

Press Information

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Oracle Sees Rising Demand for Strategic Human Capital Management In Hong Kong

Tight Employment Market Makes Recruitment Increasingly Difficult; Drives Demand for Effective Talent Management Capabilities

Competitive pressure and the difficulty of finding suitable candidates in Hong Kong's employment market combined with high job transience is driving companies here to take a more comprehensive approach to human capital management (HCM), according to a senior executive from Oracle, the global software leader in HCM¹. Sean Loiselle, Senior Director, Human Capital Management, Oracle Asia Pacific, contends that a high-performance workforce is emerging as a critical advantage for companies competing in Hong Kong's increasingly knowledge-based economy.

In its latest survey of manpower statistics², the Hong Kong Institute of Human Resource Management (HKIHRM) found that the overall job vacancy rate in Hong Kong climbed to a new high of 3.1 % during the first quarter of 2007, reflecting strong growth in the economy. The HKIHRM survey also found that, at 5.62%, the SAR's financial services sector had the highest vacancy rate overall while middle management and non-managerial professionals were the positions in greatest demand with a 4.09% vacancy rate.

“The Hong Kong economy has grown strongly in the last four years and the war for talent is re-emerging,” said Loiselle. “Companies recognize that they are competing not only for product and service superiority but, also for high-quality staff. Being able to manage their workforce as well as attract and retain top talent are critical if companies want to gain competitive advantage. Talent management – the identification and cultivation of key employees – is coming to the fore in Hong Kong as companies find it increasingly challenging to find suitably qualified human resources.”

¹ *The Human Capital Management Applications Report, 2005-2010, AMR Research (Oracle is global #1 in HCM by revenue)*

² *HKIHRM First Quarter 2007 Survey of Manpower Statistics, see http://www.hkihrm.org/ihrm_eng/ih_pre_01.asp?id=80*

According to Loïselle Human Capital Management systems are most in demand from organizations that have the highest reliance on workforce performance to sustain their competitive position. Companies in the financial services sector tops the list, followed by those in professional services, public sector, higher education, telecommunications and manufacturing.

“The attraction and retention of talent has real impact on a company’s performance,” said Stella Hou, General Manager for Hong Kong Operations, Hewitt Associates, a global human resources services company. “Companies that manage their employees as an asset have lower staff turnover, which translates into lower recruitment and training costs, and even more importantly, less disruption to customer relationships.”

Hewitt Associates is the world’s foremost provider of human resources outsourcing and consulting services and has pioneered the use of information on employee retention to predict business performance. The company consults with more than 2,300 organisations and administers HR business process on behalf of more than 340 companies to millions of employees and pensioners worldwide.

“Human capital management is a long term strategic play. We’ve certainly seen plenty of interest in Oracle HCM solutions here in Hong Kong over the last couple of years and we expect sustained demand,” said Loïselle. “Compared with the last cycle of economic growth the technology available today to support talent management – which includes enterprise HCM application suites and related analytical tools – offers much more sophisticated functionality.”

Oracle’s HCM business has gained significant momentum over the past two years. Leading organizations such as MTR Corporation and property and facility management service provider Synergis, are among recent customers that have gone live with new Oracle-based HCM solutions in Hong Kong. Other Oracle HCM customers in the financial services industry in Asia include ING, Shenzhen Stock Exchange, China Industry Bank and Shenzhen Development Bank.

The company’s HCM application suite provides a central framework that integrates all the various talent management components. This ensures that recruiting, training, performance management, and compensation are part of an efficient, end-to-end business process. The addition of a layer of analytical intelligence to the HCM framework give companies new insights into their talent-cultivation practices. For example, by examining the incoming skills and follow-on training of past hires, managers can make decisions about what works and what needs improving in future efforts.

Talent management touches a wide range of HCM disciplines. To ensure it that talent management is managed in a comprehensive way, organizations need to create a framework with six key elements:

- **Talent planning** – the identification of talents essential for each role within the company, forming the baseline for monitoring the success of all other components.
- **Recruitment** – being able to accurately evaluate candidates to match their skills to the requirements of current openings and future business goals.
- **Competency, skills and learning management** – helps determine skills gaps in key positions and provides a way to bring staff up to necessary levels.
- **Performance management** – compares employee performance results to company objectives for ongoing auditing and monitoring of talent development.
- **Compensation** – proper rewards, including base and incentive pay and equities, help managers recognize achievements and push for higher levels of effectiveness.
- **Career and succession planning** – the new roles and responsibilities that represent growth and advancement for staff who wish to expand their abilities and fill skills gaps.

“Oracle has worked hard to ensure that all these elements are seamlessly integrated within our flagship HCM solution suites - Oracle PeopleSoft Enterprise HCM and Oracle E-Business Suite Human Resources Management System,” said Loiselle. “Both product lines have had major upgrades in the last six months to meet market requirements. They also feature automated performance management that provides a 360-degree of the workforce. This reduces the chance that skill gaps are hidden by information silos that exist in decentralized systems.”

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