THE PERFECT TALENT STORM

The Hays Global Skills Index 2014 – providing insight into the dynamics of the global skills landscape

Despite the continuing economic recovery, companies are struggling to find the talent they need. And with the widening skills gap likely to get worse before it gets better, economies are now facing something of a perfect talent storm. So what can governments, education authorities and businesses do to help shape the talent pipeline of tomorrow?

Highlighting the factors impacting the labour markets of 31 countries around the world, the Hays Global Skills Index 2014 identifies imbalances between the supply of skilled labour and the labour demands of employers.

To view it online or to request a copy, visit hays-index.com

hays-index.com
We all live in a digital world, and whether we like it or not, most of us work in digital jobs. From chairman assessing the threat of cyber crime to social media marketers looking for the latest trending platforms, digital strategy is growing in importance, and digital skills along with it. These add to the need for digital literacy at all levels – to communicate with colleagues and customers, crunch data and stay informed 24/7 – and we have the makings of a revolution.

While the digital revolution hasn’t yet been as socially disruptive as the industrial revolution, its reach is impossible to ignore. The digital world has afforded us all the benefits of rapid technological advancements, making it possible for businesses such as Hays to reach candidates instantly from across the globe, and compare hundreds of thousands of résumés in an instant. But such advances can only be made with the skills to support them. The challenge for businesses to find and continue to develop those skills is something we look at in our cover story this issue. And, in our feature on HR data, we explore how well-equipped personnel functions are making use of the resources they now have at their disposal.

Of all the great success stories in the digital sphere, few can compare to Facebook. In a little over a decade, the social network has exploded and today contains a written record of the lives of more than two billion individuals. It is an example of data on a truly monumental scale. But for those behind Facebook, ensuring that the business can adequately reflect such an enormous and diverse selection of humanity is a daily challenge. The demographics of talent in technology simply do not reflect those of the wider world, and rectifying that is the daily challenge of Maxine Williams, Facebook’s Global Head of Diversity. In our leadership profile, we ask her how she is approaching it.

Demographic shifts and the talent challenges they throw up are another common thread in this issue, as we explore how Chinese businesses are balancing the large costs associated with digital literacy at all levels – to communicate with colleagues and customers, crunch data and stay informed 24/7 – and we have the makings of a revolution.

We are, then, very much looking ahead, and there is a great deal of work to look forward to. Around the globe, economies are improving, recruitment is positive and we are clearly entering an exciting market for new, highly skilled roles. And, thanks to the ongoing digital revolution, quite which roles will be there is something to be yet discovered.

ALISTAIR COX, CEO, HAYS

Cover image:
Google co-founder Sergey Brin demonstrates the company’s Glass technology. Such innovations and the social changes they reflect demonstrate how digital skills connect our future, whether you are a technology producer or a consumer.

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GERMANY HAS OUTPERFORMED its EU peers in terms of net employment growth over the past four years, according to comments from the UK Prime Minister, David Cameron, with the UK following closely behind. The two nations’ respective growth of 1.7 million and 1.6 million is in stark contrast to the rest of the European jobs market, which has collectively lost hundreds of thousands of workers during this period. According to the Growth Dashboard produced by the Department for Business, Innovation and Skills, UK employment levels have now “risen above their pre-crisis peak”.

In a response to the comments in the Financial Times newspaper, Jonathan Portes, Director of the National Institute of Economic and Social Research, claimed that “good employment performance” from countries such as Germany, the UK – and a few others such as Austria – differs from the financial crisis’s “absolutely catastrophic outcomes” elsewhere in Europe.

This economic success has made both countries increasingly attractive to workers from across Europe. According to the Organisation for Economic Cooperation and Development, Germany has now outstripped Canada, Britain, Italy and Spain to become the largest destination for immigrants after the US. The German statistics office recently revealed that in 2013, Germany received its greatest number of immigrants for 20 years.

Meanwhile, UK immigration hit 560,000 between 2010 and 2014, with a large proportion of Italian, Romanian and Bulgarian citizens seeking work in Britain. They joined the influx that saw the UK employ 17 per cent more EU citizens between April and June than in the first quarter of 2014.

GERMANY AND UK TOP FOR EMPLOYMENT GROWTH

1.7M GERMANY HAS CREATED MORE THAN ONE AND A HALF MILLION JOBS IN FOUR YEARS

17% EU EMPLOYEES IN THE UK HAVE INCREASED BY ALMOST A FIFTH SINCE THE BEGINNING OF 2014
JAPAN’S PM STRENGTHENS PUSH FOR ‘WOMENOMICS’

JAPAN’S PRIME MINISTER Shinzo Abe has upped the number of female ministers in his cabinet from two to five in a recent reshuffle. The move is seen as a mark of Abe’s commitment to the employment and promotion of more female business leaders.

The policy, commonly known as ‘womenomics’, forms part of the Government’s overarching effort to increase Japan’s economic growth. It aims to bring Japan’s vast pool of talented women, who are currently under-represented both in government and the workforce, into positions of power.

In his keynote address at the Japan Summit earlier this year, Abe explained the importance of bringing more female executives into the workplace. “Once we reach a point where it will no longer be news to have a woman or a non-Japanese serving as a CEO, I’d say Japan will reinvent itself and recover the spirit of boldly taking on risks and pressing forward to innovate,” he said.

In June, Abe set Japan the target of raising the proportion of women in corporate leadership positions to 30 per cent by 2020. This would increase the percentage of female business leaders by 22.5 per cent from 2013.

Women currently make up just 3.9 per cent of board members of listed Japanese companies, compared with 18 per cent in France. The introduction of three new women to the 18-strong cabinet is seen as a great step forward in the country’s fight for gender equality in the workplace, and is predicted to strengthen Abe’s policy.
EY HAS PROMISED to offer 55,000 high-quality traineeships and 35,000 internships to young people across Europe by 2020, as part of its commitment to addressing global youth unemployment. Global Chairman & CEO Mark Weinberger sees the commitment as a crucial part of EY’s focus on “building a better working world”.

The pledge came as EY joined the Alliance for YOuth group of European companies, which highlights the role businesses can play in providing opportunities for fresh talent in today’s highly competitive jobs market. The promised figures include the creation of over 3,670 summer internships and 8,790 graduate trainee positions in the UK.

As part of its Alliance for YOuth membership, EY also became a signatory of the European Commission’s European Alliance for Apprenticeships, which promotes traineeship and apprenticeship schemes. Commenting on the move, EY’s EMEIA Managing Partner Mark Otty, said: “These commitments demonstrate the power of collaboration to develop high-impact solutions to youth unemployment, one of the most intractable economic and social challenges we face today.”

YOUnTREPEHMENT IS ONE OF THE MOST INTRACTABLE CHALLENGES WE FACE TODAY”

THE WORLD WILL face a global jobs crisis if immediate steps aren’t taken to create more roles, the World Bank has warned.

A minimum of 600 million jobs would need to be created by 2030 just to cope with the growth of the world population, according to data in G20 Labour Markets: Outlook, key challenges and policy responses. The findings were compiled with the OECD and International Labour Organisation for the G20 Labour and Employment Ministers meeting in Melbourne, last September.

More than 100 million people are currently unemployed in G20 economies and 447 million are living on less than US$2 a day. “G20 countries need more and better jobs as a foundation for sustained growth and wellbeing of their societies,” the report also claimed.

Rapid population ageing in some countries and rising youth populations in others also mean that governments need to promote the labour market participation of women, youth and other under-represented groups, by enhancing their skills and providing more job-search support.

The report calls for a coordinated approach to sustaining quality job creation and equitable growth. It concludes, “Policy interventions that address both the demand and supply sides of the labour market are essential to reverse the current self-reinforcing cycle of slow growth, low job creation and low investment. Such policies would be much more effective if taken collectively and coordinated at the G20 level.”

NO QUICK FIX FOR GLOBAL JOBS CRISIS
GRADUATE RUSH TO AVOID CV GAPS

TWO OUT OF three graduates regret accepting job offers immediately, while a quarter expect to leave their first employer within a year, according to a global survey of 4,000 employees by the member-based advisory company CEB.

The firm’s recent report, Driving New Success Strategies in Graduate Recruitment, found that graduates would rather rush into an unwanted role, than face a gap on their CV after leaving university. It found that many new degree-holders do not consider longevity when applying for their first role, but instead accept the first opportunity that comes their way, in a bid to avoid unemployment.

The news is especially concerning for British businesses, that collectively spend up to £900 million a year attracting the brightest applicants for their graduate intake.

Eugene Burke, Chief Science & Analytics Officer at CEB and one of the report’s authors, describes the current graduate recruitment market as being “stuck in a vicious circle,” where employers spend excessive amounts attracting high achievers, only to cover the expense of replacing those that leave 12 to 18 months later.

LESSONS TO BE LEARNT FROM AUSTRALIAN STUDENT RECRUITMENT

THE IMPACT OF uncapped numbers in Australian universities has raised questions for other nations about how to approach the funding necessary to sustain growing student populations.

The report by the UK’s Higher Education Policy Institute (HEPI), Unleashing Student Demand by Ending Number Controls in Australia: An incomplete experiment?, expressed concern over how the change will be implemented from the UK’s current method, how it will be paid for and what it will mean in practice.

Nick Hillman, Director of HEPI, explained that while Australia’s demand-driven system was the result of decades of careful planning, the decision to remove student number controls in the UK “took the higher education sector by surprise.”

The UK’s elite Russell Group universities are now calling the Government to rethink undergraduate recruitment plans for 2015, when UK universities will be free to accept as many students as they want.

FOR MORE INFORMATION
To read the report in full, visit hepi.ac.uk
A NEW OXFORD-CAMBRIDGE rail line in the UK could boost economic growth along its length, according to a report published by the East West Rail Consortium (EWRC).

It is hoped that the East-West rail link will help to rebalance employment growth away from the London economy, towards a series of locations in the South East where there is space to grow. The report estimates the creation of up to 400,000 jobs throughout the ‘golden triangle’ of London-Oxford-Cambridge by 2031.

Graham Botham, Principal Strategic Planner at Network Rail, welcomed the “exciting opportunity” to create jobs and support the economic growth of the region.

Working closely with the EWRC, Network Rail will now work to generate a convincing business plan that can be submitted to the Government in 2016, to secure inclusion of the scheme in the 2019–24 investment plans for the rail industry.

FOR MORE INFORMATION
To read the report in full, visit eastwestrail.org.uk

OVER A THIRD of Generation Y workers are happy for employers to access their personal data, PwC research confirms. The firm’s report, The Future of Work: A journey to 2022, is based on a poll of 10,000 global employees and includes 500 HR professionals.

According to the findings, 36 per cent of younger employees are happy for data to be shared, compared to 31 per cent across employees of all ages. Millennials are also more willing to be contacted by their employer outside working hours. Over two-thirds of those questioned said they would happily be contacted if it contributed to secure employment.

PwC claimed that greater access to personal data on social media profiles would give employers insight into what motivates their workforce and could be used to improve employee well-being.

FOR MORE INFORMATION
To read the report in full, visit pwc.com
HR leaders across the globe say the challenge of recruiting and retaining hard-to-find talent is their greatest concern. When asked to identify the most significant challenge facing their organisations over the next three years, the shortage, motivation, and retention of qualified talent came out as the primary worry for the plurality of all respondents (35 per cent).

This top concern reflects the talent paradox companies around the world continue to face; in a period of stubbornly high unemployment, employers still encounter challenges filling technical and skilled jobs.

Source: 2014 Global Top Five Total Rewards Priorities Survey, deloitte.com
RISK HANGS OVER EVERY BUSINESS. WHAT IS YOUR HR DEPARTMENT DOING TO PROTECT YOUR BUSINESS FROM POOR DECISIONS AND DANGEROUS PRACTICES?

