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THE STATE OF TALENT INTELLIGENCE 2023 – **SOUTHEAST ASIA**

An Accendo & People Matters Research





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Introduction

The digitalisation of workplace operations has been the biggest shift in people management over the last three years. The way companies think about work has radically changed. Amidst the change, talent leaders had to think of ways to keep their workforce engaged, productive, and purpose-driven.

At the centre of this shift are HR technologies. Next-generation technologies are being driven by the concept of 'experience'. The entire HR lifecycle is now reimagined to suit a hybrid world of work, and companies are investing in technology to make a difference from talent acquisition to learning and development to compensation and benefits.

People intelligence technologies utilise data-driven analysis to determine how talent strategies affect performance, productivity, and engagement. Although companies were deploying these technologies, it wasn't clear whether they were ready for advanced talent solutions.

To better understand the marketplace, Accendo, in partnership with People Matters, conducted a study on "The State of Talent Intelligence" as disruptive technologies continue to reshape how companies view the future of work.

This research studies the current realities companies are navigating and the challenges they encounter in using technology to support their talent mandate—the level of maturity they have in technologies. With a focus on companies in Southeast Asia, this is the first of its kind research on the gaps that HR leaders need to address.

Methodology

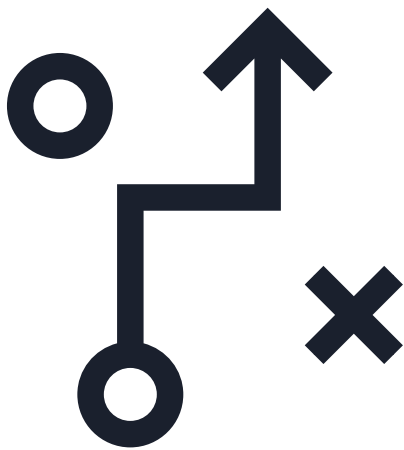
The research methodology combined qualitative and quantitative inputs. The findings of this study are based on the results of a survey. One hundred fifty companies participated in the research, and interviews were conducted with senior HR leaders. The respondents were asked to answer questions regarding their perceptions of various aspects of their talent technology strategy and applications.

Nonetheless, the empirical results reported herein should be considered in light of some limitations. First, it is the first of its kind research; no previous studies were done. Second, our sample size was relatively small compared to some other studies that have been done.



4 Key trends from the study

TREND 1



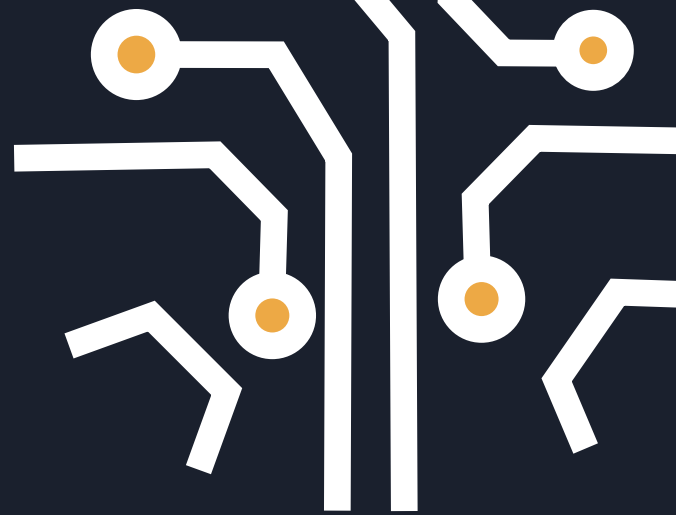
Attrition is the no.1 business challenge across companies in the SEA region.

It can often cause disruptions in workflow and lead to poor customer experience and employee morale.

TREND 2

Identifying the right talent for the right role is a top HR priority.

Only 1 out of 4 companies say they are “very confident” that they have the right talent in the right role.



TREND 3

The lack of integration of HR technology systems is a major opportunity cost.

9 out of 10 companies use at least five technology tools for talent management.

TREND 4

Consolidating talent intelligence is either extremely challenging

or quite challenging for 1 out of 2 companies.





Trend 1: **The war for talent intensifies: Attrition is the challenge**

Companies are grappling with similar challenges across the region in an uncertain global economy. Post-pandemic, several trends, including the great resignation, rise in gig work, fears of recession and a fast-changing geo-political climate, have changed the course of economies in the region. It has also led to a talent shortage along with budget constraints.

Attrition is the top challenge for all companies today. Followed by “Budgets and resource constraints” as more companies navigate an uncertain global economy.

