Research

Talent Management: Where are we now?

Professor Nick Kemsley, Co-Director, The Henley Centre for HR Excellence
with additional support and content from Nick Holley
Introduction and context to the research

As the recent economic turmoil begins to reveal a new operating context and a new set of challenges for organisations, how is this impacting both the needs that talent must fulfil, and how approaches to attracting, developing and motivating it are evolving? Is there a new talent management model emerging which fundamentally challenges established practice?

Research topics are chosen by HR Centre members, and there has been a lot of interest in this particular topic. We last researched best practice in talent management in 2008, just before we headed into one of the biggest economic dislocations in history. What we believed would be a blip, failed to turn into a return to normal. Instead, many elements of the economic ‘system’ changed permanently – creating a very different landscape.

This placed enormous pressure on costs, seeing many organisations swing towards the short term and tangible. Organisations across every sector began to explore right-sizing, and embarked upon a re-appraisal of people spend in many areas. Some, however, saw this period as an opportunity.

Fast forward to the present day, and although many of these pressures have not gone away, there are specks of light on the horizon. Also, other factors are coming into play. New generations are entering the workforce with very different career expectations whilst a general breakdown in security, trust and engagement has undermined loyalty in many sectors. Graduate unemployment is high, and new ways of working are changing organisational and individual expectations of what work means. Last year’s Henley Business School Corporate Learning Survey cited ‘retaining talent within the business’ as the top issue for leaders across the 294 organisations surveyed.

The growth of emerging markets, the continued globalisation of many businesses and the focus on ‘federal’ ways of working, are challenging talent approaches in many multi-nationals. At the same time, the spread of technology-driven talent systems has the potential to allow organisations to gain more insight on talent through data and metrics.

This research explores how organisations are dealing with this new talent context and asks if there are new models of talent management emerging as a result; or whether traditional approaches are still delivering the goods.

• Business performance factors – how are factors like budget and timescales impacting talent approaches?

• Generational and career management factors – what is the impact of four generational groups co-existing in the workplace? How are changing career expectations impacting talent approaches?

• Talent demand and availability factors – has what business needs from talent changed? How are organisations getting a handle on what they need, and to what degree is it accessible internally or externally?
• **Attraction, retention and engagement factors** – how has the way in which we go to market for talent, and manage, motivate and develop it, had to evolve with the times?

• **Technology and data factors** – how are we leveraging technology to improve talent management?

• **Globalisation and new market factors** – how are organisations approaching talent in new and emerging markets, and across international boundaries?

As well as going through a large amount of desk research in order to uncover trends and best practices, this research comprised a significant number of in-depth interviews with senior HR and non-HR leaders, in many well-known international organisations spanning many sectors. The aim of this approach was to try to really get under the skin of some of the issues and opportunities.

Which organisations contributed to the research?

The Henley Business School Centre for HR Excellence would like to thank the following organisations for their invaluable contribution to this research:

- Danone
- Schlumberger
- Legal & General
- Accenture UK
- UBS
- United Nations Office for Project Services
- ITV
- Unicredit
- Johnson Matthey
- Motorola Solutions
- Marks & Spencer
- Oracle
- Saudi Aramco
- Royal Bank of Scotland
- Inchcape
- Oxford Instruments
- Boyden Executive Search
- KPMG
- Microsoft
- Amey
- Osney Media
- CT Partners Augmentum Executive Search
- GlaxoSmithKline
- Williams F1
- Korn Ferry
Key conclusions from the research

The question examined in the research was as follows: has our journey through the last few years of global financial turmoil resulted in a migration to a new system of talent management? If so, what are its characteristics and what are we doing differently as a result?

The conclusion drawn from this research is ‘yes, we have indeed migrated to a new talent management system.’ Is it completely different to the one we had before? No, but it is different in some important areas. Some of these differences represent pre-existing trends which have been accelerated or exaggerated by the major upheaval of the past five years or so. Others have arrived quietly via the back door, and suddenly blossomed into challenges and opportunities. And some are new, born from the molten magma of technological advancement and economic re-invention – which we have yet to fully comprehend.

So what have been the most important changes, and how are organisations adapting to them? Fig 1 below is a summary of some of the key catalysts, barriers, and some of the shifts in approach which have resulted.
A key finding of this research has been that talent availability and quality is now a tangible limitation to the strategic growth of organisations. In developed markets, this relates mainly to the scarcity of more specialist skills, prompting a resurgence in the popularity of apprenticeships for certain roles, even challenging the notion that certain professions can only be developed through tertiary education. In emerging markets there are issues of quality and retention, leaving many organisations stuck with an over-dependence on costly expat schemes.

Another clear shift in the talent landscape has been the full establishment, of top talent at least, as a consumer - with the same set of defining characteristics that we see in the more traditional use of the term in relation to the retail sector. This mind-set is manifesting itself as more self-oriented individual behaviour, much lower loyalty, a focus on brand and values, and a shorter term, more transactional approach to the relationship with an employer. This has challenged employers to focus more strongly on Employer Value Proposition, to engage with talent earlier and through a plurality of media, and to be more targeted and creative with its resources in its approach to attraction and retention.

Perhaps because of these macro trends, the past few years have seen talent move from being important around the top table in a generic sense, to being seen as a critical risk to strategy delivery. The rise in demand for strategic workforce planning, and the awareness of analysts and investors of shortages in the talent market, have elevated critical talent to be considered as a key business risk alongside market, customer, regulatory and economic risks. This is helping those HR functions who have a handle on the talent that their strategy requires to get their legs firmly under the desk at board level. For those HR functions still struggling to get their heads around strategic workforce planning, there is a growing impatience from the c-suite which they need to pay attention to. The lesson learnt by many has been that disinvesting in talent during harder times comes back to bite, so being able to articulate the dependency between talent and strategy becomes key.

There have been a number of barriers to organisations adapting to these changes. Some have been external, such as issues with immigration controls. But many have been internal barriers such as risk-aversity, difficulties adapting to an ever more digital employment market and the management of employee mobility. The most dangerous of all barriers emerging from this research is perhaps within HR itself – a risk that some HR functions may see these changes as something to fight rather than embrace.