EVERY COMPANY EVENTUALLY makes a poor hire. It is crucial to thoroughly check candidates’ credentials and background before hiring them, especially at a senior level, but whether through ignorance, accident or negligence, organisations continue to bring onboard staff who are incompetent, untrustworthy, or simply unsuitable. But there is another area of risk associated with employees: whether extreme risk-taking is ever proper, and how it can be used appropriately.

The financial services sector experienced huge growth as risk-taking employees were incentivised to push the boundaries past the limits of acceptability and legality. Much of the blame for the 2008 global banking crash was directed at those banks with a culture that rewarded employees for their risk-taking, and it’s an ongoing concern.

Louise Redmond, former HR Director at the Bank of England, and now Director of Risk Culture Insights, which consults with the banking sector on managing people risk, says, “Talking to our contacts in banking, it is clear that they are all still working on how to deal with people risk – particularly when it comes to values, cultures and behaviours.”

DANGEROUS PEOPLE
The area ‘people risk’ covers is expansive. “We have identified 30 critical factors impacting people risk,” says Rick Payne, CEO, South-East Asia at Aon Hewitt. These include demographic, talent development and employment practices risks. “In addition to the location risks, we have identified operational risk in 50 areas of HR policies and practice,” he adds.

These operational areas include workforce planning, rewards and recognition and high-potential development – fundamental concerns that, usually, are on HR professionals’ radar. “It’s important for companies to manage their own risks,” says Helen Duggan, PR Officer at the Health and Safety Executive. “And they each have a different set. They know their risks.”

But do they? Andrea Eccles, Chief Executive of the City HR Association, says, “most organisations have an understanding of the fundamentals,” but the understanding of people risk varies considerably depending on the size of the organisation, the nature of its business, the sophistication of its HR reporting and where it is in the organisation’s lifecycle.

A lack of shared understanding in organisations is often accompanied by a lack of documentation and mapping of relevant measures taken against the specific people risks associated with each organisation or role. And, where risk frameworks do include people risk, they are rarely reviewed at an appropriately senior level to effect changes.

Even so, at a day-to-day level the risks of people not following procedures have always been there and are “straightforward to manage”, says Norman
BOUNCED CHECKS, OVERDRAWN BALANCES: BANKING CENTRES SUFFERED DURING THE FINANCIAL CRISIS
Pickavance, a former HRD of supermarket Morrisons, and Non-Executive Director at HMRC and the Serious Fraud Office. “People do bad things and you need procedures in place to deal with them.”

Clearly though, HR professionals cannot act as the police for this kind of behaviour in large organisations. “The focus for HR now is more on equipping managers to police themselves,” says Dawn Turner, HR Area Director, UK and Ireland, at Hyatt Hotels. “The correct talent management, engagement and performance management strategies should ensure [a culture] that is almost self-policing.”

HR almost acts as more of a “backstop” for a “standard setting role” according to Tim Payne, Head of People and Change Practice, corporate sector, at KPMG. “The need for HR to play this kind of role (let’s not say ‘policing’) is always going to be there,” he says. “In any large collection of humans, you are likely to get some examples of behaviour that are inappropriate.”

HR professionals tend to consider that governance and legislation is also not necessarily the way to tackle people risks – it is often “cumbersome, unclear and open to interpretation” for the employer,

“THE NEED FOR HR TO BE A BACKSTOP WILL ALWAYS BE THERE”
— TIM PAYNE, KPMG
and can waste time, according to Turner.

History shows, however, as with the financial services sector, how difficult it is for an industry or organisation to recognise and challenge issues where an industry’s culture has entrenched risky behaviours. In such circumstances, clearly the HR function must take a firm stance on behaviours that, left unchecked, could jeopardise the business itself.

**REWARDING RISK**

Indeed, HR needs to increasingly turn its attention to the most strategic-level risks affecting their employees and the business, in light of not just the scandals of recent years, but also the tougher operating environment and its associated challenges. It’s still a commonly held view that talented employees should be rewarded for taking risks that could improve business.

“It’s important to state that many business activities legitimately encourage appropriate risk-taking, and this would certainly be true of those involved in investing in certain financial markets or involved in oil exploration,” says Eccles. She believes that to get the incentive structure right, organisations must ensure they have the right culture. “This involves setting the tone at the top, determining corporate values and the underlying behaviours and ensuring that performance management factors measure not just ‘what’ individuals do, but also ‘how’ they do it,” she says. Any performance rating should then take the individual’s behaviour into consideration when determining pay, incentives and other forms of recognition, she adds.

Incentives channel people’s behaviour to a desired end result, Turner says. “The system or process must be very robust and consistent, otherwise there’s the risk of missing it, or rewarding the behaviour that doesn’t quite hit the mark,” she says.

There is also a case for incentivising risk-aversion. **Lloyds Banking Group** has placed tens of thousands of its employees on a risk-assessed incentive programme, for example. “I know of some companies that have linked, for example, the number of safety incidents (or lack of) to incentive payments, and have reported good results in [reducing] such incidents,” says Tim Payne. But, he adds, other companies feel that linking behaviours and incentives in this way devalues the behaviour and runs the serious risk of creating reporting compliance rather than genuine commitment to, in this case, a safety culture.

This points to one of the problems with incentivising risk-taking or good behaviour: it can encourage behaviour for the sake of personal gain rather than any wider good of the company. Ultimately, says Pickavance, that is not a good thing. “Incentivising is all very much based on the individual – the short-term, narrow goals. What we are encouraging people to do with all of that (and HR played a big role in this) is avoid thinking about the wider world,” he says. “We’ve had three or four years of seeing what incentivising risk causes. HR can do a lot by rethinking the whole remuneration agenda.”

**WRITING A RISK RULEBOOK**

The fallout from the financial crisis has included the introduction of the UK Directors’ Reporting Regime, in which directors of UK-incorporated listed companies are required to explain to shareholders...
ENSURING THE RIGHT RISK GOVERNANCE STRUCTURE

GET SUPPORT FROM THE TOP
The management of risk is closely associated with the management of organisational culture. Frameworks devised by HR and Risk teams are helpful, but HR alone can’t attain the highest standards without committed leadership throughout the business.

PRIORITYSE RISKS AND HIGHLIGHT THEM TO WHOEVER IS RESPONSIBLE FOR RISK
HR professionals should be looking at all the people risks across their business and prioritising those likely to derail the organisation, however unlikely, says Tim Payne, Head of People and Change Practice, corporate sector, at KPMG. “Finding a way to get these onto the risk committee risk register is a good start,” he adds.

COLLECT DATA
Examine how any employee data can help you predict who may be leaving the organisation soon, whether a drop in employee engagement is imminent, or whether safety incidents are likely to increase, for example. “How should you use data to predict risk incidents before they happen?” says Payne. The finance sector is currently wrestling with this. “Some banks have a lot of data but aren’t yet happy that they are tracking the right things,” says Louise Redmond, Director of Risk Culture Insights.

CONSTANTLY REVIEW POLICIES AND PROCEDURES
Ensure guidance for line managers is clear and robust. Policies and procedures more generally must also be constantly reviewed by HR. “The cost of dealing with disciplinary and grievance procedures can be very cumbersome, and in some cases can feel like you spend more time dealing with disengaged, rather than engaged employees,” says Dawn Turner, HR Area Director, UK and Ireland, at Hyatt Hotels. “The knowledge required to manage the employer-employee relationship requires a high involvement of HR to plan ahead, ensure transparency and ensure company policies and procedures support this.”

EDUCATE LINE MANAGERS
HR professionals generally have a deep understanding of people risk, but line managers may not. “Managers should be educated to spot risks and be transparent to the business in managing these,” Turner says. “This culture requires time to build.” Ultimately, says Norman Pickavance, Non-Executive Director at HMRC and the Serious Fraud Office, “HR has a role, but it’s really about line management and the standards they set.”

SUPPORT A ‘NO-BLAME’ CULTURE
Innovation should be encouraged and reasonable failures accepted. “This should be driven by senior management,” Turner says. HR can help encourage such a culture through leadership development, incentive structures, team development and appropriate HR policies and communication messaging, according to Payne. “Line managers need to know how to handle ‘failure’ and avoid killing the spirit of innovation in those cases,” he adds.

LINK INCENTIVES TO CUSTOMERS’ NEEDS
“Individuals should not be incentivised to sell customers inappropriate products in order to meet financial targets, and earn commissions based on self-interest, rather than what the customer needs,” says Andrea Eccles, Chief Executive of the City HR Association. The recent scandal of mis-selling personal protection insurance is a case in point, with banks in the UK having set aside over £22 billion to repay customers wrongly sold insurance.
their approach to remunerating directors and how it is linked to business performance.

The Parliamentary Commission on Banking Standards has also introduced a whistle-blowing policy in which organisations must offer employees open communication channels to make a disclosure where they perceive or know that an inappropriate risk or fraudulent behaviour is taking place. The finance sector has also doubled the size of compliance departments and introduced compliance and ethics training alongside new larger and separate risk functions.

Training is vital, according to Payne, and government incentives or encouragement to fully train staff can dramatically reduce risks associated with people. Even though compliance and control are only two relatively smaller areas of people risk. “If people are not trained properly or fully, the operational risk can be quite significant,” he says.

“By providing training opportunities and maintaining a high quality of training, HR can greatly reduce the risk of non-performance.”

BACK TO BASICS

Pickavance says what is needed to avoid unacceptable people risk is to take a serious look at company culture. “The notion that we can put enough rules around people to make sure they don’t do the wrong thing is misguided,” he says. “There is something endemic in our management systems that is causing risks to be taken by people and I don’t think the HR function is particularly clear about what is happening. Equally, without a trusting environment, people close down and aren’t prepared to go the extra mile because they are fearful of the consequences. We have this idea in our heads that taking risks and doing the right thing are two different things and I don’t think that they are,” he says.

“Irish winters are harsh. If the weather causes an accident & emergency service to be overstretched, it will also affect the ability to provide other services. The same applies to sickness and absence. It is important to be prepared for the impact of sickness and absence on other services.”

“The system or process must be very robust and consistent” — Andrea Eccles, City HR Association

Instead of introducing more ‘policing’ from HR, the current system of how risk-taking is managed needs to change. It should be defined as being enterprising, creative and innovative, and by focusing on creating positive, trusting, environments to work in, in which group collaboration is at the forefront.

“We reward lone individuals for being risk-takers, when it is actually within collaborative environments that the greatest output is delivered,” Pickavance says. Creating accountability and tailoring rewards to groups can also be a better way of incentivising this desired behaviour, Turner adds.

Ultimately, nurturing a culture that encourages sensible business behaviour can also help avoid the other people risks that companies face, such as those associated with a loss of reputation among customers, and those deriving from business performance, such as stress, health and safety, high attrition, poor employer brand and low productivity. All have an effect on engagement and retention – another constant people risk – and all can be measured in order to predict where risks might lie.

“The increased use of metrics and integrated HR systems have proved useful in identifying potential risks through monitoring key data (such as the completion of pre-employment reference checks, the output from the performance management process, employee sickness and absenteeism), as well as looking at historical data and undertaking benchmarking to identify trends,” says Andrea Eccles.

The HR profession has a pivotal role in not only reporting but also setting the right people policies around employment checks, performance, discipline and capability, she adds. It is through a focus on culture and the bread and butter policies of HR that appropriate risk can be encouraged and damaging risk can be avoided.

FOR MORE INFORMATION

To comment on this article, please join our HR Insights with Hays group on LinkedIn
A RECENT SURVEY by IBM-owned salary comparison site salary.com has revealed 83 per cent of Americans will look for a new job in 2014. The figure is up 6 per cent from 2013 and includes an unexpected number of employees who are supposedly happy in their current role. Around 1 in 4 respondents claimed to be searching daily for new work, while the same number are hunting several times a week. Most surprisingly, more than a quarter of those looking for jobs are content in their current positions.

Of those unhappy in their current role, 15 per cent were looking for greater career development opportunity, while 10 per cent wanted a better work-life balance.

