

## **29<sup>th</sup> ASSA BOARD MEETING**



### **DEVELOPING TOMORROW'S LEADERS IN EMPLOYEES PROVIDENT FUND, MALAYSIA**

**25-27 SEPTEMBER 2012  
NIKKO HOTEL, NUSA DUA, BALI**



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## EMPLOYEES PROVIDENT FUND (EPF), MALAYSIA

The EPF is a national compulsory savings scheme that provides retirement benefits for the private sector and non-pensionable public sector employees. The employees and their employers pay monthly contributions to the Fund and the contributions are credited to the individual member's account to which dividend is added annually. When members attain the retirement age of 55 years they are allowed to withdraw all their savings. However, early withdrawal is also allowed in the event of death, incapacitation and emigration. In addition to providing retirement benefit, the EPF has also introduced other withdrawal schemes to assist members in home ownership, health care and education.

The EPF is one of the two retirement schemes in the country. The other is the Public Service Pension Scheme for the pensionable employees of the public sector.

In addition to the retirement schemes, the Social Security Organisation (SOCSO) administers the Employment Injury and the Invalidity Pension Schemes.



## LEGISLATURE

The EPF was established on 1 October 1951 under the EPF Ordinance 1951. The EPF Act 1951 has since been replaced by the EPF Act 1991. It is the oldest national provident fund in the world.

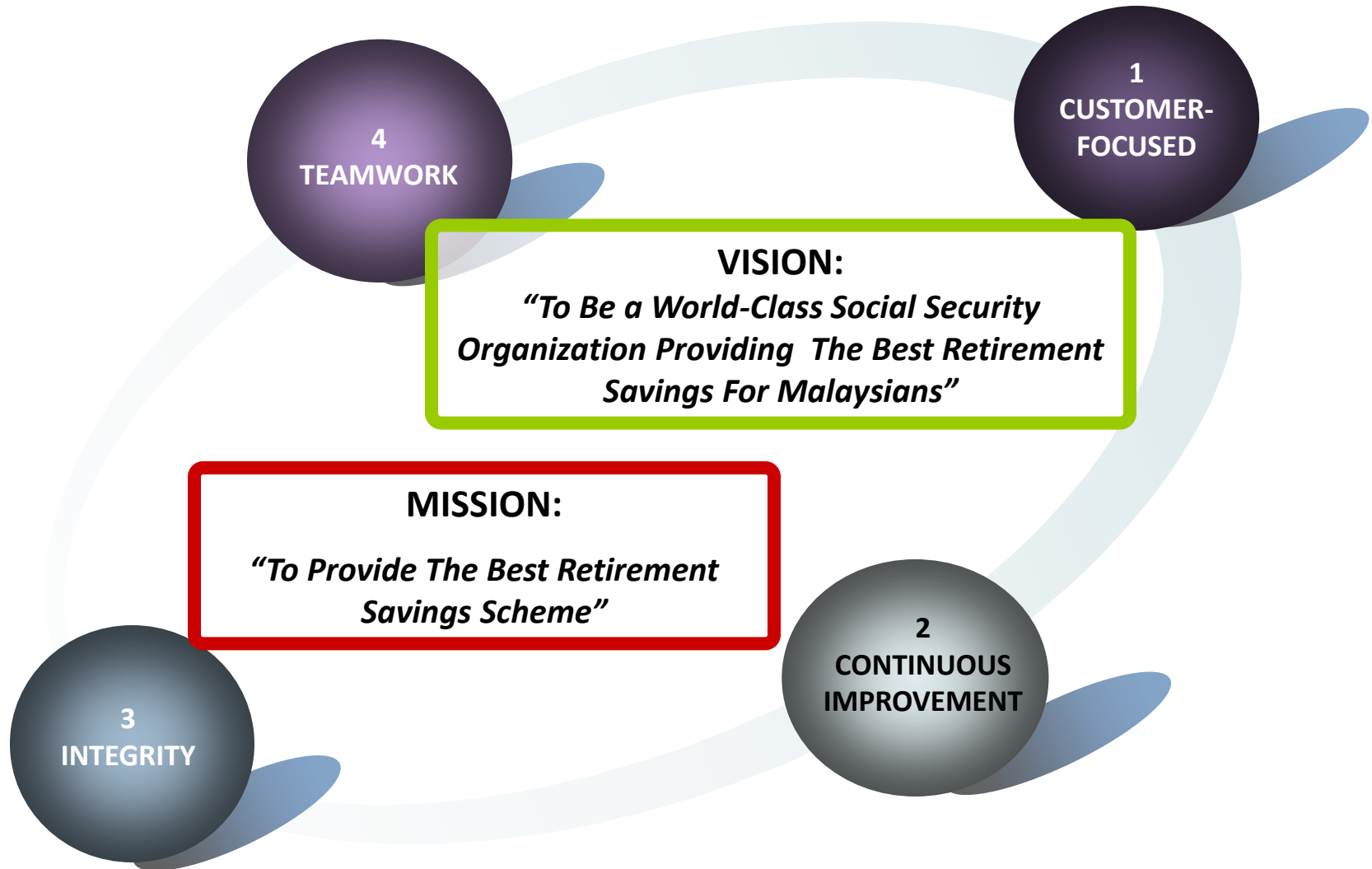
## ORGANISATION

The EPF Board is a statutory body under the Ministry of Finance. The Board comprises representatives of the government, employers, employees and professionals.

