



LIFE SCIENCES PRACTICE

Asian Champions

How Asian Healthcare Firms are Recruiting Back Their Star Performers from US and EU Rivals

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With the majority of global healthcare firms headquartered in the United States (US) and the European Union (EU), the war for top talent in Asia has historically been driven by foreign multinationals attracting the best and brightest to lead their local subsidiaries. From Big Pharma and major medical device/lab equipment manufacturers, through to service firms and technology vendors, Asia has traditionally been a commercial outpost for global firms seeking to introduce and commercialize products developed at headquarters. However, the past 10 years have seen a significant number of Asian firms, confident and entrepreneurial, stepping onto the global stage and looking to recruit back their best people. How will the rise of these local champions affect the war for the best talent in Asia and what are the different market dynamics between Japan - a geographic outlier with many established healthcare multinationals, Greater China and Southeast Asia?

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Michael Huberts, Managing Partner - Japan and global Life Sciences Practice leader at NGS Global, interviewed three Asian life science executives for thoughts surrounding their efforts to source top talent for their respective markets. They asked that we do not share their name or company so they could speak candidly. The following is a summary of their views.

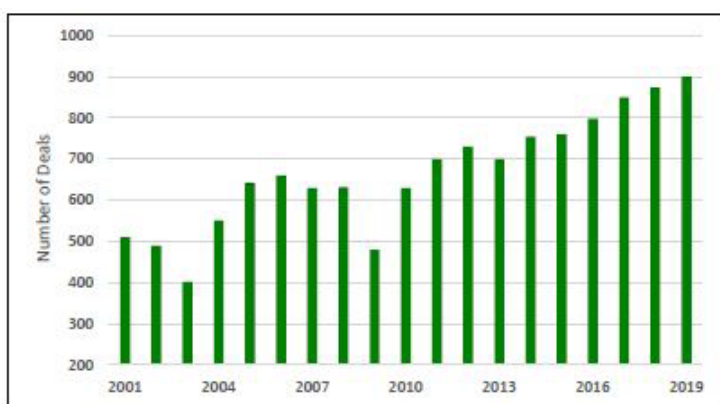
- **Japan:** Chief Human Resources Officer for a publicly listed, multinational, Japanese medical device manufacturer with annual revenues exceeding \$1 billion USD.
- **China:** Healthcare Investment Analyst for a leading global private equity firm with a primary focus on pharma/medical service providers and healthcare software vendors.
- **Singapore:** Chief Financial Officer for a clinical-stage biopharmaceutical company with significant investments from public and private institutions.

Q: THINKING ABOUT YOUR BROADER BUSINESS STRATEGY, WHAT IS THE DRIVING THEME TO ACHIEVING GROWTH?

Japan: We are looking to move more of our operations outside of the country. The Japanese market is stable, but the expected sales expansion is low given our declining population challenges and modest GDP growth. Many Japanese companies have built strong cash positions and they are choosing to invest in high growth markets which are often outside of Japan. Last year was a record year for Japanese M&A activity and much of this was in Asia.¹

Read more: [Global M&A Appetite at 10-year High](#)

Chart 1 - Overseas M&A Activity by Japanese Companies



Source: Nikkei, 2020¹

China: Locally the rise of a skilled workforce is increasingly moving our economy up the value chain. Historically, we invested in businesses that sold to US and EU clients and we competed primarily on cost. However, we are now seeing a growing number of homegrown companies looking to employ our services and are demanding higher quality and expertise. As such, we are now competing on knowledge on par with our US and EU competitors.

Singapore: In the Research, Innovation, Enterprise (RIE) 2020 plan, the Singapore government identified health and biomedical sciences as one of the four key areas of national need/competitive advantage, driving them to invest S\$19 billion on research and innovation, a vast increase from the previous 4-year period.² The increase in public expenditure has led to the robust growth of a local healthcare ecosystem - Pharma, Device, Services, Digital Health - and we are developing local champions that can compete on the world stage.

Read more: [Government Sets Aside Record S\\$19b for Science and Technology Research](#)

Q: HISTORICALLY, WHAT HAS BEEN YOUR TALENT STRATEGY AND HOW HAS THIS EVOLVED AS YOUR BUSINESS STRATEGY HAS CHANGED?

Japan: We have typically kept our global talent strategy in-house. If you look at our local subsidiaries, corporate has usually sent a Japanese member to oversee the operations and there has not been a great deal of autonomy. We have used global postings as a development channel towards future leadership roles for our star Japanese employees. While change is slow, we certainly now emphasize a broader range of backgrounds and have focused on hiring strong local managers to head specific countries. We have looked to broaden the headquartered senior leadership group as well as having several non-Japanese nationals on our senior leadership team. We hope to see this trend continue.