For 9 per cent of respondents, not getting on with their boss was reason enough to move on. Other motivators included wanting clearer goals, better job benefits and more recognition from superiors.

HAPPY WORKERS STILL JOB HUNTING

US retention concerns

83%

- Over three-quarters of US employees are looking for a new role

Looking around

- One in four US employees searches daily for a new job

Happiness is no retention guarantee

1/4

- Over a quarter of those looking for a new role are happy in their current one

FOR MORE INFORMATION

To read the findings in full, visit salary.com
MORE FEMALE BUSINESS LEADERS, PLEASE

RESEARCH FROM THE global talent management consultancy DDI suggests that companies with a higher percentage of women in leadership positions demonstrate better financial performance.

DDI’s Global Leadership Forecast for 2014/2015 questioned 13,124 leaders and 1,528 HR executives about the leadership in organisations across 48 countries. The results of the forecast suggest that gender diversity is key to companies’ success.

While men considered themselves more effective as leaders, companies with a greater proportion of female leaders ranked higher in terms of financial performance. Women held over a third of leadership positions in the top 20 per cent of financial performers, compared to the bottom 20 per cent, where just under a fifth were women.

Of the leaders questioned, 92 per cent claimed to be engaged within their current role, while 40 per cent of business leaders would rate their organisation’s leadership quality as ‘high’.

FOR MORE INFORMATION
To read the report in full, visit ddiworld.com
NEW BEGINNINGS: THE BBC’S NEW PREMISES IN SALFORD ARE THE HOME OF ITS TECHNICAL TALENT
WHEN THE BBC announced in July that it was to cut 415 jobs from its news department, it was more than just another example of a business struggling to cope with economic conditions. Accompanied by a restructuring that will create 195 new digital positions, it was the corporation attempting to position itself for the future, embracing the realities of the digital revolution that has touched the lives of virtually every consumer and businesses around the globe.

“In the beginning, digital was really about a change in emphasis in marketing and communication,” says Mike Cornwell, Chief Executive of The Institute of Direct and Digital Marketing, in the UK. “But it’s now about complete organisational change.”

Music and publishing are examples of entire industries that have been revolutionised by the arrival of digital media, says Cornwell, but the trend has also infiltrated aspects of many other industries. “It’s transformed how customer service is done,” he explains. “Back in the day, there were people in call centres waiting to pick up the phone; now there are live chat attendants waiting for customer enquiries and you chat online.”

The need for organisations to take advantage of new digital opportunities and ensure they are able to interact in the ways customers now expect means businesses have to ensure they recruit, retain and develop the requisite skills. This is not an IT issue, or one restricted to the technology sectors. Annika Joelsson, Global Head of Talent Development at market research company Ipsos, says HR professionals need to move towards a strategy of ‘HR from the outside in’. “It’s not sufficient any more for HR to only look at what’s going on inside the company and react to that,” she says. “HR needs to understand the societal and demographic trends and come up with constructive proposals and strategies.”

DIGITAL-OBSERVERS TO DIGITAL-MAKERS

Many HR functions are already playing an important role in helping to go beyond observing digital trends (and where the organisation falls short), and actually develop the talent to make and lead new trends. This new generation will be those who code, develop apps, build websites and work on digital initiatives such as search engine optimisation (SEO) or social media, and will be led by the people who can understand and drive digital strategies.

Media agency Maxus UK has made digital marketing a central part of its proposition to clients, and since it was set up in 2009 the business has built up an in-house team of digital-makers, creating content for online campaigns alongside dedicated SEO and data insight teams. Kirsten Oates, Head of People and Culture, says, “In three years since
I joined, SEO has grown from one person to a team of 12, while our effectiveness team, which deals with analytics and econometrics, didn’t exist at all. It now has a team of six, working across different projects for the business."

The global business has also developed a dedicated research and development team based in Singapore, which works on new technical innovations for clients, such as the Makeup Genius app developed for L’Oréal, and has run training sessions with the UK agency.

The need to continuously learn and adapt to a fast-changing market has also affected the type of digital talent Maxus UK looks to bring in, says Oates. “We’re looking for people who have the ability to lean into the change to a digital world, so people who will be open to change and want to work with it,” she says.

Finding talented digital managers is a particular challenge, she says, and, with 40 per cent of those who join coming from outside the marketing industry, the HR team has also developed nine in-house induction sessions – labelled ‘The Knowledge’ – run bi-annually over a three-month period for all new employees, aiming to introduce them to both the company and the sector as a whole.

UNEARTHING DIGITAL GEMS
Telecommunications firm Telefónica O2 UK is also placing a strong emphasis on recruiting and promoting digital-makers, based largely around bringing in young talent that has grown up immersed in digital culture. Working with Bauer Media, the business has developed a programme called ‘Go Think Big’, which provides work experience opportunities for young people, and has already resulted in significant digital innovations for the HR team.

“We asked one of our interns in HR what she thought of the induction,” says Ann Pickering, Group
CASE STUDY

HEARST MAGAZINES UK

WITH SOME OF the leading consumer magazine titles in the UK – including Cosmopolitan, Elle, Woman’s Health, Good Housekeeping and Esquire – Hearst Magazines UK is at the forefront of digital publishing.

“Our customers are consuming content in all sorts of ways,” says Rachel Stock, HR Director. “Mobile is a big growth area for us, as well as the web and social media, so that’s a critical reason for us to embrace digital and we’re doing that across all our brands.”

This means editorial teams have to be skilled at writing for online media, she says, while art departments have to be able to produce and receive digital content, and advertising sales teams need a clear understanding of the various options and to be able to sell across multiple platforms.

The HR department has an important role to play in ensuring these teams receive relevant training, says Stock, in areas such as writing for the web, social media and search engine optimisation. “It makes it clear that this is important, and gaining new skills is a massive benefit for everyone,” says Stock.

The company has had to modify its approach to bringing in digital skills too, both in terms of its proposition to employees and its expectations around how long they may remain with the organisation.

“People with digital skills are in a lot of demand so we have to have a compelling reason why they should come here rather than going to work somewhere else such as a start-up,” says Stock. “It doesn’t mean people have to work here for years; if they want to come and do some great work for 12 months, then that’s brilliant. That’s maybe a different view to the traditional one, and that’s really powerful for us.”
 moves away from the UK. Several years ago, the business defined the organisation and roles it wanted to retain in the country and invited current staff to apply for the new jobs, as well as offering development programmes to upskill them where appropriate. Sarah Sandbrook, HR Director, says “Anybody working in IT now is probably going to have to reinvent themselves three, four or possibly five times in their career, because the pace of change is speeding up. That’s certainly a big issue for us as we move away from traditional IT outsourcing and towards far more dynamic cloud-based solutions for customers.”

\section*{Skills Schools}

Alongside the digital-makers, however, organisations also need to develop a thorough understanding of how digital touches different areas of the business. Cornwell reports growing interest in some of the Institute’s more general courses, which provide a broad base of generic digital skills. One possible attraction, he believes, could be the marketing potential offered by the vast amount of data that can be generated through digital channels. “The amount of information that organisations have at their fingertips now can be incredibly instructive, in everything from customer services to lead-generation,” he says. “But businesses need to understand how all the channels work together in harmony, and plan for that kind of level of integration.”

The types of company sending people on courses has also evolved, adds Cornwell, with even the likes of pharmaceutical firms realising they cannot ignore digital opportunities.

Around three years ago, consumer goods business L’Oréal undertook a campaign to increase digital understanding across the business. The starting point, says Isabelle Minneci, HR Director, L’Oréal UK and Ireland, was to assess the workforce’s existing level of skills, through what it termed a “digital IQ” survey. “Teams were scoring around 50 per cent,” she says. “This allowed us to really map the skills of the team and what we needed to develop in terms of training, and from that we built what we have called a digital academy, to bring teams up to speed.”

The initiative was originally intended mainly for those in marketing and customer services, where there was the greatest exposure to digital channels, but it has also helped to shape a new consumer affairs team which uses social media to interact with and respond directly to customers. “It’s a constant
IN AUTUMN 2015, the UK will become the first country in the world to make it compulsory for children to learn coding from the age of five through to 16, as the nation hopes to develop a pipeline of digital talent that will help it compete with other countries.

It’s a move that has been overwhelmingly welcomed by the digital industry. “The sooner code is taught in schools the better, because the one thing we know about the digital transformation is that it’s not going to stop now,” says Mike Cornwell, Chief Executive of The Institute of Direct and Digital Marketing. But he’s also keen for other digital skills to be taught, including search engine optimisation and online writing skills.

David Chan, Director of the Information Leadership Network at Cass Business School, believes digital skills are an important part of the wider push around the STEM (science, technology, engineering and maths) subjects. “The ability to analyse data and understand technology is critical, and it just becomes part of the armoury of a well rounded professional,” he says. “Somebody who is scared or ignorant of the mathematics of data will find it a big struggle when we’re asking computers to analyse big databases and highlight inferences.”

Initiatives such as Raspberry Pi can help to develop digital skills in children from a young age, suggests Russ Shaw, founder of independent technology group Tech London Advocates. “Having STEM skills which are directly related to digital capacity gives prospective employees a competitive advantage in the labour market,” he says.

Yet there may be obstacles closer to home for children looking to pursue a career in digital technologies. According to a survey by O2 and Monster, more than one-third of parents (38 per cent) would prefer their children to pursue more “traditional” careers, and one in 10 would actively discourage them from pursuing a digital career. “That demonstrates to me that parents don’t understand what’s going on,” says Ann Pickering, Group HR Director at O2. “It’s really important that we help them on that journey, because almost every role now has a digital element to it.”
journey and we’re reinventing it all the time as new things come along,” says Minneci. “We’re currently developing a module about mobile because that’s where the team needs to learn and develop, particularly from a marketing perspective.”

Maxus UK, too, has looked to increase digital awareness among its entire workforce, through the in-house training operation of its parent company GroupM. Known as the “GroupM University”, this includes bringing in people from leading digital businesses to ensure people are up to date with the latest developments. “We encourage everyone in the agency to go on hour-long lunchtime courses to find out what is going on at Facebook, Yahoo! and Google,” says Oates.

“Then we’ll look at some more bespoke courses with our head of digital, and we host weekly digital breakfasts on a Friday morning where we invite the best-suited partners to talk about new innovation or research that is going on.” Maxus also runs fortnightly online learning sessions where people from across the business can find out more about a certain area, such as social media, mobile or SEO, in webinars hosted by one of its digital experts.

As well as making sure there is an understanding of the need for teams within the business to develop digital awareness, HR also needs to ensure leaders and managers are suitably up to speed. “This is pretty critical to how people function as managers, because more and more of the possibilities are around exploiting what’s available,” says David Chan, Director of the Information Leadership Network at Cass Business School.

“In the past, a fair bit of being a senior manager was tied up with expertise and knowledge, but that is becoming less important. It’s the ability to locate knowledge, assess how valid it is and then to do something with it, in collaboration with other people, which is becoming the key criterion.” Leaders, meanwhile, need to move away from the siloed mentality of the past, where each department had its own area and remit of expertise, and move towards creating multi-disciplinary teams collaborating to solve issues, he adds.

Improving the digital understanding of senior staff has been a particular focus for the HR team at L’Oréal, which has sought to use the digital skills of its younger workers to help those higher up the organisation understand the basics, through a reverse-mentoring scheme. “It could be the general manager of a brand being mentored by a graduate trainee who is very astute and digital-savvy,” says Minneci. “There’s a formal mentoring programme which goes through how Facebook works and how you set up a Twitter account, but it also means that the more senior person has a point of reference to go to when they want to ask questions.”

As well as helping improve the knowledge of those with less digital awareness, such a strategy can also help to retain young talent, she adds, by giving them exposure to senior management which they otherwise would not have had.

Of course, the digital revolution has impacted on those working in HR just as much as anywhere else. The use of digital channels such as LinkedIn for recruitment has been around for some time and forced HR professionals to embrace new ways of working, says Sandbrook, but here too, technology is constantly evolving.

