



TALENT MANAGEMENT AT GOVERNMENT-LINKED COMPANIES (GLCs)

Transformation • Innovation • Partnership

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Preface

In today's global business environment, talent becomes the potentially powerful source of competitive advantage. Talent management is the fundamental building block to creating an organisation that is capable of learning, innovating and changing, as well as executing new processes. Finding, acquiring and retaining the right talent complemented by correct management and support are necessary for sustainable competitiveness.

This research explores the aspects of talent management among Government-linked companies (GLC) in Malaysia. The Government's Orange Book on Strengthening Leadership Development of December 2006 provides insights into the transformation processes of GLC in talent management. The Orange book sets out a framework to assess and strengthen company-wide leadership development through talent management. With these in mind, initiatives were taken to research talent management initiatives at GLC. Guided by the Orange book, GLC have implemented adaptive approaches to address the

crucial need to develop great leaders for Malaysia and deliver the required improvements as well as sustain niche performances.

“The toughest thing about success is that you've got to keep on being a success. Talent is only a starting point in business. You've got to keep working that talent.”

- Irving Berlin



Introduction

During the Human Resources Consultative Panel (HRCP) workshop on 17 June 2008, several human resource challenges were identified. Talent management was identified as one of the human resource challenges that will affect organisational and national competitiveness. The changes in the workforce landscape especially demographic, economic, socio-politic and technology drift have

The Human Resources Consultative Panel (HRCP) was initiated on 15th August 2000 with the appointment of a chairperson and panel members from both public and private sectors. The HRCP has the role:

- To advise MPC on HR issues and challenges with the view to enhance national competitiveness;
- To guide MPC in the development and implementation of programs on research, training, system development and promotion of best practices in HR management; and
- To provide HR materials or inputs to various government platform in the areas of productivity and quality.

brought about the importance of managing the talent. A report from McKinsey & Co quoted that the most important corporate resource over the next 20 years will be talent: smart, sophisticated business people who are technologically literate, globally

astute, and operationally agile. Even as demand goes up and the supply of it goes down, more and more organisations realize the importance of talent management as part of the management strategic focus.

The study has two objectives:

- To gain first-hand understanding on talent management in GLC; and
- To analyse the importance of talent management in building a high-performance and competitive workplace among GLC;

This study analyses on the exemplary GLC practices where talent management has made a difference in organisational performance. In this inaugural series, the report features two GLC; namely, Tenaga Nasional Berhad (TNB) and Malaysia Airline System (MAS). The targeted focus is GLC because many expectations have been placed on GLC to perform and be a catalyst of the economic growth for the nation.

*“The most exciting place to discover talent is in yourself”
- Ashleigh Brilliant*

Talent Management & GLC Defined

Defining Talent Management

Talent management refers to the process of developing and integrating new workers, developing and retaining current workers, and attracting skilled workers to work for your company. Talent management is a process that emerged in the 1990s and continues to be adopted, as more companies come to realize that their employees' talents and skills drive their business success. Companies that have put into practice talent management have done so to solve employee retention problem. The issue with many companies today is that many organisations put tremendous effort into attracting employees to their company, but spend little time into retaining and developing talent.

Other key strategic challenges of talent management are factors that relate to how management could garner buy-ins for talent management strategies, policies & practices.

The shifts in the workforce: increasing global labour market, increasing virtual workplace, diverse workplace (in terms of age, race and culture) and a

workforce with independent views about their own lifestyle as well as access to information about career opportunities are some factors that influence the way organisations recruit, develop & retain key talents.

A talent management system must be worked into the business strategy and implemented in daily processes throughout the company as a whole. It cannot be left solely to the human resource department to attract and retain employees, but rather must be practiced at all levels of the organisation. The business strategy must include responsibilities for line managers to develop the skills of their immediate subordinates. Divisions within the company should be openly sharing information with other departments in order for employees to gain knowledge of the overall organisational objectives. Companies that focus on developing their talent integrate plans and processes to track and manage their employee talent. The Chartered Institute of Personnel & Development (CIDP) 2006's learning and development survey found different strategic levels of progress in the talent management process, as shown in the Diagram 1 below.

