

STATE OF THE INDUSTRY REPORT

2018

A Report By Prospect and PublicAffairsAsia



SECTION 5:
People Issues

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This report follows telephone and face-to-face interviews with 67 practitioners and an online survey. The survey was conducted in the final quarter of 2017 via self completion. For the purposes of this report 403 relevant responses were analysed.

SECTION 5: People Issues



While there are many external challenges confronting the corporate communications and corporate affairs industry in Asia Pacific, the biggest single problem is people-related. As the industry continues to grow, and with digital demanding new skill sets, companies and agencies are competing for top talent. Having worked hard to identify good people who fit their business, companies now find they have to work even harder to retain them. We asked top industry figures how they go about doing this.

5.1: The Talent Pool

Since joining Golin in Hong Kong over a year ago, Managing Director Jane Morgan has put a strong focus on recruiting talent, training staff and developing new ways of working with clients. “Communications has never been as complicated as it is now,” she says. “Many of the CMOs we spoke to in 2017 cited speed and strategic partnership as core to any agency relationship. We have brought in leaders who have solid reputations in their field and have set the teams up to be as agile as possible.”

While the problems of hiring in bustling markets such as Hong Kong and Singapore are well documented, several industry figures say it is even more difficult to find talent in less international markets such as Malaysia and Thailand. Says Brunswick’s Kate Holgate: “Recruiting outside of Singapore is challenging, particularly at the mid-levels. We find identifying people to work at a senior advisory level difficult. We need a greater pool of mid-levelers, from other agencies, from journalism or from the financial sector.”

Kiri Sinclair says the two biggest constraints she faces are people-related. “We don’t have a natural talent pool in Hong Kong so there is a lot of on-the-job training. We don’t have a great track record of professional talent emerging straight from university,” she says.

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Kiri Sinclair, Founder and Managing Director, Sinclair

Ogilvy employs over 1,000 staff in the region. President and CEO Scott Kronick says the firm goes to huge efforts to ensure its workforce is adequately skilled and able to move up the ladder.

“We have a Chief Talent and Development officer and his role is to ensure our staff around the region are trained properly. We also spend a lot of time on talent and staff development and succession plans. This is very important to us in Asia,” he says.

5.2: Retention

The problem of recruitment appears particularly acute at the mid-level and the top of the agency sector. Agency-side, wage inflation is therefore of concern, with rival agencies willing to make generous offers to woo top talent. Says Ogilvy’s Kronick: “The biggest talent issues are retention and keeping pace with compensation offers that are being presented to our most prized staff members.”

While it is disappointing and a major challenge to growing the business, Tulchan’s Campbell-Noë says it is inevitable that some younger staff will leave. “The competition for talent is intense and inevitably people are always interested in what other opportunities are available.”

But she adds: “We offer our colleagues interesting work, competitive remuneration, the potential for travel and more responsibility than they would get elsewhere.” North Head’s Robert Magyar has had similar success: 80 per cent of his firm’s 25-strong workforce have been with the firm for more than three years, the majority coming in with postgraduate qualifications. “With a longer tenure you can train and educate colleagues to bring them to a level – meaning we probably have the strongest team we have ever had,” he says.

Staff retention drives client retention, Magyar believes. “We don’t change people around; teams are consistent. That stability, in leadership and teams is a major added value for clients.”

FTI Consulting’s Christine Wood believes longevity works for both the agency and the client and can be a clinching factor in winning business. “First and foremost we are a people business. When we present at a global pitch I know I have worked with my international counterparts for over a decade. Not many agencies can say that,” she says.

5.3: Localisation

The drive to localise appears to be intensifying among Western MNCs operating in Asia. One corporate affairs chief in China predicts this trend will accelerate in the PRC. "An expat brings different perspectives, but frankly it doesn't seem to work well today in China. External circumstances are changing so fast. The lack of language skills prevents them translating their international perspective into day-to-day work."

Wharf's Agnes Hui says Asian firms focused on Asian markets are unlikely to have a diverse workforce. "Our focus is on China and Hong Kong, so we tend to hire local people. Hong Kong is international so we keep ourselves open to people with a different background that would add value to the company. But in China we tend to give priority to local people who know the local market and are more familiar with local practices."