Smaller companies (less than 2000 employees) rank “the lack of processes” among the top challenge area; Larger companies (more than 2000 employees) rank “Lack of management support” as a key challenge. There seems to be a need for greater leadership support.

Here’s the ranking across different company sizes

	Overall Rank	0-500	500-2000	2001-5000	5001-10000	>10000
High attrition levels	1	1	1	1	1	1
Lack of processes	3	2	3	4	4	4
Lack of software & tools	5	4	4	3	4	5
Lack of management support	4	6	7	2	2	3
Less budget or resources	2	3	2	5	7	2
Poor, biased or subjective decisions	7	5	6	6	4	6
Talent shortage in the market	6	3	5	7	3	5

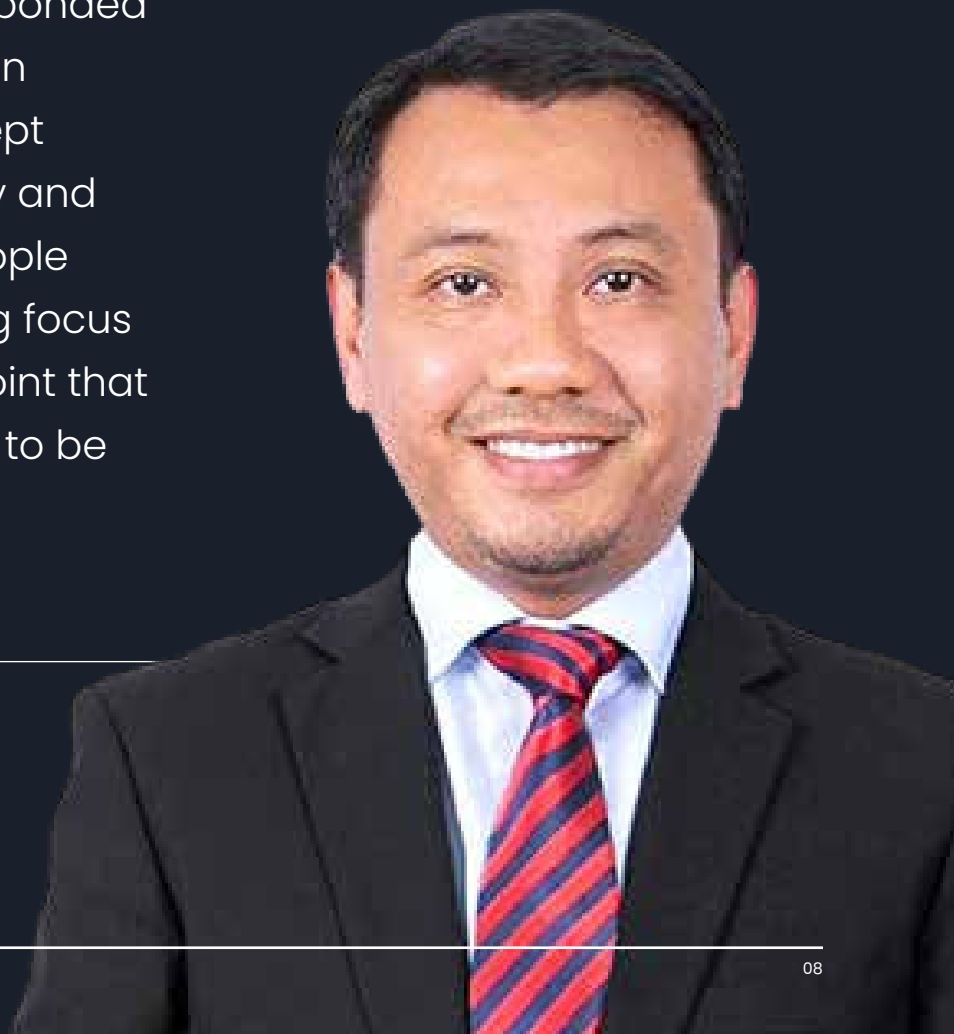
In companies that prioritise succession planning and internal mobility, budget constraints and insufficient management support are the biggest obstacles.

Companies cite budgets and resources, and a lack of software and tools, as the second greatest obstacle. Additionally, they seem to lack the resources to drive retention strategies.

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I recently presented our increasing trend of attrition to the board, and the board responded that instead of focusing on retention, we should accept attrition as the new reality and work around it. So our people strategy now has a strong focus on managing this pain point that has very limited potential to be corrected.”

Izham Ab Wahab
CHRO,
Bank Simpanan Nasional



Trend 2: Companies need a “fool-proof” approach to finding the right talent.