In addition to the Board, there is an Investment Panel, which is responsible for the investment of the funds. It comprises representatives from the Ministry of Finance, the Central Bank and 3 independent financial experts. The Minister of Finance appoints both the Board and the Investment Panel members.

The EPF headquarters is in Kuala Lumpur and it has 14 state (regional) and 63 branch (district) offices throughout Malaysia.

# MISSION, VISION & CORPORATE VALUE





# KEY STATISTICS

## EPF's Key Indicators (As At 31 December 2011)

### MEMBERSHIP

Total Members	13.15 mil
Active Members	6.26 mil
Self-employed	88,326

### REGISTERED EMPLOYES

Total Employers	487,664
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FINANCIAL	RM (bil)	USD (bil)
Cumulative Assets	477.51	150.30
Cumulative Contributions	445.94	140.36
Contribution Received	43.92	13.82
Gross Income	27.57	8.67

### KEY PERCENTAGE

Operating Expenses To Income	3.24
Dividend Rate	6.00
Inflation Rate	3.00
Real Dividend Rate	3.00

Contribution Rate: Employer Share Employee Share	12% + 1% (salary RM5000 and less) 11%
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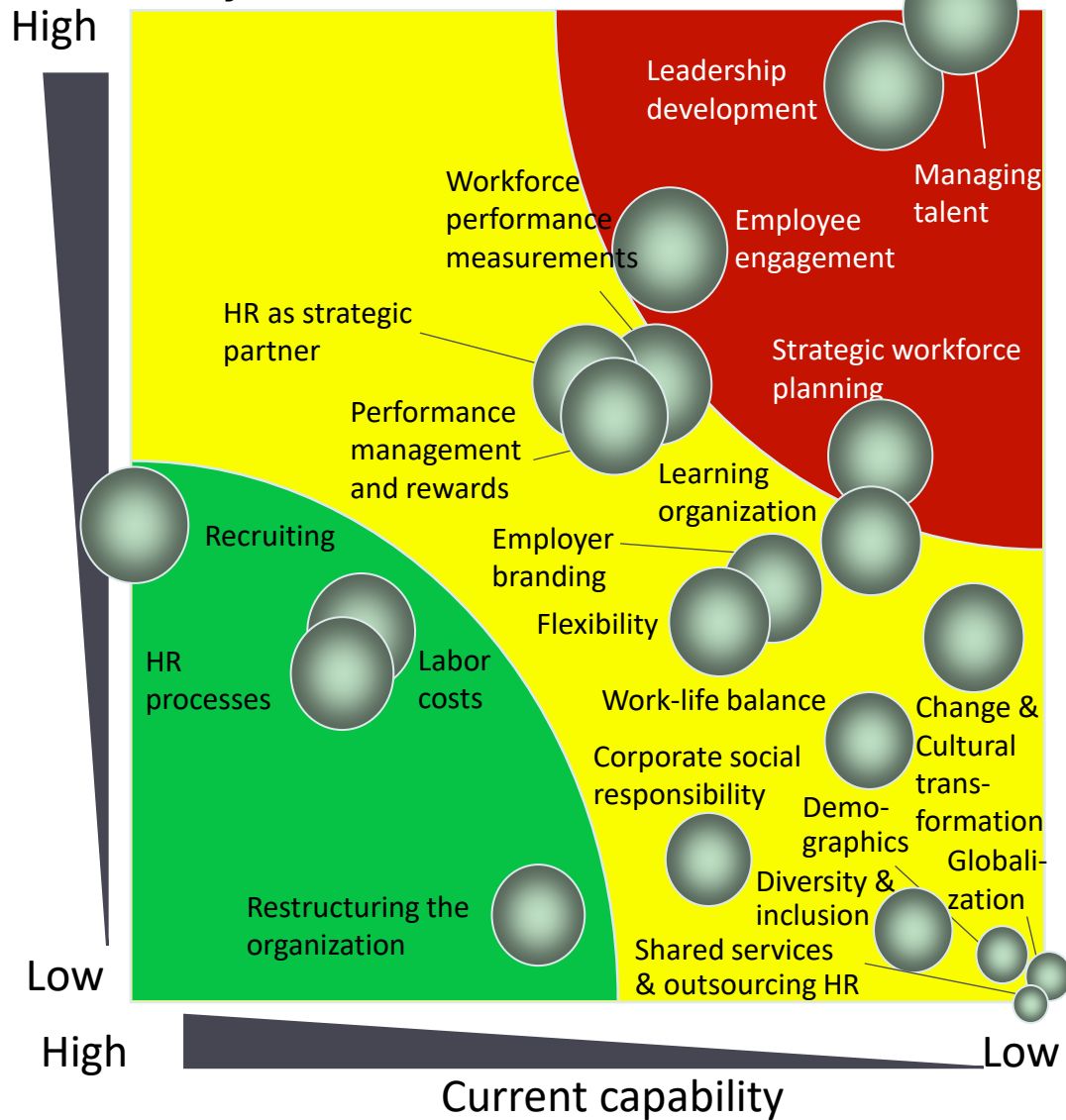
Source: EPF 2011 Annual Report



