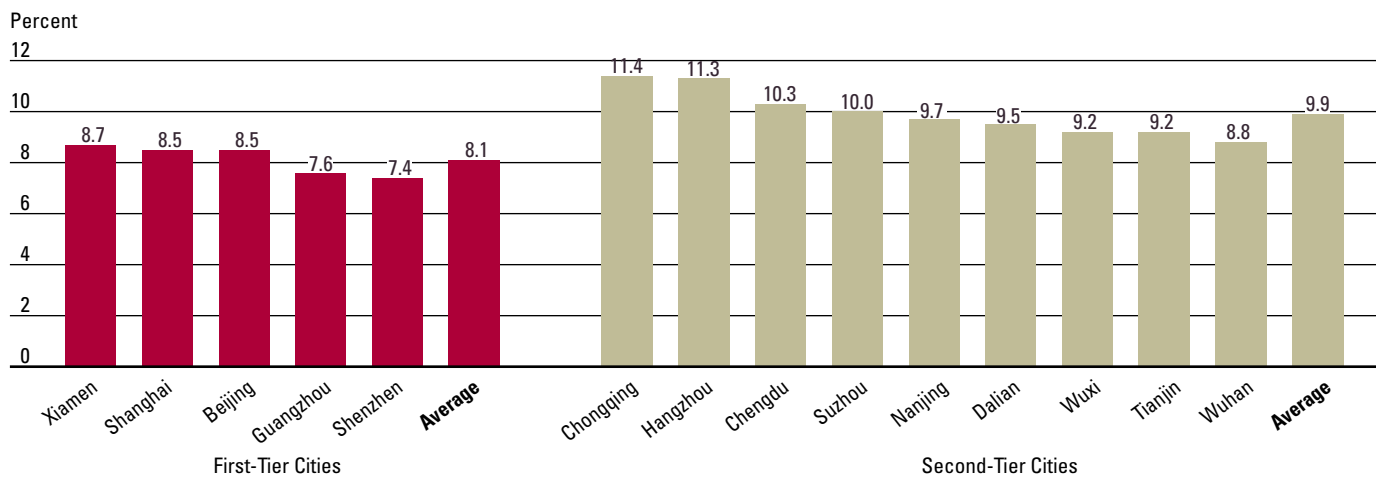
Sources: PRC National Bureau of Statistics, PRC Ministry of Commerce, and Hewitt Asia Pacific Salary Increase Survey, China Findings