“Where we’re catching up is probably in some of our internal activities, so putting our induction process online and making sure that all of the things that are available for our employees via laptops and desktops also work on phones and tablets,” she says. “But the biggest thing for us really is to make sure we can anticipate where trends are going and that we’ve got the skills, tools and technologies in-house to really leverage that,” she adds. “We have to make sure we’re ahead of the curve.”

FOR MORE INFORMATION
To take part in HR discussions with other business leaders, join the HR Insights with Hays group on LinkedIn

CONTINUOUS LEARNING: AGE IS NO BARRIER TO THE NEED FOR DIGITAL SKILLS
62%

A Hays/Insync Surveys study in Australia and New Zealand found that 62 per cent of respondents from large organisations would likely interview a hypothetical male, ‘Simon’ for a Regional Sales Manager role, while 56 per cent asserted that they would likely interview the identically qualified ‘Susan’.

The survey was completed in May and June 2014, with responses divided between 507 females and 505 males (17 did not specify a gender). Most respondents were senior professionals from Australia and New Zealand, and 79 per cent were involved in the final decision on a recent hire.

Source: Gender Diversity, Why Aren’t We Getting It Right?, hays.com.au
TECHNOLOGY COMPANIES HAVE made diversity a big issue recently. Google released its diversity figures in May, with LinkedIn, Yahoo!, Apple and others following soon after. A trend was immediately apparent to anyone analysing the data to see how each workforce was made up – the majority of employees were male, and most of them were white.

In an age where equal opportunities are encouraged between sexes and ethnic and social backgrounds, how had this happened? For companies responsible for products and services seen as modern and cutting-edge, why, on the surface, does the structure of their workforce seem out of touch?

Many responded immediately to their findings. “As CEO, I am not satisfied with the numbers on this page,” wrote Apple CEO Tim Cook in a letter accompanying his company’s report. “Google is not where we want to be in terms of diversity,” Laszlo Bock, the web giant’s Senior Vice President, wrote in a blog. “We have a long way to go,” echoed Twitter in a statement. Companies were not forced to release the data, but media pressure from outlets such as CNN has increased in recent years, seeking to confirm what many had suspected.

The data provided by Facebook told a similar story. The male/female split of its 7,185-strong workforce was revealed to be 69 per cent male, with its ethnicity breakdown in the US showing that 53 per cent are white, 34 per cent Asian, and the remainder Hispanic, black or mixed race.

For a business that represents the lives of 1.3 billion people though, in all their diversity, that isn’t representative. The question is, what can be done about it?
CV

MAXINE WILLIAMS AT A GLANCE

- At age 16, Williams left her home in Trinidad for America. She recalls having little idea of the path she would take, but an old Trinidad saying, “just try a ting!” spurred her on.
- Williams won a place at Yale University, and from 1987-1991 studied for her BA in Caribbean Studies. Then, from 1992-1995, she enrolled at Oxford University to study law, finishing with first class honours.
- She has worked in Barbados, Jamaica, Trinidad and New York as a manager of a human rights network, a lecturer, an attorney-at-law, a TV presenter and a director of diversity programmes. “The thread that ties these roles together is my interest in helping to open the doors of opportunity for all, with justice and equality as drivers,” she says.
- In 2000, she started Past, Present and Personal (see www.pastpresentandpersonal.com), helping individuals, families and organisations to record their histories in a variety of mediums.
- Williams was appointed Global Head of Diversity at Facebook in September 2013 – in November she earned a place in Ebony magazine’s Power 100 list.
LEADERSHIP — MAXINE WILLIAMS

BROKEN DEMOGRAPHICS

In a recent analysis of staffing in technology businesses including LinkedIn, Apple, and Yahoo!, the average global gender split was revealed to be 70:30 – hardly representative of their customers.

The US Bureau of Labor Statistics says 47 per cent of the country’s workforce is female, while in California, 38 per cent is Hispanic, with Asians making up just 14 per cent.

In the US racial data of these businesses around 30 per cent of staff were Asian, with Hispanics and blacks making up 9 per cent. Apple’s workforce was the most varied, at 11 per cent Hispanic and 7 per cent black, due to its larger retail arm.

When Facebook published its data, it told a similar story.

- For the social media giant, its Global Head of Diversity, Maxine Williams, is the one searching for answers. It is a role she has held since September 2013 – and as a black female she is representing two of its current minorities. “Given that Facebook now serves so many people all around the world, diversity for us is indispensable,” she says. “We can’t build the products that will delight and be relevant to all of the people of the world unless we understand their perspectives and reflect those in the building of our products. The more diversity we have among the teams of people serving them, the better their experience.”

FINDING THE WAY

While Williams is clear that diversity plays an important role, achieving it in reality can be tricky. “Ours is a technology business, and sadly, certain groups of people are greatly underrepresented in the fields which we require,” she says. “As such, it is a great struggle to find the quality and quantity of workers representing the diversity we seek.”

There is evidence to support Williams’ claim. Studies have been completed in the past to show how unwelcome and exclusive women find the tech industry, while according to the Computer Research Association, the racial diversity of US college graduates in computer sciences reflects the workforce situation of many tech companies, with only small numbers of black and Hispanic students obtaining BA and MA degrees. Reasons for this are unclear, but a common theory is a lack of access to technology, computer science education and funding in ethnic communities. The diversity of their workforce may not be down to the tech companies themselves, but a result of the opportunities presented.

70:30
THE AVERAGE GLOBAL GENDER SPLIT IN LEADING TECH FIRMS

69:31
THE MALE/FEMALE SPLIT OF FACEBOOK’S 7,100-STRONG WORKFORCE

53:34:13
FACEBOOK’S US ETHNICITY BREAKDOWN AS WHITE; ASIAN; AND HISPANIC, BLACK OR MIXED RACE

WE ARE THE WORLD: FACEBOOK’S CHALLENGE IS TO REFLECT ITS 1.3 BILLION CUSTOMERS
In order to increase diversity, this needs to be tackled by the whole technology community, and Facebook is among those taking it seriously. It has teamed up with the non-profit group YesWeCode, which helps young people from low-opportunity backgrounds, and already devised a search tool to help people find local schemes offering coding lessons either for free or at low cost.

An internal group of volunteers, Pipeline Builders, has also been formed at the company, with diversity its main concern.

“We are trying to be more creative about how and where we look for talent,” Williams adds. “This involves more concentrated outreach in the communities where greater numbers of the people we seek reside and live.”

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“It is human nature to believe what we see, and when women see other women at the top, they believe they can get there too. Their efforts to succeed become grounded in a reality that they know can be theirs.”

Williams herself is an ideal candidate for this, completing degrees at both Yale and Oxford before embarking on her career, and last year was included in Ebony magazine’s Power 100 list of successful African-Americans. To follow in her footsteps, such initiatives as Girls Who Code, which exposes younger women to computer science and is another Facebook partner, could be the place to start. “We need all types of thinkers and talents on board this ship,” Williams adds. “This is part of the exciting ride we are on together. Those of us who are not trained in technology get to spend time with those who are, and we learn from each other in invaluable ways.”

Of course, there is the obvious question here, that with all of the data at its disposal, can Facebook address its users directly and spread the message that way? More to the point, with such detailed information on its customers, why not use it to inform hiring, and become truly representative?

“Data aids hiring in so far as we can see without speculating where the gaps in our workforce exist and where the deeper pipelines of talent can be found,” says Williams. “But it’s never about quotas. Our objective is to get as diverse a population as possible without sacrificing quality, and we hire people solely based on their qualification for the job.”

So would checking the Facebook profile of a candidate before an interview be out of the question? Lots of other businesses already do. Williams gives a smile. “There is certainly no policy or practice of looking at candidates’ profiles before hiring them,” she says. “I have reviewed hundreds of applications and can honestly say that I have never looked at a profile page. An interesting suggestion, though.”

For Williams, there remains a huge mountain to climb if the digital industry is going to achieve workforces that match the demographics of their customers. But it is good that so many employees are on the same page and that action is being taken to offer more people the opportunity to work in this tremendously vibrant sector. “We hold a firm belief in the merit of cognitive diversity,” she says, “both in what it brings to the quality of the experience of those working on the team and to the value of what they can produce together. Homogenised workforces are like any other monoculture – they limit what is possible. We want to leverage the full range of human possibilities in all that we do.”

FOR MORE INFORMATION
To learn what else Facebook is planning to increase its workforce diversity, visit facebook.com/facebookdiversity
**THE PERFECT TALENT STORM**

Persistent skills gaps worldwide are driving salary inflation in highly skilled industries, with developed economies suffering the most.

The economic recovery is contributing to the widening gap between the skills employers need and those available in the market. Moreover, the difficulty in finding and retaining the right talent within a more active recruitment market is driving wages upwards.

Those are some of the key findings from the Hays Global Skills Index 2014 – The Perfect Talent Storm, the third edition of the annual report developed by Hays, in collaboration with Oxford Economics. The Index highlights increased hiring around the world, compared with last year, and for the first time all but one country (Italy) have experienced economic growth. Worryingly though, 'talent mismatch' poses a recruitment challenge [see overleaf], especially in developed economies strongly returning to pre-crisis levels, such as the US, Germany and the UK.

The Index is a unique and in-depth review of the global labour market across 31 countries. It identifies the overall level of stress in national labour markets and the specific challenges within each country when recruiting skilled labour. To do this, Hays gathers evidence on seven indicators covering all aspects of each nation’s labour market [see Sweden, below], before creating an aggregated numeral representative of the overall impact on hiring in that country.

The stress level of each indicator is measured from 0 to 10.0, with 5.0 suggesting normal stresses, a figure above suggesting greater stresses, and a figure below 5 less stress than is usual for that market.

The seven indicators used in the Index are all key metrics for understanding the dynamics of attracting and retaining skilled workers, but the high or low stresses shown by each country’s aggregate number can be caused by a variety of reasons.

Drilling into each nation’s indicator results contextualises the challenges local employers face. This year, 19 countries scored above 5.0, indicating pressures in their skilled labour markets. Sweden (6.6) was most severe, followed by Hungary (6.3) and Spain (6.3). There is evidence of slack in the 11 other countries, with Belgium (3.8), Italy (3.9) and Singapore (4.1) lowest.

Where overall scores have increased, increases in wages are the primary influence. In some cases, such as Italy, this may reflect entrenched problems, such as an endemic skills mismatch making strong candidates hard to find, while elsewhere, emerging wage pressures may in fact simply be the signs that economies are improving, along with salaries in general.

Compared to 2013, in 20 of the countries studied, the overall wage pressure rose, suggesting an increase in labour market pressures driven by hiring and subsequent demand for skills. The sharpest rises in overall wages were in Ireland, Luxembourg and India.

However, while wage pressures have risen in many of the countries analysed, in several there is evidence of an emerging gap between high- and low-skill salaries, with Chile, the US and the UK exhibiting the widest divergence between high-skilled and low-skilled workers’ pay. Those countries where the gap narrowed the most are Japan, Hungary and France, suggesting less aggressive growth for salaries in highly skilled roles – a sign the economy could be underperforming.

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**Breakdown of seven indicator scores**

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Scores</th>
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<tbody>
<tr>
<td>Education flexibility</td>
<td>8.6</td>
</tr>
<tr>
<td>Labour market participation</td>
<td>3.9</td>
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<tr>
<td>Labour market flexibility</td>
<td>4.8</td>
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<tr>
<td>Talent mismatch</td>
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<tr>
<td>Overall wage pressure</td>
<td>7.4</td>
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<tr>
<td>Wage pressure in high-skill industries</td>
<td>10.0</td>
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<tr>
<td>Wage pressure in high-skill occupations</td>
<td>4.7</td>
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**Sweden**

Sweden’s stressed labour market is suffering with low labour market participation and extraordinarily high pressure in highly skilled industries.