As businesses across Southeast Asia expand and digitalise, they face a gradual but noticeable increase in the difficulty of filling roles. Our study has found that due to this difficulty, most HR leaders are only moderately confident that their organisation has the right talent in the right role to execute the organisational strategy. According to Gallup, the cost of replacing an individual employee can range from one-half to two times the employee's annual salary -- and that's a conservative estimate. So, a 100-person organisation that provides an average salary of \$50,000 could have turnover and replacement costs of approximately \$660,000 to \$2.6 million per year.

Part of the challenge arises externally, with competition across borders and a general shortage of skills putting pressure on their recruiting ability. However, internal challenges also play a significant role - including providing a great employee experience, rewarding talent, aligning clear career milestones and ensuring a great workplace culture.

Despite facing challenges in attracting talent and retaining the right talent in the right role, most companies seem unprepared to tackle the problem head-on.

Only 25% of companies say they are “very confident” that they have the right talent in the right role. 58 % of the companies say they are moderately confident.

Larger companies (2000+ employees) are more confident that they have the right talent compared to smaller companies (<2000 employees).

Companies that report high satisfaction levels with career planning efforts also find their development and skilling opportunities successful in addressing talent needs.

Companies that are satisfied with career planning are also satisfied with career development-related initiatives, but not with recruitment - showing a siloed approach.



Instead of treating retention as an abstract thing, we work on shifting people's mindset to create a sense of belonging for employees."

Anusoorya Themudu
HR Director for APAC, Sodexo

Trend 3: Talent intelligence's tech adoption and experience remains low

Not only are companies in SEA not leveraging the right HR technology tools, they note that they are only moderately experienced with leveraging talent intelligence tools. Currently, most businesses around the region use less than three software applications and tools for HR and people management. The exception is again Singapore, where businesses are more likely to use 3-5 applications. This corroborates the earlier finding that businesses across the region, except in Singapore, are challenged by a lack of software and tools.

Global research indicates that organisation use at least nine different HR technology tools. However, A large majority of companies in SE Asia across company sizes still use **less than three tools** to manage their HR and People Management practices, indicating low-tech adoption compared to global peers.

Technology tools

Less than 3



Between 3-5



Between 6-10



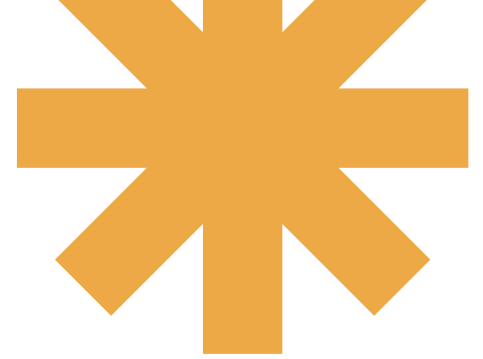
Less than **5% of the companies in the Southeast Asian** region leverage between 6 – 10 technology tools to boost their talent management practices. And nearly all of these companies are based in Singapore.

60% of companies with an employee size of over 2000 use less than 3 tools – indicating that there’s a scope to integrate and develop their HR technology capabilities to boost their talent practices.

Corroborating the gap in technology adoption, only 21% of the companies say they have “a lot of experience” in using talent assessment tools like psychometric tools and 360-degree feedback.



One notable challenge today relates to businesses' ability to fully leverage the information they have about their talent pool, and a lack of software and tools exacerbates this.



Trend 4: The big gap: Talent Intelligence – Importance Vs. Challenge

The gap between importance and the ability to take on the challenge is a key focus area for companies. While there is recognition of the challenge at hand, companies aren't able to tackle the challenge with the technology stack that they currently employ.

9 out of 10 companies say that consolidating talent intelligence is important. But nearly all note that it is challenging to do so.

52% of the companies say they find consolidating talent intelligence extremely challenging or quite a challenge, while 69 % say that such consolidation is either extremely important or quite important.

Extremely challenging



Quite a challenge



Somewhat challenging



Not a challenge



Extremely important



Least important



Quite important



Somewhat important



A consolidated view of the ranking of different HR processes on priority and satisfaction shows that certain HR focus areas are on top of a company's priority. Incidentally, these are also similar focus areas that companies identified where they see greater satisfaction and opportunity. Talent development, career planning, and internal mobility are the top focus and priority areas.

HR leaders' priorities for their talent strategy closely match their levels of satisfaction with various talent processes. The top priority is development, followed closely by career planning; internal mobility and recruitment come shortly after.

