

CHALLENGING TALENT

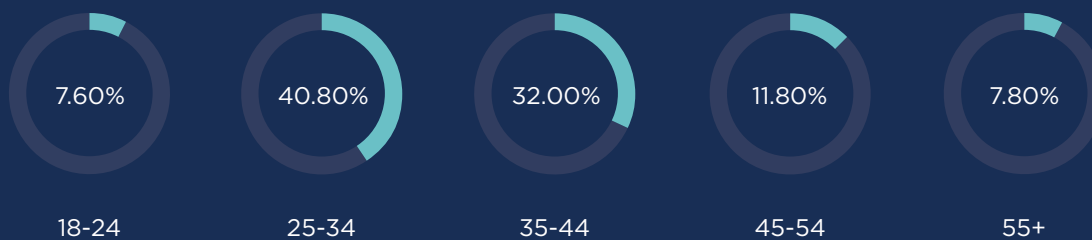
A report on the global talent landscape
and how to successfully negotiate it

2018

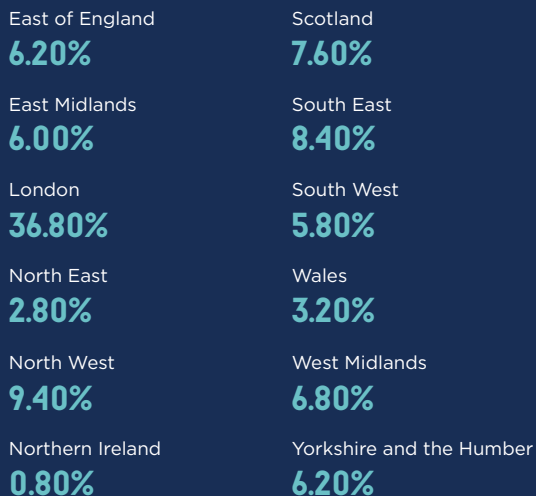


DEMOGRAPHICS

How old are you? Here is a breakdown:



Where in the UK is your company based?
Here is a breakdown:



To confirm, in which of the following sectors do you currently work? Here is a breakdown:

Sectors	%	Responses
Accountancy	2.20%	11
Banking and financial services	24.60%	123
Business, consulting and management	4.00%	20
Charity and voluntary work	1.40%	7
Creative arts and design	1.60%	8
Energy and utilities	1.60%	8
Engineering and manufacturing	15.60%	78
Environment and agriculture	0.20%	1
Healthcare	1.20%	6
Hospitality and events management	0.80%	4
Information research and analysis	0.40%	2
Information technology	32.20%	161
Insurance	5.20%	26
Law	1.00%	5
Law enforcement and security	0.20%	1
Leisure, sport and tourism	0.20%	1
Marketing, advertising and PR	0.40%	2
Performing arts	0.20%	1
Property and construction	0.40%	2
Public services and administration	0.20%	1
Recruitment and HR	0.20%	1
Retail	3.20%	16
Science and pharmaceuticals	0.60%	3
Social care	0.40%	2
Teaching and education	0.80%	4
Transport and logistics	0.40%	2
Other sector	0.80%	4

CONTENTS

Foreword from Simon Conington

Executive Summary

1. **Introduction: The Employment Landscape**

Social

Economic

Technology

Summary

2. **Talent Challenges and Issues Around the Globe**

The Talent Gaps

Sector Skills Headaches

Issues Around the Globe

Summary

3. **Talent Strategy and Succession Planning**

Talent Strategy

Succession Planning

Summary

4. **Engagement for Attraction and Retention**

Engagement

Culture Fit

The Employer Brand

Summary

5. **The Role of Process**

Measuring Effectiveness

The Decision to Outsource

Conclusion



Foreword from Simon Conington

Founder and CEO of BPS World

In developed, knowledge economies, selling the premium skills and talent of people is the key to achieving competitive advantage. Employers must attract and retain the best people, and that presents them with challenges, that this report aims to highlight and resolve.

Throughout history, new skills have emerged as the need for others dies out. The current fear is the impact of artificial intelligence. Some will argue that we need to protect our work force from such innovations, but of course that never works, no country is an island, we are all part of a global economy. Failure to not only embrace change, but lead it, is the only way to stay in business. We need to understand the landscape, how it will impact on us and how we can best exploit it.

Identifying talent to maintain competitiveness is the most important job that an organisation does, but it is never easy. When there are more jobs than skilled people to fill them, and we are accepting people in posts who are not performing at an acceptable level, how do you identify and attract the right talent? What are the most common mistakes? How do you avoid them? What makes people choose some employers and avoid others? Is staff churn inevitable; is there anything you can do to stop your rivals poaching your staff? How can you maintain a strong talent pipeline so that you have not only the skills on board to survive, but thrive well into the future? And how do you leverage technology as a means of attracting, stimulating and retaining talent rather than making them fearful for their jobs?

Across the world, the political landscape is volatile and brings with it further complexities for employers as the vote against globalisation takes effect. In Europe marginalised parliaments in Germany and Italy will cause uncertainty over the direction that those governments will take. In the UK many employers have become reliant on recruiting European talent for their hard to fill roles, which may no longer be an option after Brexit. The Trump administration has taken a protectionist, anti-immigration stance that is already impacting skills mobility and is likely to have ripple effects for employers beyond the US. Employers are, or will, need to respond, but what will be the outcome in such a challenging skills market, where uncertainty is now a permanent reality of boardroom decision making? What are the practical and strategic considerations that will help them stay one step ahead?

This report explores the talent landscape, incorporating the views of BPS clients, our in-house experts, and other specialists. It aims to give readers actionable insights that will help them start to shape and refine their talent strategies and understand what they need to do to remain competitive for years to come.

I believe the research, insights and expert guidance we've compiled make for an interesting and thought provoking read.

Simon Conington

Simon Conington, CEO of BPS World

EXECUTIVE SUMMARY

Most organisations find it difficult to attract and retain the talent they desire and (in many cases) they need. This report looks at what those challenges are and how they can be overcome.



The Talent Gaps

The challenge for global employers, is to attract and retain high and low-end skills. Almost all sectors are experiencing some problems. In IT the skill needs are evolving very quickly to manage the innovation in the sector and the relevant talent often doesn't exist yet. Education is failing to keep up. Engineering, in the UK and overseas, is facing the prospect of a generation of engineers retiring, which will make the current struggles to find talent much harder.



Impact of Technology

Mid-skilled jobs are under most threat from AI and other emerging technologies (and in many countries are the ones that are most likely to be put off shore). However, no job should be considered safe from the impact of technology.



Legislation

Governments are continually introducing legislation that impacts on the ability of employers to engage, yet long-term strategies are not shared (if they exist) so employers are not able to plan. Brexit, for example, will have a major impact in the UK and beyond.



Measure of Success

We are yet to see technology lead to an expected increase in productivity. Meanwhile, the majority of managers surveyed are concerned that staff turnover is too high. Both factors suggest that employers are failing the talent challenge.