Says Cargill's Bruce Blakeman: "I don't have expats working for me. I'm the only expat on my team. If you're working in China ... you're Chinese. And if you're doing corporate affairs work... there's a high likelihood you have government ministry experience."

Jason Kendy, UBS's Head of Communications and Branding in Japan and Korea, says it is incumbent on companies to understand the rationale behind localisation. It is not just to make the profile of the company workforce look local, it is to ensure that messaging is understood, authentic and in tune with local attitudes, customs and norms.

"Korea is very different to China. China is very different to Singapore. Singapore is very different to Thailand. And they are all very different to the United States. My company gives me a lot of leeway to say 'that message is not going to work here' and to do what is needed to get it right for the Japanese market," Kendy says.

But one Singaporean regional government relations chief takes a less rigid line. "We do try to hire locals. But what is more important for me is whether they speak the language, have the experience and can navigate the market."

Localisation can have its drawbacks: there is a risk to career progression if individuals are embedded in Asia's more culturally challenging markets for too long.

But expatriates might suffer in the same way. Says Kendy: "Foreigners in Japan are highly valued if they speak Japanese and have proven track records with the Japanese model. Companies will, however, keep you here for ever, not wanting to move you out to something different. That's a roadblock."

Fledgling agencies report an over-reliance on international talent in the early phase of their development. In Myanmar, the small office of a regional agency is split 50/50 between local and expatriate staff. "Local staff have language capabilities, local experience and networks. The international staff bring report-writing skills and client-management capabilities. It is an obvious division of labour," says the office head.



5.4: Internationalisation

Within some large Asian companies, efforts are focused on the reverse of localisation - the need to internationalise their communications functions. For Nissan, for example, when hiring in Japan, the challenge is securing talent that "understands the global marketplace".

"There are not that many people living and working in Japan currently who have experience of supporting global brands," says the firm's Amanda Groty. "In Japan you need a Japan-focused media team. But a global function has to be international to provide consistency. For us, the biggest change has been the hiring of more people from outside the region who have international brand experience."

5.5: Career Development

Career development is an important factor, ranking at 4.1 out of 5 in terms of level of importance in our Salary Survey research (see full details in Section 1).

For many mid-level staff, moving to a regional management role is desirable but difficult. However, there are signs that this is changing. One Manila-based practitioner believes that South East Asia is now “more integrated”, which means that regional roles, once the almost exclusive domain of expatriates, are opening up to local talent in a way not seen four or five years ago. The possibility of working overseas and in regional roles is a benefit that agencies could do more to promote to their junior and middle tiers, pointing to role models such as Weber Shandwick’s Baxter Jolly as ambassadors for Asian nationals working in communications.

At the mid-level, the ability to gain experience abroad is seen as a plus point of the agency sector. “We are seeing increasing demand from our staff for international experience,” says Ruder Finn’s Dumont, who will himself leave the region shortly to take on an international role. “We are increasing transfers and exchange programmes to achieve this.”

Sanofi’s Alan Brindell, who is based in Australia, says it is vital to engage staff and show them how their careers could develop. “We have a younger workforce. You need to keep them engaged. They are keen for development and career growth. We need to focus on their talent and skills,” he says.

To achieve this agencies are developing a range of new programmes. “Colleagues demand more one-on-one engagement in their career development. As a result we introduced the Employee Experience (EX) to help elevate our employer brand and foster collaboration and connectivity across the business,” says Weber Shandwick’s Asia Pacific CEO

“We don’t have a rigid team structure. We have open communication and work on projects based on our preferences and our interests, such as arts or travel. We have the flexibility to choose.”



Holly Chan,
Senior Account Manager,
Sinclair

change, which is the nature of agency life, particularly at the junior to mid-level.”

The route to the middle tier of the APAC agency market is varied. Take Jennifer Brindisi who started off as a lobbyist “at the intersection of policy and business” in London. Now an Account Director with FleishmanHillard in Hong Kong, she works across four or five big client contracts.

“When I was headhunted to work for FleishmanHillard, it was a chance to work internationally. Being based in Hong Kong, a lot of my role now is helping clients to better understand the variations between markets in Asia. That’s a constant conversation which surprised me. But, of course, if you’re sitting outside the region, how can you be expected to know all the nuances of one market versus another, or all the differences between China’s first and fourth-tier cities.”

