

Takaful and the War for Talent

Mr Fuwad Beg, the Executive Director at Centriwa Consulting – which provides executive search, talent management and leadership coaching and development expertise to companies within the Islamic finance / banking and takaful industries across the GCC, Malaysia and Europe – offers his suggestions on how the industry can solve the talent crunch.



According to Ernst & Young's inaugural World Takaful Report 2008, the GCC is the heart of the global takaful market and has accepted contributions in excess of US\$1 billion as compared to global contributions of \$2 billion in 2006.

The report, which was launched at the 3rd Annual World Takaful Conference (WTC) in Dubai, also mentioned that of the global total of 133 takaful operators, 59 are within the GCC. The report also forecasts that accepted contributions globally would rise to more than \$4.3 billion in 2010 and that the 20% growth rate of the industry would be maintained. With this continual growth of the industry, conventional insurance companies, financial institutions, regulators and governments across the globe no longer view takaful and retakaful as a novelty, but as a real alternative revenue model for capital growth.

A direct consequence of this growth is the paramount need for organisations within the takaful landscape on a global basis to further enhance and strengthen their human capital by attracting, recruiting and retaining talent that will allow businesses to administer and ultimately take advantage of the business opportunities associated with this growth.

The War for Talent

In 1997, a landmark McKinsey & Company study exposed the "war for talent" as a strategic business challenge and a critical driver of corporate performance.

Currently, the requirements within both the takaful and Islamic finance industries is that it is of optimal importance to attract, recruit and retain, knowledgeable and experienced human capital to create critical success factors for organisations and currently. In no other industry in the world does it seem that the "war for talent" is more apparent or acute.

In today's global Islamic finance market, the GCC – particularly Bahrain, the UAE, Saudi Arabia, and Southeast Asian countries – particularly Malaysia, are considered to be mature markets whereas the UK, Europe and the US are immature markets.

In the global takaful and retakaful market, Malaysia and the GCC are seen as leaders in the field in both the complexity of products they offer to customers as well as the ability for the industry to be recognised as a "normal" and real alternative to conventional insurance products. Takaful operators from Malaysia, the GCC, Sudan, Sri Lanka, Tunisia and Europe, are also interested in developing the industry in places as diverse as Azerbaijan, Turkey,

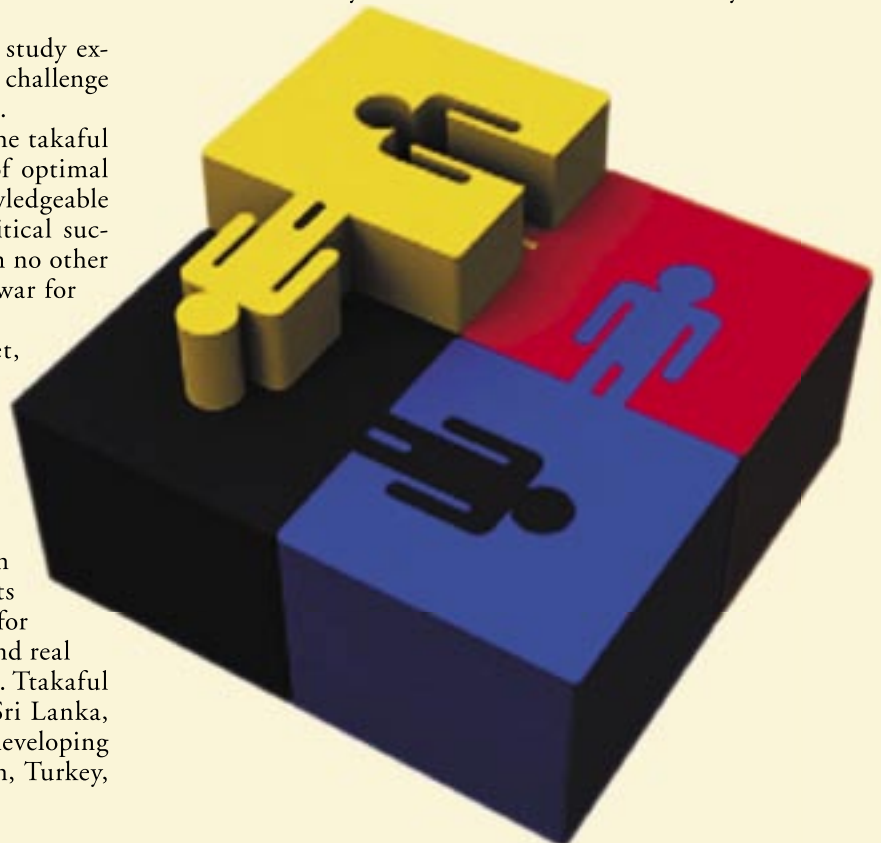
South Africa and Australia.