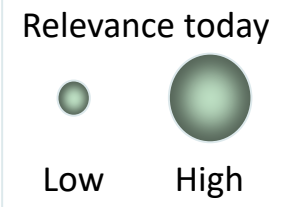
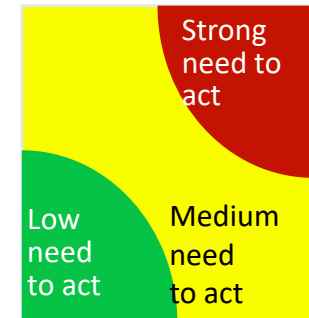
# **TALENT MANAGEMENT – TYPICAL WORLDWIDE CHALLENGES**

# HR FOCUS

The HR focus for the next 5 years:



Sample size:  
5,561



Creating People  
Advantage  
BCG/WFPMA





# Organizations Find Implementing Talent Strategies Challenging

Talent management and HR professionals are not only finding it difficult to identify quality talent, but also to implement an effective long-term talent sourcing strategy. According to a 2012 survey by the Aberdeen Group, organizations are facing the following pressures:

**55%**



Shortages of required skills  
available in the labor pool

**47%**



Pressure to meet the  
company's growth objectives

**52%**



Trouble sourcing  
enough qualified candidates  
to fill openings

Source: "Sourcing Gets Smart: Revamping Strategies, Rethinking Technology," The Aberdeen Group, 2012





# 2012 Challenges

## Most-Pressing Challenge

When 631 senior executives and HR professionals were asked, "What do you expect to be your organization's most-pressing HR challenge in 2012?" they responded:

**Lack of high-potential leaders in the organization**

**31%**

**Low engagement and lagging productivity**

**26%**

**Shortage of talent at all levels**

**23%**

**Defection of top talent to other organizations**

**20%**

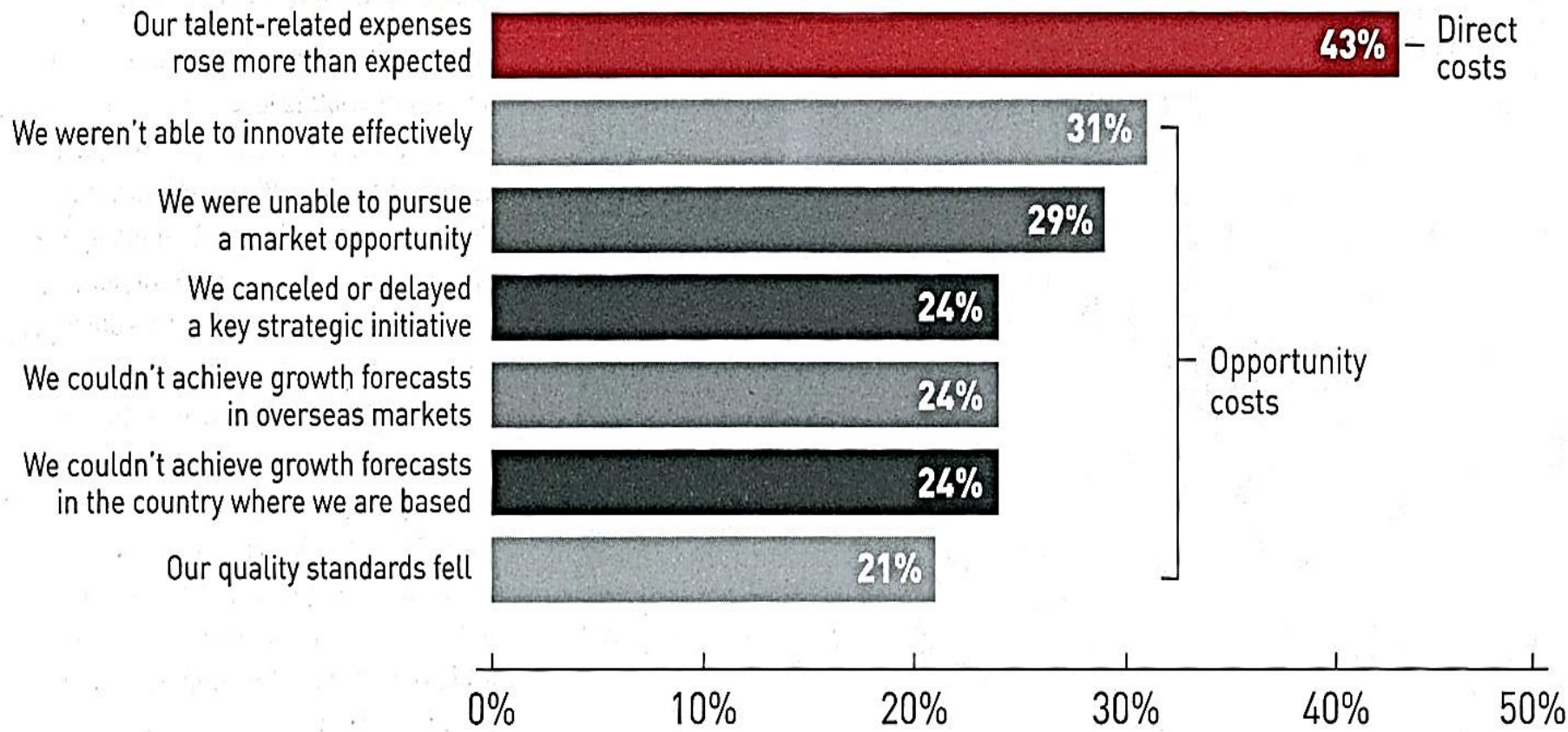
Source: Right Management, Philadelphia





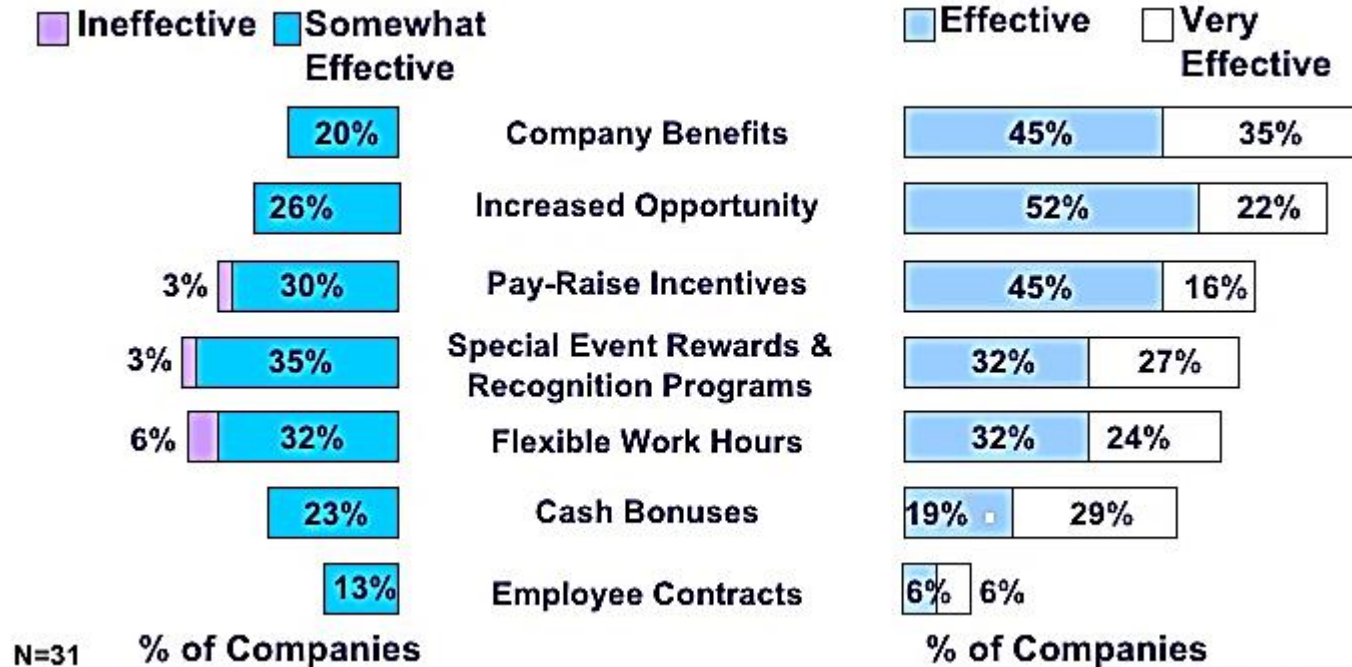
# Talent Constraints Are Now Affecting Growth and Profitability

Have talent constraints impacted your company's growth and profitability during the past 12 months in the following ways?