Despite moving to an in-house role, Quilindo believes the agency sector is a better learning environment. That said, she feels agencies could do more to invest in the skills of existing staff and create a cooperative culture among young agencies with many new graduates. “I have noticed that millennials will jump to a different job very frequently and don’t really think too much about how this will look on their CV,” she says.

Not all junior and mid-level staff feel the need to move from job to job. Holly Chan, Senior Account Manager at Sinclair, started out on her communications career five years ago and has closely watched the digital wave as it swept across the industry. Having remained with the firm for five years, she has been promoted four times and is committed to her role, feeling she has been supported by the firm in terms of training and development.

“We don’t have a rigid team structure. We have open communication and work on projects based on our preferences and our interests, such as arts or travel. We have the flexibility to choose. You have the opportunity to work across clients and issues, from the first meeting, through planning to execution of the project.”

5.6: Mid-Levels

This year we interviewed mid-level practitioners agency-side to try to assess why so many would prefer to make a move in-house. As our survey reveals, very few see themselves moving back to agency work after leaving it.

Diane Quilindo, formerly an Account Manager with WE Communications, was responsible for three to four clients and spent a significant portion of time on new business proposals and client management.

Since joining the industry, she has seen big shifts. “You’ve got to be able to do digital, traditional, ad buy and much more” she says. “There is a lot of ad hoc work in this business, like editing a photograph to get out to social or putting together news clippings for coverage reports. Some people think that this role is quite glamorous because we get to help organise events and deal with the media, but very often it is not. It is still an exciting industry to be part of, though, because you can learn so much.”

Quilindo, who has moved to an in-house role since the interview, concedes there is a revolving door in many agencies. “In the agency world a lot of people leave after a few years to gain different experience at either another agency or move to an in-house role. There is always a lot of



5.7: Adaptability

Sanofi's Alan Brindell says it is essential to balance "personal and professional development" and for staff to be open to change. "You want to be seen as an expert, but also as a team player. Proving value is very important as you climb the corporate ladder. You have got to grow and you have got to change – you have to change what you do on an almost daily basis."

At a senior level, concerns exist that the industry is failing to develop the skills required to confront change. Ruder Finn's Jean-Michel Dumont identifies the adaptability of staff and new hires as a key issue. "Teams need to be able to adapt to the fast-changing environment and the new requirements of our clients," he says.

In certain key markets, particularly Singapore, senior communicators say there can be a lack of creative thinking and spontaneity among their teams. One Singapore-based head of a regional function says it's difficult to get staff who want to adapt and "think out of the box". "The media industry is changing. I am looking for people who have creative flair, who are hungry and who can hustle. That's a big, big challenge," she says.

Thai Union's Whitney Small returned to Bangkok to take on a global role after leading Ford's Asia Pacific and Africa communications from its Shanghai HQ. She is concerned by the poor quality of PR talent in markets such as Thailand. "It's very disappointing. It is as if the industry has not grown one iota here in the last two decades," she says.

Small says having a team of all the talents is no longer enough. "We have mixed the team up in terms of nationality. You have to have language capabilities. We work in many languages, including English, French, Thai and Burmese."

Those with an agency background are often more capable of planning and managing competing demands, according to our research. One Regional Head of Communications for a technology firm says agency experience is essential among those she targets for in-house roles. "Agency people can be better at planning. Not all in-house people have that capability," she says.

5.8: Corporate Values

When asked what factors they value, respondents to the salary survey ranked "company culture" and "trust in management" as their top factors – more important even than salary and work/life balance.

In our face-to-face interviews, practitioners often stressed the need to hire staff who shared the values of the company they work for. Catherine Etheredge, Head of Communications for New Zealand Super Fund, New Zealand's NZ\$35 billion sovereign wealth fund, says it is important to feel like a "feature of the organisation".

She heads a team of three, which works closely with the corporate strategy function. "I enjoy working between business and government. It's an organisation with a very clear public purpose, and a global and outward-looking view. Communications allows you to work closely with CEOs. That's really rewarding."

Etheredge also stresses the need for near-absolute alignment between communicators and the companies they work for. "When you are working in communications, you have to think clearly about the organisation you choose to work for. If you are a media spokesperson like I am, or if you're in government relations, you are an advocate for the organisation and you need to be committed to the purpose of it. You are the voice and face of the organisation, so you need to feel very comfortable and aligned with the organisation."