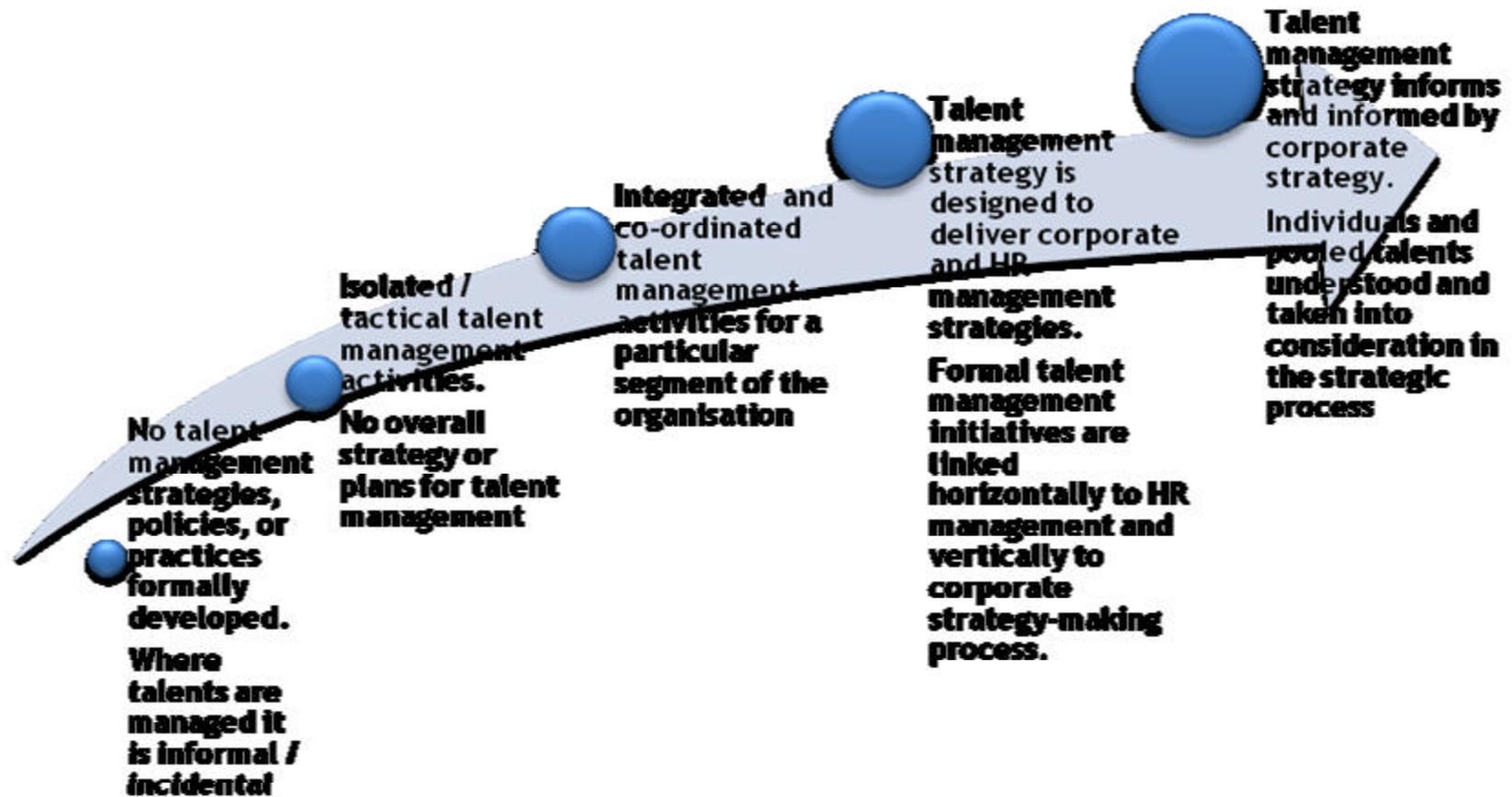


Diagram 1: Levels of maturity of organizational talent

Source: CIDP2006

Defining Government-linked companies (GLC)

