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CHINA MOBILITY ISSUES: COMMENTARY FOR MAGNESIUM MONTHLY REVIEW, January 2006 issue

Those in the metals business today are well aware of the booming Chinese economy and its impact on supply and demand for industrial and financial resources. Less often considered, however, are the implications for *human* resources – a question of return-on-investment especially pertinent to businesses with current or planned China activities. Companies pursuing a successful China strategy cannot afford to overlook the “softer side” of the resource equation.

A new study by Cendant Mobility, *Emerging Trends in Global Mobility: Perspectives on China*, summarizes current trends in staffing and mobility for foreign companies with a China presence. Using feedback from 109 senior HR professionals, the study concludes:

- There is a shortage of skilled executive management in China, which heightens the need for companies to actively and creatively recruit, retain, and develop key staff.
- All types of assignments to China are increasing: this includes long-term (one to five years), short-term (less than one year) and intra-China assignments. They will continue to rise for the next three years.
- Concurrently, there is a fast-growing focus on talent development within China and a rise in China-outbound assignments. These are predominantly short-term assignments to provide Chinese employees with career development, technical training, and management skill development opportunities.
- “Tier 2” assignments are increasing at an accelerating rate. While assignments to Beijing, Shanghai, Guangzhou, and Shenzhen will continue their current growth pace, cities like Chengdu, Dalian, Tianjin, Qingdao, and Chongqing have a heightening appetite for assignees.
- Family support and adaptability is the key to assignee success. Interestingly, the most common criteria for selecting individuals for China assignment include *personal* flexibility and adaptability and technical skills, with “family considerations” ranking only seventh of eight selection variables.
- Cross-cultural training is a critical business factor, not only for assignees going to China, but also for successful integration of local employees into a larger global framework and for outbound Chinese employees. Language training is particularly important for long term assignments.

The report goes on to illustrate the prevalence of various types and components of support services provided to assignees during pre-departure, relocation, and on-going phases of respective assignments...also noted is that “83% of responding companies say that business strategy, rather than cost focus, is the key consideration driving overall approach to assignments in China”.

The typical China-bound assignee is a 41-year old (81% of assignees reported to be between 30 and 50) male (~90%) who is married (80%). With the assumption that this jibes well with profile of a primary metals exec who may be chosen for a China rotation, Cendant Mobility’s report makes very good reading....particularly as metals compatriots would likely be heading to those “tier two regions, and beyond!

This study, which was sponsored by *China Staff* magazine, is excellent in describing human resource trends and challenges facing companies doing business in China (though I would argue that this applies to *all* levels of the organization, not just the exec level); however, it does leave a hunger for more prescriptive intelligence on effective ways of handling mobility issues, both at a strategic and a tactical level.

As one who spent several years on China assignment in the provincial hinterland, my primary addition to the study would be to highlight the need for continuous support for assignees and family. This applies not just to the initial



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orientation period, or only to measures of business success, but to a more holistic and comprehensive approach for safeguarding your human investment throughout the term of assignment—making sure there is support for the family and assignee to acclimate and thrive.

While capital and industrial resources can be insured, hedged, and replaced, overseas assignees are relatively more unique. They are key in determining your opportunity and advantage in the China environment. Players in the China market today need a clear HR strategy and implementation plan to maximize potential for return.

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