Here's the ranking across different company sizes

Ranking	Priority	Satisfaction	Opportunity
Career planning	2	2	1
Development	1	1	2
Internal mobility	3	4	3
Recruitment	4	3	4
Skills and roles updates	5	5	5
Succession planning	6	6	6
Talent marketplace	7	7	7

Unsurprisingly, these priorities again match the processes that respondents feel will benefit the most from having additional intelligence into employees' skills, capabilities, and aspirations. In this respect, HR leaders clearly have a strong idea of what is most needed in their organisation and where to direct resources.



Conclusion

Our research and discussions with leaders revealed several themes around converting talent data into actionable talent intelligence. This survey was conducted to understand the landscape of talent intelligence. While companies are already leveraging technologies, there continues to be a huge opportunity for talent intelligence. Here are some of the key takeaways:

Combine talent data for integrated insights

Talent assessments and other tools can give a solid picture of one or more aspects of a candidate or employee, and although this picture is far more reliable than human input alone, it is seldom available in conjunction with other talent data, thereby leading to incomplete insights.

Many organisations need help consolidating the resulting data for analysis or combining it with talent data from other sources. Developing the skill of data-driven talent intelligence will be a critical HR enabler. HR leaders must staff their teams with data analysts adept at identifying insights.

Retain the focus on the human aspect

A common concern voiced by leaders is that as the sophistication of data and tools increases, the human element becomes increasingly distant. In the current landscape, where high attrition is the top talent challenge, applications of talent intelligence may be most effective when balanced with managerial insights to take a more human-centric, empathetic approach.

Build holistic talent management practices

Companies need to approach their talent management practices more holistically. They need to align leadership priorities of skill gap identification, development and career management. They can do so with the technology available in the marketplace today. Analysis of the challenges that companies face shows a siloed approach to leveraging technology and insights, although companies leverage multiple technology tools.

EXPERT VOICES

On the rising trend of attrition and using data to support hiring



When we look at the data, it's not that we are not able to hire; but we are losing people in greater numbers than we are able to hire them. People leave us within the first six months! So the onboarding process becomes very, very important. Instead of treating retention as an abstract thing, we work on shifting people's mindsets to create a sense of belonging for employees.

Anusoorya Themudu

HR Director for APAC,
Sodexo



While highlighting the increasing trend of attrition to the board, the board responded that instead of focusing on retention, we should accept attrition as the new reality and work around it. So our people strategy now has a strong focus on managing this pain point that has very limited potential to be corrected.

Izham Ab Wahab

CHRO,
Bank Simpanan Nasional



We don't have any problems attracting talent. But sometimes, I have to remind our leaders that people join organisations and leave managers. That's fundamental. We have to go back to basics because sometimes you can get carried away with sophisticated frameworks, tools, and data, and you forget that you're dealing with human beings. The fact is, individuals in your team will stay if they feel valued and they know that the managers care about them.

Salika Sukswan

Head of HR,
PWC Malaysia

EXPERT VOICES

On enabling talent by hyper-personalisation of talent practices



What would an organisation want from talent? Should they be driving performance, coaching peers, and influencing the behaviour of the larger team? With that in mind, we can consider what to do differently. Because the few metrics that we use to define talent help us identify them, but once we know what we want from them and what they want from us, then the key theme would be enabling them.

Michelle Yong
Head of Resourcing,
Shell Malaysia



In my experience of using assessment tools for the past five or six years, I find that the assessment results help to show a fuller picture together with the interview. During the interview, people will share their technical skills and success stories, but when it comes to soft skills, the data from assessments will tell me a better story.

Safinas Mohd Ibrahim
Chief People Officer,
AXA AFFIN General Insurance



Clear systems need to be set up that measure the true metrics, not just capture data and skew it. If you can't do that, then you will always be following the wrong direction. You need to find a vendor who can specialise in providing training and support or build yourself. Finding technology that gives viable data insights and then training people on how to use them. One size does not fit all, so boutique suppliers tend to be better, as they are willing to flex.

Lisa Askwith
Chief People Officer,
Love, Bonito



Case Study: Digi Telecommunications

HR needs to be trained on using people analytics



Lydia Low

Acting Chief Human Resource Officer, Digi Telecommunications Sdn Bhd.

An organisation is only as strong as its people – and we believe that having the right talent in the right roles can strategically add value to the business.

To enable this, HR needs good insights into their talent pool. That is why data collection is critical; it allows HR to make better decisions in recruitment, performance management and building the right competencies, and talent management.