GLC is a legal entity created by a government to undertake commercial or business activities on their behalf as the rightful owner. GLC can be fully owned or partially owned by the government. As a definitional issue, it is difficult to determine categorically what level of state ownership would qualify an entity to be considered as "state-owned", since governments can also own regular stock without implying any special interference. The term **Government Linked Company (GLC)** is sometimes used to refer to corporate entities that may be private or public (listed on a stock exchange) where an existing government owns a stake using a holding company. There are two main definitions of GLC: one purports that a company is classified as a GLC if a government owns an effective controlling interest (>50%), while the second definition suggests that any corporate entity that has a government as a shareholder is a GLC.

In the Malaysia context, Vision 2020 necessitated the role of GLC in growing and shaping the economy. According to an empirical study by Khazanah Nasional

Berhad and Universiti Putra Malaysia, GLC contribute approximately 16-18% of the nation's gross capital formation and 9-10% of national GDP. As at 28 February 2009, there are 19 GLC.



Insights on Tenaga Nasional Berhad (TNB)



Introduction

TENAGA NASIONAL BERHAD (TNB) is the largest Electricity utility company in Malaysia. Before it was privatised in 1990, TNB is known as the National Electricity Board (NEB) and one of the most efficient government entities. TNB's core business is in the generation, transmission and distribution of Electricity. TNB vision is "To Be among the Leading Corporations in Energy and Related Business Globally" and its mission is "We are Committed to Excellence in Our Products and Services". With a resource of about 25,000 staffs, TNB provides a lot of opportunities for its staffs to get involved in the business process be it power generation and transmission, or TNB's distribution to consumers. Furthermore, employees' competencies are continuously enhanced through structured programs to ensure topmost proficiency. In effort to know more about the initiatives of TNB on talent management, an interview session with En. Muhammad Razif, Vice President (Human Resource) TNB, was conducted on 30th March 2009.

The Interview

Q1: How does TNB define talent management?

A: Talent management is about planning and developing systematically the individual (staff) training, development and education need. This is to build a competent workforce in realising the vision and mission of the company. TNB has embarked on an Integrated Human Resource and Career Development initiative, whereby training, education and development programs are directly linked to the career path and progression of the workforce.

Q2: When did TNB set up its talent management efforts?

A: TNB embarked on a formalised & structured talent management approach in 2004, where previously the focus was more on succession or replacement planning. When TNB was starting to formalise its talent management effort in the organisation, the Putrajaya Committee on GLC high performance came out with the Orange Book. The Orange Book on Strengthening Leadership Development is designed to help transform the human capital of government-linked companies. It contains approaches to leadership development that are

drawn on global best practices and the experiences of companies in Malaysia. This book that complements the Green Book (the Board's role in exercising governance over the leadership development process) and the Blue Book (the establishment of performance management framework that is an important part of leadership development program) facilitates GLCs in identifying the number of pivotal positions available in the organisation. TNB uses this Orange Book as its guideline in materializing its effort on talent management.

Q3: What are TNB's recruitment philosophies?

A: At TNB, we start preparing people when they came through the recruitment pipeline. It is important we know our employee value proposition (EVP) so that people understand their career journey in TNB.

Q4: En. Muhammad Razif, how does TNB plan for the career path of non-technical and technical ly skilled employees?

A: TNB has a dual career path: specialist and managerial career paths. The specialist career path (technical) focuses on developing the individual talent to become an expert in selected positions.