# COMPANY BENEFITS AND INCREASED (DEVELOPMENT) OPPORTUNITIES ARE TWO OF THE HIGHEST RATED RETENTION TOOLS



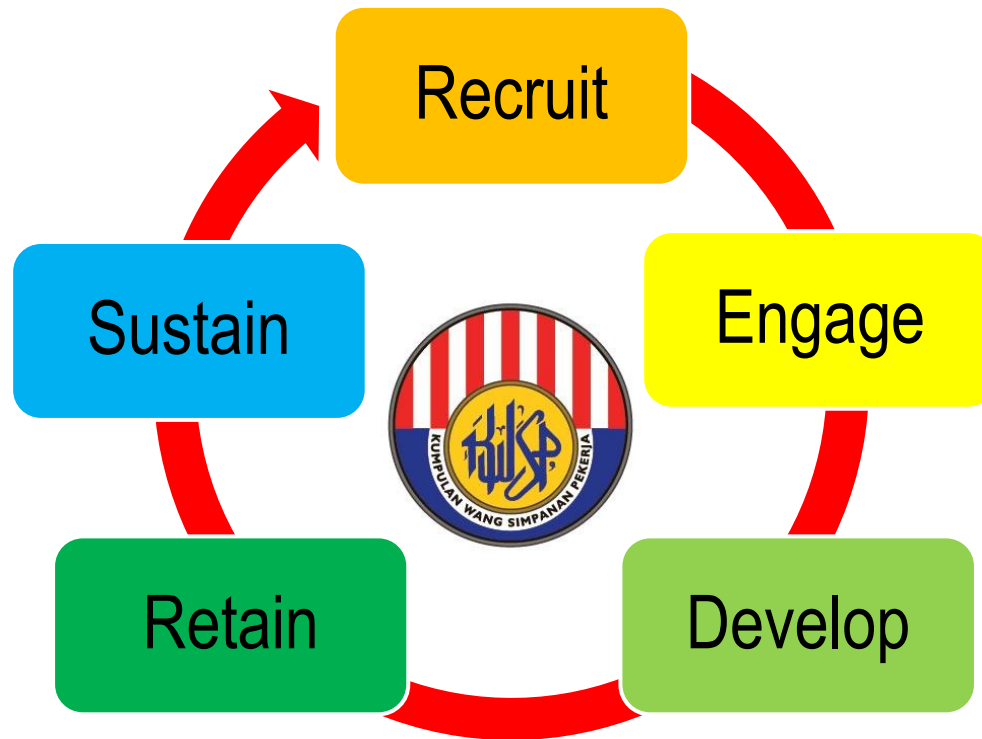
Source: Best Practices, LLC



# GROWING TALENT - THE EPF'S WAY



## BUILDING TALENT PIPELINE IS CRUCIAL TO EPF'S SUSTAINABILITY



**Many organisations still dismiss talent management as a short term tactical problem, rather than an integral part of a long term business strategy, requiring attention of top management and substantial resources**



## **RECRUITMENT, SELECTION & PROMOTION POLICIES**

- ▶ **The Board oversees the overall activities involving selection, recruitment and promotions via the Establishment & Services Committee**
- ▶ **Policies for recruitment, selection and promotion have been well established and widely disseminated to all the organization staff**
- ▶ **Updated information are readily available via the internal site and staff could also get assistance from HR experts within the department**
- ▶ **Key activities are also ISO compliant and this adds to the transparency and predictability of the processes concerned**



## TALENT MANAGEMENT & RETENTION

- ▶ **EPF has outlined the career path and learning development activities for the organization**
- ▶ **Succession planning process have also been set in place, where high potential officers from the Talent Pool are groomed to take over key positions and critical skills**
  - ▶ Candidates are put through a structured 1-3 year talent development programme, primarily in the area of leadership, to enable them to acquire the requisite knowledge and skills to assume leadership position from time to time.
- ▶ **There are two committees that manages and monitor the EPFs Talent Management Programmes:**
  - ▶ **Talent Council** – approves policies related to EPF's Talent and Succession Planning. This is headed by the CEO of EPF.
  - ▶ **Talent Management Working Committee** – executes the EPF's Talent Management and Succession Plan. This is headed by the two DCEO of EPF.