If HR doesn’t think carefully about how it is going to engage with talent in the next few years, it may lose control of it to those better equipped to work with talent in the way that it wishes and expects,
Summary of external literature search

As with any Henley HR Centre research, it is useful to understand what information already exists to act as context for the interviews conducted in this piece of work. In beginning to conduct searches for research, articles and papers pertinent to the topic, the first finding was that, although there are innumerable data on talent management per se, there appear to be few recent efforts dedicated to exploring how it has changed in practical terms as a result of the recent economic crisis. Those of note are discussed below, and aside from one article, are no older than 2012.

Perhaps the most useful place to start is to try and understand how the context for talent management might have changed in the last few years, and how this is reflected in its perceived importance. In mid 2012, Oracle performed a study entitled The future of talent management – underlying drivers of change. In this, they concluded that ‘the next generation of talent management practices and solutions will largely be driven by economic evolution, demographic changes, and technology advancements. These factors are dramatically influencing the way people work, the way companies are organized, and the way talent is managed’.

Economic drivers were seen to relate to the growth of the knowledge economy, increasing globalisation and the emergence of skills gaps. Demographic factors included generational factors, longer lifespans and workplace diversity. Finally, technology drivers were seen to include increased expectations amongst employees, growing digitisation and advances in telecommunications. Referencing Deloitte Consulting’s 2009 research The Rembrandt in the corporate attic, they made the case that skills and knowledge assets had overtaken tangible assets in determining the market valuation of companies, accounting for a massive 81% of the valuation by 2009.

In their 2012 research Key Trends in Human Capital PWC added further texture to the global economic backdrop to talent management, saying that ‘the global financial crisis has reinforced the contrast between economies and employment markets around the world……and when existing demographic trends are added to the mix it is clear that that multinational organisations are facing sharply contrasting human capital challenges from region to region.’ They see four main trends in human capital as having emerged over this period as a result. These are:

1. Productivity gaps widening at regional level – Latin America and Asia now showing far higher productivity than many developed economies like Europe, giving them a competitive advantage
2. A rocky path for rookies – economies in the West have opted for experience over youth with an assumption that experience will see them through. Whilst this may have helped shorter term, it is potentially storing up issues for the future
3. Survivor disengagement – in the West this has been mainly in the younger workers, who have seen a lack of investment in their development and their paths being blocked by more experienced staff unwilling to consider retirement. In Asia, the issue has been more prominent in younger workers, with job hopping becoming the norm, despite the demand for younger talent
Human capital analytics – the best organisations are leading the way in using human capital analytics to get the best return from their investment in people. Those who are ahead of the curve on this are seen to have a massive advantage going forwards

This variation between regions (and sectors) has given organisations a dilemma in how they operate their businesses, not least how they operate their approaches to talent management. Growth in CEE markets has dipped to levels similar to W Europe, especially in the Czech Republic, and sectors like banking have seen Human Capital ROIs reduce by 20% in five years. As one CEO remarked ‘Recognising that the world is somewhat split down the middle between slow growth and rapid growth, you’d better be able to operate in both at the same time. You have to manage that difficult slow growth and then completely switch gears and go to high growth. You have to find ways of moving your resources – and for us it’s talent – from where it’s not being utilised to where it can be utilised’

As a result of a lack of recruitment, especially in the West, average employee costs have risen; contributing to reductions in Human Capital ROI. In the UK, this productivity issue is especially significant, with ROIs down to levels of 1.1, slightly below the rest of W Europe at 1.31, the US at 1.34, and well below Asia and LatAm at 1.70 and 3.4 respectively. In this context, it isn’t hard to see the attractions of Latin America to some organisations.

One region which is beginning to attract more and more focus is the Middle East. In addition to established global corporate bridgeheads such as the United Arab Emirates, where the challenge is more one of migrating from ex-pat driven talent models to native talent; Deloitte propose that the Arab Spring may result in an opening of the talent pool in the Middle East. ‘In certain countries, continued democratic reforms and social equality trends could result in the emerging availability of female workers or minorities. Savvy talent leaders will anticipate these changes and have the systemic and strategic capability to be first movers into these emerging talent markets’.

Meanwhile, on a wider global level, leaning on more experienced employees to help us out of these difficult economic times seems to have been prevalent in many areas, with PwC reporting the number of employees with less than two years’ experience (known as the Rookie Ratio) ‘dropping sharply to 21.9% globally in 2012, due to a reduction in recruitment and investment in early talent’ – although the report does not indicate what this figure was previously.

There has been a corresponding increase in the use of contingent labour, with 35% of employers predicting that they would need more than 50% more contingent workers going forwards into 2013 and beyond. This blurring of the line between employees within the organisation and those outside it, is seen to be a key characteristic of the global talent market going forwards.

In The Workforce View, 2013 – an ADP survey in HR Magazine - the biggest talent management issue, selected by 46% of HRDs, was a lack of fresh talent, and more than a third said organisational cuts and a lack of recruitment activity had led to talent gaps of concern.

Asia has been one of the exceptions to the rule, with recruitment levels in 2012 (according to PwC) being roughly twice those seen in the West, and predicted to continue. Asian CEOs see talent availability, talent management and workforce planning as key issues; yet 80% of Asian organisations still had nobody specifically accountable for talent strategy less than two years ago. Therefore,
it is perhaps unsurprising that we have seen resignations within the first year of employment of around 20% in Asian economies over this period, versus around 6% in Latin America, where getting a new job is seen to be more difficult. In European economies, we have seen much lower attrition, but engagement levels dropping, perhaps due to the same perception that getting a new job in a static economy is difficult. There is much discussion in 2014 as to whether or not these lower levels of engagement are going to result in a mass migration of talent as the economies in the region improve.

This seems to be borne out by an increase in the focus on Employer Value Proposition (EVP) over the past five years. By 2013, in their research entitled Global Talent Management & Rewards Study, Towers Watson reported that as many as 60% of companies were having difficulty retaining critical talent, and that employers with a more proactive and segmented approach to EVP are four times more successful in retaining talent than those with less targeted approaches. They are also more than twice as likely to report financial performance above that of their peer group.

The same report makes the case that employee mobility is becoming increasingly cost-prohibitive and is being poorly handled in many organisations. Only 35% of companies surveyed had an internal mobility programme, and individual needs were often at the root cause of failed assignments, with individual family issues (responsible for nearly 60% of failed assignments) only considered in the mobility process in 16% of cases.