Here at TNB, there are 23 specialists and experts in different positions to help and advice TNB on technical issues. Previously, TNB has depended on outside consultants when there is any technical problem; in most cases, the origin of the consultant depended on which country the related product is being manufactured. The managerial career path (non-technical) can be divided into 3 levels as per Diagram 2 below.

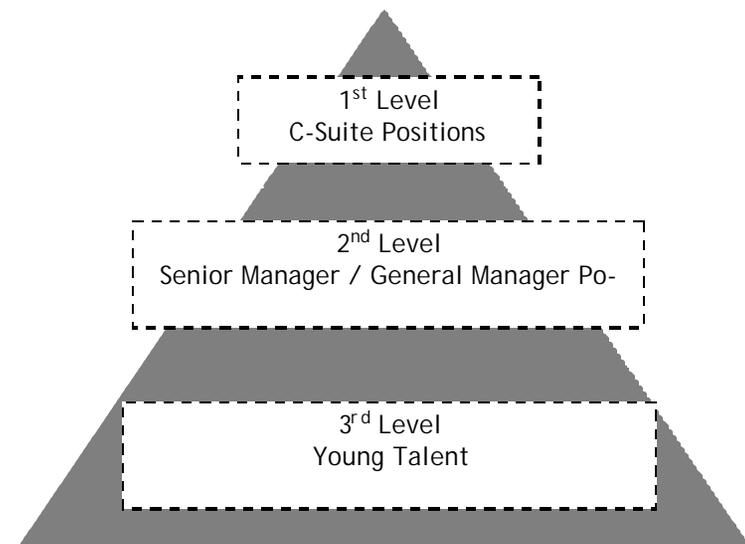


Diagram 2 Managerial Career Path (Non-technical)



Q5: How do you identify your top candidates (talents)?

A: At TNB, talent is defined as those who have the potential to occupy key position. At the moment TNB is focusing more on the key leadership positions, the G-suite positions such as CFO, CEO, CPO, CTO & CHRO. TNB is monitoring the readiness of the potential talents among the C-suite candidates who should be ready for new job challenges in 2 to 3 years. Nomination for the key talent pool positions is done through three channels: nomination by the Vice President (head of the own process), performance scans from individual's performance management results (based on the year end assessment record) and self-nomination (individuals are given the opportunity to nominate him/her self for consideration to be in the talent pool). As for 2009, the HR department has managed to assess 333 individuals that are potential to be one of the CXO. Assessments are carried out through role play, case study, 360 degree feedback and psychometric profiling. The potential candidates are being assessed in the Business Leadership Skills, Operational Excellence Skills and Professional Mastery Skills. Depending on which skill set each talent's strength and weakness falls within,

individual career plan and learning plan are drawn up. For the 2nd level managerial position, TNB executes a Talent Exchange or cross assignment amongst GLC to develop its talented people. The first talent exchange was done last year; the program involved 11 participating GLCs and the exchange program is for a period of one year. TNB talents received encouraging feedbacks from their host organisations. The company envisaged it will continue to drive the crucial employee engagement of its employees as part of its business planning process.

Q6: After TNB has identified the top talent, how does the TNB management look into development of the identified talent?

A: HR Department has all the individual profiles. The profile is adapted from what is practised in Shell known as PEP (present estimated potential). From the profile, vice president HR will talk to the identified top talent and discuss respective Individual Development Plan (IDP). From the listed talent group, to date, I have met with the top 30 ranking (who have been assessed to be at PEP level 5). When meeting with this talented people, we discuss on the learning and career plan. The

learning plan is easier to develop because it is focused on training needs analysis or based on competency gap identified through the performance management appraisal. The career plan is much more difficult to develop as it requires individual's aspiration about her/his career in 5 - 10 years later. So for each individual development plan, there are the career plans as well as the learning plans.

Q7: En. Muhammad Razif, are there any impacts of the economic downturn on talent management strategies in TNB?