China: Given that our businesses historically competed on cost, we leaned towards using high compensation to secure the best talent. The inflationary effect of this practice led to Chinese firms overtaking the global multinationals in terms of pay scale when trying to attract the best talent. As we move to a more skill-based economy, we are finding that candidates are focused on their ability to directly impact company decision-making on a global scale. There is a strong entrepreneurial spirit in China and the prospect of making a business decision and implementing it quickly (versus running ideas past a global manager in the US or EU) is a strong driver.

Singapore: Our strategy has been to look for global talent or those working in Singapore from multinational companies. While talent could come from any part of the world, there was a greater proportion of expats from India and China who were seen as a better cultural fit. This continues today, but we are increasingly getting access to a new generation of Singaporean talent – based locally, but having spent their previous career working for multinationals, and whom are now wondering what it would be like to work with a local firm competing on the world stage.

Q: WHAT ARE THE CHALLENGES WHEN TRYING TO ADOPT YOUR NEW TALENT STRATEGY?

Japan: The rate of change is one challenge, but I do not feel that is unique to Japan – it is probably true of many large global companies. In recruiting top talent outside of Japan, we feel we are in a good position and our broader Japanese brand has a positive effect - we are comparable with our US and EU competitors on salary and we believe we have a more inclusive culture that cares for our employees. Finding global talent to relocate to Tokyo is our greatest challenge. There is a perception, occasionally overstated, that language and cultural barriers make Japan a difficult place to live, for both employees and family, in contrast to traditional expat hubs such as Singapore or Hong Kong. Compensation can also be a challenge as we have fairly rigid salary bands for Japan-based employees, and tax rates in Japan are higher than in other countries. Finally, for employees looking to move with their family, there are a limited number of international schools and this has proven to be an obstacle when discussing relocation.

China: Our greatest challenge is the speed and hunger for top talent in the market. No sooner than having secured an outstanding leader for one of our portfolio companies, does another business attempt to poach them away. It must be said this rapid pace has slowed a little over the past several years, but entrepreneurs know what they want and know where to find it.

Singapore: As a biopharma company that is running global trials, our greatest challenge is finding local candidates with global exposure to lead our clinical trials or business development activity - particularly in the US and EU. In most of the functions of early stage development or corporate roles, we feel we have a strong local talent pool to draw from, but there is a shortage of people with hands-on experience in commercialization outside of Asia and the competition for these unique leaders is fierce.

Q: DO YOU EXPECT THESE TRENDS TO CONTINUE AND WHAT POTENTIAL FACTORS COULD AFFECT THIS?

Japan: I expect Japanese companies will continue to globalize and seek out the best worldwide talent to lead their organizations. There have been some recent, high-profile controversies surrounding foreign leadership within Japanese firms, but these are the exception and not the rule.

China: I believe we will see several major Chinese healthcare firms take big steps on the global stage and it will be very exciting. The prospect of a global recession could dampen this expansion strategy, but I feel there is strong momentum moving forward.

Singapore: I think the Singaporean government will continue to invest in healthcare. They may even accelerate their push into this sector and that will expand the talent market inside and outside of Singapore. Increased focus of US and EU companies building hubs in Singapore may affect our ability to attract talent as there will be increased local competition. For example, GSK recently opened a commercial hub in Singapore to handle more than half of its worldwide operations, but other major players are also moving specific functions locally.³

Read more: [GSK Opens New Regional Headquarters for Asia in Singapore](#)



CLOSING THOUGHTS

It appears that the locum of control, salary and growth of homegrown technology will likely accelerate the move of top talent towards these Asian champions. For US and EU healthcare companies seeking to compete, the greater the emphasis on innovation and providing broader managerial opportunities for their best and brightest will be paramount for an effective retention strategy.

Author Note: For the purpose of brevity, this article does not cover several key markets in Asia such as Korea, ANZ and India that have their own global champions competing aggressively on the world stage. We may revisit these geographies in a future series of interviews, but their omission in this paper is by no means a comment on their significance in the region.

End Notes

¹ Suzuki, W. (2020). Japan's M&A boom put to test as recession fears loom. [online] Nikkei Asian Review. <https://asia.nikkei.com/Business/Business-trends/Japan-s-M-A-boom-put-to-test-as-recession-fears-loom> [Accessed 25 Jan. 2020].

² Chai Chin, N. (2016). Govt sets aside record S\$19b for science and tech research. [online] TODAYonline. <https://www.todayonline.com/singapore/govt-invest-s19b-rd-push-over-next-five-years> [Accessed 26 Jan. 2020].

³ Sg.gsk.com. (2017). GSK opens new regional headquarters for Asia in Singapore | GSK Singapore. [online] <https://sg.gsk.com/en-sg/media/press-releases/2017/gsk-opens-new-regional-headquarters-for-asia-in-singapore/> [Accessed 28 Jan. 2020].

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