

➔ THE PHILIPPINES: ACCENTURE'S STRATEGY TO ATTRACT AND RETAIN LOCAL TALENT

In a Nutshell

Retention of local talent in developing countries is a challenge that requires an organization to understand the culture and motivations of individuals. For a private company, keeping local staff has definite business advantages, but there is also an associated societal responsibility in developing the nation's human resources. To hold on to local talent, public and private institutions must develop an integrated strategy encompassing skill-building, financial and cultural dimensions.

This is precisely what Accenture, a global management consulting firm, attempted in its operation in the Philippines. The firm set out to understand the perspectives and hopes of workers, with an operational strategy focused on providing fulfilling and challenging jobs, and an organizational culture designed to further connect staff members to their colleagues and community. The result was that any staff member considering migrating to work overseas would need to seriously weigh the opportunities (higher salary plus a potentially better lifestyle and future) against the challenges (cultural distance and displacement, and perhaps a less fulfilling job).

The Story

Management consulting is an industry that does not produce tangible products for wholesale or retail distribution, but provides advisory and project-based assistance to its clients. With this operating model, the substantive assets of a consulting firm are the knowledge and skills of its staff. Acquiring, developing and retaining valued personnel are fundamental functions, because attrition not only erodes institutional knowledge and morale, but carries a high financial replacement cost. A sound retention strategy is therefore vital for the success of the business.

For a global management consulting firm operating in developing countries, holding on to qualified local staff presents particular challenges, given the steady brain drain overseas. Aggressively marketed opportunities are pitched to skilled people, dangling high salaries for jobs in developed countries. Social and cultural issues, which include family financial pressures, revolve around the perception of a better lifestyle and future overseas, along with a desire in some cases to join family members there. Companies themselves need to balance the provision of effective career development in the hope of keeping staff with the associated risk of increasing opportunities for them to leave.

In the Philippines, Accenture developed an integrated retention strategy in response to these challenges, based on general corporate directives and covering four areas: the organization's model, career development, remuneration and cultural considerations. Regarding the first, the firm's typical approach to starting operations

in a new country was to use skilled expatriate managers to run and develop the business, hire the best people possible from the local populace, and transfer managerial responsibilities to local staff as skills and experience evolved. This “develop local partners” model was premised on the understanding that local staff will always have a cultural and societal advantage in understanding, networking and selling to local businesses. It was driven by a long-term objective to build a sustainable local business. Other models prevalent in the industry include hiring expatriates to manage and run, or flying teams of expatriates in and out of the country on a project-by-project basis. However, these approaches are considered short term and not as effective in building a successful service business that draws on local staff and clients.

The retention strategy in the Philippines’ married the “develop local partners” thrust with a strong emphasis on the second part of its strategy, structured career development as an effective way to reduce attrition. The firm recruited aggressively at the best universities in the Philippines, highlighting the advantages of skill-building and career development with a global multinational. The global “Win the War for Talent” campaign was localized to determine the best approaches to attracting top university graduates and experienced personnel.

In addition, Accenture offices in the Southeast Asia region annually recruited overseas to attract Asian students attending universities in Europe and the United States, akin to a reverse brain drain or returnee programme. Once any staff member came on board, the firm provided regular formal training, including annual sessions at a global training facility in the United States. In the Philippines, strategic assignment of individuals to projects elsewhere in the region helped enhance skills and experiences. Career development was also nurtured through a strong focus on knowledge sharing within Southeast Asia and a mentorship programme. The firm had no “glass ceiling” with respect to promoting local staff, and in general, the pace of promotion in consulting is rapid compared to the corporate world. Due to flat organizational structures, a “slot” does not need to open for an individual to move up. In the Philippines, it was clear to staff members that they had the opportunity to reach the top, as evidenced by a Filipino Managing Partner running the office, and the fact that 75 per cent of the partners based in Manila were Filipinos.

Remuneration was the third arm of the retention strategy. Accenture attracted recruits with initial salaries that were maintained in the top quartile of corporate businesses in the Philippines, and provided hiring bonuses for high-demand skills. In addition, annual salary increases were based on merit rather than linked to years of service, and outstanding performers could claim large salary increases. Nonetheless, this approach could not match the double, triple and beyond salary boosts a skilled consultant could obtain by migrating overseas.

The fourth component, cultural considerations, proved to be one of the strongest elements in aiding retention. The term “cultural” in this context includes organizational and team culture, as well as societal and family culture. To understand local sensibilities, Accenture provided incoming expatriates with training that covered

general living challenges, alongside specific cultural, political, historical and business issues. This helped expatriates manage more effectively, make fewer cultural blunders, encounter fewer frustrations, and have a richer sense of understanding of the country and its people.

Accenture also fostered an organizational and team culture to develop skills and innovation. Staff felt a link to “the firm” through the global training centre, knowledge sharing, cross-national staffing of projects, and the pride of belonging to a large and successful multinational. To foster a team culture within the newly forming technology practice in the Philippines, both social and professional development activities took place. The group of staff shared experiences, project activities and personal aspirations, which further connected them to the local community and lessened the incentive to venture overseas.

Results and Critical Factors

Through the application of this strategy, the following retention results were achieved from 1995 through 1998 in the technology practice in the Philippines:

- Growth of the practice from eight to over 50 staff members.
- An average departure rate of 17 per cent (the industry average in the Philippines was between 25-30 per cent). The average departure rate of the highest rated staff was less than 10 per cent.
- Among staff who left, the great majority joined a Philippines-based organization or pursued further academic study, rather than migrating, therefore keeping their skills in the country.
- The management of the practice was successfully transferred to a Filipino colleague, who continues to succeed in building and growing it.

Accenture’s four-pronged approach meant that staff weighed the potential benefits of working abroad against the large number of intangible benefits of remaining in their native country. Key factors for the success of this strategy included the organization’s “develop local partners” model; career development based on knowledge sharing and without a “glass ceiling”; competitive remuneration based on merit; and, as one of the strongest elements, cultural considerations that covered team culture as well as societal and family cultures.

Further information

Accenture (www.accenture.com).

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