A: The downturn does not give much impact to TNB's talent management strategies. Instead, I think the downturn is an opportunity for TNB to spot new talents that enables the recruitment of more talented individuals. TNB is capitalising on the government stimulus package where we will be offering 1000 - 2000 job positions either for contract employment or for extended industrial training to enhance their employability.

Insights on MAS



Introduction

MALAYSIA AIRLINES (MAS) is an incorporation of Malayan Airways Limited (MAL) that was established on 12 October 1937. MAL began its first commercial flight as the national airline on 2 April 1947. With the formation of Malaysia in 1963, the airline changed its name to Malaysian Airlines Limited and soon after, Borneo Airways was incorporated into MAL. With the separation of Singapore from Malaysia in 1965, MAL became a bi-national airline and was renamed Malaysia-Singapore Airlines (MSA). However, in 1973, the partners went separate ways; Malaysia introduced Malaysian Airline Limited which was subsequently renamed as Malaysian Airline System, or simply known as Malaysia Airlines.

Hence, Malaysia Airlines holds a lengthy record of service and best practices excellence. The airlines has received more than 100 awards in the last 10 years including being the first airline with the "World's Best Cabin Crew" by Skytrax UK consecutively from 2001 to 2004, "5-star Airline" in 2005 to 2008, as well as No. 1 as "Economy Class Onboard Excellence 2006". The awards are testimonial of MAS's continuous



commitment in delivering quality at affordable prices under the airlines vision of being the world's five-star value carrier. For the future strategy of being the best airline services globally, MAS has taken the responsibility to coach its talents for continuous production of 5-star products. In an effort to know more about the initiatives of MAS in developing its talents, an interview session with Pn. Sharifah Salwa, the Assistant General Manager of Talent Management Department in the HR Department of MAS has taken place on 16th March 2009.

The Interview

Q1: How does MAS define talent management?

A: In general, MAS views talent management as a strategy to develop the leadership of employees from the support level to the top level. Totally, Talent Management could be described as conducting training for the leadership. Leadership is not just focused on of the top level but also for the support level. This strategy is relevant to the overall development program of MAS as we want to have the skill of everyone to take the lead in everything they do.

Q2: Could you share on the talent management practices in MAS.

A: MAS has taken initiatives by doing training internally. To make it a success, MAS has developed the Leadership Development Program that has six transformational leadership behavior phases. The six phases that are crucial for successful business transformation are: Going for the impossible, Anchoring on the P & L, Situational leadership, Winning coalition, Discipline or action, and Successful transformation (see Diagram 3). The aim of the six principles is to put everyone as the same platform on what talented leadership is all about.

To date, the Talent Management Department has developed almost 100 leaders in the company. About six months after training, employees find that challenging tasks are tackled by making sure they are able to apply from what they have learnt during the training sessions. From practice and feedback, the department would be able to gauge the leadership mindset from their identified potential leaders. This is relevant to their goal to build MAS' people as motivated and energetic persons. We do also have a Job Rotation Program, where we target to rotate people every 3 years. It is our planning to

rotate 155 people so that they are multi-skilled and mobile according to the needs of MAS.

the required numbers of employees in the specialised skills group.

Q3: How do you identify and connect with top candidates (talents)?

A: There are about 19,000 MAS staffs worldwide. MAS focuses on the executive level by hiring assertive and energetic talents. MAS plans to coach 3,000 capable leaders by 2015. The strategy is to build up the momentum of leadership in the organization. Talent Management is also about developing mindset for the future of staff.

Q4: How does MAS attract talented people?

A: MAS has attracted talented people by selective recruitment of fresh graduates. During interview sessions, we take note of the interviewees who possess qualities such as assertiveness, leadership potential, show enthusiasm, and good communications skills to become our executives and other levels. This is an important step that we need to do so that we get the right resources to drive MAS globally. At MAS, we do not have much problem retaining talents except for pilots and engineers. MAS always ensure that we have the 5 - 10% above

Q5: Are there impacts of the downturn on talent management strategies?