## HUMAN CAPITAL DEVELOPMENT

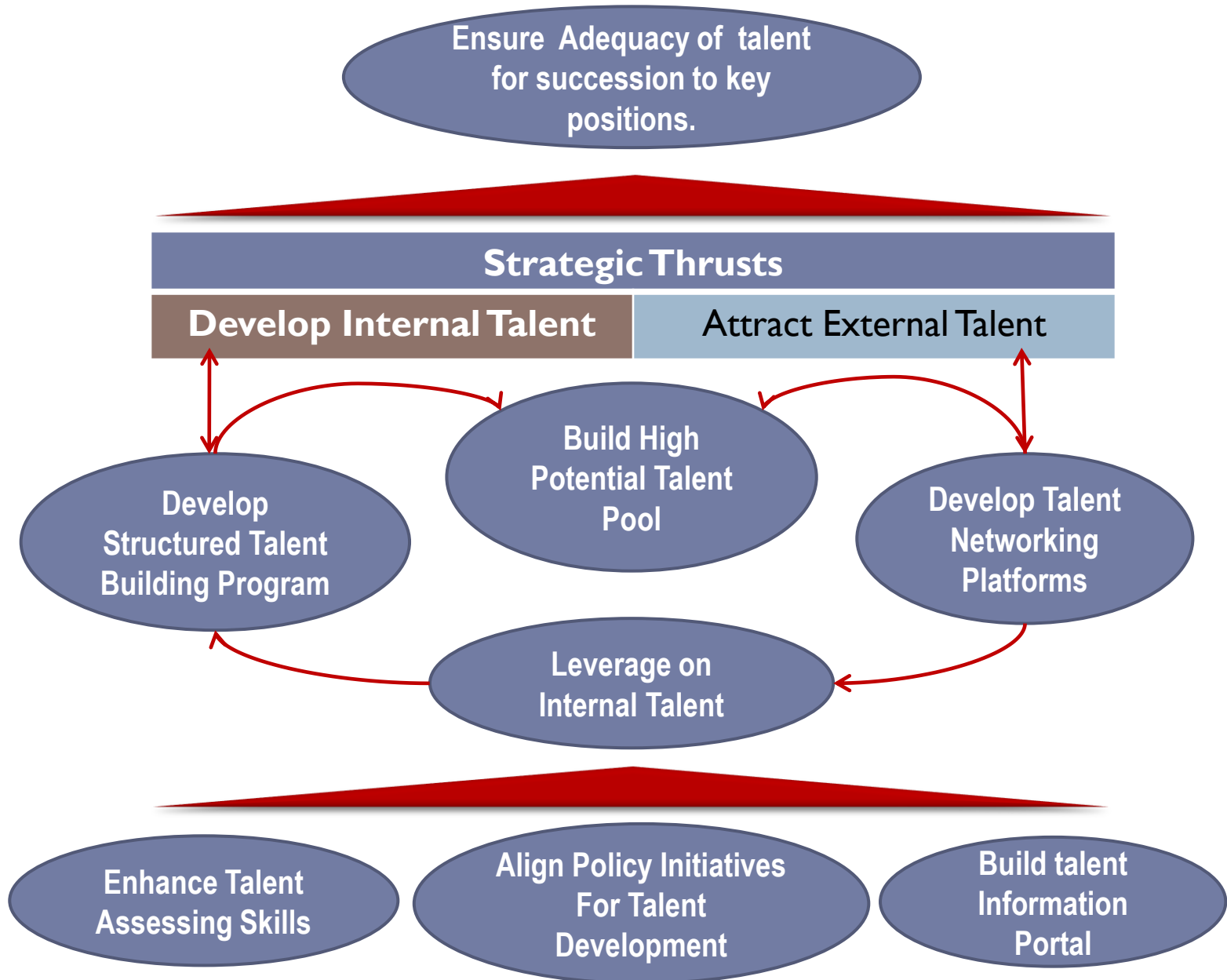
- ▶ **EPF Board allocates 2% of its operations budget for human capital development**
  - ▶ Shows the organization is commitment in ensuring the required training programs are made available to all staff
- ▶ **Both internal training conducted by EPF's in-house training centre and external training are planned and manage by the EPF's Training Institute**
- ▶ **KPIs are set for all staff in terms of the number of hours that need to be accumulated for the year**
- ▶ **Training needs analysis is conducted and programs are carefully developed to meet the organization's requirements and expectations.**