Talent Strategies

Too few companies have talent strategies that senior managers are confident will deliver the talent they need. Succession planning and the talent pipeline tends to focus on immediate needs rather than address the needs of the business plan. However, the best employers are looking at innovative solutions to solving the issues long-term.



Employee Engagement

Employee engagement is proactively considered by those in customer-facing businesses, but manufacturing and Asian markets lag behind. Millennials expect different things from their employers, than the baby boomers that are retiring, and HR policies will need to reflect this. The strength of the employer brand is becoming more important than ever.

Employers are in a global competition for skills but struggle to understand the competitive landscape. The recruitment process itself is recognised as ineffective by senior managers themselves. Technology has the potential to improve the process, but few are exploiting it yet.

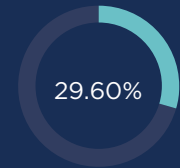
“What challenges does the organisation that you work for face when it comes to exec level hiring?”



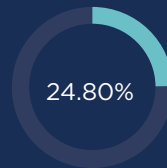
We don't work with a specialist search firm and we need to



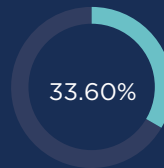
Our succession planning isn't good enough to bring up exec level talent from within the business/we don't have a succession planning strategy



Dwindling supply of the right talent



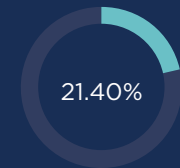
Change happening within the business is potentially putting off candidates



We face significant competition on salary and benefits



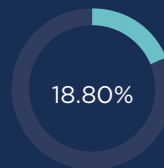
We don't have the right market intelligence to be strategic about our exec level hiring



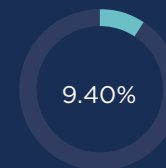
Our recruitment and interview processes are not right at this level



Our attraction strategy isn't winning over this group



Our employer brand isn't strong enough



Not applicable / None / Not sure



Other

1

INTRODUCTION:
THE EMPLOYMENT
LANDSCAPE

2

TALENT CHALLENGES
AND ISSUES AROUND
THE GLOBE

3

TALENT STRATEGY
AND SUCCESSION
PLANNING

4

ENGAGEMENT FOR
ATTRACTION AND
RETENTION

5

THE ROLE OF
PROCESS

These complications of the talent market mean that many companies, even those who are able to afford expert in-house teams, are now outsourcing the challenge to specialists and finding it more cost effective to do so.

Kevin Green, until recently the CEO of the Recruitment and Employment Confederation (REC), joined BPS as a non-executive director on 1st April 2018. He commented;

“Talent is becoming a more important issue for CEOs and boards. The ability to find, attract and retain talent is a driver of business success now and in the future.”

RESEARCH

This report is informed by a OnePoll survey, carried out for BPS World in February 2018, of 500 UK based senior decision makers in banking and financial services, engineering and manufacturing, information technology and insurance, in companies with 50+ employees. This research is supported by interviews with key experts and desk research. The results were remarkably consistent. Much of this research was focussed on the UK but we also looked internationally. The global nature of the talent market, with both employers and employees at the high skill end looking across borders means that the impact of what is happening overseas cannot be ignored in any country.

BPS World has also published the following reports. The subjects of these reports are not therefore looked at in detail in this one. All are available to download free from www.bps-world.com.

- **Total Immersion:** Resourcing that lives and breathes the brand. Published 2014. This looked at the importance of the employer brand to recruitment
- **Talent Planet:** The essential guide to global recruitment. Published 2016. This considered the impact of global recruitment and how best to manage it.
- **Brexit:** What the World is Saying. Published 2016. This looked at the impact of Brexit from a global perspective.

BPS World are also co-authors of a book:

- **The Agile Revolution:** A Guide for business on agile working

This is available on Amazon as an eBook or in print.

INTRODUCTION

The Employment Landscape

What are the social, economic and technological issues that are impacting on the ability of companies to recruit the people they need?

The employment landscape is experiencing major disruptions. Those companies who fail to remain competitive are finding themselves in trouble. Or worse still, they are quickly going out of business. Whatever their size, no-one can be complacent. However, it is not easy to keep up with the pace of change; key issues one year can be forgotten the next and there are also some trends that are restricted to certain markets and are not seen in others.

SOCIAL

The demographic landscape is evolving. Millennials have grown up and now represent a significant proportion of the work force. This is impacting on engagement and retention strategies. Millennials arrive with certain expectations, such as having a voice, and if they are not heard they will go elsewhere. They have higher expectations of engagement practices; millennials want to feel a sense of belonging in an organisation that cares about them (more so than previous generations).

The UK also has an ageing population and there are some industries, such as engineering, where we are failing to replace the skills of a generation that are about to retire. The UK government is already having to outsource major projects (such as nuclear power stations) as UK companies simply don't have the right skills to deliver them.

Employers are no longer just competing locally for talent, but globally. Those with skills in key areas are mobile and will go to the country where their skills are in greatest demand, or to markets where the industries are doing the most exciting things. However, employers are also looking beyond national borders for the talent they need. This adds complexity to recruitment and raises issues such as compliance, which can be very different from one country to another. These issues were addressed in detail in our report, Talent Planet: The Essential Guide to global recruitment¹.

Millennials want to feel a sense of belonging in an organisation that cares about them

¹ Talent Planet - The essential guide to global recruitment
Published by BPS World May 2016

ECONOMIC

In most countries productivity has not recovered from the 2008 recession. Despite this, there are more high and low skilled jobs than there are people to fill them. In the UK, Brexit is likely to make low skilled jobs very difficult to fill. London is already seeing hotels closing rooms due to lack of staff to service them.

However, we are also seeing the destruction of mid-skill jobs, particularly in those economies that are booming. In some countries these jobs are being outsourced, in all countries technology poses a serious threat to them (see below). Mid-skilled people will need to train up and add new capabilities, or they will have to do more menial tasks.

Since the 2008 recession, growth in productivity (measured by gross domestic product per hour worked) has been at its lowest rate since the early 1970s (1.3%)² despite technological advancement. At the same time, we are seeing rapid and disruptive change. Those companies who are not able to address their productivity are quickly pushed out of business by their competitors, as illustrated by the fact that only 12% of the Fortune 500 companies from 1955 are still in business, and in 2016 alone, 26% dropped off the list³.

PWC's November 2017 report; The Productivity Puzzle⁴ identified a number of key issues with productivity including:

- New recruits lacking STEM skills and crucial softer skills (including collaboration, resilience, and adaptability)
- Education and training failing to deliver the needs of business
- The need for a more flexible workforce, as this is often a more productive one. This is being prevented by some infrastructure issues, such as slow broadband speeds but attitudes also need to change (e.g. flexible working is still seen by most as an engagement rather than a productivity issue)
- Lack of clarity on worker/employee status by governments. There are incremental legislative changes that are not in line with the changing pattern of work. Business needs clarity on the direction their government is going in so that they can plan their talent strategies

Despite all these challenges our poll showed that senior decision makers are optimistic about their prospects for growth.