At Digi, here are some examples of how we have used our people insights and analytics to support our employees, also known as Digizens:

- **Enable them to chart their career growth.** We curate multiple learning opportunities to build the right competencies, allowing them to take on new roles or assignments. Besides that, we also use our people insights to plan our succession pipeline process to ensure we have a sustainable supply of the right talent in the right roles.
- **To stay relevant post the pandemic,** we pivoted and refreshed our employer value proposition to ensure that we create a work environment where Digizens can thrive and engage in purpose-driven work.
- **Continuously foster diversity and inclusion:** Having a diverse group of people with equal seats at the table gives us a wealth of varied viewpoints, expertise and experiences. This results in creativity, innovation and better decision-making for the business.

As an organisation, we prefer to carefully evaluate both the skill fit and culture fit of the candidate, which takes time. Based on our experience of using HR technology, having these tools have helped the HR team to be more efficient in managing people-related matters - i.e., from day-to-day HR operational tasks to using the data analytics provided for more strategic decision-making. While it is encouraging to see more organisations adopting HR tools, there needs to be more effort into how to use these tools effectively.

Challenges along the way

Based on Digi's experience, these are some of the challenges we have faced:

Finding the right match between what the tool can do and what the business needs are.

Finding a tool which is flexible enough to accommodate changes as the business matures.

Building the right skills to change mindsets to embrace the technology – for example, automation and self-service, which saves time and avoids manual work.

Data collection and usage

Collection of data: At Digi, we use our human capital management system to manage employees' data systematically and automate reports.

Processing of data.: While organisations have been data-driven for many years, there is still much room for improvement, especially in equipping HR practitioners with the right skills so that they are able to digest and understand the data better.

Use of data to answer important business questions: We have progressed well in prioritising data and facts for decision-making, but we still need to learn to shift to a data-driven culture and mindset.

Case Study: MasterCard

There's a need for greater integration between HR processes and analytics



Amanda Gervay

SVP People & Capability APAC, Mastercard

With the speed at which businesses operate today, HR is often pressed for time when looking for new talent, which often limits a proper analysis of the markets, role, scope, and candidates, in turn affecting the ability to find the right people for the right positions.

Understanding the competencies and skills required for a job as well as the market landscape is key to making an objective selection of candidates, be it internally or externally. This is where data comes in.

At MasterCard, one of the ways in which we do that is by conducting internal talent reviews and external talent mapping. For example, we use skills-related data, competencies, and experience gaps within the company, especially those associated with strategic objectives, compare them with external market availability, and make the closest talent match while focusing on the right fit in terms of the company's values—with Decency Quotient, as we call it, being a priority.

Usage of analytics

At MasterCard, we use a range of tools and analytics to assess people manager effectiveness, including 360 assessments for gathering data on the leadership effectiveness of our high potentials and senior leaders, and psychometric tools, such as DISC and social styles to inform team dynamics, team leadership, and the development of interpersonal skills.

When leaders understand their team members' different working styles and preferences, they are in a better position to manage the team effectively. Another area we're pioneering is an internal platform called Unlocked. This global AI-based platform enables employees to develop new skills, network, receive and provide mentorship, and gain exposure to different parts of the business through stretch assignments. Unlocked has been up since January of this year, and we can already see how valuable it is from a people insights perspective, as employees need to keep an updated profile that tells us their skills and aspirations.

Data and analytics

Whether talking about HR, security, or product development, all functions work together to support the business direction. That said, from an HR standpoint, we collect data, including employee life cycle surveys (e.g., onboarding, exit, engagement), but also focus groups and targeted interviews. In doing so, we aim to identify patterns and trends that allow us to take proactive actions.

For example, we've determined that at MasterCard, career development is a primary driver of employee engagement. And as a result, there is a lot that we do internally to match this expectation, contributing to employee satisfaction and retention and, ultimately, to business growth."

Need for integration

Over the last 1-2 years, our focus on aligning with the business priorities remained top of mind, as well as driving integration between our people assessment tools and analytics, often treated independently. That integration is important to determine with more ease and speed the change levers (e.g., structure, process, policy, system, people capability) that we need to pull in-line with near and long-term goals.



About Us



Founded in 2007 by CEO Sharma Lachu, Accendo provides talent intelligence to help organisations make data-driven talent decisions. The Accendo platform exists because companies struggle to align talent with business strategy and need a completely new approach to managing talent. It enables enterprises to revolutionise their approach to talent strategy, upskilling and employee experience, transforming how they attract, assess, align, develop, and retain top talent. Learn more about how Accendo aligns business and talent at accendotechnologies.com.

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People Matters is Asia's largest and the world's fastest-growing digital media and community platform in the arena of people and work. With over 300,000 community members, People Matters keeps the talent fraternity abreast of new ideas, trends, technological innovations, expert innovations, and new pathways to raise the community's collective consciousness and help one and all become the answer to every question of people and work. Learn more about People Matters at peplemattersglobal.com.