Overall score: 6.6

Up 0.3 from 2013.
A TALE OF TALENT MISMATCH

Economic forecasters predict that virtually all of the 31 countries included in the Index will experience positive economic growth in 2014. For many economies, that growth will be slight, but demand for skilled labour is likely to increase along with it.

Recruitment tends to lag economic improvement, so this will first lead to existing workers being asked to work more hours, potentially to higher wages in areas of greatest demand and then, in time, to more widespread employment.

However, in 15 countries, the Index clearly identifies the imbalance between the skills employers want and those the unemployed possess worsening, most markedly in Denmark, Italy and Poland. On balance, talent mismatch appears to be getting worse, although the gap has improved in nine countries, notably Belgium, Switzerland and Canada.

FOCUS ON SKILLS

Appropriate workforce skills are important achieving sustained economic growth. The Hays Global Skills Index includes indicators that track skills, such as years of schooling and PISA test score and many of the indicators track key labour market outcomes – such as employment, pay, and participation rates – that are likely to be heavily influenced by workforce skills.

The OECD has recently undertaken a major new survey of adult skills in 18 of the 31 countries covered by the Index. It reveals how workforce skills underpin labour market performance as measured by the overall Index scores. Some of the findings are striking, such as that roughly one in five Japanese read at a high level, whereas in Italy and Spain only one in 20 do, and that roughly a third of the variation in labour productivity across countries can be explained by differences in reading skills.

FOCUS ON MIGRATION

Migrants’ jobs tend to be among the most vulnerable to recessions. In some countries, migrants tend to work in industries that are more volatile and sensitive to the economic cycle than others, such as construction in Ireland and hotels and catering in Spain. Other migrants suffer from being employed in higher proportions on temporary contracts, compared with local workers.

While fear of migrant workers taking local jobs is a concern that has received a great deal of recent publicity worldwide, a decline in the numbers of net migrants entering some of the countries in the Index will actually increase labour market pressure there.

Clearly, there needs to be a distinction drawn between high and low-skill roles, as in the former, the influence of legislation limiting access to foreign workers will have a far greater repercussion on the size of the talent pool.

While demand for jobs is looking up, in some countries the supply side of the market looks less benign. Economies have not grown rapidly enough to make an impact on labour market participation rates, and the numbers of people who are active in national labour markets have not been increasing rapidly in 2014. Many people appear to have left their local labour market (as evidenced by a falling participation rate), possibly discouraged after having found it difficult during the recession years to find, or retain, a job.

A second worrying trend is increasing levels of labour market regulations. Despite governments around the world committing to cutting unnecessary red tape, and improvements clear in Sweden, Czech Republic and Ireland, the majority of countries saw no improvement in labour market flexibility over the past year. Those countries where it worsened most were Hong Kong, Brazil and Switzerland. Portugal’s government has made concerted efforts to improve its labour market flexibility too, and priority rules for redundancy dismissals have been made more relaxed, while regulations about the premium paid for weekly holiday work have been made less onerous for firms.

CANADA IS ONE OF THE MARKETS IN THE INDEX THAT IS MOST RELIANT ON MIGRANTS’ SKILLS

THE SKILLS IN THE LABOUR MARKET NEED TO MATCH THOSE REQUIRED BY BUSINESSES

NEW EMPLOYMENT REGULATIONS HAVE PUT STRESS ON SEVERAL NATIONAL LABOUR MARKETS

Some of the new regulations emerging in local labour markets may be an understandable attempt to protect jobs during an economic downturn, but they may inadvertently hinder job creation as conditions pick up, and restrictive labour markets and falling participation rates will undoubtedly contribute to skills shortages.
HAYS’ THREE RECOMMENDATIONS FOR TACKLING THE SKILLS CRISIS

“GOVERNMENTS MUST BE PREPARED TO SUPPORT POLICIES FOR ATTRACTING HIGHLY SKILLED MIGRANTS”

working arrangements and strategies to employ a diverse workforce, including mothers returning to the workforce, carers or those undertaking training or study;
• Governments enact legislation that allows businesses to build a balanced, flexible workforce of both permanent and contractor employees.

3 Government policy must draw a clear distinction between mass immigration and skilled migration
Simply distinguishing between highly skilled foreign migrants and unskilled or low-skilled immigrants would help pave the way for legislation that protects the employment prospects of local workers without restricting access to the talent that is needed to pull economies further out of recession.

We recommend that:
• Governments work more closely with businesses and trade organisations to understand what skills are lacking and align immigration policies to them. They must be prepared to implement a system of fast-tracking visas for roles that cannot be filled by local workers;
• Governments work together to support the global mobility of labour and recognise the contribution of skilled immigrants to societies;
• Businesses experiencing skill shortages review their HR processes to become more effective at attracting and retaining skilled workers from abroad.

FOR MORE INFORMATION
Visit hays-index.com to download the report or access the interactive site.

1 Businesses need to partner with educational authorities
Businesses and trade organisations must work with governments and educators to create education systems producing graduates with the skills that businesses need. Some ground is being won here, but more needs to be done.

We recommend that:
• Financial support and incentives be provided to businesses to encourage them to offer vocational training;
• Governments look to support incentives and subsidies for degrees that best equip graduates for notoriously ‘skills short’ professions such as the STEM subjects;
• Governments look towards businesses and trade organisations to inform current curricula.

2 Governments must work with business to develop forward-thinking labour regulations
Bringing more people into the workforce is an integral part of improving economic and labour market performance. Countries that can expand their talent pools will gain a competitive edge.

We recommend that:
• Businesses look at ways to retain older workers and help them keep their skills relevant. Companies may also need to look to attract retirees back into the workplace to plug skills gaps;
• Governments offer incentives to businesses to take on young interns and apprentices and to provide subsidised training programmes to equip younger workers with the skills employers need;
• Businesses be prepared to offer flexible
MIND THE AGE GAP

WITH MANY WORKERS RETIRING LATER, WHAT ARE THE IMPLICATIONS FOR YOUNG PEOPLE TRYING TO ENTER THE WORKFORCE, PARTICULARLY IN RARE, HIGHLY SKILLED ROLES?

THE WORLD OF work is changing, most notably in the area of workforce demography, as dramatic increases are expected in the number of economically active people aged 65 and over.

Particularly in countries with historically strong education systems, these highly skilled and experienced older workers will become prized company assets for employers, even more so in sectors that are weakened by skill shortages. Yet increasingly mature workforces – and this is a global trend – raise the concerns of how to draw in talent from Gen Y and Gen Z, when the traditional employment pipeline remains at capacity at the older end.

This is a situation for entire industry sectors to be concerned about, with potential repercussions for global economies. When skilled older workers eventually do retire, it threatens to create a skills vacuum that will take many years and a huge amount of investment to fill.

A survey carried out earlier in 2014 by The Economist Intelligence Unit, on behalf of business consultancy Towers Watson, polled 480 senior executives at companies across Europe. Almost three quarters (71 per cent) expected the number of their employees aged over 60 to increase by 2020, and 22 per cent expect it to increase significantly.

Technology giant Philips, which employs 15,000 people in the Benelux countries, has seen its average age increase from 41 to 44.3 years over the past decade. In 2007, 26 per cent of its staff were over 50. Now, that figure has increased to 32 per cent, while the proportion of its workforce under 30 has fallen from 8.8 per cent to 6.2 per cent.

A similar trend emerged at the carmaker BMW, which employs 79,000 people in Germany, with an average age of 42.7. By 2020 that will have increased to around 46, and over the same period, the proportion of employees over the age of 50 will grow from 25 per cent to about 35 per cent.

While in emerging markets the rapid improvements of education in recent years have made young talent

“THE SOLUTION IS FOR YOUNGER PEOPLE TO RELOCATE TO WHERE THE JOBS ARE”
— SARAH HARPER, OXFORD INSTITUTE OF POPULATION AGEING
HARD-WON SKILLS:
AN ENGINEER WORKS ON A BODY COIL OF AN MRI SCANNER AT THE PHILIPS HEALTHCARE PRODUCTION FACILITY IN BEST, NETHERLANDS
hugely preferable to older workers, the European figures paint a rather worrying picture for the future of Gen Y employees. The concern is that they could struggle to gain access to positions where they can develop skills that are vital to their careers, their organisation, and ultimately the future of the industry in which they work.

The upward trend toward the use of older workers shows no sign of slowing, even in low-skilled work. In a recent Comensura Government Index between 2013/14, temporary workers in all groups over 34 years increased, most notably in the 45 to 54, 55 to 64, and 65-and-over age ranges, which increased year-over-year by 9.3 per cent, 8 per cent, and 12.1 per cent respectively.

However, Sarah Harper, a professor from the Oxford Institute of Population Ageing, believes the argument that older workers are preventing the progression and skills development of younger workers is outshone by the benefits of employing older staff.

She says: “Employers need older workers. The idea that they are just hanging around is a fallacy. People are well educated and can and want to stay working, and making a vital contribution to their organisation until well into their sixties and seventies. What’s more, because of their vast experience; they have learned how to do their job quickly and efficiently, and in many ways are more productive than younger people who are new to the job.”

Harper is equally vehement about the impact this has on younger people who are waiting to get their foot on the career ladder. “Look at some areas of southern Europe, where youth unemployment is high and employment infrastructures are very poor. One solution would be for younger people to relocate to where the jobs are,” she says.

CASE STUDY
TYCO FIRE PROTECTION PRODUCTS

TYCO FIRE PROTECTION Products (TFPP), based in Madrid, Spain, is one of the main divisions of the Tyco group, an American multinational company that sells products such as sprinkler systems.

Across continental Europe, employees over 60 years old represent three per cent of the total TFPP population. However, some divisions show a significantly greater percentage; for example, in installation and service the figure is 18 per cent, and in facilities, 14 per cent.

The company has a number of skills transfer programmes in place, says HR Manager Jean Jacques Ribeiro Alves: “[We have], a mentoring programme at supervisory levels, where more senior employees coach younger or newer ones. A similar programme takes place for high potentials in managerial positions. In addition to this, some countries use the ‘buddy system’ to accompany new starters in their first few months in the company.”

Tyco also recognises the importance of keeping the skills of its older employees up to date. “We move in an ever-changing environment which is very regulated, and it is imperative we keep the skills of our workforce to the most up-to-date level,” Ribeiro Alves says. “It is a constant effort across all divisions and all categories of employees.”

WE SHOULD BE ASKING ‘WHO IS SKILLED?’ NOT ‘HOW OLD ARE THEY?’
— JÖRG DIETZ, HEC LAUSANNE

“Finding work”

Geographically, where there are areas of high youth unemployment, increased mobility among young job seekers may be a viable proposition. However, looking at the situation from an industry sector perspective – oil and gas – for example, the situation is more complex, and real examples exist of where demographic shifts damaged an industry.

Three decades ago, the UK’s heavy engineering and shipbuilding industries were the skills training ground for young people coming into the oil and gas industries. But as offshore platforms and onshore facilities processes became more automated, and traditional local yards gave way to overseas competition, fewer young people entered the industry and training dwindled.

Gary Ward, Hays Operations Director Oil & Gas CERoW (Continental Europe and Rest of World) says: “Europe and the UK began exporting their skills to places like the Middle East – in the UAE, 90 per cent of the population is made up of imported skilled people – but that export of continental skills has since been replaced by cheaper skilled labour from India and the Philippines.”

The ageing oil and gas industry workforce is also an issue in regions such as Russia, South America and parts of the Far East, where higher salaries overseas has led to a shortfall in the skills required to satisfy local needs. While these countries are starting to produce their own graduates, they are also undertaking massive recruitment drives. “The problem will hit the UK when we start building new power stations, which will require the same core oil and gas industry skills,” says Ward.
Without the skills at home, the UK would likely have to recruit such a workforce from overseas.

A ray of hope comes from research carried out in 2012 by a team at the Centre for Retirement Research at Boston College in the US, which explored in greater detail the perception of younger workers being squeezed out of skilled positions.