Only 5% reported that they expected to contract

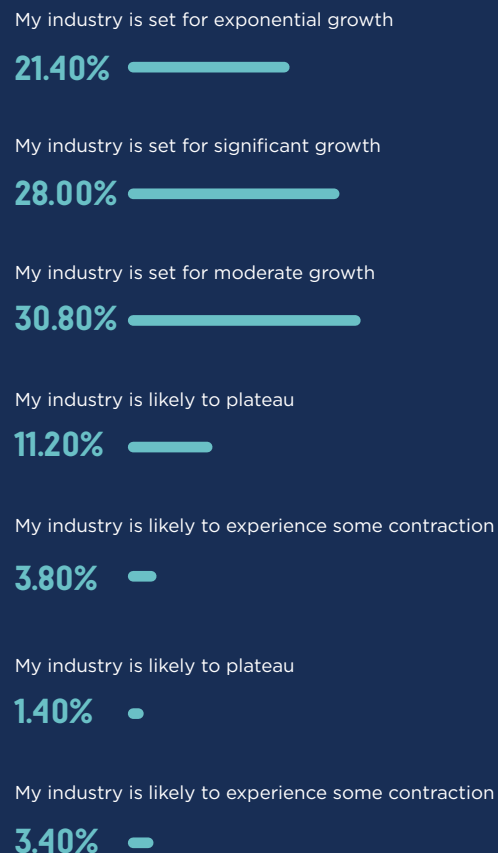
49% expected to experience significant or exponential growth

² Deloitte Human Capital Trends Report 2017

³ Deloitte Human Capital Trends Report 2017

⁴ The Productivity Puzzle, published November 2017
<https://www.pwc.co.uk/issues/futuretax/the-productivity-puzzle.html>

Which of the following do you believe describes what the economic picture looks like in your industry over the next 12 months?



Which of the following best describes how you feel about the growth prospects for your business over the next 12 months?



TECHNOLOGY

Martin Ford, a futurist and expert on the impact of artificial intelligence and robotics on society and the economy commented, in Rise of the Robots:

“It is an era that will be defined by a fundamental shift in the relationship between workers and machines. That shift will ultimately challenge one of our most basic assumptions about technology: that machines are tools that increase the productivity of workers. Instead, machines themselves are turning workers, and the line between the capability of labour and capital is blurring as never before.”

Our poll of senior managers showed that most of them expected a wide range of benefits from technology, but they believe that their employees have very mixed views on whether it is an opportunity or a threat.



Which of the following benefits do you think AI and automation will/could deliver for your business?

Automation of back office processes, increasing efficiency

20.20%

Enhancing employee development programmes, making them more self-directed and engaging

17.80%

Making our recruitment and hiring processes more efficient

17.20%

Much faster data processing and analysis

27.20%

Minimising fraud

17.00%

Enhancing customer service and helping anticipate their needs

18.40%

Making our business more agile

20.60%

Less downtime and increased productivity

22.20%

Elimination of high volume/frequency mundane tasks - freeing up staff

20.60%

Job creation

15.00%

Prompting diversification of skills and talent

15.40%

Opening up global opportunities

18.00%

Making our business more competitive

19.60%

Minimising general technology challenges

18.40%

Augmenting employee performance

21.80%

None of the above / Not sure

6.60%

How do you think your employees view AI?

They see it as a potential threat to their jobs

29.40%

They see it as largely irrelevant to them at the moment

24.00%

They know they need to be aware of it but don't understand the full potential impact

26.40%

They're very comfortable with it as we're already using AI in some capacity in our business

25.00%

They see it as helping to create jobs

23.40%

They are positive about some of the functions/tasks it could potentially automate, saving them time and allowing them to focus on other things

28.00%

Not applicable / I don't know

7.00%

How relevant do you think each of the following emerging technologies will be to the business you work for over the next 12 months?

	Very relevant	Somewhat relevant	Not very relevant	Not at all relevant	I'm not sure
AI (the broader concept of machines being able to carry out tasks in a way that we would consider 'smart')	29.40%	41.60%	19.60%	7.00%	2.40%
Predictive analytics (using modelling, machine learning and data analytics to make predictions about the future)	34.40%	39.80%	16.20%	7.60%	2.00%
Biometrics (using details and calculations about a person as a sophisticated way to verify identity)	30.60%	38.60%	18.60%	10.00%	2.20%
Autonomous vehicles (driverless cars)	26.20%	31.00%	21.00%	19.40%	2.40%
Robotics (the branch of technology that deals with the design, construction, operation, and application of robots)	28.40%	40.60%	16.80%	11.60%	2.60%
Blockchain (an online, distributed database which is often associated with Bitcoin transactions but can be used to create permanent records of transactions and decisions)	29.20%	34.80%	20.00%	13.60%	2.40%
Bitcoin (digital currency)	25.40%	32.20%	18.00%	21.00%	3.40%
Intelligent process automation (ways of improving repetitive business processes through things like AI)	32.60%	40.20%	18.00%	7.20%	2.00%
Machine learning (application of AI that allows computers and systems to learn without being programmed to do so)	30.40%	40.40%	19.20%	8.00%	2.00%
IoT (internet of things - the global network of physical devices, vehicles, home appliances and other items embedded with electronics, software, sensors etc that can connect to the internet and exchange data)	33.20%	37.60%	18.20%	9.20%	1.80%

AI, blockchain, predictive analytics, biometrics, autonomous vehicles, robotics, bitcoin, intelligent process automation, machine learning (application of AI) and the internet of things are all set to be major disrupters to the employment landscape over the next ten years. 70% of the senior managers we spoke to (See Fig on page 15) saw each of these emerging technologies as relevant to their business, so no-one can afford to ignore them.

Automation means that we are destroying jobs faster than we have ever destroyed them before. Simon Conington summarised the challenge: “A high percentage of job titles we currently have will disappear, but we are creating them at an even faster rate. That is a thrilling, but also scary, prospect for some.

Speaking to Forbes back in 2010, Martin Ford advised⁵: “Automation technology will continue to hit hardest in the areas where we have come to expect it: the manufacturing sector and low-wage, unskilled jobs of all types. Yet the reality is that by 2020 we will also see increasing penetration of automation into occupations that require significant training and college degrees. The six-figure knowledge workers who now inhabit oceans of corporate cubicles will be heavily threatened by software automation

and specialised artificial intelligence applications that can perform many of the routine tasks and analyses that occupy their days.”

A year later, in an article in the Atlantic Martin Ford⁶ expanded on this point; “The reality is that there is simply little or no relationship between the level of education and training required for a person to do a job and whether or not that job can be automated. While doctors are probably not in danger of losing their jobs in the foreseeable future, the same cannot be said for many thousands of knowledge workers and middle managers in the private sector.”

A big challenge for all businesses is making effective use of business technology tools, and that means keeping up-to-date with what is available. Too often expensive IT will be introduced, but then not used. Too many apps and different platforms to remember will also cause people to disengage from all of them.