At the same time, the importance of Corporate Social Responsibility (CSR) and its link to EVP has been increasing through this recessionary period. C.B.Bhattacharya, Sankar Sen and Daniel Korschun wrote, in their research piece Using Corporate Social Responsibility to Win the War for Talent, that ‘recent studies indicate that CSR is the lens through which managers must view talent management today. CSR also humanizes the company in ways that other facets of the job cannot; it depicts the company as a contributor to society rather than as an entity concerned solely with maximizing profits. Moreover, because of the many forms that it can take, CSR often serves as a genuine point of differentiation for the company’.

This rather dislocated talent market led Bersin, in early 2013’s Predictions for corporate HR, leadership and talent management to suggest that global benchstrength and imbalances in talent pipeline would be top of the people challenges list, and that better solutions for career development and talent mobility would be vital to success. To this latter point, they proposed that we would need to adapt our way of thinking from career ladders to career lattices in order to facilitate this improvement, and be much more focused on EVP. Also seen as key were better HR data and analytics, in particular strategic workforce planning (SWP) and big data.

It stands to reason, therefore, that organisations are turning more to predictive measurement to help them manage some of these workforce issues. It has become vital that HR analytics relate very clearly to strategic needs, but this is an area where many are still struggling. PwC state ‘Only 33% of companies set out a clear link between their people strategy and business strategy, and only 4% referred to the ROI delivered by their workforce. While organisations are better at describing what human capital is, they still struggle to provide disclosures describing why it’s essential to achieving business priorities’.
Technology is seen to be increasingly impacting talent management. The Oracle study states that ‘with the advent of social media, LinkedIn and similar services have enabled candidates to maintain a resume and related body of work in the cloud. And this is just the beginning. The digitization of key talent data and talent transactions will transform how companies generate workforce plans, recruit and hire, share and utilize talent, and create goal-aligned development plans’. Microsoft data suggests that 2014 saw the milestone of the use of internet via mobile devices overtaking use by desktop devices for the first time. This is potentially a game-changer for how we engage with talent. In her late 2012 piece Talent management software going social despite HR’s concerns, Emma Snider quotes John Sumser, principal analyst at HRxAnalysts, as saying that ‘while there’s still progress to be made, social learning technology has the power to revolutionize talent management. The idea is so big that people are having trouble wrapping their heads around it, but the evolution in the learning environment probably has the biggest value in the HR stack. It will come, and it will be explosive.’

HR strategist Dr John Sullivan’s piece 7 ways social media is changing talent management and HR, talks about advantages for both employees and employers in harnessing more of the value that social media can offer. However, many organisations still appear to be very cautious about opening Pandora’s box on social media, for a mixture of resource and reputational concerns.

So, in summary, wider research seems to be in general agreement that the world of talent management has had some very significant dislocations thrown into it as a result of the turmoil of the past few years. Key amongst these has been a need for talent management approaches to reflect significant global variation in economic performance, and the increasing difficulty in attracting and retaining critical talent. This has resulted in a growth in focus on EVP, strategic workforce planning, HR analytics and social media exploitation; also there appears to be patchy progress in these areas to date.

Main research findings

How would organisations summarise the impact of the past 3-5 years on their approach to talent management?

One thing was very clear from the research – that there has been a significant evolution in the context for talent management, but that this is impacting different organisations in different ways. Perhaps the most common shift has been the growing importance of workforce planning as a tool to help manage this turbulence and make sense of it. Being able to talk about future and present talent needs in the context of the business, and what those around the top table worry about, has been a critical success factor for those organisations who have adapted the best. As one senior HR leader commented, ‘when you look at it and it says that you probably need 30% new people in the next five years, but you don’t know where the heck you’re going to get them from, it focuses the strategic debate!’

Moving from a more reactive, broad-based approach to ensuring that talent strategies are much more strategy-led is therefore put forward as potentially the greatest single change in approach over the past few years. In organisations where talent management existed previously, this has really focused and sharpened its application. In organisations where it was perhaps struggling to become established, it has been placed clear and present on the agenda. As
one technology company leader said, ‘the CEO has realised that his job is 80% talent management’. One recruitment provider commented ‘in 2009/2010 there was little conversation about talent at all. Now it is much more about building the strategic capabilities we need’. Other organisations talked about the ‘emerging criticality of talent management to business strategy’, with one HR leader neatly exemplifying the relationship between talent and business performance by commenting ‘we need 16,000 more people to grow by 7% CAGR over the next five years, so we can’t separate business strategy from talent strategy’.

This raises questions about our ability to translate between strategy and talent requirements, and our skills in being able to generate insights which manage risks or generate competitive advantage. With this context, it is little wonder that strategic workforce planning (SWP) has been one of the hottest topics around HR in the past couple of years. However, other research and experience shows that HR is struggling to get to grips with the skills and approaches required to generate value through SWP, in the main due to capability issues relating to difficulties working with macro level data, and confusion between roles and skills in this area. What this research is reinforcing is that we need to up our game in strategic workforce planning as a matter of urgency.

Another major characteristic of the last few years has been the way in which talent itself is evolving. There is a commonly-held view that the financial crisis has exaggerated the divide between those with more widely available or more average skills, and those with greater skills or less available skills. This latter group are seen to have much more control over their own careers coming out of the crisis. They know their worth and are not afraid to use it. One interviewee was very forthright on this point, stating that ‘these guys can’t spell loyalty any more’. This has driven a significant focus on Employer Value Proposition (EVP) as a means of recognising that the best talent now has much more of a choice in a market where lots of organisations are competing for the same skills. This focus on EVP has spawned a more joined-up and holistic approach in some organisations – considering the whole talent ‘system’ across recruitment, development, management, performance, reward and succession mechanisms. Phrases like ‘talent supply chain’ are now being used in the same way that we historically looked at manufacturing or customer value generation. Again, this is where SWP can help us, since it provides the context required to align the different elements of the talent architecture around something solid.

So, the more fundamental messages here seem to relate to a need to be much more focused around talent strategy, both on the strategic context of the organisation, and on the changing demands of talent itself. But what factors play a role in shaping the approaches? The next sections look at a number of different potential influences and attempt to shed some light on how they might be influencing the what and how of talent management in organisations now that we are emerging from the crisis.

How does an organisation’s financial performance impact talent management?