Entitled, Will delayed retirement by the baby boomers lead to higher unemployment among younger workers?, it used historical population data from 1977 to 2011 to determine the extent to which such crowding out exists in the US, and could find no evidence to show that the increasing employment of older people reduced the job opportunities of younger people.

One explanation for this comes from Jörg Dietz, Professor of Organizational Behavior and Associate Dean for Faculty at HEC Lausanne, the affiliated business school of the University of Lausanne in Switzerland, who believes that the extended presence of competent older workers can actually create jobs for others.

He says: “We are talking about skilled labour here, but in my view, having these very experienced and skilled employees remain in the workforce for another couple of years would not be considered to have a negative impact on job opportunities for younger employees.

“The question we should be asking is ‘who is skilled?’ not ‘how old are they?’ As long as we retain and continue to develop competent people, they will contribute to the organisation’s success, and ultimately create new jobs.”

SHARING SKILLS

Of course, that solution relies upon continued market success, which recent years have shown to be far beyond the control of individual businesses. Employers can’t afford to ignore the problem of aging, says Delroy Beverley, Director of Propertiesolutions at West Yorkshire-based social housing association Incommunities Group.

The group employs 1,200 people across a wide range of sectors, including building and construction, accounts, and ICT. Incommunities has a skills development pipeline in the shape of an active, if oversubscribed, apprenticeship programme, which it sees as offering a viable career path for all entering its workforce. However, relying on others’ development of skills is a risk, and Beverley, who is also Chairman of Bradford University’s School of Management International Advisory Board, believes that some organisations are in denial about the fact that people are staying in work for longer and how this will impact on their current and future skills requirements. He says: “In many ways it is a conversation that employers don’t want to have, but rather than pretending that it is not happening, I see a solution in working with other organisations, across sectors within our local district.”

Such broad approaches could prevent industry or even nationwide shortages before it’s too late, and avoid the kind of talent drain experienced by UK North Sea oil and gas. He says: “I am very much on the side of sitting down with other employers in other industry sectors in the region, to see what we can do to help each other. Older workers will retire at some stage, and you have to be in a position to replace those skills when it happens.”

HAVE FAITH IN TALENT

IT IS A misplaced view that ‘more jobs for the old mean fewer jobs for the young’, warns John Philpott, Director of the Jobs Economist and former chief economic adviser at the CIPD.

He says: “The bigger skills-related problem associated with workplace ageing is inadequate investment in keeping the skills of older workers up to date.

“The problem for younger people is access to opportunities to make use of those skills in the workplace,” he says. However, while this can be a problem for young people within individual organisations, it is not a problem for the economy as a whole. Instead, he says, natural business creation and destruction, plus labour turnover within firms, always provides more than enough opportunity for young people to find an available role.

“Admittedly, such opportunities have been limited in recent years, but this is a reflection of reduced investment in the skills pipeline and lower hiring rates for young people, rather than a structural change linked to workforce ageing.”
I have worked as a hostage negotiator for over 40 years, first for the Dayton Police Department in Cincinnati, Ohio, and have since trained teams and worked as a consultant in the area in several countries.

Hostage negotiation is a really good foundation for leadership, because you learn to talk someone through their pain and persuade them to give up their hostages and weapons and come out, even though they know they’ll probably go to prison. That really is an act of leadership and to do it, you have to train yourself to be proactive rather than reactive. You need to manage their mindset and be capable of influencing other people.

A hostage negotiator has to create a bond with someone that they don’t necessarily like. Through that bond, in order to create a relationship with them, you get into a dialogue, ask questions and find out what motivates the hostage-taker. The negotiator then starts to deal with their grief and pain, which have motivated their actions, and gets them to see hope and reason.

You don’t need a weapon to your head to feel like a hostage; you can be a hostage to a boss, a colleague, a goal, or any other situation in the workplace. The same techniques we use in real physical hostage situations can be used in these psychological scenarios.

At IMD, we teach people key hostage negotiating techniques, such as learning how to ask questions and changing a negative to a positive. It’s the process of managing emotions, stress and resilience.

Leaders in an organisation have to ask questions: what is it you want, what did you expect and what were you disappointed with? You get people to change their behaviour by asking questions and getting their mind focused on the positive and the possibilities.

The person in charge also has to be positive, inspiring, realistic and able to deal with all kinds of individuals to bring out the best in them.

The heart of the hostage negotiation process involves creating a relationship – an emotional bond – with the hostage-taker. Many leaders lack the ability to understand the pain of other human beings and show empathy and compassion. Just like hostage negotiation, leadership requires the ability to care and to demonstrate that you do.

When the leader cares, the employees feel more confident to dare to take risks and stretch themselves to achieve great things.

The techniques of hostage negotiation provide a powerful framework for leaders. It is about leading yourself and leading others by creating a bond, keeping a positive state, focusing on constructive outcomes, engaging in dialogue and encouraging others to speak about their pain. When you’re a hostage to your own emotions, anger, resentment or fears, you won’t operate at your very best.

Just like hostage negotiation, you need to be able to lead people through difficult realities and get the right result. Hostage negotiators achieve a 95 per cent success rate. Leaders can achieve similar results by using the same techniques.
INCREASING NUMBERS OF organisations are using interactive digital games to manage talent, assess performance and motivate staff. As HR departments become more comfortable with grown-up tools to learn through play, we can expect games to be applied in ever more creative ways to gather the data needed to shape tomorrow’s talent strategies.

Gamification involves using games to represent or recreate serious concepts, most often as a training tool or application designed to encourage certain behaviours, or as a way to gather data about behaviour or performance. Pollsters KRC Research say 70 per cent of major employers now use some form of interactive games for training, and this figure is only likely to grow as HR departments experiment further and apps become increasingly common for mobile and tablet devices.

The success of workplace games lies in a clever combination of behavioural psychology and sophisticated technology, which encourages players to invest their time and energy while the game fulfils a specific function when they do so.

Using structures proven in videogame design, such as story-telling and reward, HRDs are creating a more interactive, fun and competitive learning and working experience, and learning more about their employees than ever before. Being part of a story is the source of intrinsic motivation and engagement in games, while reward leads to a feelgood kick for players, even from something as simple as winning points or badges and placing on a leader board. Somewhat paradoxically, this psychology means colleagues playing games take their training more seriously than they would otherwise do.

Many games are already being applied as a training tool, a performance-enhancer, or to drive engagement, while others simply assist with the onboarding process, provide tours of the office, explain colleagues’ roles or the corporate strategy. US retailer Target rates cashiers on how quickly they get people through the tills, for example, while MetroPCS, the US mobile device store, uses games to
train sales reps on how to sell phones before they interact with actual customers. Royal Dutch Shell even called upon developer Knack for a game to assess how effective its selection methods were for its in-house innovation incubator.

WHY GAME?
In a workplace, adding a game element to a task or process forces employees to step out of their normal, unconscious behaviour and challenges their strategic thinking or leadership skills. Even apparently simple learning and development (L&D) games can yield rich results. As players’ learning improves, their self-esteem and morale will also get a boost, while how they play can reveal data on how well they prioritise tasks, respond to information, or how conscientious they are. The possibilities are endless.

Restaurant chain McDonald’s is a big supporter of gamification and uses it to communicate and train its digitally-savvy staff, of which 75 per cent are aged between 16 and 25.

McDonald’s adds a game element to its internal learning and development to educate staff about the business. Senior Vice President and Chief People Officer Jez Langhorn says gamification helps McDonald’s to reach thousands of employees instantly. The company’s relatively young workforce is well-versed in videogames, and it has introduced a range of games hosted on an internal website called OurLounge, including ones optimised for mobile devices.

“We can introduce new promotions via a medium employees understand and like and they have fun and learn at the same time,” says Langhorn. “Gamification works particularly well with new product launches, promotions and the introduction of new kitchen equipment,” he continues, “and it has driven behavioural change around a recent internal customer service programme. It all leads to good-natured competition at restaurant level and has a positive impact on our business.”

McDonald’s measures the dwell time, page views and the number of restaurants using its games. It also uses ‘single sign-on’ technology, where users log on once and the company can track the level of participation and compare the reach of the game to subsequent changes in L&D metrics, to assess its effectiveness.

It’s easy to assume that the younger generation would benefit most from game-based assessment or training, but either way, it is important that any game avoids distracting staff, disengaging individuals or encouraging and rewarding unwanted behaviours.

Zoe Spicer, who teaches on the Ashridge HR Strategic Management programme, was HRD for Europe and the Middle East at software company Adobe until she became an independent HR consultant at the beginning of this year. She says the use of gamification in HR has introduced businesses to the idea of a social interface with shared employee goals, rather than unwanted individual and competitive score-setting. When Adobe introduced self-service L&D programmes, the online facilities available to employees gradually turned

CASE STUDY
FRIENDLY COMPETITION IN HEALTH & WELLBEING

EMPLOYEES AT OFFICE equipment company Xerox are testing a new wellness app developed by the company’s own benefits business, Buck Consultants.

Called Fittle, it uses the “mobile behaviour change platform” from Xerox’s research and development subsidiary, PARC. Fittle lets staff select a health test and join a team that is challenged to improve itself. The app’s virtual coach learns about the needs and progress of individual members and players are sent timely advice, encouragement and feedback.

The challenge motivates workers to reach a team goal as well as improving their personal health and fitness, monitoring exercise and offering guidance on how improvements to their diet could help them perform better at work.

Martyn Anwyl, Head of Health and Productivity for Buck Consultants at Xerox, says some clients have also taken part in the pilot.

“The app has been developed with Xerox’s R&D group to reinforce the wellness proposition that we can offer our employees and our clients. Gamification is one of the keys to changing behaviours and feedback from the pilot is being worked on, with an expected launch in 2015.”

MOST PEOPLE ARE TOO BUSY AND UNDER TOO MUCH PRESSURE TO BE ACTIVE LEARNERS”
— ZOE SPICER, EX-ADOBE
into games with rewards, which generated positive results. “These early types of software gave kudos to the idea of recognising a teammate and made employers consider different ways to increase engagement and drive productivity,” she says.

Today, Spicer is working with clients to increase their use of gamification. “Over time you drive behaviour through the use of easy and fun two-minute, game-led tasks that are not as intensive as training sessions,” she says. “Most people are too busy and under too much pressure to be active learners, so gamification can be the perfect mobile answer to reminding employees and leaders of company goals, best practice and good habits.”

SERIOUS BUSINESS

So what do these games actually look like? Knack provides games to measure employee potential, improve performance and recruit talent. They use a simple setting to gather a range of data at the same time – giving better context to the metrics. One of Knack’s most successful games is Wasabi Waiter, which is used to assess soft skills and personality during the recruitment process, as candidates are immersed in the unfamiliar world of a fast-paced sushi restaurant to assess their efficiency, social intelligence and conscientiousness.

Knack’s CEO Guy Halfteck says the games track decisions and turn “micro-behaviours” into data points. That data feeds into an algorithm that works out a rating for an employee’s problem-solving capability, persistence or ability to concentrate – in isolation, all general, but useful figures for an HR department, but together, the basis for powerful insights.

For instance, Shell asked Knack to help identify high-performing innovators within the company’s GameChanger research and development division, which looks at the significant proposals for reshaping the energy industry. When Knack assessed individuals who had contributed ideas to the division, Shell found that the results correlated with those whose ideas had succeeded in reality.

REWARD AND RISKS

Part of the success of such games is that the unusual game environment frees people to play. “There is a science to the games that put people in different situations, to see what decisions they make,” says Halfteck. “This is not about winning.”

Games need to stay exciting though, and to remain so, companies may consider refreshing their games every few months, which avoids employees getting bored, and providing different games for specific teams. Even so, it seems likely that not every member of staff will feel engaged by the concept of games, and HR departments will need to support those who find the process uncomfortable.