Tim Ward, Account Director at BPS said: “Organisations go down the route of implementing technology because they think they should, then trying to find the problem it should fix, which is an outdated approach.”

“A high percentage of job titles we currently have will disappear, but we are creating them at an even faster rate. That is a thrilling, but also scary, prospect for some.

⁵ Martin Ford by-lined article in Forbes 2010 <https://www.forbes.com/2010/04/08/unemployment-google-2020-technology-data-companies-10-economy.html#3e3e227e620d>

⁶ Martin Ford, by-lined article in the Atlantic 2011 <https://www.theatlantic.com/business/archive/2011/02/artificial-intelligence-is-the-next-killer-app/71265/>

SUMMARY

Simon Conington advised:

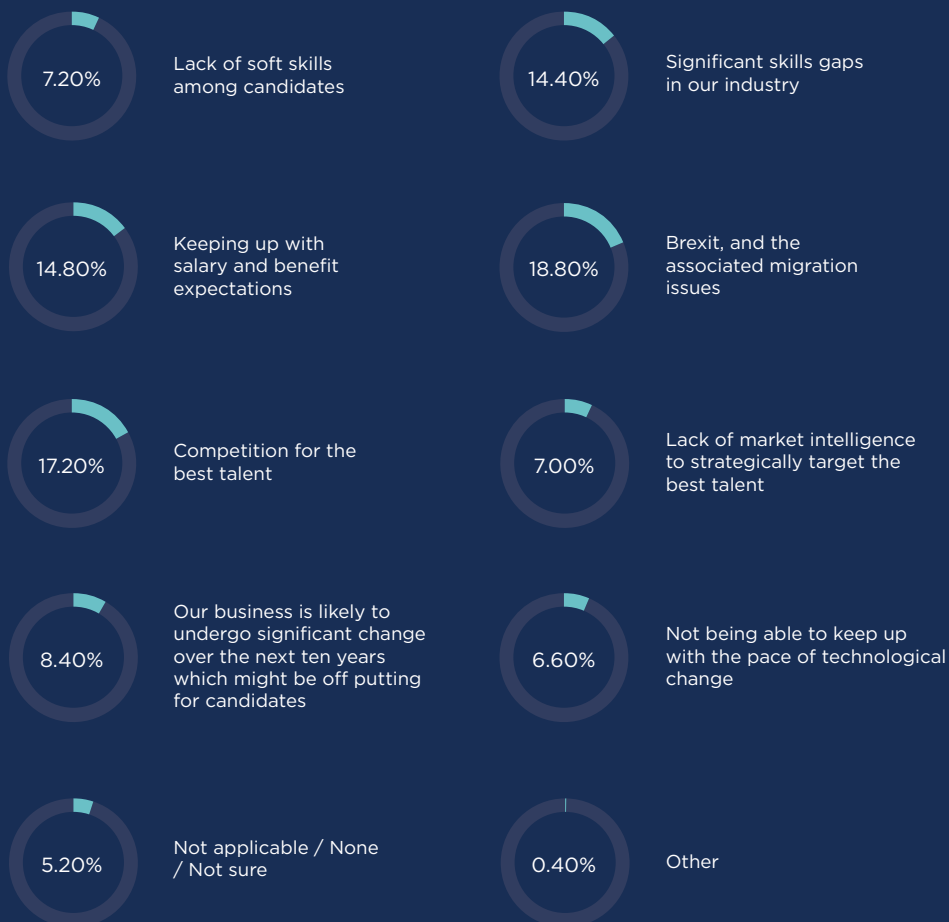
“In such a disruptive landscape employers have to pay strong attention to their succession strategies; focussing particularly on the talent pipeline. The problems won’t be solved by increasing salaries or staff development alone, it is not as simple as that. Organisations need to look at their leadership, purpose, structures, technology, employee engagement and diversity.

In this report we look at all these issues and how to address them.

TALENT CHALLENGES AND ISSUES AROUND THE GLOBE

What are the biggest challenges in recruitment?
How are different countries responding to the
changing employment landscape?

In answer to the question; "What do you think will pose the biggest hiring challenge for your business over the next ten years?"



Which of the following best describes your company's approach to accessing talent from outside of the UK?

We will access talent from anywhere in the world as our business is set up for them to work flexibly and in an agile way

31.40%

We occasionally access talent from outside the UK but there is a requirement for them to be here fairly regularly

39.60%

We don't access talent from outside of the UK as we need employees to be based with us full-time

19.00%

We will access talent from anywhere in the world but it's usually our preference for them to relocate so they can be based in the UK

5.20%

None of the above / Not sure

4.80%

80% of senior decision makers told us they look globally when recruiting talent.

THE TALENT GAPS

There is a general shortage at the low skill end. These people are in demand, and because of that they feel empowered and push for a better standard of living. However, there are some roles, or areas previously considered low skill, which are shifting because people aren't being trained in those skills as much anymore. An example of this is welding, where supply and demand is mismatched.

The availability of people with high end skills is impacted by the reputation and desirability of some jobs over others. A pilot, for example, is considered high end and prestigious,

but because of that more people try to enter the career than there are positions available. Senior Java programmers are just as high end but the job is not considered as prestigious, so there are less of them. However, we need more Java programmers than we do pilots.

One other widescale problem is that jobs are morphing, with traditional jobs requiring new and additional skills which can be difficult to find.

SECTOR SKILLS HEADACHES

There is no one industry that has a far bigger problem with skills gaps than others, but there are some key areas which are really struggling, such as engineering and IT.

Simon Conington explained:

“An alarming percentage of engineers are eligible to retire in the next ten years which represents a huge amount of expertise and skill simply dropping out of the sector. Organisations need to think strategically about how they’ll manage this shortfall but it’s not something that can be solved overnight.”

Jobs in technology are the most rapidly evolving and some tech skills continue to be in incredibly rare supply, particularly:

- GPU programming skills
- Big data scientists. They were rare two years ago but there is now a very strong demand for them so candidates are developing skills in this area as a specialism
- VR engineers, the application can be personal or commercial
- IoT, sophisticated software engineers, and those with very specific and technical data and security skills
- Blockchain, software engineers and developers with cryptography. Demand is being fuelled by organisations

increasingly seeing the potential of Blockchain. Kodak, for example, recently announced that they are going to launch their own cryptocurrency

- Architects, particularly network architecture

Ten years ago, jobs like cyber security expert, robot economist, games economist, and data architect were comparatively rare, or didn’t exist at all, yet now we’re seeing huge growth in those areas.

The connection between education and industry continues to be a challenge, particularly for technology. The needs of industry develop more quickly than education can keep up. It is a global problem.

“An alarming percentage of engineers are eligible to retire in the next ten years which represents a huge amount of expertise and skill simply dropping out of the sector. Organisations need to think strategically about how they’ll manage this shortfall but it’s not something that can be solved overnight.”