Although Malaysia is certainly more mature in its offering, the GCC is certainly catching up and is looking at continual growth and development of the industry over the coming years. Recent company formations have also greatly increased with companies such as Al Fajer Re, Saudi Re, and Asia Capital Re, either developing or beefing up their infrastructure to cater to takaful demand and fighting for market share, which according to Nasser Al Shaali, CEO of Dubai International Finance Centre (DIFC) is expected to grow 20% annually to reach \$7.4 billion by 2015.

Recruitment Issues

From a recruitment perspective the movement of experienced candidates from one country or region to another is very much like the analogy of migrating birds moving to sunnier climes for the winter, although generally the takaful and its sister industry, Islamic finance, is seeing a bottleneck where there are more newly formed companies and more projects undertaken than there are skilled, knowledgeable and experienced individuals to fill positions.

If you are one of these skilled and experienced candidates usually at a senior level, then the ability to



move jobs, countries and ultimately pay scales is tremendous.

The premise is the same for the takaful industry as it is for Islamic finance. Candidates with the correct job function knowledge and experience, as well as the added knowledge of Shariah-based principles will be able to move into the breach quite successfully.

In more mature markets such as Malaysia, a “brain drain” is occurring, where candidates are being offered positions in other mature markets such as the GCC countries, which is tax free, and are even being tempted to work in growing markets such as the UK and Europe where the Sterling Pound and Euro is more valued than the Dirham.

On a global basis, headhunting is being carried out to lure these prized candidates with salary and benefits gazumping becoming the norm. Although “Dutch auctions” have always been the norm in recruitment for specialist competencies, this issue is getting serious, with demand for qualified and experienced candidates outstripping supply.

Solutions

On an organisational level, many companies currently lack the foresight to develop internal processes to solve the problems.

The McKinsey paper saw wider company solutions such as creating “a winning employee value proposition”, looking at what motivates talent and creating a company recruitment brand and product. It also looked at creating employee value propositions and noted that companies that are “talent winners” also recruit continuously, rather than simply to fill positions.

Very few organisations in the takaful industry have taken the lead in adopting these or other methods. The simplest of training and development programmes such as “buddy training” programmes or the more complex company-wide training programmes are not being implemented. In the long term, this will have a causal effect on the industry.

Much of the brain drain in the takaful industry which is occurring is in more mature markets such as Malaysia, and is due to the fact that company-wide solutions of attracting, recruiting, training and developing and retaining talent have not been implemented.

However, these issues are not new. Anyone that was part of the technology boom in the mid-to-late 1990s was privy to the apparent shortage of skills in nearly all of the then new and growing areas of IT as well as the issues that organisations had to deal with where moving jobs and pay scales became the norm. Companies were actually forced to make recruitment and HR a priority to develop internal value systems so that employees would see value in staying even if they were earning \$10,000 less, because the compensation and benefits they had outweighed the move.

Having said that, in most newly-formed takaful or retakaful companies, HR departments are non-existent, let alone the policies that are needed for fulfilment.

But if anything has been learnt over the last 10 years in growth industries such as the technology industry and is being mirrored today in the takaful and Islamic

finance market today, it is that the key personnel, such as the CEO, CFO, CTO, Business Development Director and HR and Recruitment Director, are always ushered in from the outset to not only set the tone of the company and its offerings, but to build a company for longevity of growth.

The takaful and retakaful industry as a whole will need to be forward-thinking, flexible and innovative in its approach, and lead in initiatives which will allow a more sustainable environment for the recruitment, training, development and growth of new blood into the system.

One of the barriers to entry for candidates, and is truly a myth, is that one must be a Muslim to work within the takaful or retakaful landscape. This myth should be eliminated and what should be understood is that what is required is the correct competencies and experience that any employer would wish of any potential candidate with the added knowledge and experience of takaful or retakaful.

Companies should also be flexible and innovative in their hiring approach. Currently, a variety of takaful companies are being very pedantic in their approach to hiring. Some will only hire Chief Risk Officers who are qualified actuaries as opposed to someone who maybe partly qualified even though they may have much more skills, experience and reputations in the industry. Other organisations will only hire people from outside their country because of the fear of being accused of poaching candidates from customers or potential customers.

Somehow, somewhere, these will have to give and all of these issues will need to be thought through and resolved as more and more takaful and retakaful companies are formed and enter into the market.

A Holistic Approach

The next five years will be a testing time for talent in the takaful and retakaful market, especially as the market grows on a global basis.

The need for experienced talent is vital, yet many organisations, at their own peril, dismiss talent management as a short-term, tactical problem rather than an integral part of a long-term business strategy, requiring attention.

Candidates must have the basics and have achieved a successful level within their own industries before moving horizontally into the industry.

The talent picture may seem bleak, but it can certainly be overcome with foresight, as well as the implementation of programmes both organisationally and industry-wide to resolve the problems associated with attracting, recruiting, training and retaining talent.

Some of these are already being administered, while some of them are yet to be developed. But one thing should always be remembered: if an individual is being fulfilled both from a remuneration, working environment and personal perspective, then candidates, current employees and potential employees will always levitate towards organisations that provide this holistic approach than the ones that do not. ■

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