

No hiring lull despite gloomy economy

Hiring is based on long-term outlook, whereas a downturn is a blip on an economic cycle's radar



by Ng Wai Mun

WITH a spate of negative news about the economy and capital markets coupled with reports of layoffs, the conventional wisdom is hiring by companies and organisations will slow to a trickle.

Not so, say recruitment agencies. The consensus among companies to which **FocusM** recently spoke is hiring has not slackened, giving the impression the Malaysian economy is holding out.

However, a head of research at a local investment bank asks if all's well on the hiring end and the economy's going strong, why are financial institutions laying off staff?

Economists will tell you the best time to consolidate, to prepare for the next economic boom, is now, in an economic lull. But in reality, in such circumstances, will organisations still hire and if so which are still hiring?

Long-term view

Recruitment agencies and large organisations with which **FocusM** spoke agree hiring is based primarily on long-term outlook as well as human resource policies and budgets. An economic downturn is a momentary period of an economic cycle which should not hinder the hiring process, they say.

According to Human Resources Ministry data, as of June this year, the unemployed numbered 438,000 – an unemployment rate of 3.1%. This is 41,000 more than June 2014's total unemployed of 397,000 (unemployment rate: 2.8%).

From the perspective of recruitment consultancy Robert Walters Malaysia,

hiring is still across the board, with no sign of slacking. Managing director Sally Raj says: "According to the Robert Walters Asia Job Index Q2 2015, the human resource sector is experiencing a higher demand for professionals across most sectors."

She says in efforts to stem the brain drain, companies have reviewed acquisition and retention policies and introduced more flexible employee benefit schemes, incorporating non-monetary benefits. These include opportunities to pursue executive-management and leadership programmes at prestigious



Uzma explains Nestle (Malaysia) Bhd will continue to hire for critical positions



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Blue-collar jobs at risk

IN times of economic slowdown, organisations with large numbers of blue-collar workers, especially in the manufacturing sector, will be quick to cut operating costs by reducing production staff, says a head of research at a local investment bank.

For budgeting purposes, he says, efficiency and productivity are measured in sales per worker. To maintain that ratio, with a slowdown in business and revenue, staff strength will be reduced to compensate. Thus hiring at blue-collar level will be reduced in times of slowdown.

One senior analyst concurs. He does not see slower hiring at white-collar, executive level. "Reducing blue-collar staff actually distorts an organisation's human resource pyramid, in which the bulk of the workforce of a manufacturing or plantation company at the bottom

of the structure comprises blue-collar workers. Reducing blue-collar worker numbers enhances the blue-collar-to-white-collar staff ratio."

As a move to reduce operating costs, he questions reducing blue-collar worker numbers. "The cost of retaining one white-collar staff-member is equivalent to that of a handful of plantation workers."

An official of a plantation company in Johor says: "With uncertainty over commodity [palm oil] prices, reducing the number of workers is a high possibility in the near future."

He says trend-wise, production volumes for each year peak at around this time. Things should start becoming positive towards the end of the year. "Lower production by then coupled with a stronger demand from China should keep [palm oil] prices up."

However what contributes to "uncertainty" is that China often restocks its stockpile before year's end. "To date, we have experienced a sluggish demand from China. The sluggish demand will keep prices down," he adds.



To stem the brain drain, companies have reportedly reviewed acquisition and retention policies and introduced more flexible employee benefit schemes, incorporating non-monetary benefits

international higher-learning institutions, offering regional and overseas postings for high-potential talent.

This has led to a notable, 43% yearly growth in job advertising for human resource professionals, particularly those specialising in talent management as well as compensation and benefits, she adds.

She elaborates that given multinationals' drive to centralise purchasing functions in Malaysia, this has "fuelled the demand for procurement professionals to achieve cost efficiency, increasing advertising for such roles by 24% annually."

The booming e-commerce sector is not to be outdone. "As e-commerce continues to grow and develop, businesses have strengthened their back-office technology to cope with increasing demand. This has driven a 12% rise, year-on-year, in advertising volumes for IT jobs," she explains.

Asked if it is mainly non-managerial staff or management staff being hired, Raj says Robert Walters specialises in the recruitment of middle- to senior-management professionals.

Between the two, she says: "We see hiring in the senior-executive to middle-manager range being more fluid. There seems a cautious approach to senior hires and at C Level across the sectors in which we recruit."

Salary levels stable

There hasn't been a contraction in remuneration, either. Across the board, remuneration in Malaysia has been on the rise, year-on-year. According to the Robert Walters Salary Survey 2015, successful jobmovers in Malaysia can expect an average of 10%-20% in salary increments, Raj says.

However, she warns this is dependent largely on the candidate's skill set, experience and soft skills. Robert Walters is a professional recruitment consultancy



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with offices worldwide. One recruitment consultant concurs hiring has not slackened. However, he is reluctant to say why financial institutions are laying off staff.

Neither did he wish to comment about whether financial institutions will replace the numbers that have been laid off.

Despite the current economic slowdown, PwC Malaysia head of resourcing Mona Abu Bakar tells **FocusM** the Big 4 accounting firm takes "a long-term view in the graduate space." "We will continue to hire, as graduate recruitment and development is an integral part of our talent pipeline. So graduates should not expect a recruitment slowdown on our part."

As for experienced hires, classified as those with 12 months or more in experience, Mona says: "The emphasis will be on skilled talent i.e. those with experience and knowledge in specific areas and/or with the right credentials."

Nonetheless Mona says the organisation will "be more prudent in marketing-related spending such as with advertising and sponsorship requests".

PwC provides primarily industry-focused assurance, tax and consulting services. In Malaysia, PwC has a total staff strength of over 2,000.

Likewise, food and beverage multinational Nestle takes a long-term view in its employment strategy. Executive director, group human resources of Nestle (Malaysia) Bhd Uzma Qaiser Butt says: "Temporary economic volatility does not affect our hiring strategy, nor does it affect our view of investing in people."

"Nestle operates in the belief its people are one of its greatest assets, and Nestle's success has been built on long-term thinking," she tells **FocusM**.

She explains the company will continue to hire for critical positions. Uzma says: "We continue our intake of management trainees. We hired 18 management trainees this year. And year-to-date, we have hired 314 people across the organisation."

One head of research says Nestle's strategy is actually pretty clever. "Focusing on inexperienced employees will suppress the company's wage costs. Nestle has been known to nurture its own staff from management-trainee level," he says.

However, he says, without the corresponding numbers from the previous year for comparison, one can't tell if Nestle has slackened in its hiring to face a consumer spending slowdown. As of press time, Nestle has not provided hiring numbers for the corresponding period last year. **FocusM**