ISSUES AROUND THE GLOBE

Dominant sectors in specific regions are changing, with some eastern European countries, such as the Czech Republic, emerging as strong new tech hubs. We are also seeing the emergence of new dominant sectors in regions which had become known and associated with a particular industry or sector. Singapore, for example, is well-established as a financial hub but is now emerging as a centre of excellence in technology too. It is becoming the central hub for e-marketplaces, quantum computing and nano technology.

Latvia is becoming a significant fintech start-up hub. They have a very high standard of education and English speaking is mandatory from primary school age. It is a highly attractive market as there is a lot of mobility.

A key trend in Asia, particularly in the more developed markets such as Singapore, is that increasing operating costs have resulted in businesses offshoring middle management roles to places like Manila, China and Malaysia. This has been slowly happening over the last 20 years but the impact is now really being felt.

In both EMEA and Asia, there is a focus on skills needed for future growth, and that will not (they believe) be replaced by AI:

- problem solving creating something from new or nothing
- people related, ability to manage and have empathy

Asian markets tend to lag behind the UK in managing the work-life balance, diversity of job task and variety of job. This has an impact where organisations have decided to move to a lower cost centre, as they then see higher staff turnover as employees are dissatisfied about mid-level roles being outsourced.

Tim Ward, explained: "Turnover in India is around 30-40%. Average tenure in a permanent role there is approximately a year, and candidates generally get a 35% increase on their base level salary every time they take on a new role. There are also huge, highly qualified, candidate pools over there, so it really is a candidate's market, which presents numerous challenges for businesses."

Agile working is often presented as a global trend, but in fact it is more widely adopted in some markets than in others. Singapore for example, still maintains the traditional 8am - 6pm in the big global, financial institutions. However, the growing tech community may result in a move to more agile working.

SUMMARY

The biggest talent challenges are those requiring high and low-level skills and those in sectors, such as IT, where the requirements are quickly evolving. Most employers are attempting to address the challenge at the high end by looking globally for the skills they need.

Around the world most markets are facing similar challenges, although there are local differences, such as employee engagement, that are likely to impact on the ability to engage talent.

TALENT STRATEGY AND SUCCESSION PLANNING

Why do you need to carry out succession planning?
What are the essentials to consider for an effective
talent strategy? What is the purpose of the talent
pipeline and how do you build a robust plan?

The 2018 edition of the US's Global Leadership Forecast⁷, which was based on survey results of 30,000 people worldwide, identified that issues with the talent pipeline are among the most significant problems currently facing organisations, whatever their size. CEOs reported that they are finding it challenging to both develop the next leaders and to attract the top-level, high calibre talent.

Although this is a global problem, that concerns most company directors, the scale and nature of that challenge will vary from region to region and in different sectors.

Key to addressing the talent pipeline is having a robust talent strategy and succession planning in place. However, in our own poll 44% of senior decision makers said that they lacked confidence in their delivering the results needed, although 90% did at least have a succession plan in place.

Which of the following best describes how you would rate the succession planning strategy that your organisation has in place?



The culture of some sectors, and their preferred recruitment style, leads to some experiencing more problems with the talent pipeline than others. The construction sector, for example, is more challenged than most as a result of the industry's preference for reactive resource planning, only hiring when there is an immediate need.

Andy Gunby, Account Director at BPS explained: "70% in the sector work as contractors rather than employees, it makes it difficult to succession and resource plan when people are only with you for fixed periods."

⁷ Global Leadership Forecast: 25 Research Insights to Fuel Your People Strategy, published in February 2018 <https://associationsnow.com/2018/02/megatrends-report-pinpoints-leadership-pipeline-mentoring-hr-issues/>

TALENT STRATEGY

An effective talent strategy is essential for ensuring that your organisation remains dynamic.

A strong talent strategy will consider recruitment in a very similar way to customer acquisition. You should start by having a very clear idea who the organisation is and the people you need (the 'customer' that the talent strategy should attract). The key things to consider include:

1. What is the desired cultural fit? What type of people do you want, what drives them, what motivates them? Where and how do they look for jobs?
2. What are your competitors doing to attract these people? What salaries and other compensation is offered to them? Do they offer flexible or agile working? What are their offices like? What are their brand values? All organisations are in competition for the best people, you can't hope to compete if you don't know what the competition are doing to entice the people you want. You don't need to offer the best salary, but your overall package should be attractive. You may, for example, offer a lower salary, if you have a strong brand, an ethical reputation or a great development programme.
3. How are you demonstrating the values and skills you need in your recruitment process?
4. What steps are you taking to develop a culture and brand that will attract your target recruits?
5. Where is the best talent located? Should you recruit from overseas? What are the benefits and barriers to that? E.g. What are the compliance issues?
6. Are you able to effectively manage all this in-house or should you outsource?

Smart organisations in areas where there are skills shortages, such as IT, are developing their own real-time learning programmes in an effort to grow their own talent. IBM, for example, have identified that it's not just about bringing in new graduates as 'oven ready' recruits but you also need to bring in other junior employees, with a couple of years' experience, as this enriches the talent pool. It also shows new recruits that the organisation is committed to staff development, something that many younger people will actively seek out.

Mika Rekkilä, Head of CIO office at 4Finance and based in the Czech Republic commented: "Companies really need to invest in building their own talent pool if they want to compete. As technology drives the creation of more and more specific roles and skills sets, they'll find it harder to find people that exactly match what they need, unless they develop those capabilities internally."

M+W can see that the specialist engineering talent they need has often retired, so they use their networks to identify who these people are and entice them back into the workforce. At the other end of the scale they recognise that one of the reasons why talent is in short supply is the lack of women in the workforce, which cuts the potential talent pool in half. They have therefore been active in supporting the perception and teaching of STEM subjects in schools to girls. M+W are currently reviewing how they take this work forward.

Most organisations want people who can think strategically and can then can roll up their sleeves and make it happen. This isn't a quality that is only valued by smaller organisations and start-ups but is in just as much demand in large organisations.

Another struggle is finding people that can positively influence and manage a team. Candidates will often rise through the ranks, because of a strong technical capability, but with that progression they are given line management responsibility, often after receiving no training.

Simon Conington commented; "Some people are not suited to managing others, and organisations need to think in a less linear way about career development and offer multiple ways to progress. I like to use a sporting analogy – your best footballer could potentially become a terrible manager, yet some fairly average players have become the best managers."

Employers need to look at ways that people can rise to a senior level without managing a team, if that is not in their skill set. Forcing these people to manage others will have a damaging impact on the performance of their team and beyond.

SUCCESSION PLANNING

“It’s all about being ahead of the curve, but this is especially difficult when you’re faced with day to day resourcing challenges.”

Typically, an organisation will have a vacancy, they write a job spec, find CVs, interview them and hire. Most don’t plan in the detail they need to.

Tristan Chinn, Head of Sales at BPS World explained; “Too many organisations are ignoring their future needs at the expense of their current ones. If an organisation knows that next year they want to achieve 5% growth, for example, they should be looking at the resources and skills required to drive that. They may need different people to those that manage business as usual.”