A: At MAS, there is not much impact of the downturn on talent management. MAS is still recruiting new graduates at this moment but we have scaled down the numbers. Unlike other organizations, MAS is not retrenching anyone at the moment, but we have offered a programme called the Employee Flexible Leave, where staff can apply voluntarily for leave (unpaid leave). They can also choose to work two or three days in each week. This practice has started since the end of last year. However, as informed, we retain pilots and engineers to ensure MAS always has an adequate supply to address contingency requirements.

Q6: On a scale of 1 to 5, to what degree is talent management a strategic priority in MAS?

A: I can say the degree is from scale 4 that is high to the scale 5 that is very high. Talent management strategy is part of MAS survivor mode and building a new competency requirement. In fact, MAS' drive is guided by the requirements of the

transformation directions indicated in the Government’s Orange Book on strengthening leadership development.

Q7: How does your organization measure talent performance and productivity in terms of business value creation?

A: The talents are monitored according to the following HR Metrics with different weightage: Alignment to P&L, Customer satisfaction, Internal business concern as well as Learning & growth. These practices are crucial to our strive for quality in service and management especially business value creation.

Q8: What do you think about outsourcing HR?

A: At MAS, we only outsource operational tasks such as supply food for cabin purposes. For other departments, we are not practicing outsourcing because we believe our talents can do it.

Q9: As a concluding note, what do you foresee the prospects of MAS in talent management would be?

A: “New energy and new talent in MAS. We need people having more “spark” i.e. enthusiasm, positive mindset and energy to drive MAS forward.

We are sustaining our talent drive to create a working environment that can continuously trigger the passion, energy and drive to achieve desired results. And, to sustain passion, we “walk the talk”

