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Challenges for Local Talent Acquisition in Thailand

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For years, Thailand has been among the most successful countries in Asia for attracting Foreign Direct Investment (FDI) despite a series of natural disasters and political instability. According to the UNCTAD World Investment Report 2014, Thailand is the 8th priority destination for foreign investment for the period of 2014-2016. Japan is the top foreign investor in Thailand, supporting local projects ranging from automotive, metal processing, and electrical appliances and electronics (E&E) industries in recent years. Investment by Japanese enterprises continues to benefit the Thai economy in many ways. It is creating new jobs for Thai people, boosting the local export sector, and transferring technological know-how to enhance the competitiveness of local businesses.

However, in terms of obstacles that concern Japanese investors, almost 40 per cent of those surveyed -- two out of five -- said the competition with rival companies is now higher and fiercer. Around one-third of the respondents said they struggle finding competent personnel at executive levels, while another one-third said Thailand's socio-political conflicts have now become the country's weakness (Source: Survey of Japanese Investors in 2009 by JBIC).



Thai factory of the Japanese automaker (Source: Paultan.org)

Due to the growing economy over the past 12 years, the average unemployment rate in Thailand during 2001-2013 was only 1.59%. As of March 2015, the rate is 0.99% (Source: Bank of Thailand). At the TIR Annual Meeting of BOI Overseas Offices held in January 2014, it was pointed out that in 2013-2014 there would be approximately 400,000 bachelor's degree students and 80,000 graduate students entering the labor market. However, talent shortage still remains an issue.

Recruitment Strategies in a Market Lacking Talent Pool

The Thai employment market has been facing the shortage of qualified candidates over the past few years and the situation continues to deteriorate each year. I have faced this situation while searching for candidates for my clients and heard similar stories from HR, hiring managers as well as candidates within the market. This is particularly obvious in FMCG, retail and manufacturing sectors. While a huge investment flows into the country, growth and expansion of many companies creates fierce competitions, resulting in the demand for qualified candidates in key positions in sales, marketing and production outstripping supply.

Outstanding candidates receive several job offers, so they have high expectations for working conditions. For companies to overcome the shortage of qualified candidates, they will need to formulate and implement an effective talent acquisition strategy such as the following:

1. Understand Candidates' Needs – many companies are now using market research and surveys to identify candidates' needs and expectations. Understanding how to attract good candidates, which channel is most effective, and what the attractive and appropriate salary range is for each position will give employers a higher chance of acquiring exceptional talent.
2. Employer Branding – brand image is crucial in a competitive market such as Thailand. Many companies try very hard to become an employer of choice. Building a brand needs to start internally to ensure a work environment that your employees will rave about. Many Thai companies now strengthen their employer branding by actively working on CSR programs, focusing on individual training, offering flexible working hours, tailoring benefits packages and providing performance-based remuneration.

3. Set Up Specialized Recruitment Teams and Implement a Talent Pipeline Program – A FMCG company in Thailand has built their own Talent Pipeline Program that has been highly acclaimed by job seekers. This program trains new graduates and post graduates who wish to be executives in the future and the company assign them as executive assistants in 1 to 2 years. It allows participation from not only their employees but students also. By offering this program for many years, this employer has been successfully acquiring talent with high academic achievement and advanced English skills who have desire to become an executive. Many companies are now dividing their recruitment team into groups of functional experts, technology recruiters, campus recruitment, and executive recruiters.

In addition, above mentioned employer has set up an Internal Direct Search team to reduce the recruitment cost associated with executive hiring, and a Mass Recruitment team to support operations by hiring people from headhunters. It seems to me that they do not rely on recruitment agencies anymore.

4. Job Descriptions must be Compelling – job descriptions should accurately describe the duties and responsibilities of a position, as well as key success factors of the role. Many companies use job descriptions as a marketing tool to attract good candidates. Job ads that are a cut-and-paste from other job responsibilities or explained in a general form that can be written by anyone at any organization will fail to attract great talent. .

5. Employee Referral Program – the strongest feature of referrals is that your employees directly convince candidates to come work at your firm. Many of my clients especially in the FMCG and retail industries where the markets are most competitive provide feedback promptly and manage to acquire quality candidates from their referral program. They also find that employees hired through the referral program tend to stay with the company longer. Many companies offer cash rewards or a special bonus to employees who referred successful candidates.

6. Increase Hiring Speed – being decisive, efficient hiring processes and prompt offers are very important factors to attract candidates' interest. As candidates often receive several job offers, if the process is slow, they simply won't be around when you make them an offer. I have seen several cases recently that because of too many interviews and slow decision making, candidates decided to take up another job offer. The average timeline from the start of

recruitment activities to the time a candidate signs an employment contract is 1.5 - 2 months.

7. LinkedIn – LinkedIn is one of the most popular channels that both employers and candidates use. It allows them to stay connected with business contacts, build personal & employer brand, look for available jobs in the market and research potential employers. More than 1 million Thai candidates have a profile on LinkedIn and the number is increasing.

In a market like Thailand, the SEA region or emerging countries where talent is scarce, if you develop talent acquisition strategies with above items in mind, you will have a good chance of acquiring the right talent ahead of your competitors.

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Wethisa is the Office Leader of Bo Le Thailand. She has 15 years of professional experience in executive search. She specializes in recruiting Senior Executives in the sector of Human Resources, Finance, Sales & Marketing, Operations and General Management for a wide range of industries particularly in Industrial, Manufacturing, FMCG and Retail sectors.

This column has been posted to the website of Recruit Works Institute.