Salary Increase Rate by Job Level in First-Tier Cities, 2005

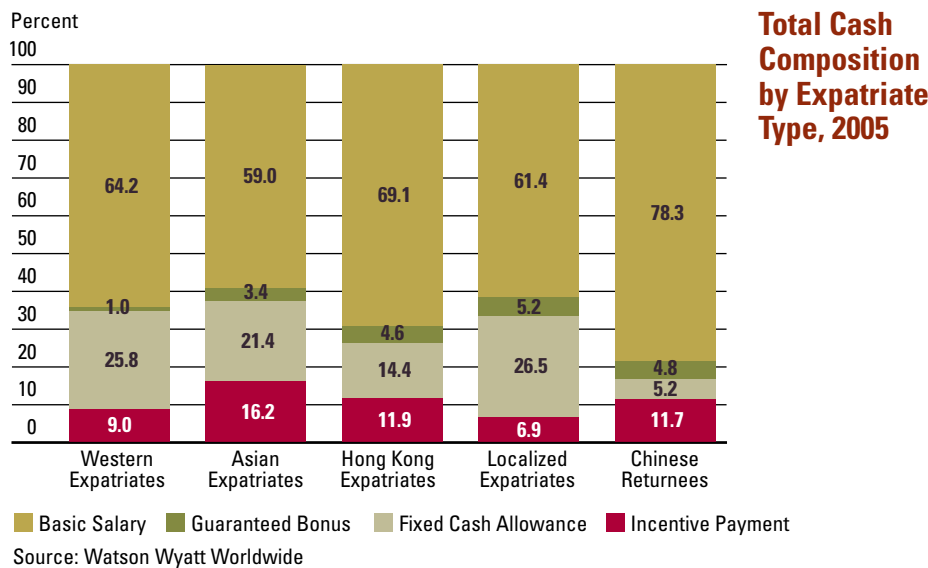
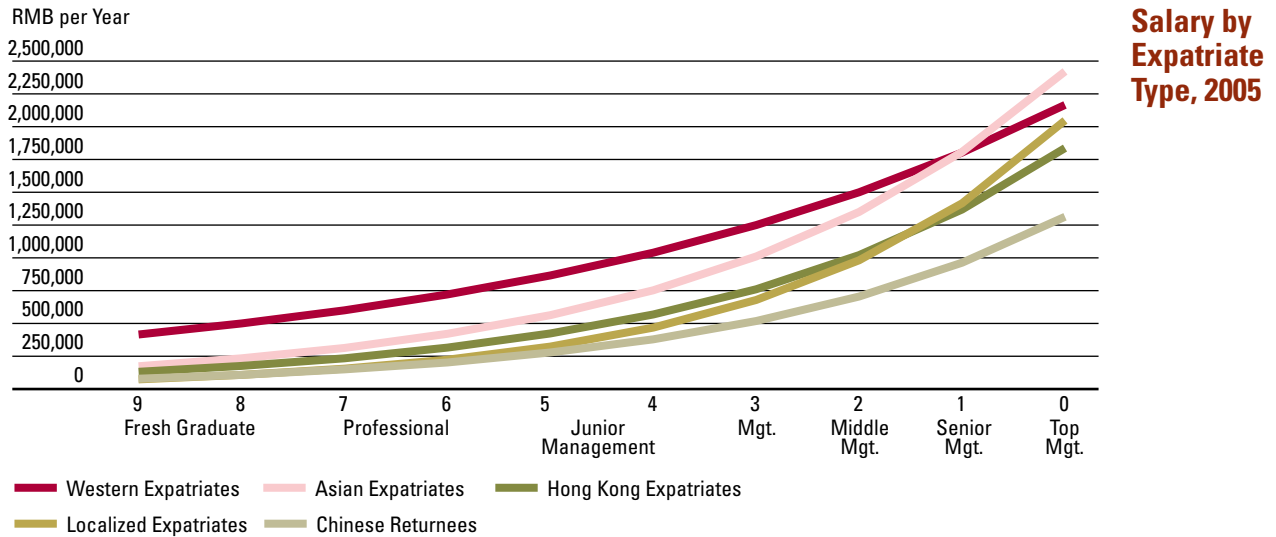


