

News Bulletin

45 % OF EXPATS ARE TOP EARNERS

SINGAPORE - According to The Expat Explorer Study by HSBC, Singapore has the largest proportion of expatriate top earners compared to 24 countries around the world. 45% of expatriates in Singapore take home an annual income of US\$200,000 (S\$265,000) or more. The survey said Singapore is ranked 4th in terms of the financial aspects of an expatriate's life, 7th in terms of the number of them with monthly disposable income of US\$3,000 (S\$3,980) or above, and 13th when it came to luxury items such as property, domestic help, vehicles and vacations. It was also found that 29% of expatriates work in the financial sector.



S'PORE GOVT STANDS BY ITS STANCE AGAINST MIN WAGE

SINGAPORE - Minister for Trade and Industry, and Manpower, Lee Yi Shyan, has reiterated the government's stance against minimum wage in a blog post. Mr Lee expressed his support for the arguments made by Dr Lim Chin of NUS Business School who wrote that a minimum wage would make the labour market more rigid and hurt employment opportunities of low-wage workers. According to Mr Lee's blog, minimum wage may be "well intentioned" to encourage employers to invest more in technology but it is "no silver bullet". The government's approach is to let market forces determine wages as it supports low-skilled, low-wage workers by helping them increase the earning capability by raising their employability.

ACROSS-THE-BOARD MIN WAGE MODEL PROPOSED

MALAYSIA - The minimum wage model that Malaysia intends to implement would be across the board, though it would vary regionally, said HR Minister Datuk S Subramaniam. The government will proceed with the minimum wage model and revise low wages that have remained stagnant for years while ensuring the implementation would not leave a negative impact on the industry, the minister explained. "However, we will consider having a regional minimum wage model according to the cost of living of different regions...minimum wages for Shah Alam may be different from that of Kedah or Perlis," he added.



ORACLE PLANS TO GIVE HURD US\$950K ANNUAL SALARY

U.S - Oracle Corp. intends to pay their newly appointed co-President, Mark Hurd, an annual base salary of US\$950,000 (S\$1.25M). The recently ousted Hewlett-Packard Co. (HP) CEO's pay package also includes stock options totaling 10 million shares. According to Oracle, Hurd's bonus for fiscal 2011, which ends in May is targeted at US\$5 million (S\$6.61M) but could reach US\$10 million (S\$13.2M). Hurd resigned as HP's CEO in August following an investigation which exposed erroneous expense reports relating to his outings with an HP contractor.



Feature Story

THE PROBLEM WITH PERFORMANCE APPRAISALS



Are staff performance appraisals a bane or a boon?

Dread is the typical feeling anyone has whenever annual performance appraisals come around every year. Several things depend on a favourable assessment - promotions, pay increments and even retention. And much as it is difficult to give tough feedback about the year's work, it is even less enjoyable receiving it. In a worst case scenario, a bad performance appraisal can create unnecessary friction and conflict between manager and staff, inducing a negative working environment which would have very adverse effects on staff engagement and productivity.

So, if performance appraisals are so hard to sit through, why are we still doing it?

THE CASE FOR PERFORMANCE APPRAISALS

Performance appraisals are a crucial opportunity that offers employees exclusive access to their managers to discuss and review performance, previously set goals and discover new targets. Managers and employee can converse and agree upon individual training and development needs. Appraisal data that has been collected can also benefit the organisation by using it to track the effectiveness of changes in recruitment strategies.

Undeniably, the way appraisals are conducted have revolutionised over the years. From rigid, one-way evaluation systems of yesteryears, today's performance appraisals involve more participation from staff and even internal and external stakeholders.

Today's traditional one-to-one appraisals see managers engaging their staff in discussions on their performance and goals and determining an individual's training and development needs. And over the years, 360-degree feedback has gained popularity as managers seek feedback about a staff's performance from co-workers, other supervisors, internal and external vendors and direct reports. Ranking systems help to motivate and spur employees on to perform better.

Performance appraisals give plenty of room for managers to recognise staff for their work efforts while providing feedback, thus encouraging employee motivation and satisfaction. The existence of a performance appraisal programme demonstrates to employees that the organisation is involved in their personal and professional growth. This would have a positive impact on an individual's sense of worth, commitment and belonging.

THE PROBLEM WITH PERFORMANCE APPRAISALS

Let's face it: performance appraisals are often retrospective.

A typical traditional appraisal usually occurs once or twice a year. Inevitably, there would be extended time gaps of months between establishing goals and reviewing them, and objectives that were set upon in the beginning of the year are usually only dragged out during appraisal time.



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While performance appraisals provide the perfect opportunity for managers and staff to have a one-on-one discussion, it is unfortunately open to biased ratings. For example, some managers tend to be liberal or strict in their rating of staff, especially if they have personal prejudices against individuals or groups. Managers may also fall into the trap of the "recent performance effect" where they generally only recall the recent actions of employees at the time of the appraisal and award points based on recent favourable or unfavourable events rather than whole year's worth of activities.

What organisations do not realise is that skills gaps need to be addressed quickly as it would impact the bottom line - any performance issues that are halted for months to be addressed

THE PROBLEM WITH PERFORMANCE APPRAISALS

would become non-issues. And because performance feedbacks only occur once or twice a year, there are hardly any other opportunity utilised to inform an employee what kind of skills he/she needs to develop. Goals and objectives are thus not supported enough. There is also a tendency to focus on the weaknesses instead of strengths, which creates conflicts between manager and staff as well as a negative work environment.

What managers should aim for is performance previews - they can happen as often as necessary for managers and staff to discuss work issues. There should also be a need to review results whenever possible without any dependency on HR directives. However, open communication between managers and staff is crucial for such sessions to be successful. Feedback should be immediate as possible. There should be a focus on actual real-time tasks and staff should be allowed to correct their behaviour.

SOLVING THE PROBLEM

Rather than taking a cookie-cutter approach, a successful performance appraisal system must fit the organisation. Organisations need to assess the suitability of performance appraisal systems to their own workforce before implementing one that meets their needs.

The primary purpose of an appraisal system is to sieve out those who cannot or would not do the job. It has to be communicated to all involved parties and appropriate support and training should be provided especially to managers conducting such sessions with their staff. Employers should also take note that performance evaluation is a continuous process and not one that happens only once a year. The best appraisals are a two-way discussion and focus on the employee assessing his own performance and setting goals for improvement.

And as best practice, organisations should ensure key performance indicators (KPIs) are well communicated to and clarified with staff, and there are proper benchmarks in place against which staff are assessed. Data collected from appraisals should be used to track the success of recruitment and induction practices.



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