Key themes:
- Impact varies by geography and sector
- Those who have disinvested have suffered
- Some have been proactively opportunistic
- An engaged senior team has proved vital
- Risk-aversity has been counter-productive
Unsurprisingly, we see a distinction between those organisations who have, or still are, experiencing adverse financial conditions; and those who have had less of an issue over the past three to five years. It is clear that financial performance has not impacted talent management in every sector and geography in the same way. However, what seems to be a common issue is that, in relatively large and geographically-expansive organisations, this variability in itself has been difficult to handle (this was also called out in the external literature search earlier) and has resulted in some paradoxes to manage. For example, more than one organisation referred to difficulties in balancing people costs with the pressure on succession coming from financial markets – ‘the first issue raised in recent investor and analyst meetings was leadership.’

One thing which came across as a clear lesson learnt was the view that those who disinvest in talent suffer the consequences. One banking institution commented ‘during five years of life or death, the talent equation was not a high priority. What we have as a result is now a scattered talent landscape with no clear strategy or framework, and we are having to rebuild the whole thing.’ Another HR leader commented that ‘the year you stop investing in people for costs reasons, is the year that will bite you.’ A technology business had been there before and learnt its lesson – ‘we have been focused on building cost-effective capability in this latest recession’ said one of their leaders, and continued ‘now talent is the last thing to be cut.’

Where a decrease in investment has resulted in a deterioration in internal engagement, attrition has created a difficult situation. ‘We lost good people for two years, which impacted performance. Now we no longer have the capability we need to grow’ said one person. One smaller organisation felt the impact of this keenly – ‘when money is tight, mistakes cost you a lot’ was the view of their CEO.

Where investment has been maintained, the common factor has been the engagement of the senior management team. ‘Where the CEO gets the link with strategy, the investment has been there’ was a consistent sentiment. Maintaining support for talent in hard times was seen as only really feasible with an engaged leadership team.

One of the key shifts in talent models has therefore been an increase in risk aversity in many organisations – both internally and externally. Internally, we have seen much less appetite to take risks with people, with a corresponding impact on career development and engagement. Equally, there have been efforts to reduce ex-pat roles, or at least focus on them much more as development roles. When one organisation looked in detail at its ex-pat assignments, it found that fewer than 30% of the roles were occupied by those seen as having higher potential.

Externally, there have been restrictions in approval for recruitment from outside, whilst those roles which are being externally recruited have tended to become more bespoke and hybridised in their nature. This, combined with a significant decrease in a hiring organisation’s willingness to accept experience from outside its core sector, has created an artificial talent shortage in some areas, as well as a feeling in many of those looking for work that these organisations are looking for what one described as ‘super-humans’. One interviewee, working in the recruitment field, remarked that ‘sometimes you get a brief where the reality is that the only person who can fill it is the one who was in it’.
Understandably, one of the shifts in talent management approaches which this risk aversity has spawned is a business case/return on investment culture. As one professional services organisation commented, ‘we have needed to demonstrate a much clearer relationship between talent management activity and the business objectives. Talent has to be much more commercially-relevant.’ In several organisations, this has resulted in a need for much quicker returns on hires or moves, and a corresponding focus on specialists as a means of providing this – sometimes at the expense of developing more general leadership succession.

But there has also been a very opportunistic reaction to the crisis by some organisations. Those organisations or sectors who have been fortunate enough to have been comparatively sheltered from the financial implications of the recent years of economic turmoil, for example the oil industry and others, have been able to exploit this position. One organisation who had managed to remain profitable throughout this period had proactively sought to differentiate its talent advantage, for example by ‘offering second year graduates £75k because we can, and to stop others getting them.’ Another was able to proactively invest in new talent by actively poaching expertise from other players in the sector due to its more advantageous cash position.

So, the financial stability of an organisation as it has sailed through the stormy waters of the past five years or so, has had a major influence on shaping approaches to talent management as we emerge into slightly calmer waters the other side. But this has taken a variety of forms, depending upon the seriousness of the impact on an organisation. Some have taken opportunities, whilst the majority have become much more prudent and specific in the investments made. What seems clear, however, is that those who saw talent as being an easy opportunity to save money, are now at a disadvantage versus those who did not think this way. As a result, some organisations, which may have gone into the recession neck and neck, are now separated by some clear blue water on the other side.

How has talent availability impacted approaches to talent management?

Key themes:

- Strategy has been impacted
- Specialist shortage in developed markets
- Quality and loyalty issues in emerging markets
- Organisations have had to be more creative
- Benefits in engaging talent earlier

Here we see some very strong trends. In developed markets, there are considerable issues in getting hold of consistently high quality; whereas in emerging markets there are issues of quality, but also significant retention challenges which are impacting willingness to invest in development.

In well-developed markets, the availability of specialist skillsets is now at a point where it is a key limitation to strategy.
capacity is not yet mature. One HR leader who summed up the views of many said 'we can't do all the things we want to as a business, because we don't have the people.'

These issues are not just true for skills in the external market, but for internal skills availability too. The financial crisis has created an increased level of complexity within organisations, and as a result, some internal talent is falling behind the curve. One organisation admitted that 'our recruitment is no longer development-led, due to issues with internal skills.' A financial services organisation ‘found our people lacking when we assessed them. People were being put forward as being great, but the people doing it did not understand what we are now looking for.’

This has forced some into considering new approaches which challenge traditional mindsets. One retail business revealed 'we have struggled to find the quality of leadership within our organisation, and in fact within the industry. We have started to look outside of the sector for the first time.' Other organisations have looked at even more fundamental approaches, with some saying that skills were the dominant focus in certain acquisitional activity.

In emerging markets, most organisations are experiencing a double hit – that of a lack of availability and quality of skills, and the challenge of retaining it in a growing market. One leader remarked 'good people can name their price in emerging markets.' Others have found that issues retaining talent in emerging markets gives them knock-on issues. For example, a financial services organisation was finding that they were 'lacking talent in emerging markets because we train them and then they get poached. This means we have to rely on ex-pats more than we want to.' Another dilemma was summed up by one interviewee who commented 'we need local talent, but either the quality is poor, or the better people are disloyal.' For organisations which are expanding into these new territories, they are sometimes finding that it is hard to establish local brand presence to address this.