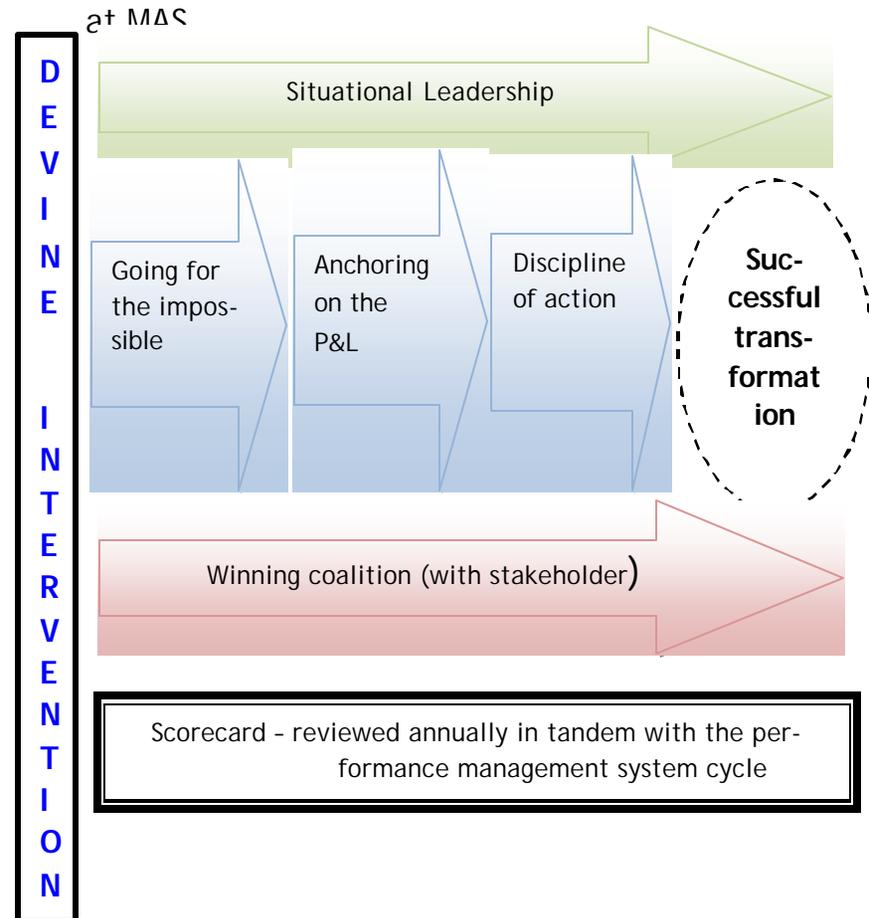


Diagram 3 The Six Transformational Leadership Principles of MAS

Summary

Talent management has been defined and applied in various ways. The generic understanding and views among the interviewed GLC are:

- Talent management is to build a competent workforce to realize the vision and mission of the company. And, talents are those who have the potential to occupy key positions. (TNB)
- Talent management is a strategy to develop the leadership of employees from the support level to the top level. (MAS)

Each of the featured GLC has indicated various approaches in embracing talent management to transform respective organization. Some of the highlighted mechanisms in effecting talent management practices are on the job training, mentoring, coaching and continuous professional assessments complemented by clear and timely communication.

A noted enabler to successful implementation of talent management among the GLC is mindset management. Just as indicated by TM, mindset

management is required to identify and connect with talents. Another interesting point from the search is that there is no one talent management model that fits all; each organization must find its own DNA to activate talent management strategies effectively. This is crucial as each organization has different business / operation purposes.

In summary, each of the researched GLC has respective approach in addressing the need to develop the required leaders through talent management. Comparisons among them are as indicated in the table below (next page).



Criteria	MAS	TNB
Vision:	"To be the World's Five Star Value Carrier"	"To Be Among the Leading Corporations in Energy and Related Businesses Globally"
Mission:	"To be a consistently profitable airline"	"We Are Committed to Excellence in Our Products and Services"
No of Employees: (as at 2008)	About 22,000 staffs (worldwide)	About 25,000 staffs (across nation)
Definition of Talent Management (TM):	TM as a strategy to develop the leadership of employees from the support level to the top level. MAS plans to coach 3,000 capable leaders	TM is about planning and developing systematically the individual (staff) training, development and education needs to build a competent workforce in realizing the vision and mission of the company. Talent is defined as those who have the potential to occupy key position.
Process of Identifying and connecting and with top candidates (talent)	Trainings are done internally. MAS have developed a Leadership Development Program - 6 transformational leadership behavior phases. Talents are monitored by HR metrics with different weightage.	Nomination for a key leadership positions is done through 3 channels (nomination by vice president, year end assessment record and self-nomination), then assessment are carried out in the business leadership skills, operational excellence skills and professional mastery skills. The 2 nd Level managerial positions talents are develop through Talent Exchange (among GLC).

Process of attracting / retaining talent	MAS attracted people by selective recruitment. Retaining talents is not much problem (except pilots and engineers). MAS ensure that MAS have 5% - 10% above the required numbers of employees in specialized skills group.	The identified top talent will discuss respective Individual Development Plan (IDP) with the HR VP on learning and career plan (aspiration) for the next 5 - 10 years this is to build commitment to the TNB.
Degree of TM a strategic priority	Very High- TM strategy is part of MAS survivor mode and building a new competency requirement.	Very High - The involvements from Vice president either in nomination of talent and the individual development plan.
Impacts of downturn on TM strategies	Not much impact. MAS still recruiting and offer voluntary leave (unpaid leave).	Does not give much impact. Instead it is an opportunity to spot new talents.
Prospect of TM in future	To coach 3,000 capable leaders by 2015.	For every employee to understand their career journey in TNB.
TM Best Practices	<ul style="list-style-type: none"> -Job rotation program, which rotate people every 3 years. -Have 5-10% above required numbers of employees in the specialized skills group. 	<ul style="list-style-type: none"> -Prepare the employee value propositions (EVP) because it is important for people to understand career journey. -To involves in Talent Exchange -Create the individual development plan (IDP) that have individual training and career plan

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