And, while there is an opportunity to align mandatory training and development goals to performance in games, it pays to remember that even the best game is no guaranteed predictor of real-world performance.

Similarly, while healthy competition is to be encouraged, a gamification strategy must be based on achievable and sustainable rewards, and certainly can’t replace traditional recognition. Aligning pay grades or bonuses to game performance is likely to upset staff who prefer to be assessed by their real-world output.

Such concerns are probably a way off. But with realisation of the huge potential of HR-focused games, perhaps we should take play a little more seriously.

FOR MORE INFORMATION

Contact: haysjournal@hays.com
BIG DATA HAS been one of the most important recent developments to emerge from the digital revolution, with the power to radically re-configure the commercial and business landscape.

The research and analysis firm Gartner describes big data as “information of extreme size, diversity and complexity”. The significance, though, of the availability of vast amounts of unstructured data drawn from social media, the internet, financial transactions, mobiles and elsewhere is that we now have the technology to take this huge resource and align it with structured data already held in databases. Together, we can get an accurate view inside the minds of customers, candidates and employees, on a huge scale.

A recent IBM report, Analytics: The real-world use of big data, showed that 63 per cent of 1,144 business and IT professionals surveyed reported that the use of information and analytics is creating a competitive advantage for their organisations. For HR, these could be over talent attraction, engagement, retention, performance, or satisfaction, and inform strategies on everything from onboarding and succession planning to reward and outplacement.

Experts agree that big data, alongside the right data mining technology, can provide unprecedented new insights and predictive patterns into both employees and customers, leading to improved strategies and competitive advantages. The ability to track trends over time is a huge step beyond simply checking current operational metrics, and offers applications as relevant to the SME market as it does for large multinationals.

BIG HURDLES FOR BIG DATA
Despite this encouraging statistic, the practice doesn’t always match the ambition. Organisations may be eager to unlock the potential of big data but challenges remain, not least over how to process the sheer volume of raw information available and disentangle complex threads that offer up accurate insights of real strategic value from those that don’t (see box p44).

To leverage people data and gain a deeper knowledge of culture and behaviour, understanding the value and relevance of large data sets is the first step.

Matt Alder, an independent HR digital strategist, admits most organisations on the journey to harnessing their data are only just beginning to even understand what is possible. “It isn’t just hype. As far as HR data is concerned it can offer real insights in the recruitment field and beyond.

“It has been used for candidate experience measurement, with technology being able to survey every person who has applied for a job in a company in real time, to find out how they found the experience and the brand. That can also be used to analyse what the best sources of talent are when recruiting.”

Understanding and capability in this field is developing but is in its early stages, Alder says. Confusion around the terminology is still fairly common, he adds, with organisations falling into the trap of simply re-badging standard operational reporting that has existed for years as analytics,
50 in their restaurants (there had to be more than two),” he says. “The assumption was that most of their employees were young, but if older people were present this had a positive impact on customer service and the behaviour of younger staff, which in turn had an impact on sales.”

Beth Powell, Rewards Leader at the professional services provider, Towers Watson, outlines how one UK bank decided to gather and analyse ‘unlimited’ feedback from employees on proposed changes to their benefit arrangements – resulting in more than 10,000 pieces of feedback and more than 2.5 million words written.

“Using our software, we were able to dissect, categorise and prioritise the feedback received,” she explains. “The bank got to know and understand its employees better, and learn about their thoughts and feelings in relation to their benefits. Running this consumer diagnostic exercise meant they could make meaningful alterations to the benefit design.”

WHAT DATA WON’T TELL YOU
Once an HR function has decided to begin a data analysis, it needs to establish its objectives, consider how much data is needed for findings to be valid, how it can be safely captured and where it can be sourced.

Organisations are still failing to exploit the information collated and held in their own systems, says Alder. “There will be massive wins just by looking at the data they already have and bringing it together to make comparisons, instead of looking at the different sets in isolation.”

Campbell agrees that analysing the unstructured data in HR and customer systems can deliver powerful insights. “It’s the textual stuff that is important, such as comments on staff surveys, or from managers in performance reviews and so on. We don’t analyse those with the same rigour. When matched with traditional structured data it can be used to spot trends, or weak spots that you can do something about before problems arise. For example, it can indicate discontent with a particular...”
manager rather than finding out only when staff have upped and left.”

Learning how to utilise the data in a legitimate and useful manner is the next action to take. This includes being adept at accurate analysis and being aware of the limitations of the data being presented.

HR should be extremely cautious about misinterpreting data and, in particular, be careful not to mistake correlations for causality. Rob Cross, Professor of Management at University of Virginia’s McIntire School of Commerce, has worked with more than 300 organisations on network analytic ideas. He says: “HR needs to be able to understand when they are just seeing correlated results and that one thing may not be affecting the other directly. A longitudinal approach will offer greater accuracy, taking snapshots over time to see if there is an order or consistency to the data.”

There also has to be some balance in the way findings are used and looked upon. There is a danger that data becomes king and HR must resist the temptation to be overawed by what they are presented with and getting distracted by interesting but nevertheless irrelevant trends.

Moir is also concerned there is a risk that HR big data could become a fad if not applied in context and used to positive effect. “I worry we’ll end up with an initial big explosion, trying to do lots of fancy things rather than focusing on meaningful information in areas such as engagement,” he says. That could lead to masses of personal data being held that isn’t processed or retained for legitimate purpose.

Employers need to be mindful of human rights and privacy rights and that they are not overstepping the mark using data in an Orwellian way to excessively monitor behaviours. Transparency is vital, says Cross. “There needs to be a healthy concern with not revealing too much of the analytics in a way that may hurt someone.”

Zachary Johnson, CEO at Syndio Social, a HR analytics company, adds that employees should be informed about what data is being collected, who will be accessing it and what it is being used for. He also warns that data is not a silver bullet. “The data should be paired up with the normal decision-making processes in an organisation to provide better evidence. Drawing conclusions strictly from the data can be misleading. Organisations that don’t use the two in hand will not gain much advantage.”

As HR’s big data analysis grows in momentum it will most certainly re-shape HR’s role and the skills required from the function in the future organisations.

To meet this need and ensure information can be used to best effect, Moir says the function may need to “reverse engineer the pipeline of talent, to have more analysts that work in HR rather than HR people that try to be analysts.”

Will the HR role ultimately evolve into chief people data officer? The jury is still out on that although there is agreement HR will be at the heart of this movement.

“The HR function is very involved now and will want to own [data] in the future because it gives it a set of value-added transactions with their business partners,” says Cross.

Moir maintains it’s not a massive shift for good HRDs. “They should already be focusing upon better quality informatics and analysis, and forecasting trends to create business impact.”

**INSIGHT**

**HOW TO CAPTURE AND ANALYSE PEOPLE DATA**

- Work out your aims for the data analysis, your existing assumptions and how accurate data will help you make decisions
- Consider bringing in external expertise by pairing up with a vendor that understands your business priorities
- Fully understand the data already in your company’s HR systems or surveys. Bring it together so comparisons can be made across the business
- Consider the additional sources of data available. Investigate what different tools and ways of collecting data are out there and how they fit with your needs
- Access as broad a pool of data as possible to minimise the risk of bias or reading false conclusions, and continue collection and analysis over time
- Be transparent. Draw up guidelines with key employees governing proper use of data and how it will be incorporated into business operations
- Keep an open mind. The data may disprove long-held assumptions that have gone unchallenged
- Don’t be blindly led by data. Use it in conjunction with your usual decision-making processes
- Take to the board only the data the business will recognise, find useful and be confident in using
GROWING PAINS

SINGAPORE NEEDS TO STRIKE A FINE BALANCE BETWEEN LOCAL AND FOREIGN HIRES IF IT IS TO MAINTAIN ITS ECONOMIC GROWTH

SINGAPORE HAS AN enviable location. An island at the heart of a collection of exciting Asian economies, the tiny state is well placed to act as a hub for its bustling corner of the world, and its reputation as a business-friendly centre of commerce has played a key role in attracting talent from overseas. There is good reason behind the fact that multinationals such as Google, BP and Procter & Gamble use the city-state as their regional headquarters.

However, recent labour laws have added a layer of complexity to successful and international approaches to business by prioritising local talent over foreigners, particularly for middle-income jobs. That’s prompted a rethink for many industries, as Singapore’s demand for highly skilled roles has been accustomed to a steady stream of talent – something that its small population and educational facilities struggle to keep up with.

“Singapore’s shortage of highly skilled professionals has reached a point where it is now a hindrance to the effective operation of businesses,” says Chris Mead, Hays’ Regional Director in Singapore. “Government initiatives that endorse local Singaporean hires, while positive in many respects, have seen the demand for talented local candidates reach new heights. The ability to secure the right talent – whether that is a highly valued, locally experienced candidate or a specialist from overseas – will remain employers’ greatest challenge.”

Alongside this is the Singaporean government’s recent focus on growing the population – a decision influenced by the economic success of densely populated Hong Kong, across the South China Sea, and the findings of a Population White Paper in 2013 predicting that Singapore’s rapidly ageing workforce would naturally shrink from 2020 onwards.

In response, the state has called for a massive increase in population from 5.5 million to 6.9 million in 2030, with nearly 45 per cent of those new citizens
coming from overseas. This led to public protests from opposition parties and Singaporeans, who complained that high living costs and insufficient state support discouraged young local couples from having children, and that an increased population – immigrant or otherwise – would overstress the 716km² island’s limited urban infrastructure.

While it remains committed to population growth, the government has placed emphatic preference on local candidates over foreign talent. One recent change is the Ministry of Manpower’s new ‘Fair Consideration Framework’. It says that, when recruiting for roles worth up to S$12,000 pa, any business employing over 25 staff must only search for Singaporean candidates for the first two weeks of a position becoming available, before widening the talent pool to foreign workers.

These vacancies need to be advertised on the Jobs Bank, the Singapore Workforce Development Agency’s (WDA) new public job portal, which has been created to match local job seekers and employers.

For jobs that remain unfilled, foreign workers must apply for access through a tiered work pass system, with more specialised jobs affording higher covering passes for spouses, children and parents too. There are no limits on the number of passes an employer can hold, but the acceptance of an application can depend on the financial state of the employer and the business’s ratio of foreign to local employees.

THE MIGRANT BALANCE
Foreigners make up 38 per cent of Singapore’s 3.7 million workers, so while these regulations are not as restrictive as many other nations’, any barriers to hiring foreign workers risk economic growth. In the 31 countries surveyed in the 2014 Hays Global Skills Index, Singapore’s labour market slackened the most – a trait the Index correlates with low GDP growth.

Moreover, while Singapore’s educational performance is among the best in the Hays Global Skills Index, placing it second only to Hong Kong, its educational institutions seem unable to produce the scale of talent needed to meet the government’s ambitious growth targets without resorting to overseas hiring.

Around 20 per cent of the 1,700 people Hays places in Singapore each year are brought in from overseas. Rising wage pressures in both high-skill occupations and high-skill industries illustrate how recruiters are being forced to look overseas and offer higher salaries to secure talent.
Unemployment is at just under two per cent (one of the lowest rates worldwide) and there’s a clear skills shortage in the main industries of finance, oil and gas, shipping logistics, manufacturing, tourism and hospitality, technology and IT, says Mead. “You can see that Singapore has great ambitions, but 5.3 million people can’t produce the talent quickly enough to fuel growth, and importing people remains a necessity.”

THE SEARCH FOR SKILLS
Accounting and finance is the largest sector in Singapore and is seeing 30 per cent year-on-year growth in jobs, particularly as Singapore sheds its back-office image and begins to attract the front-office and private banking work that was previously the preserve of Switzerland.

The growth of the financial sector promises to bring in trillions of Singaporean dollars in assets from high-net-worth individuals and private banks, and its reliance on international expertise is an example of why Singapore needs to keep looking outward to maintain its strong reputation in the region, says Mead, even if that is only attracting the returning diaspora of well-educated and professional Singaporeans.