Source: Watson Wyatt Worldwide

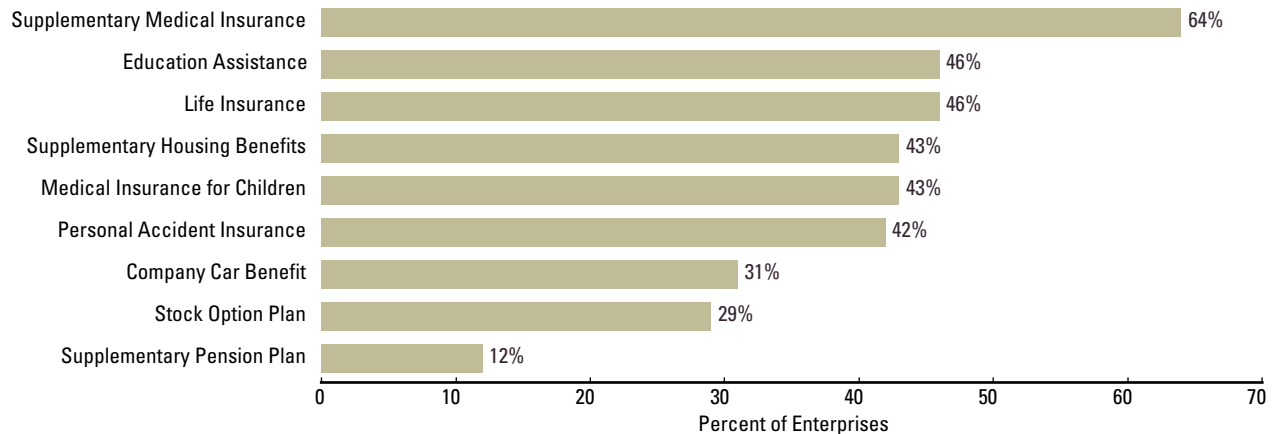
Average Salary Increase by City, 2005



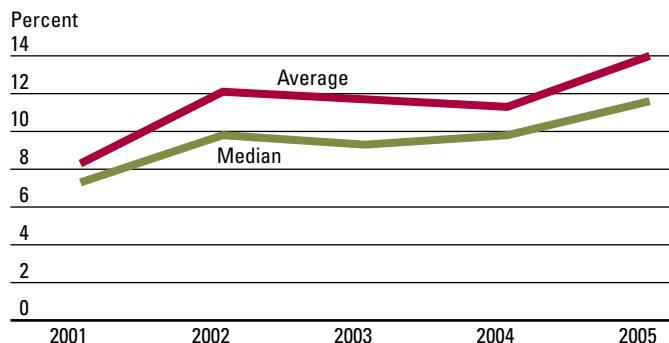
Source: Hewitt Associates



Supplementary Benefits Practices among Foreign-Invested Enterprises, 2005

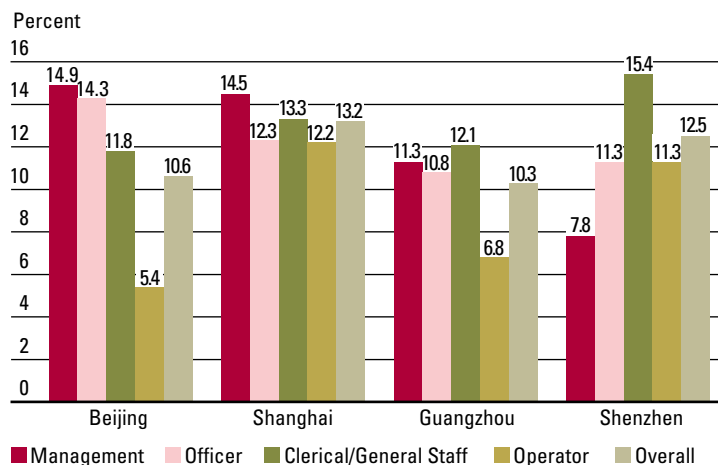


Employee Turnover Rate, 2001–05



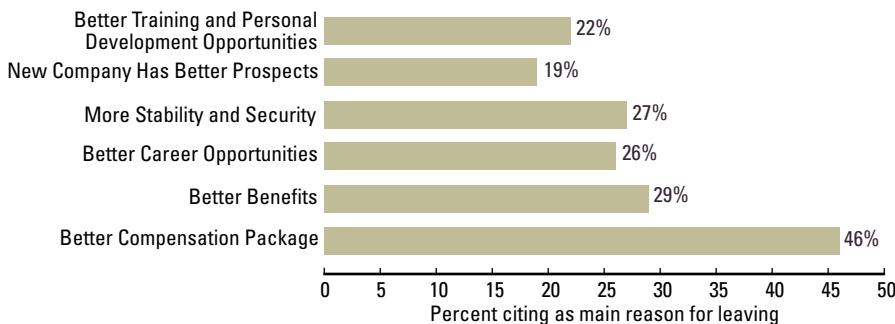
Note: Turnover rate = voluntary resignation rate
Source: Hewitt China TCM Study, China Findings