What all these issues and dilemmas have driven is an upsurge in creativity. This was well expressed by an HR leader in a technology business who reflected that ‘this has made us question what we really need, and then be much more creative about getting it.’ So what are the things which appear to be helping? Well, they are many and varied.

The idea of building talent pools years before you need them is a clear directional shift coming out of the research - focusing strongly on engaging the talent you need earlier. For example, a key trend is an increase in the perceived benefit of apprenticeships. This has a more traditional element, in terms of targeting those at school with direct entry into an organisation and on-the-job vocational training. However, a new angle seems to be what are becoming termed professional apprenticeships. This is where, for some skills where they would traditionally shop in the graduate market, employers are building relationships with those still in school but looking to move into more traditional professions, such as engineering and even accountancy. They are then either maintaining this relationship through tertiary education, or by-passing it altogether. The HR Director of one high-tech engineering organisation was very enthusiastic about the benefits they had received from such an approach, saying 'this is working brilliantly for us on the professional and technical side. Some are going on to university afterwards, but they are staying with us afterwards.'
One financial services organisation has, in the UK, approached those still at secondary school thinking about studying accountancy at university, and instead employing them direct. The proposition is one where the employer is offering to pay for training and qualifications in return for developing exactly the talent it needs – but for the individual there is the offer of achieving qualifications without the threat of debt, and the prospect of stealing four years career experience on their peers. Understandably, this approach is working well, even ‘though it challenges many ‘sacred cows’.

Another creative approach to connecting with talent early on has been to take part in community events. A large business services provider has increased focus on participation in community work, Duke of Edinburgh’s Award involvement and local youth sporting activity. Their view, three or four years on, is that they have had something like £1million worth of media coverage for free.

A global FMCG has found that simply keeping in touch with young talent has paid dividends over the past few years. It has a get in touch – stay in touch programme, and asks its employees to be ambassadors of the organisation, actively looking for talent and making connections when they find it. This has, in their view, saved them very considerable amounts of time and money in filling open positions and bringing on board talent.

Another tactic employed in the search for talent is to look more internationally. This has been a focus with some banking organisations in the search for what one HR leader described as 'talent not tarnished by the banking crisis.' Another organisation is benefiting from economic difficulties in other parts of the world, and hiring young talent from economies like Greece and Spain, where there is very high unemployment among the younger generation, who are now willing to be very mobile to find work. A professional services organisation stated ‘we rely on India and the Philippines now for things like software development expertise. 60% of our recruitment right now is non-EU.’

Internal mobility is another tactic in addressing some of these availability issues, but it is not without its challenges. One services organisation recognised that it had to move people around more internally but that ‘getting people to let go of their best people is hard. You have to give to receive.’ Others are actively looking at increasing the amount of horizontal versus vertical moves, and taking more of a global view on succession. This of course implies a certain level of mobility in individuals which is not always there.

Across the financial crisis then, what we seem to be seeing are some real talent shortages which are beginning to hinder strategic realisation – particularly in specialist skills areas and emerging markets. Quality, loyalty and scarcity are all playing a role in creating issues. On the plus side, these seem to be prompting organisations to get creative, and even challenge some sacred cows in terms of how they fill these gaps. We see organisations thinking of ways in which they can engage with future talent earlier, and finding ways to add interest and value to the talent that they already have.

How are retention and engagement issues impacting talent management?

Key themes:
- Segmented approaches have proved beneficial
- Loyalty can’t be taken for granted
Exchange of mutual value now the model
EVP takes centre stage

Again, this proved an area where different organisations were seeing different impacts. However, one thing which came out loud and clear was that we have left behind one-size-fits-all approaches, it appears for good. As talent itself becomes more discerning, skills shortages move the power towards those who have them and away from those who need them, and as the external market begins to recover everyone is concerned about the retention and engagement of talent.

There is an unknown. Nobody really seems to know just how much of an engagement time bomb we have all been sitting on. Although in emerging markets a lack of talent loyalty has seen it move from company to company in quick succession, developed markets have shown distinctly low turnover.

The theory is that this is driven by a lack of opportunities in the developed economy employment market. This may be correct, but we don’t really understand the real magnitude of any engagement issues which exist, and the degree to which these will turn into employees leaving. This policy of staying put because at least an employee has a job has coined the term - attitude of gratitude. Some believe that many employees have been keeping their powder dry during these harder times, and will vote with their feet once things improve.

There is no argument to the assertion that employees have been milked of discretionary effort over the past few years, and there are only so many years even the most loyal employee can work eighty hours a week. Lack of career opportunity, low investment in development and poor wage inflation in regions like W.Europe, have no doubt impacted employee morale. Over the next eighteen months or so we will give us a better idea of the true state of engagement in our organisations, but in the meantime, fortune favours the prepared.

As organisations begin to understand the risks they are facing in terms of attracting and retaining critical skillsets, a more segmented approach to engagement has emerged. In more forward-thinking and capable organisations, this has been driven by strategic workforce planning – deducing the critical people and organisational risks to the strategy. But even though the majority of organisations are not moving forward with SWP as well as they might, there is still a feel for some of the critical populations within the workforce, and a recognition that losing them could be potentially disastrous. As such, the engagement and retention discussion has begun to settle on specific groups of employees, and recognise that different groups have different needs. As one oil company put it, ‘we are having to develop multiple languages of engagement to retain such different groups and needs.’

Organisations are increasingly having to think of employees as consumers. They have likes and dislikes, their decision to ‘buy’ is based on many things, and most importantly, they have the choice to go elsewhere. This has seen nearly all the organisations surveyed putting an investment in Employer Value Proposition’
Organisations are increasingly having to think of employees as consumers. They have likes and dislikes, their decision to ‘buy’ is based on many things, and most importantly, they have the choice to go elsewhere. This has seen nearly all the organisations surveyed putting an investment in Employer Value Proposition (EVP) high on their list. This has taken many different forms, from addressing brand perception (for example, banking), to creating more flexible benefits packages, supporting better line management and many other approaches.

Research over recent years has shown that employees engage with a number of different levers, not just one, and the vast majority of business leaders understand that this goes beyond the financial and into other factors. What an organisation stands for and its products, access to development, social attributes, its culture and the degree to which people feel their skills are valued are all ingredients in creating loyalty through the development of an EVP.