## **COMPENSATION POLICY**

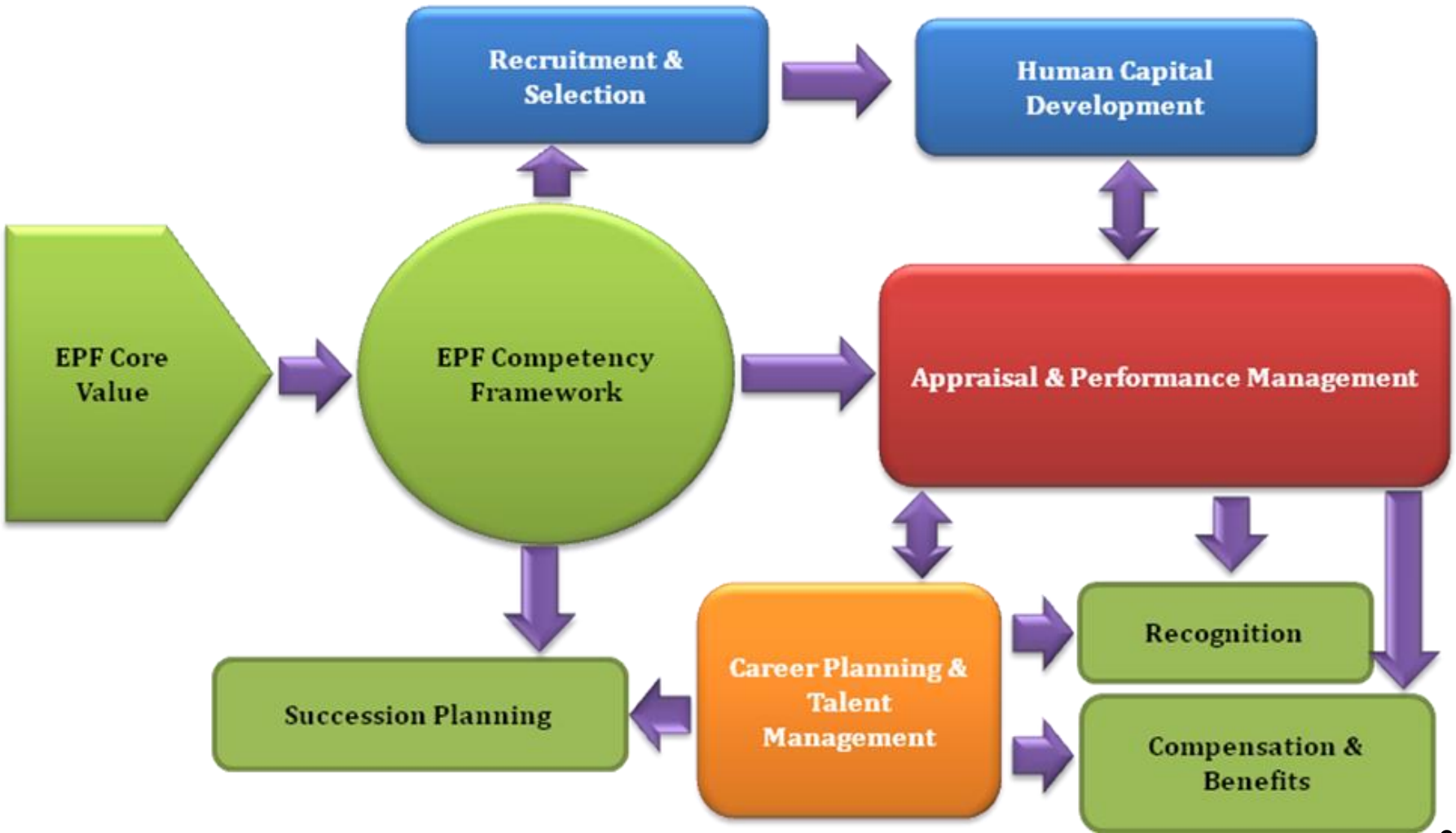
- ▶ **EPF's compensation and benefits package is considered competitive amongst the government and private sector agencies**
- ▶ **Salary reviews are done every three years and review of benefits package are also done via the EPF Terms & Conditions Review Committee on an on-going basis**
- ▶ **Inputs for the proposed improvements are not solely from the Management but also from feedback coming from the In-House Unions and Senior Officers Association representatives.**