Turnover Rate by Staff Type, April 2004–March 2005



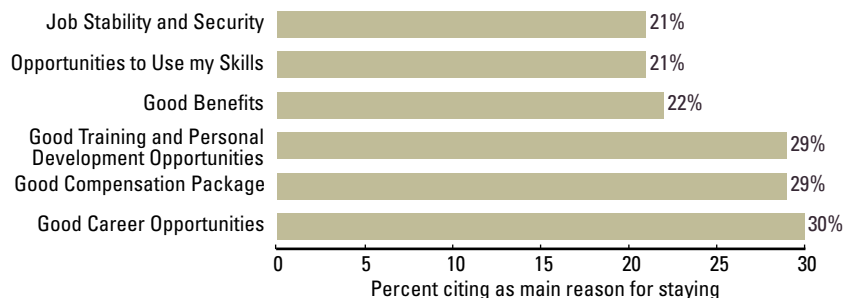
Source: Watson Wyatt Worldwide

Why Employees Leave, 2005



Source: Watson Wyatt Worldwide

Why Employees Stay, 2005



Source: Watson Wyatt Worldwide



Tips for Attracting and Retaining Talent

Because of the insatiable demand for a limited number of qualified professionals, management and business leaders in companies in China must make a larger investment in retention strategies than they do in other parts of the world. To attract qualified candidates, a company must have a compelling story—employers must communicate their company vision or mission consistently and show how this mission or vision will help the candidate's career. Companies must also carefully cultivate their image as employers. Employers have to show qualified candidates why candidates should choose their company and why they should stay when they have many other opportunities.

Develop an employer brand

All companies need to develop a reasonable "employer brand" in China—just because a company has a good reputation in its home country does not necessarily mean that it has that same reputation in China. Several factors contribute to a

Pitfalls in Talent Acquisition in China

RISK FACTOR	REASON	HOW TO MITIGATE THE RISK
Good talent tends to have choices. Candidates often have several competing offers, plus a counteroffer from the existing employer.	Talent is scarce. Many companies chasing the same skill sets creates extreme competition. Emotional and financial counteroffers are common.	<p>Identify the best candidates available from the total pool rather than just from the pool of active job seekers.</p> <p>Establish a thorough and speedy recruitment process to decrease the risk of the candidate “testing the waters” and examining all the possible opportunities in the market. If done well, this will greatly decrease your loss of candidates.</p> <p>Explain the pitfalls of accepting counteroffers.</p>
High incidence of turndowns and “falloffs” (when a candidate accepts the offer but never shows up, or starts with the company but quits within a month or two).	Cultural differences make it difficult for Western managers to discern candidates’ concerns about title, compensation, reporting structure, or employer brand at an early stage in the process.	Screen candidates for their values and career goals for the next five years before making an offer. A candidate’s personal goals and values should align with the company’s. Interviewers must hear “no” at some point in the conversation to make sure they have really identified what the candidate truly wants.
High staff turnover in growing industries. Risk that staff will leave before they have had a chance to be effective.	Lack of talent supply leads to a bidding war and to individuals being offered unrealistic job titles compared to their experience.	Screen candidates for personal goals and values to find talent that really wants to be with the company, rather than those who are driven by money or those who see the company as a step on the ladder. A strong leadership training and retention strategy will also greatly reduce turnover.
<p>Exaggerated resumes or even resume fraud are common in China.</p> <p>Candidates often exaggerate their current compensation.</p> <p>Source: MRI Worldwide China Group</p>	Candidates seem to be betting that their dishonesty will not be discovered. Because the recruitment process is relatively new to most candidates in China, Chinese candidates are generally unaware of the dangers of resume fraud. Weaknesses in recruitment processes in China may encourage this behavior: Hiring managers are often so desperate to fill a position that they do not perform background checks or verify resumes. This has led people to think they can get away with resume fraud.	<p>Check references thoroughly. For high-level positions, consider hiring a third party to perform a background check. In China, there is a higher probability of a candidate being rejected after reference checking than in Hong Kong or Singapore.</p> <p>Obtain proof of salary. If a candidate refuses to provide proof, consider this refusal a “red flag” that could lead to disqualification of the candidate.</p>

company’s brand in China, including

- Community involvement
- A general manager who is a PRC national
- Respect for culture and people
- Opportunities for assignments outside of China

Build leadership development programs

- Having formal development programs in place, as well as a company culture that encourages professional growth, is attractive to candidates.
- Use training programs to develop a passion for “self development”

- Plan and implement a career track based on achievement and performance
- Mentor and coach informally
- Use job rotation and job enlargement
- Include all eligible staff in leadership development programs, whether they be local PRC nationals or local

- foreign hires and returnees who want to stay in China over the long term
- Keep promises.

—MRI Worldwide China Group