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Catherine Etheredge,
Head of Communications,
New Zealand Super Fund

Good Communicators Need:

- Empathy with their business
- Understanding of its mission and values
- Solid, adaptable communications skills

5.9: Motivation

Staff don't only need to empathise with the businesses they work for, they also need to show real enthusiasm for the nature of their role. To this end, PR people should have an interest in what makes a good story and public affairs people should really be current affairs addicts. But this is not always the case.

One mid-level interviewee says he is surprised that some colleagues in public affairs take little interest in political debate. "That's our job," he says. "We have to be passionate about politics, policy and current affairs."

The thrill of the pitch, and the rough and tumble of politics, is what keeps many public affairs professionals engaged. "I could not imagine sitting in the same job, day in, day out," says Damian Kelly, Senior Public Affairs Manager, New South Wales Business Chamber. "Working in public affairs, we are all at the mercy of government decisions and announcements, governments rising and falling. There is never the opportunity to be comfortable in this role."

5.11: Writing Skills

The need for top-quality writing skills remains fundamental to the future of the communications industry. One agency manager says recruiting procedures should be adapted so more emphasis is put on writing skills. "Most communications takes place over email. Being able to write and communicate, and capture different tones of writing, is fundamental and an ever-growing requirement."

Peter Parussini, Head of Corporate Affairs at ANZ Bank New Zealand, leads a 30-strong team in New Zealand. The team is still structured around core competencies. "But I have tried to have a team which is multi-skilled. You need people who can operate across the blurred lines between different areas," he adds.

Parussini took a well-trodden path in the early 1990s when he moved from journalism to PR. In recent years, Parussini says this has been less common, with new recruits coming in as graduates without a media background. But he believes history is now repeating itself.

"Now what's happening is that we are going back to recruiting those people with traditional media skills. My team now has more people from journalism backgrounds than ever before," he says. "We don't need them because of their contacts within news media any more. We need people who can tell stories, who can see a story and tell it, or express it in video form."

Wharf's Agnes Hui insists that finding candidates with the "soft skills" is vital. "We need people with the ability to learn and a right attitude in addition to good bilingual writing skills," she says.

5.10: Agency or In-house?

While our Salary Survey research reveals little appetite for in-house professionals to move back to the agency sector, some are never saying never. "In the medium term, it might be interesting to try the agency route. To deal with more issues and a broader range of clients and topics," says one Philippines practitioner who would like to take on a regional role.

With the drive towards integration, some professionals suggest there is now less scope to specialise. However, others believe that specialist roles can be more satisfying. "Policy-based work is more interesting and it is more intellectually demanding. You can take a lot more satisfaction from that," says one professional who has moved from a public affairs role to a broader communications job. "And I would like to do that in an in-house environment".

Like the vast majority of in-house practitioners, Shravani Dang, Group Vice President of Communications and Marketing at the Avantha Group, would be reluctant to move into an agency role. That said, she points to the similarities between the experience of some in-house practitioners and those working for consultancies. "As the Group Head of Corporate Communications, every group company is for me a client, and they have to be serviced well. So there are parallels," she says.

5.12: Specialisation

The introduction of integrated communications, partly driven by digital, appears to be working against the grain of specialised communications, where teams were made up of individuals with narrow but deep areas of expertise.

Edelman's Bob Grove says his current workforce is comprised of 70 per cent in traditional PR and communications and 30 per cent in horizontal specialist practices such as digital, planning and analytics. "Digital no longer stands alone and is integrated into pretty much everything we do. It is part of our growth story, whether we are doing corporate reputation or consumer brand work," adds Grove.

In recent years Edelman has been targeting new recruits in the areas of paid media, social CRM and analytics. The firm has also invested heavily in creative, planning and digital capabilities. "We still need PR people, but PR people with a specialism to offer such as public affairs, brand strategy or deep industry sector knowledge," says Grove.

In today's market, Agnes Hui believes entry-level staff tend to move away from specialisms. "People want to learn everything and deal with every aspect of corporate communications. Young people I have come across are curious and are keen to try everything."