Some are even playing hard ball. One organisation was very open with saying, ‘we invest in them contractually. If they leave before an agreed time, they have to pay us back.’ These tie-ins may work in some cultures and markets and not in others. Sponsorship of individuals prior to joining is still seen to create loyalty by many, as well as developing other benefits. One company reflected that ‘we like to send our sponsored students out to get broader business experience before they join us, so that the integration will be smoother and they are more rounded. When you’re in a meeting, you can tell who was a sponsored student and who came straight out of the market.’

Equally, faced with decreased opportunities to move people up through an organisation, some are engaging employees through transparency of talent processes and driving up the quality of line management and performance dialogue. One engineering business reported that ‘there has never been so much interest from managers in performance reviews, and a chance to sit down and talk with their key people one to one.’ Talent conversations have seen a shift in focus more toward the aspirations of employees, and as one HR leader put it, ‘getting more interested in the wider capabilities people have, to look at what they could do.’ By shifting the conversation around career from boss’ shoes to future utility, organisations have been able to open employees’ minds to wider career thinking around what they want longer term. This in turn has been seen to help create a degree of longer term commitment in employees.

So once again, the economic crisis has seen us having to adapt some more traditional talent management approaches to recognise the requirement for more tangible ROIs and a more consumerist view of talent. What is emerging is a much more overt employee deal, a mutual exchange of value between employer and employee. Employers are needing to be more selective in where they spend their money, and needing to offer a range of different engagement and retention tools in order to appeal to different employee groups. They are wanting more from their people in return, and are looking for ways to ensure that their employees are productive as soon as possible, and in some cases, tied in to the organisation for a period of time. Employees are looking for a combination of factors to attract and engage them, but decreased loyalty means that they are liable to vote with their feet if their end of the deal isn’t delivered.

‘What is emerging is a much more overt employee deal, a mutual exchange of value between employer and employee.’
What is the impact of globalisation on talent management approaches?

Key themes:

- Struggling to exit ex-pat model
- Cultural diversity a double-edged sword
- Immigration controls a major barrier
- Global talent mobility proving elusive
- More focused tactics proving successful

Globalisation was picked out in the desk research as one of the principal shaping factors of next generation talent management. As customers become more global, geographical footprints expand, supply chains go around the world and more and more corners of the world are opened up to trade; there are obvious implications for talent.

Historically, organisations have tended to use the ex-pat model as a key means of addressing international expansion requirements. This spawned a whole industry around international assignments, and many organisations have created a legacy of widely-displaced staff. Using international assignments was seen as a key development vehicle for future leaders, but has never been without its issues. These assignments are complex to organise and maintain, expensive to run and difficult to localise or re-integrate into the organisation. One international assignee once recalled, of one of their assignments abroad, ‘I left through golden gates and came back through the cat flap.’ Many organisations have struggled to create local talent pipelines, for some of the reasons mentioned in this report under ‘talent availability’, and as a result have been left with an expensive and hard to manage legacy population of ex-pats. A HR leader in a FMCG organisation commented, ‘it is hard to get out of ex-pat solutions due to quality issues with local talent.’

Often, these ex-pats cannot afford to return to their native geographies due to the nature of some of the commercial arrangements that were put in place years previously. Equally, a lot may have changed since they first went on assignment, and it can be difficult to find opportunities in organisational structures which may now look a lot leaner than they did. Cost pressures are forcing organisations to try and lessen their reliance on ex-pats, but for the reasons above, it is proving very difficult.

So we have a dilemma. There is still a desire to use international mobility as a means of developing the global leadership skills that many large organisations need, but it has cost, complexity, individual and cultural implications. Some are working hard to unlock mobility. More than one organisation is being very clear with its talent about an expectation of mobility – ‘if you want to be treated as high potential, then you have to be globally mobile.’ This is creating positive results, with one retail organisation saying that ‘five years ago, only 2% of our top 500 were international. Now it is 35%.’

One trend which seems to have emerged in recent years is a more selective and tactical approach to mobility. For example, a number of organisations were looking at mobility regionally rather than globally.
groups such as the Dutch and Belgians because they showed high adaptability to a range of different cultures, and had a track record of succeeding in such roles. One corporate organisation in the IT domain added, ‘it seems at first sight incongruous, but we are finding that the Flemish work really well in South America.’

Another approach, in trying to manage the cost at least of international assignments, is to move to local terms and conditions. One financial services organisation said that ‘95% of international moves are now on local terms.’ This approach was cited by many as key to getting control of ex-pat costs. However, these same organisations reported that this was also having the effect of making people less willing to accept assignments in the first place. This was especially so when another trend is was considered – that of dual career families. With the growth of dual careers, international assignment complexity has increased still further, with some organisations resorting to offering an employee’s partner a job in their organisations in order to facilitate an assignment.

Due to some of the difficulties of breaking free of the expat model, and issues finding quality local resources, there is an understandable premium in the employment market payable to those who already have international experience. Organisations are reporting that their customers have an expectation of global cultural capability, so buying or building these skills is seen as an important area of focus. One organisation assessed what it termed ‘cultural sensitivity, in all its leaders and potential leaders. ‘We have built international experience into our capability models’ said one global business.

International mobility in global organisations does not always mean global, and can be a double-edged sword. ‘In China the issue is in-country mobility. People don’t want to move from Beijing to Shanghai’ said a global FMCG. Another large corporation commented ‘The Chinese do not want to go overseas, and if they do, they will do things the Chinese way, not the global way. This means that as we grow, we will likely end up with a China organisation and a Rest of World organisation.’

But the individual employee and cost elements of international mobility were not seen as the only constraints to globalising talent. The majority of organisations cited visa and immigration controls as a significant hurdle, along with over-complex HR policies. ‘Immigration control is our biggest talent challenge’, said an HR leader in a global professional services firm. ‘We are restricted to using people from the EEA, so we are never going to be able to leverage talent markets in the US or India’ said the HRD of a high-tech engineering company. An oil and gas leader commented that ‘HR is confused by globalisation of talent, and has created a mass of over-complicated policies and processes.’

Another constraint is the mindset of leaders within the organisation. Global utilisation of workforce requires a joint bank account approach to talent. Leaders must be willing sometimes to give up good people for the greater good of that individual, and the organisation.