Another industry facing an acute skills shortage is life sciences, which has grown from nothing into a pillar of the economy in the past decade. Now, it’s a struggle to find the necessary talent, from sales and marketing to research and development.

“While the state has created specific life science-focused degrees, they have only produced graduates in the past five years,” says Mead. “There are now well educated local candidates, but they are still too junior and haven’t had the regional exposure many roles require.”

The frustrating thing for many businesses in Singapore, says Mead, is that the skills shortage is acting as an anchor on an otherwise unrestrained economy. Singapore is one of the world’s most attractive places to work, ranking second in the 2014 World Economic Forum Global Competitiveness Report. It boasts the third-highest GDP per capita in the world and the strongest overall environment for institutions, infrastructure, macroeconomics, health, and education. Notably, it scored highly for its transport infrastructure – an important feature for any country relying so heavily on trade.

“Three and a half hours’ flight from Singapore can take you to eight countries, so it remains a fantastic place for regional headquarters. It is an easy place to do business, is great for families and the Singapore Straits means it will remain an important centre for shipping,” says Mead.

But facing such stiff competition from the growing economies around it, Singapore cannot afford to rest on its laurels, he says. Its role as a local business hub depends on its global perspective, and unless it can resolve the tension between the local labour market and its need for outside labour, that role will be under threat.

LABOUR MARKET STRESSES
79% of women of working age are included in Singapore’s workforce – less than in 75 other countries

1.9% Singapore’s unemployment rate is one of the lowest in the world

38% Foreign-born citizens make up a huge proportion of Singapore’s workforce, and it is set to rise

FOR MORE INFORMATION
To read more about Hays in Singapore, visit hays.com.sg

"THE DEMAND FOR TALENTED LOCAL CANDIDATES HAS REACHED NEW HEIGHTS"
—CHRIS MEAD, HAYS
THE CHINESE HAVE a word for those who return home after study or work overseas: ‘Hai Gui’ or, roughly, ‘Sea Turtles’. After years across the oceans, they are encouraged to return with all they have learnt, by a government that is investing heavily to encourage them home.

Since 2008, the Chinese Government has focused on top talent, luring 4,000 Chinese ‘experts’ living abroad back with a programme that offers each 1 million yuan ($163,000) and the title of ‘national distinguished expert’. This ‘Thousand Talents Plan’ has brought in high profile scientists and academics, but a thousand talents is far from what China hopes to bring home.

The Center for China and Globalization, in Beijing, says China generates as many as 14 per cent of the world’s overseas students – 413,900 in 2013 – and 22 per cent of those in the US alone. Around 353,500 returned, a significant portion of the three million the Government estimates have studied overseas in the past 35 years.

DIFFICULT VALUATIONS
These returning Chinese offer an alternative to both local and Western businesses that have relied on Western expatriates to run their Chinese operations. The question is, however, whether these individuals bringing with them a wealth of trade contacts, new ideas and capital, are actually worth quite what they expect.

A decade ago, from mid-management upwards, Western expatriates or Mandarin speakers from Taiwan, Hong Kong or Singapore were the favoured choice for international businesses in China. English fluency was preferred, as was a university degree or master’s, along with experience of how business is done overseas.

Today, all of those are available in returnees from across the globe. Ritchie Bent, Group Head of Human Resources at the conglomerate Jardine Matheson, which has operated in China for 180 years, says: “We get returnees coming in from all over the place – the US, Canada, Australia, and Western Europe.”

Now, the exorbitant fees to attract a handful of Western expats are a distant memory. However, with bigger horizons comes bigger expectations. Many returning Chinese understand their worth in the global marketplace, and, knowing full well the value of the magic formula of Chinese cultural awareness and global business acumen, want to realise that value in reward structures that match, or exceed, those of the expats that came before them.

Mike McCarthy, Group Head Human Resources, Asia Pacific, Middle East and Africa, MasterCard, agrees. “The number of locally developed candidates being considered for strategic roles is growing, due
to improving education and development, and to the increasing number of opportunities for Chinese nationals to progress their careers at home within Western organisations. Many companies would prefer to hire locally.”

The key selection criterion for many roles is cultural awareness. The State Administration of Foreign Experts Affairs was this year due to publish a skills shortage list, though it has yet to do so. Wang Huiyao, Director of the Center for China and Globalization, says China will need an additional 75,000 executive managers with global experience in the next five to 10 years.

At the very senior level, the most highly valued talent is the returnee who has developed their career outside China after an overseas education. However, McCarthy says, that level of experience at operating effectively in both cultures is rare.

Bent agrees. The few internationally minded returnees with senior experience are more expensive than expatriates ever were, he says. “It’s just a case of supply and demand.”

At the mid-management level though, the picture is less clear, and is exacerbated by the country’s high staff turnover, so that a business can readily poach talent with little more than a large salary hike. Imasa says; “the expectation in terms of high salary does not just apply to Chinese returning home but also from the local talents, given the competitive business environment.”

WHY RETURN?
Picking an appropriate valuation at the mid-level, undistorted by competitor inflation, is a real headache for recruiters. Many have recognised that quality can vary dramatically among returnees.

The number of students who return is four times higher now than a decade ago and according to the Ministry of Education, in 2013 a record-breaking 6.99 million students graduated from Chinese colleges. Amid this huge pool of educated talent, quality can vary. Weak students may return to China rather than take advantage of international opportunities. That’s a notion strengthened by a 2013 report on 189,000 overseas students, from The Chinese Service Center for Scholarly Exchange, under China’s Ministry of Education. While those who returned to China with a master’s degree make up 63 per cent of the total, those with a doctoral degree and above represent only six per cent.

Even today, when it comes to top management or technical roles, there is a hierarchy of skills. McCarthy says: “The relative scarcity of suitable candidates often necessitates consideration of expat Chinese or even Western candidates.” While China is more than capable of providing junior management talent from its own education system, the higher up the organisation you go, the broader your search needs to be.

INFLATED EXPECTATIONS?
What is emerging is a dual system, where top returnees and equally multicultural Western expatriates still can command top salaries, but only in a few select roles and professions, including oil and gas, accounting and finance, and HR. It’s a trend illustrated by the slackening of Western expat hiring but the rise in hiring from Hong Kong and Taiwan, where the cultural divide is much narrower, but the quality of global experience equally high.

So, what can be done to realign expectations, and avoid overpaying while securing great global talent?

First, be clear on the role you are hiring for and the skills and experience it needs. Pay appropriately for skill, and nothing else. McCarthy says: “For less senior roles and for Chinese [local market] companies, the focus is on recruiting high-calibre local talent.” The local market is highly competitive, but it may be that the talent is available at home already.

Second, hold what you have. It is increasingly reported that Chinese staff leave because of undelivered career development, not poor salaries. The majority of young talent within China’s cities comes from a generation of highly educated, only children – deriving from the one child policy – and the nation’s culture of respect demands you treat employees as individuals with individual aspirations. Bent says: “A lot of it’s about retaining. Some companies will offer you a 40 per cent rise to join them.” However, invest in training local employees and you could save both on initial recruitment and turnover.

Third, if you do need to look for a returnee, find your leverage, and recruit intelligently. What attracts a candidate might not be financial. Talent can be brought home by family ties, for example, and while the top candidates are naturally rare, they are available. McCarthy says: “there are flows of talent constantly moving in and out of China. The trick is to find the right candidate at the right time.”

FOR MORE INFORMATION
To read more about Hays in China, visit hays.cn
**LAST WORD**

**HR IN THE ANTARCTIC**

**IT TAKES A SUPREME TEAM TO WALK TO THE SOUTH POLE AND RETURN ALIVE. EXPLORER FELICITY ASTON SHARES HER LESSONS IN CULTURE, MOTIVATION, LEADERSHIP AND SUCCESS UNDER PRESSURE**

Q. **CAN EXTREME ENVIRONMENTS TEACH YOU ANYTHING ABOUT PEOPLE?**
My first proper job was as part of the British Antarctic Survey, when I was just 23. There were 85 members of the team in the summer months, but in winter only 20 of you are there, cut off, with no access via ships or planes. Even if it’s a catastrophe, you need to sort things out with what you have there.

Because it is so remote, a stationing is a stint that lasts for two and a half years. The people you are with are total strangers when you arrive, you are far from home and it’s very easy to feel vulnerable, particularly while you’re learning a new job and a new culture. You are living and working together and there is no escape from these 20 characters, so it’s a fantastic learning environment for the psychology of small groups.

Q. **WHAT LEADERSHIP LESSONS DID YOU LEARN IN THAT PROCESS?**
I learnt the importance of working with lots of different characters. Leadership isn’t about having all of the answers, and not knowing something is not a sign of weakness. A good leader will surround themselves with good people and let them provide information.

Too many of my junior team members have suffered egomaniac know-it-alls who isolate themselves from their team. That’s not the way to lead – it’s about finding out people’s strengths and using that to plug the holes in your knowledge.

Q. **HOW DO YOU MANAGE CONFLICT IN THE WILD?**
There is always conflict on expeditions, but expeditions fail because of a breakdown in team dynamics. People can overcome many things but their attention fails when they aren’t getting along.

There are definitely techniques to getting along, too. I used to believe I was an easygoing person but I’ve learned what sets me off – and what I do that annoys other people.

After recruiting for the Commonwealth expedition of women walking to the South Pole, we had to work really hard on bonding before we left. We had open sessions about what puts you into conflict with others, and what gets you, personally, out of it. Everyone is different. Some people need to air their problems, some people need their space.

People say ‘it won’t happen to me’ but when you are cold, tired, hungry, far from home and in danger, it does. It’s a critical lesson to listen to yourself, as in high-stress environments things get blown out of proportion. I make my teams think about that. There will be some point where you think your team-mate is intentionally getting at you, and to make yourself think objectively about that is hugely difficult.

Q. **WHAT DO YOU CONSIDER WHEN RECRUITING A TEAM?**
I’ve learnt that you can never truly predict if you are going to get along with someone but I’m very much a believer in ‘gut feeling’. On the Commonwealth expedition (see panel), once we began to meet people, I knew within two minutes whether I could spend six weeks in a tent with them. Of course, I needed to work out if they could spend six weeks in a tent with each other too. You need a mix to be productive, and we couldn’t have eight leaders, or followers, or jokers, or rulekeepers.

My job is people management. Everyone in the team needs a strong motivation to make an expedition work and remain focused on the end goal. Understanding people’s personal agenda means you can understand why they are there. If you understand that, when you are delegating jobs you have a much better chance of getting people in a position they will thrive in. That’s half the battle won.

**FELICITY ASTON IS A METEOROLOGIST AND EXPLORER. SHE HAS LED NUMEROUS EXPEDITIONS, INCLUDING TAKING AN ALL-FEMALE TEAM OF SKIERS FROM COMMONWEALTH COUNTRIES TO THE SOUTH POLE. IN 2012 SHE BECAME THE WORLD’S FIRST WOMAN TO SKI ACROSS ANTARCTICA ALONE**
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Hays Journal is published on behalf of Hays by Wardour.

Managing Editor Chris Erasmus Art Director David Donaghy Designer Dan Bell

Account Director David Poulton

Hays Journal is available for iPad on the App Store

Cover image:
Google co-founder Sergey Brin demonstrates the technology producer or consumer.

JOURNAL ISSUE 8

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ALISTAIR COX, CEO, HAYS
The Hays Global Skills Index 2014 – providing insight into the dynamics of the global skills landscape

Despite the continuing economic recovery, companies are struggling to find the talent they need. And with the widening skills gap likely to get worse before it gets better, economies are now facing something of a perfect talent storm. So what can governments, education authorities and businesses do to help shape the talent pipeline of tomorrow?

Highlighting the factors impacting the labour markets of 31 countries around the world, the Hays Global Skills Index 2014 identifies imbalances between the supply of skilled labour and the labour demands of employers.

To view it online or to request a copy, visit hays-index.com