# EPF'S TALENT MANAGEMENT STRATEGY MAP





# EPF'S TALENT PIPELINE DEVELOPMENT MODEL



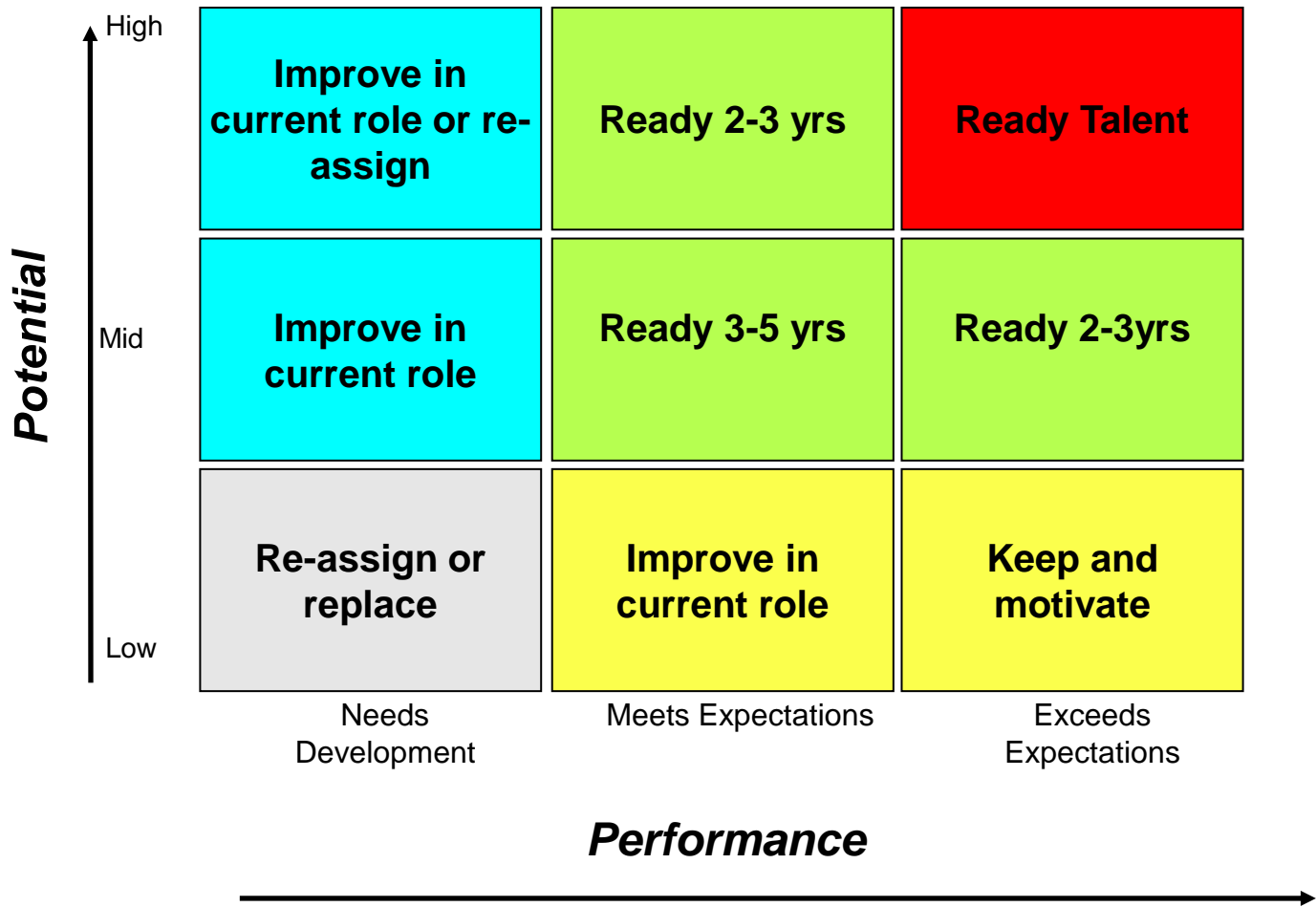


# EPF'S SUCCESSION PIPELINE IDEAL SCENARIO

Level	Headcount A	Ideal No. of Successors B = 2xA	Talent Pool Available C	Gap C-B	100% = Ideal Coverage C/B %
Managers	57	114	54	-60	47%
Section Heads	32	64	57	-7	89%
Dept Heads	25	50	32	-18	64%
DCEOs	2	6*	25	+19	416%



# TOP TALENT 120 – TALENT DEVELOPMENT PROGRAMME





## **LESSONS LEARNT**

- 1. Important to formulate a talent management policy and communicate the policy enterprise wide.**
- 2. Talent growing should be an integral part of the HR recruitment policy.**
- 3. Implement a structured selection process.**
- 4. Introduce a structured talent development program.**
- 5. Talent development must be regarded as an investment not a cost to an organisation.**



**THANK YOU**





## PRESENTER'S BIODATA



**Mr. SEGAREN**, is a certified **Strategic Management and BSC Practitioner** of the University of George Washington USA in **2007**; he holds a **Masters (M.sc)** in Corporate Communication and Organizational Behavior from University Putra Malaysia (**1998**); apart from that he also **holds an LLB (honors)** degree from the **University of London (2008)**; and obtained his first degree from University Malaya in the **Soc. Sciences in 1987**.

### Expertise And Experience

Mr. SEGAREN has vast experience in the area of management in particular in BSC and performance management as well as strategic planning. He has been actively involved in the development of BSC in EPF. He had worked with Dr. Robert Kaplan's team, that is, the BSC Collaborative - Dr. Kaplan's Training Company engaged by the EPF to develop the BSC - based Performance management. Mr. SEGAREN has 12 years of experience in strategic planning and 7 years experience in implementing BSC in EPF. He has working experience in dealing with the EPF's management team and the Board. ***Presently, Mr. SEGAREN is guiding the Sarawak State Government on the implementation of BSC in the Sarawak State Civil Service.***