As corporations globalise, we are seeing them struggle with conflicting agendas. On one hand they see the benefits of an internationalisation of their workforces, particularly their leaders. Equally, in ever-leaner organisations, mobility is becoming essential for career development above a particular level. On the other hand, the cost and complexity of managing these assignments is becoming prohibitive, and there are often unintended personal consequences
for the individual. As such, most organisations appear to be continuing on two fronts – trying to develop local pipelines and minimising the cost and reliance on international assignments, but still using them (albeit in a more thoughtful and targeted way) as a means of developing the skills that they need at leadership level.

What is the impact of generational and career factors on talent management?

Key themes:
- Believe the hype, the next generation really are different
- Conflict between career expectations and reality
- Young talent is collecting scout badges
- Forcing us to think and act differently
- We are fighting not adapting

There has been an enormous amount written and talked about in regard if the next generation workforce. This is not the first time that one generation has sounded a warning bell about the working style of the next; it has happened more than once in recent history. Looking back now, perhaps some of the concerns have been shown to have been rather exaggerated. However, this time early signs seem to confirm the fact that the digital generation are going to prompt a major change in our approach to talent. As organisations begin to engage with younger talent, the overwhelming view coming back from them is ‘yes, they really are very different.’ These differences seem to focus around three main areas – career mindset and expectations, working preferences, and the relationship with their employer.

The two elements relating to career mindset which stand out from this, and other research, revolve around the rise of the portfolio career and the speed with which younger talent expects to see itself move up the ladder. These have created a fair degree of disruption in the talent management arena, with a number of organisations feeling that young talent has an unreasonably demanding attitude. ‘The digital generation want things now, and are not scared to say that they will go if they don’t get it. It all feels a bit like a gun to the head,’ said one leader. Another commented that ‘these guys think that if they are good they can name their terms.’

This feeling of employers being seen as somewhat at the whim of young talent was not uncommon.

There was also reference to younger talent being much more savvy about marketing themselves and developing a personal employment brand; and engineering career experiences in light of this. A recruitment specialist neatly articulated the sentiment of many by saying that ‘young people are looking at collecting scout badges, and the concept of loyalty doesn’t really exist. It is much more about developing your own brand and making yourself more marketable. HR does not seem to recognise this trend.’

It is clear that this has created a bit of a chasm in terms of the gap between the career expectations of the younger generation, and the reality that an organisation can, or should, provide. Several organisations talked of needing to have a reality check with younger talent, since often their capability was not aligned to their expectations of advancement. In some cases, this expectation culture was linked to socio-economic factors – for example, the legacy of the one child policy in China resulting in increased pressure to succeed.
The relationship with the work itself was also picked out as being a key difference with younger talent. There was significant agreement amongst those surveyed that young talent was much more focused on the nature and amount of work that it undertook. ‘These guys are much more focused on work-life balance, and don’t want to work regular hours,’ said one HRD. ‘They want to work together’ said another. More than one organisation talked about the fact that younger talent wanted to be communicated to in different ways to talent already established in their organisation, and that this was causing some challenges. One leader had found that email was proving an ineffective tool because younger people saw it as old-fashioned and less flexible than messaging and real-time face calls for example.

The requirement for variety of work was another factor mentioned. ‘We are finding that young talent is not so interested in doing the same thing for very long. We are needing to feed them with lots of interesting things to keep them loyal,’ said a financial services organisation. ‘They are more interested in less tangible things, like a good manager who takes an interest in me. We have been slow to react to this,’ said the HRD of a technology business. This trend also extended to the development offered to young talent, where organisations are finding that they are less interested in more traditional development approaches and more engaged by what one person described as ‘funky stuff.’

This makes it sound as though organisations are looking at the next generation of talent in a negative way, but this is not really the case. It is more that they are finding themselves rather exposed by the demands of this group, and that their very different preferences are creating dilemmas when set against the reality that the majority of current employees are engaged by some different things. With the spectre of four generations now co-existing in our workforces, this is obviously creating complexity and contradiction. At the same time, many organisations are embracing generational difference and not only using it to catalyse some new approaches to talent management, but also creating value for the business as a whole.

For example, a global FMCG has turned this difference into a benefit in a number of ways. Firstly, they have engaged with young talent to try and understand what it wants and needs, and then turned this into practical advice to managers to assist them with the hiring and motivation of the future workforce. They have also experimented with ‘reverse mentoring’ and found that both younger and more experienced employees alike found the experience highly positive. Finally, they have recognised that younger people have a valuablely different perspective on things, and also represent a future generation of consumers; so they have involved them in decision making and strategy development processes through such vehicles as a ‘young leaders board’ and ‘consumer labs’. These have made quite an impact.

There seems little doubt that those surveyed see the next generation workforce creating some real challenges for them in terms of a shift in the perception of loyalty, a focus on personal brand and portfolio careers, high expectations and different working preferences. However, there are also real benefits which, if embraced, can create a positive force for change and unlock different perspectives on how organisations work with both employees and customers. But there is a concern in here for HR – a strong feeling that in the most part HR is either putting its head in the sand and hoping this will all blow over; or trying to fight an unstoppable force rather than trying to adapt to the inevitable. This is perhaps a knowing-doing gap for HR. There are countless conferences where
HR folk get together to talk about how different these Digitals are, yet at the same time there is very little fundamental change happening in terms of how we adapt our attraction, development and reward processes and approaches. How come we all accept that portfolio careers are here to stay, but at the same time continue with an implicit assumption that we can get top talent to stay in our organisations for the long term? How come we talk about social media as being the currency of young people, but in reality most of our organisations have very under-developed approaches in these areas since we are scared of opening Pandora’s box? Realistically, fundamental change to people processes has an inevitability to it, but cannot happen in isolation from existing approaches, since we must not forget all the employees currently in our organisations! This will require HR to develop more flexible policies and processes, or even run a two-speed approach in some areas – and that, will require an up-shift in capability.

What has been the impact of technology on talent management approaches?

Key themes:

- Need to move from simple data to insight
- We must deal with our phobia of social media
- Growth of talent insight providers
- Beware losing control of skills to the cloud!