All succession plans, like all business plans, will look different but the following are the key steps:

1. Have a very clear understanding of your culture and your brand. If necessary, use the brand review produced by your marketing team and adapt it to attract employees.
2. Now look at your short and long-term business plans. Are you planning to grow, change focus, go into a higher skilled or lower skilled area? What are your global plans?
3. Next, instead of looking at the roles you need to fill, consider the impact these roles need to make and how that links to your business goals.
4. Look at your current team and their potential to fill these roles. What are their skills experience and their aspirations? What are the dangers of using these people and of not using these people to fill roles? (Most people will leave an organisation if they are continually overlooked in succession planning).

5. Identify the best people outside your organisation, but within your market, and proactively speak to them, even if you’re not looking right now, open the dialogue so that when you are, your talent pool is readily stocked, and you have great candidates already bought into your organisation.

Tristan Chinn advised: “It’s all about being ahead of the curve, but this is especially difficult when you’re faced with day-to-day resourcing challenges.”

Mika Rekkilä of 4 Finance agreed: “When someone is leaving, the best position to be in is one where you have someone already in the business who is capable of stepping into that role. Succession planning is a vital way of minimising risk when you lose talent, which unfortunately, is inevitable.”

4Finance also reach out to local communities and provide meeting spaces for other businesses in the area. They go to conferences, not to look for people to hire specifically, but to help raise their profile.

Mika Rekkilä explained: “We have future plans to collaborate with universities. For example, if someone is working on their master’s thesis, they could come and work on it with us. Or we could even accommodate a group of students or academics from a university to do some work with us. We believe this will be very rewarding for them and our business in terms of nurturing potential future talent. In the past, we have also offered summer placement roles for students who join us for 3-4 months. This is another way to engage them.”

SUMMARY

Organisations need to be strategic and think long term if they are going to engage the right talent. They need to align their talent strategy with their business plans. If your strategy and planning is not delivering the right people then you need to review it and consider engaging professionals to identify where it is failing.

1

INTRODUCTION:
THE EMPLOYMENT
LANDSCAPE

2

TALENT CHALLENGES
AND ISSUES AROUND
THE GLOBE

3

TALENT STRATEGY
AND SUCCESSION
PLANNING

4

ENGAGEMENT FOR
ATTRACTION AND
RETENTION

5

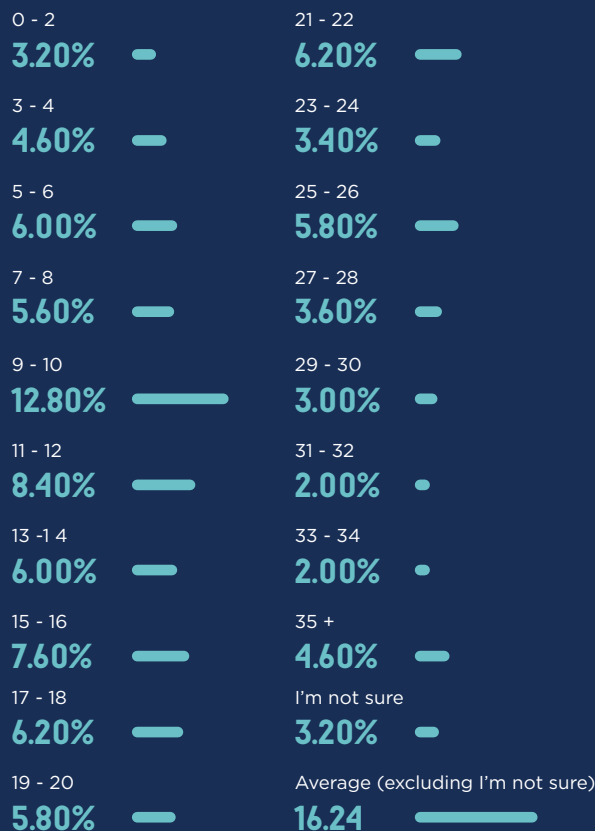
THE ROLE OF
PROCESS

ENGAGEMENT FOR ATTRACTION AND RETENTION

Attracting and retaining talented people at a time of high employment and difficult to fill vacancies, should be very high on the priority list of every senior manager. But how do you successfully retain and engage people?

A big challenge, worldwide, is staff turnover. Our own UK research of senior decision makers found that turnover, on average, was reported at around 16% with 70% of companies worried that it was too high; yet only 27% were actively doing something about it. Some employers are experiencing rates as high as 40%.

What is your current employee turnover rate, expressed as a percentage? Please select best match in percentages (%)



Which of the following would you say best describes your company's attitude towards your employee turnover rate?



Employers recognise that people leave for a wide variety of reasons, it certainly isn't all about the money, although in some sectors and regions the competition for talent is so strong that it is driving wage inflation.

Engagement and retention are closely related. Many employers have experienced chosen recruits turning down job offers for the very same reasons as the previous person left: lack of flexibility, poor development opportunities and weak employer brand. Both existing employees and potential new recruits need to see and experience well-developed engagement strategies that are, at least, on a par with your competitors.

For which of the following reasons do you think that candidates who make it through your company's recruitment process often turn down job offers?



Our poll showed that the challenges organisations face when hiring are very varied, but most managers understand what influences their candidates, even if they're not able to do anything about it.

Attitudes to employee engagement vary by sector and by market. Those who are active in this area tend to be service or consultancy orientated businesses where their biggest commodity is their people, and engaging customers directly is a constant priority. In industries with more of a product focus, like manufacturing, it's a much slower journey. Western European companies are more likely to understand the need to focus on engagement than those in markets like Asia.

Rachael Allen, Head of People and Culture at BPS World commented: "Businesses are waking up to the importance of people engagement. The link with business performance is well proven and it clearly pays to be seen as a company that looks after its people. But generally, businesses are still not as progressive as they should be on this point and no-one is getting it completely right."

ENGAGEMENT

People, particularly millennials, want to feel valued, over and above all other issues. They will turn down a much higher salary offer in favour of an organisation that meets that need and will quickly leave an organisation that undermines their sense of value.

Lizzie Mounty, HR Business Partner at M+W (a global leader in the design, engineering and construction of high tech facilities and major complex projects) advised that they found engagement strategies needed to be tailored for the generations, as their concerns were so different: “Millennials are less interested in job security than the baby boomers. Instead they want to be able to see the opportunities that the job will offer them and a clear career path.”

The different generations are interested in different perks. Younger people, for example, are more interested in things that help with the cost of living.

“Millennials are less interested in job security than the baby boomers. Instead they want to be able to see the opportunities that the job will offer them and a clear career path.”

How else do you ensure that staff are engaged?

