

The war for talent

MAY08 ISSUE30

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



Currently in no other industry in the world does it seem more apparent to resolve the issues surrounding the ‘war for talent’ than that of the Islamic finance and Takaful sector.

The importance of attracting, recruiting and retaining knowledgeable and experienced human capital, which will create success for organisations, is fundamental to the future development of the industry, which is predicted to grow by 20 per cent a year.

However, although there is a big drive by banking, finance and insurance companies to open Islamic finance or Takaful divisions, or for existing companies to develop their market share, very little importance is given to training current employees or to attracting, recruiting and retaining qualified talent, or even new blood, into the industry.

The Islamic finance and Takaful markets are currently divided into two distinct areas, these being, mature and immature markets. The GCC and Southeast Asian countries, particularly Bahrain, the UAE, Saudi Arabia and Malaysia, are considered to be mature markets, whereas the UK, Europe and the US are immature markets.

In more mature markets, the experience of these countries in the use of complex Islamic finance and Takaful products, as well as the ability for the industry to assimilate into society as a real alternative to conventional banking and insurance, is well advanced.

The more immature markets such as the UK, Europe and the US however, are not only developing Islamic finance product offerings, but are also having to sell their products within a marketplace that is still finding its feet, as well as one in which its potential customers need to understand the differences between conventional and Islamic finance and Takaful, whether they are Muslims or not.

Human resource and recruitment practitioners in both these markets face the problem of hiring the best candidates who are not only skilled in finance, banking or insurance, but also in understanding the Shari’ah complexities of Islamic finance and Takaful, and can implement them in a working environment.

From a recruitment perspective, the more mature markets in countries such as Malaysia, are seeing a ‘brain drain’ occurring, where candidates are being offered positions in other mature markets, such as the GCC, with its tax-free status as an incentive to switch jobs.

Headhunting is being carried out on a global basis to lure these prized candidates with salary and benefits, and gazumping is fast becoming widespread. Although ‘Dutch auctions’ have always been the norm in recruitment for specialist competencies, this issue is becoming more serious as demand for qualified and experienced candidates is far outstripping supply.

The movement of experienced candidates from one country or region to another is now becoming the norm, although the Islamic finance and Takaful industry is seeing a bottleneck where there are more newly-formed companies and projects than there are skilled, knowledgeable and experienced individuals to fill these vacancies.

For those who decide to use home-grown talent, there are a number of global training providers for banking, finance and insurance professionals who want to gain a basic understanding of Shari’ah principles to allow them to move into the Islamic finance and Takaful sectors.

In the UK, the Securities & Investment Institute (SII) and the Lebanese Ecole Supérieure des Affaires (ESA) have developed the Islamic Finance Qualification, (IFQ) which is globally recognised and is administered by the SII as well as other training providers. The Chartered Institute of Management Accountants (CIMA) also offers the IFQ which will soon be available in the UAE and Bahrain.

In Malaysia, Bank Negara Malaysia has created a non-profit Islamic finance training organisation called The International Centre for Education in Islamic Finance (INCEIF). INCEIF provides Islamic finance education via a professional certification programme, a post-graduate programme and a research and publication programme that are available onsite and online.

GROOMING

The training undertaken in-house by banking, finance and insurance companies is far from adequate and some international companies in the region do provide training for regional staff. However, the extent to which they develop training modules specifically for Islamic finance and Takaful is limited, and the concept of nurturing or grooming talent from within is almost non-existent.

Some new start-ups in the region do not have human resource, recruitment or training directors and these functions are carried out by either the chief executive officer or through newly-hired departmental heads. These stand-ins know little about the complexities of developing strategies of human capital growth which can be fundamental in creating a sustainable and fulfilling organisation to work for.

The need to develop a balance between compensation, benefits and job satisfaction, which so many employees would like to see, is fundamental to the longevity and low attrition of employees, especially when they are constantly hounded by the opportunity to work elsewhere.

The solution to this problem is not traditional, by any means, and on an organisational level, many companies currently lack the foresight to develop internal processes to solve these problems.

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

Clearly, if talent that has a finite knowledge or skill set, is to be attracted, nurtured and retained, then all of the solutions apply. However, very few organisations in the Islamic finance or Takaful industry have taken the lead in adopting these or other methods.

The simplest training and development programmes such as 'buddy training,' or even more complex company-wide training programmes that are specifically geared towards training and bringing new blood into the industry and teaching them the intricacies of Islamic finance or Takaful, are not being implemented, which in the long term will have a detrimental effect on the industry.

These issues are not new and 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.

Back then, organisations also had to deal with moving jobs and pay scales, as they became the norm, and companies were forced to make recruitment and HR a priority so they could tackle these problems.

Companies had to develop internal systems so employees could see the value in staying, even if they were earning less than what was being offered by other companies, or because the compensation and benefits they had outweighed the move.

But today, in most newly-formed Islamic finance and Takaful companies, HR departments are non-existent, let alone the policies that are needed for job fulfilment.

MIRROR

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 Islamic finance and Takaful market, is that the top directors, such as the chief executive officer, the business development director and HR and recruitment director, should always be in place from the outset of company formation, to not only set the tone of the company and its offerings, but also to build a company for longevity.

The Islamic finance and Takaful industry as a whole will need to be forward thinking, flexible and innovative in its approach and take the lead in initiatives which will create 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 truly a myth, is that one has to be a Muslim to work within the Islamic finance and Takaful 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 or experience of Islamic finance and Takaful.

Companies on the other hand really need to recognise that there is a shortage of skills in the marketplace and a flexible and innovative approach to hiring is essential in recruiting the right candidate.

Currently 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 may be part-qualified, even though the latter may have more skill, experience and a better reputation in the industry.

Other organisations will only hire people from outside their country because of fear of being accused of poaching candidates from customers or potential customers.

Somehow, somewhere employers will have to be more flexible, with the realisation that there really is a 'war for talent' and in that war, the best equipped and strategically minded to resolve these issues will be a winner.

The next five years will be a testing time for talent recruitment in the Islamic finance and Takaful market, especially as the market grows on a global basis.

The need for experienced talent is vital, yet still 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.

For candidates there are two main routes: they must at least have been successful within their own industries before moving horizontally into the Islamic finance and Takaful industry; or alternatively, internal candidates must be recognised as succession talent, or new blood, by the organisation and thus be trained and nurtured for new positions.

Couple this with a compensation and benefits package, and a company will not only attract the best talent, but also keep the best of what it already has.

For the short term the talent picture may seem bleak, yet it can improve 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.

Very few programmes are being administered, 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 gravitate towards organisations that provide this holistic approach, rather than the ones that do not.

Fuwad Beg is a director at Centriva, a boutique recruitment company that focuses on the Islamic finance and Takaful sector for clients in the UK, the Middle East and Malaysia.