Bob Grove challenges the assumption that integration means less specialisation. While Edelman believes digital must be fully integrated into all its service offerings, Grove believes that the future of the industry will rest on specialist offerings driven by specialist communicators rather than generalists. "Crisis, risk, public affairs - these are all becoming specialist career streams. This is welcomed by clients who get a deeper advisory service," he adds.

One digital communications lead believes that companies need to think more holistically when building teams. "It can be a bit limiting if you never step out of your narrow area of expertise. You can be too compartmentalised and too specialised. It should be more like a SWAT team, because some people have more than one skill."

5.13: Work-Life Balance

Work-life balance remains a big issue, particularly in the agency sector, where there is a perception that the job entails long hours. The issue is also a concern to regional management, who believe the drive towards localisation necessitates more travel to domestic markets.

To attract and retain talent, agencies appear to be giving the issue of work-life balance more attention. Kiri Sinclair, founder of medium-sized agency Sinclair, runs a workforce of 35 across offices located in Hong Kong and

Shanghai. The majority of staff are local and about a third are international, she reports. "We have a very family-orientated fun culture, free from office politics, where we emphasise the importance of work-life balance," she says, as she prepares to move to a larger creative Hong Kong office space early in 2018.

Sinclair says that building a culture where "people can put their family first" requires consultancy leadership to unite to "change the way that agencies work".

However, some organisations fail to grasp the day-to-day realities their staff confront. The Assistant VP of Branding and Communications for a South East Asian power company says domestic travel is overlooked by management as being an issue. "I love the dynamism of communications. We don't do the same thing over and over again. But our plants are nationwide so we have to travel a lot. This is very challenging."

At the senior level, travel is difficult but essential. Says Edelman's Bob Grove: "Markets have gone more local. So being able to go deep into any individual market myself is difficult, given I cover a lot of them. This means being on the road with our people and our clients to better understand and address the business challenges at hand rather than providing regional template solutions."

5.14: The Corporate Ladder

While many in-house practitioners target leadership roles within the communications sphere, few go on to tackle management roles within the broader commercial environment. One exception is John Pagani, a former journalist and political spin doctor, who made a move into external relations and commercial management in the oil and gas sector in 2012.

While he still manages external relations for New Zealand Oil and Gas, an US\$80 million firm, Pagani is taking on wider commercial responsibilities for the business. "We are a small player in a very big industry and it is difficult to match the capabilities of some of the very big operators we partner with," he says.

Pagani is currently the exception but insists it has been a good move professionally. "The ability to develop competencies in business disciplines, financial management, negotiation and human resources has been great," he says. "What I have realised in taking on more commercial and financial responsibilities is that financial people tell stories too. Projections are based on assumptions which are themselves stories."

5.15: The Future



The future for the profession in Asia looks positive. Digital has undoubtedly shaken the kaleidoscope, but many of the challenges are no greater than those confronted by previous generations. While the battle for talent remains fierce, there are signs that there is a growing pool of talent out there in the marketplace. Whether it will ever be enough to match the growing demand for effective communicators remains a moot point.

Issues such as work-life balance, career development and training are being given more priority, with agencies seeking to use these factors as key differentiators to both attract and keep hold of top talent.

In-house, the push for integration is changing the way people work, but many companies appear committed to ensuring their teams retain specialists capable of handling issues such as crisis and issues management and public policy work.

In the background, there are longer-term concerns. Some practitioners fear that the advance of technologies such as Artificial Intelligence (AI) may result in another transformative period in the communications industry. However, concerns that AI could do to the communications industry what robotics did to the automotive industry appear, for now at least, unfounded. Indeed, some professionals are confident that AI can take some of the mundane and routine work out of the communications profession. "There are a lot of tasks which can and should be automated, such as hitting one button and the content is posted to all social media, or the photos are cropped and set at the right resolution for different platforms."

Even if communications is not directly impacted by such shifts, one Communications Director says technological change will dramatically alter the business environment, and believes corporate communications functions will be central to communicating both good and bad news as these changes work their way through organisations and their workforces.

"We need to know what's going on in digital and further afield in Silicon Valley with developments in robotics and technology more generally, going beyond what would be in corporate communications and public affairs. Our CEO has taken the lead in creating a division that looks at the way technology will impact our business," she says.

So long as there is something to communicate, the corporate communications and corporate affairs functions appear to be in a safe place.

PublicAffairsAsia



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