1. Train all managers in people management. It is not a job for amateurs.
2. Set clear, timed and fair goals so that people can see when they're delivering to your expectations.
3. Create a learning culture and offer development opportunities, particularly those that give recognisable and transferrable qualifications.
4. Provide communications channels so that people know that their opinion is valued and will be heard.
5. Publicly recognise people for doing a good job. Tell them that they're delivering the result you need. Ensure that the culture is such that others do the same. Focus on identifying solutions to any problems, rather than finding people to blame.
6. Thank people for the work and effort that they put in.
7. Don't over estimate the value of a 'fun' culture of ping pong tables and early finish Fridays. Providing these things is only one very small part of the puzzle and is not a substitute for everything else.
8. Remember that employees have lives outside work. You should encourage a good work/life balance (it benefits the business beyond engagement). That doesn't simply mean providing flexible and agile working options (whether or not they have children) but also understanding they have other commitments that are just as important to them as work.

Rachael Allen illustrated this point from an experience at BPS: “We recruited an apprentice who is also a semi-professional footballer, and we changed his hours so he could still make it to practice and matches. He appreciates that and is consequently more engaged with his role, so it makes sense.”

PWC's Report, the 'Productivity Puzzle', identified that 83% of UK workers felt that their health and well-being affected their work, while up to a third of the UK work force currently has a health, wellbeing or mental health issue. This underlines how important health and well-being programmes are to engagement and productivity and why issues, such as agile and flexible working, should be given serious consideration.

⁸ Productivity Puzzle published November 2017 <https://www.pwc.co.uk/issues/futuretax/the-productivity-puzzle.html>

CULTURE FIT

Successful organisations now focus on culture fit as much as they do skills. Some companies will carry out as many as five interviews to make sure the candidate has the right attributes and personality profile, and to ensure they get to meet everyone before they decide. Face-to-face contact is vital to get a real feel for cultural fit, and the more time a client spends with a candidate, the better idea they get as to how they might fit in. Personality profile tests can also help, but they need to be open and not too prescriptive.

John Lewis is an example of an organisation that understands how to recruit to fit their culture. They famously emphasise outstanding customer service as a key part of their brand. Their call centre is therefore staffed by very experienced customer service operatives who are engaged and prepared to go the extra mile; and they are paid more than an average call centre worker because John Lewis understands how valuable they are to their business.

There are also, however, some organisations that present their aspirational culture to potential recruits, rather than the reality, in the hope that these new recruits will help change the culture. This is not an effective strategy. In many cases the real culture will be exposed by a quick online search of social media and sites such as Glassdoor. If this doesn't happen the recruit will join, find that the culture is not the one they believed they were joining, and quickly leave.

Cultural fit assessment should include trying to determine potential. Every organisation likes to attract ambitious candidates with high potential, and this can be picked up during the assessments. However, it's important to consider that age and gender also have an impact on how someone presents themselves at interview. Just because a candidate appears to lack ambition, it doesn't mean that they lack potential.

A good culture fit does not mean that you only recruit one type of person. This would create a less diverse workforce than is needed for a successful business. As well as the ethical and moral issues of discrimination, you will find that a team of people who are too similar in outlook is not able to deliver the breadth of experience and skills needed in most businesses. A team where everyone has the same, personality, approach, attitude and drivers just doesn't work, but it is a common mistake.

Culture fit can vary from one country to another, someone who is a great cultural fit in the UK might find it more difficult doing the same role from the company's office in Asia, for example.

Kevin Green advised:

“The winners today and tomorrow are the businesses who create a culture where talent can thrive. Where people are given room to grow, the autonomy to act, great people to work with and stretching goals.”

THE EMPLOYER BRAND

It is important to have a strong, consistent employer brand and values. However, remember that different people will be attracted by different things. It is therefore useful to think along the same lines as you do when attracting customers.

- Who are you targeting, what is likely to attract and repel them?
- What do your competitors offer them? If, for example, you're in an industry where most employers offer flexible working and a fun office environment, you will struggle to attract people if you don't do the same, or better.
- Is your salary within the industry and location norm? It does not have to be the best but it should not be the worst or you will only attract those people who fail to get recruited by your competitors. They are unlikely to be the ones that will drive the success of your company.

Young people, in particular, are attracted to companies that are ethical and can demonstrate that they are active in giving back to society. This now goes beyond CSR initiatives, they want to see how employers support employees with things like mental health. They also prefer sociable and inclusive cultures.

[The BPS World report: Total Immersion⁹, explored employer brand in some detail.](#)

⁹ Productivity Puzzle published November 2017 <https://www.pwc.co.uk/issues/futuretax/the-productivity-puzzle.html>

SUMMARY

Employers are concerned at high turnover rates and recognise that salary is only one reason that people leave an employer (or turn down a job opportunity), but few of them are actively doing anything about it. Most also now understand that culture fit is important. Those organisations that are prepared to work on getting employee engagement right will find it far easier to attract and retain the talent they need.

Kevin Green summarised;

“People are now organisations’ wealth creators. It’s clear that competitive advantage over the next decade will be delivered by brands, relationships, design thinking and leveraging technology as well as using data to create customer insights. In short, it’s now all about competing via your people.”

THE ROLE OF PROCESS

Why does recruitment process matter and what does a good recruitment process look like? How do you measure the effectiveness of the people you recruit (the success of the recruitment process)?

Around 70% of senior decision makers in our poll said that their recruitment processes could be improved, with 15% admitting that their processes were very inefficient. 20% of senior decision makers cite their recruitment process as one of their biggest barriers to recruiting the right people.

Kevin Green advised: "Modern Talent management is not an old-fashioned set of policies and procedures. It's more like agile working where HR, and an organisations' people, co-create great ways of working, benefits that deliver employee value and great coaching to encourage personal growth and improved productivity."

Which of the following describes how you would rate the recruitment processes used within your organisation?

They're very efficient, we don't need to improve them

24.80%

They're quite efficient, but there is room for improvement

55.40%

They're not very efficient, we need to prioritise improving them

13.80%

They're not very efficient, we're already working to improve them

2.60%

None of the above / Not sure

3.40%

Inefficient recruitment processes are very damaging to a company, particularly if the preferred candidate turns down the job as a result. In our poll, less than 5% of senior managers reported that had never happened to them.

In your experience, how often do candidates that make it through your company's recruitment process turn down a job offer?

Often

20.00%

Sometimes

46.20%

Rarely

26.80%

Never

4.60%

Not applicable / Not sure

2.40%

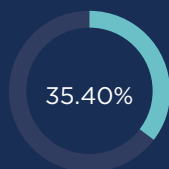
The Recruitment Process

Only 25% of senior managers we spoke to thought that candidates would find their recruitment process 'efficient'. As managers usually have less clarity than candidates on the negative aspects of an organisation's recruitment process we can assume that the candidates would report an even lower level of satisfaction.

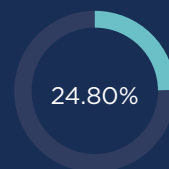
How do you think a candidate would find your recruitment/interview processes?



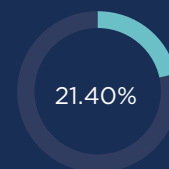
They would think they're too long



They would think they're complicated



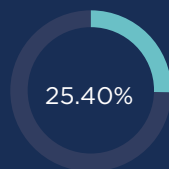
They would find them unclear



They would find them frustrating



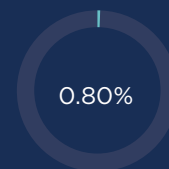
They would find them disengaging



They would find them efficient



I'm not sure



Other

Potential employees will judge your organisation by the way you manage your recruitment process as much as you are judging them. Good candidates will probably get more than one offer, so it is important that you give a good impression.

The key things to ensure an efficient process include:

- Treating all candidates with the same courtesy you would your most important customer (remember the best candidates, like customers, have their pick of companies to choose from).
- Ensuring feedback is speedy and thorough. Do not leave candidates hanging.
- Asking for feedback from all candidates who go through your process, whether they get the job or not. They will have a good understanding of problems in the process.
- Spending time reviewing, reflecting and refining processes even if things appear to be going well.
- Making sure your process reflects the type of business you are and the people you want to attract. If you want people who are agile and adaptable, what are you doing to reflect that in your process? If it shows the opposite, that is the type of person you will attract.
- Being very clear about your metrics for determining that someone is right.
- Getting widespread buy-in and understanding of the hiring approach and your metrics.

It is important to manage unsuccessful candidates carefully. They may tell other potential candidates of a positive or of a bad experience. The reasons why they did not get the role can be hard for a candidate to digest but it is important that it is made clear. There is a good chance, particularly in some specialist areas, that candidates might apply for another role with the same organisation at a later date, but they won't do that if they've been unsuccessful applying for a job previously and don't know why.

Technology can be helpful in improving the process. AI and automation can be used to make back-end processes more efficient. They can, for example, help with the initial assessment of CVs. You should also use technology to track every application and build a picture of all interactions with candidates, how long each vacancy takes to fill, how many interviews have been undertaken and the time it has taken to hire someone.

In an article published in 2017 in E&T jobs Shane McGourty, Director at AdView said he thought that the introduction and development of AI in recruitment could transform the recruitment process and make it much more positive for the jobseeker. He highlighted the potential for AI to introduce an automated response, so that candidates are not left hanging after they apply for a job, the speeding up of the process and the removal of unconscious bias in the process.

However, automation of the process does not replace human interaction. Rachael Allen explained: "It is important that you treat people as individuals. Fully automating a recruitment process just wouldn't make that possible. A good process will build trust between the recruiter (their client) and the candidates and a lot of that is done through conversation."

MEASURING EFFECTIVENESS

How do you know that you are recruiting the right people, that your recruitment process is working?

Productivity is one of the most tangible measures of whether a recruitment process is working. However, in our poll, only 20% of organisations found it easy to measure productivity and some said that they do not even try.

Which of the following best describes how easy/difficult you find measuring productivity within your organisation? Please select best match

The nature of our business makes it very difficult to measure productivity (e.g. consultancy business - not product focused)

23.80%

It's difficult to measure productivity but we have processes in place that give us a good idea of productivity levels

36.20%

It's difficult to measure productivity and we haven't worked out how to overcome that yet

14.80%

The nature of our business makes it fairly easy to measure productivity (e.g. manufacturing business - product focused)

19.00%

My organisation doesn't measure productivity

2.40%

None of the above / Not sure

3.80%

To measure the effectiveness of your recruitment process you should also consider:

- Staff turnover (discussed on page 30). How long do new recruits stay with you? If they leave within a year (whether voluntarily or involuntarily) that points to an inefficient system.
- Cost per hire. If it is costing you a disproportionate amount of money (and time) to recruit then it suggests that your process is not efficient.
- Impact on the wider team. Where potential recruits turn down a job, for example, the senior managers polled pointed to the impact on morale and the need to compromise and hire someone who may not be as good for the job.
- The outcome of your review process. How are the new recruits performing? Do you have a robust measurement system in place?

Kelly Laine, Head of Recruitment Delivery at BPS World, advised that evaluation of the recruitment process was generally lacking: "There needs to be more focus given to a recruit's performance on the job and reviewing that regularly. Most organisations have appraisals in place but adoption and use of those systems and approaches is not as high as it should be due to the reactive nature of the approach to hiring."

THE DECISION TO OUTSOURCE

Those companies who have particularly aggressive growth strategies will find it difficult to achieve them without working with a partner. Although some organisations manage their recruitment internally, most are now finding that it is not cost effective and does not deliver the best results.

Globally sourcing talent is now very common, but it brings with it fresh challenges, such as compliance, which are far easier to manage by external, experienced and trusted experts.

Some countries have moved towards RPO more enthusiastically than others. Businesses in Singapore continue to move towards outsourcing and offshoring low level and processing roles to new regions.

Even global organisations, with in-house teams, have come to the realisation that their struggles with the talent pipeline may be caused by issues (such as an underdeveloped employment brand or a poor candidate experience) which are difficult to recognise and address internally. External suppliers can review these issues more dispassionately and make a professional comparison with others in their sector. They are able to recognise the issues that are putting a brake on the organisation recruiting the people they need, on the timescale they need to achieve it. They can then recommend how to fix these issues, based on their experiences with others.

As our research found, many of the C-suite and senior decision makers polled seemed to be aware of the issues they need to address, such as unwieldy interview processes, lack of ability to engage perspective candidates and unnecessarily high employee turnover. However, it can be very challenging to address these things when you are busy trying to remain profitable, keeping a close eye on competitors, and maintaining operational efficiency.

M+W have outsourced to BPS World since 2013, Lizzie Mounty explained why: "There are huge complexities now in engaging the right talent. It makes sense to use a specialist who understands your market. We also find it cheaper."

Simon Conington from BPS World commented,

"It can be an eye-opening exercise to get an impartial view and strategic recommendations from someone outside of your business. This approach will always present new ways of looking at things which can help overcome long standing, seemingly unsurmountable challenges."

SUMMARY

Why was this research commissioned? BPS World is a global recruitment partner with the core belief that 'people can be more'. BPS live and breathe recruitment and the issues outlined in this report reflect the challenges that their clients face daily.

What is clear is that the recruitment landscape has changed.

The best candidates are king and their expectations have now outpaced the experience many organisations are offering them.

The right technology is creating efficiencies and when aligned to the correct talent strategy this is a winning combination.

In dealing with this reality, BPS World offer a completely impartial Talent Audit to review an organisation's entire approach to recruitment. This holistic approach starts with immersion and a focus on the three key areas which have the most measurable impact on a company's ability to attract, engage and retain talent: People, Process and Technology.

After the immersion phase, BPS work with clients to create a detailed talent roadmap for their future, which identifies immediate quick wins, longer term strategic objectives, and ideas for innovating the organisation's approach to recruitment and talent management.

If the topics covered in this white paper resonate with you then feel free to contact them at talent@bps-world.com to discuss how a Talent Audit could be of benefit.



www.bps-world.com