Technology is a broad topic to discuss, but feedback from the research interviews tended to focus on three key areas:

1. The application and impact of technology in attraction and recruitment
2. The generation of organisational insights and business intelligence from data
3. Technology-driven changes in working methodologies

This is an interesting finding in itself, because it is worthy of note that HR Information System implementation was not a commonly-mentioned topic. Henley’s wider experience would support a view that many organisations are currently in the throes of implementing HRIS or Talent Management system solutions, so it may simply be that the organisations surveyed had already got these up and running, or do not see them as being such a dominant factor in talent management going forwards when compared to the brief list above. It is true to say, however, that there is a strong link with some of the data insight issues which were raised, so there are a number of indirect references to these systems.

The general sentiment was that HR was lagging behind where it felt it would like to be on the technology front. It does not come as a surprise that top of the list of technology-driven challenges in talent management was the application and leveraging of social media. What the research revealed here was a dilemma. All organisations surveyed could see the importance of engaging with social media, but the vast majority were approaching the area quite tentatively – afraid of it ballooning out of control.

‘All organisations surveyed could see the importance of engaging with social media, but the vast majority were approaching the area quite tentatively – afraid of it ballooning out of control.’

‘We are still struggling with a social media policy’ admitted one organisation. Another organisation summed up the views of many when it remarked ‘You can’t just play at it – it needs dedicated resource and you have to be careful about opening doors you cannot close.’
Despite this somewhat risk averse perception of social media, nearly all of the organisations surveyed are using them, or other digital channels, to some degree, and finding the experience a positive one. By far the most common application is recruitment, where the use of well-known career networking platforms is now widely established. One FMCG organisation commented, ‘we are training people to recruit using [platform]. In some countries we are using this for 70% of our recruitment needs.’ These same platforms have been used proactively to develop and maintain talent pools by both corporates and recruitment agencies alike. A variation on the theme is the creation of professional groups and communities of practice. Organisations find value in utilising these communities as a means of engaging future talent in their brand as an employer, often implicitly rather than explicitly – for example through sponsoring and leading discussion forums concerned with specific functional topics, with no overt ‘selling’. This ‘engagement through association’ approach is proving successful.

There are other factors to consider too. As one high-tech business commented, ‘we are advertising much less in traditional media now, just using it for PR rather than recruitment. This is saving us a lot of money.’ Another benefit is the potential to have quicker access to what people are saying about your organisation, with the growth in the last few years of internet sites which allow employees and candidates to leave comments describing their experience of different organisations.

There is a challenge here for HR too. The more that we, as a function, play around the edges of social media and career networking platforms; the more that we leave the door open for others to fill the space. The reality is that this technology is here to stay, so the longer HR fails to fully engage, the more likely it is that they will become subservient to those that do. This is clear when we look at the strategies at the platform providers themselves. They are gradually building big data taxonomy into their products so that they have the ability to analyse talent data and create insights which they can commercialise. As a result, they are beginning to move into this space faster than HR functions, with the possible consequence that that HR may slip quietly into a ‘marriage of convenience’, delegating the ‘digital side’ of talent management to perceived digital specialists.

The rub of course is that the digital channel is only likely to become more and more fundamental to recruitment in the future, so there is a danger that HR is giving away the crown jewels and could end up being pushed out of recruitment completely in a technology-driven bloodless coup. As one organisation lamented ‘They [online career networking site] came in and presented data about us – they knew more about our employees than we do. It was frightening.’ This is further reinforced by the fact that many such digital specialists are beginning to position themselves as organisations which can manage your talent for you. It isn’t just specific career networking media which is under scrutiny here. In countries like India and Kenya, between 75% and 90% of all internet is on a mobile platform, so this again asks the question ‘what is HR going to do about it?’

So the dilemma begins to be clear. There are lots of reasons why HR needs to invest wholeheartedly in the social media and career site space, but there are all kinds of resource, governance and skills issues to grapple with. At the same time, the longer that HR fails to engage properly in social and career media, the more likely it is to be pushed out of the space by a new breed of providers. Add in the growing influence of employee and candidate feedback sites, and this has

‘the longer that HR fails to engage properly in social and career media, the more likely it is to be pushed out of the space by a new breed of providers.’

‘In talent management, there is perhaps more unexploited value than in any other area of HR data and metrics.’
Point of View | Nick Kemsley

raised the spectre of a new type of activity for HR to perform – that of real-time employment brand management.

The second area where technology was seen to have significantly impacted talent management is in the data insight category. This is a big topic in its own right, on which the Henley HR Centre has previously published both research and opinion papers, so in this research we will only headline some of the issues. The driver here has been three-fold – an exponential increase in the availability of data; a technology-driven increase in our ability to collate, synthesise and analyse data; and a desire for CEOs to have data-driven insights into strategic risk and organisational performance.

In talent management, there is perhaps more unexploited value than in any other area of HR data and metrics. Previous Henley HR Centre research shows that the business value of HR data is driven by three main things – its relevance to strategic or operational performance need, its orientation to outcomes rather than just processes, and the level of actionable insights generated as opposed simply to information. The kind of data measurement that we see in the talent arena often doesn’t adhere to these best practice principles.

The opportunity to align talent data to strategy is often under-exploited due to weaknesses in strategic workforce planning, resulting in inadequate context for talent attraction, development and retention. Which skills are most critical to strategy? Which groups of talent already in the organisation most need to be retained? Are we developing the right kind of leader, or the same old same old? Organisations which are better able to develop a more strategic view of current and future talent needs are better able to align their internal and external talent supply chains to the right inputs and outputs, better able to optimise and align people processes, and better able to prioritise and drive cost effectiveness. It is surprising how often an organisation will talk with a degree of pride about how its leadership framework is fully embedded, and has been operating for many years. Is nobody in these organisations asking the question ‘if our strategic needs are evolving and changing ever faster, isn’t what we need from our leaders changing with it?’

Talent management data approaches also tend to focus strongly on process. For example, succession planning metrics such as ‘% roles with ready now successors’ can be very misleading, since it actually means very little. One financial services organisation once proudly quoted that it had ‘98% coverage of the Top 200 roles with ready-now successors’. This result was relayed to the board of the business, who were then reassured that there was not an issue in this area. In fact, this particular metric is really only saying that, of 200 boxes, 4 of them do not have names in – in other words, it is a process metric. It does not tell us if some people were successors to many roles, or if these succession plans matched their own career aspirations. It does not tell us, in fact, what the outcome was. An outcome metric for this scenario would have been ‘when a role in the Top 200 becomes vacant, on what % of occasions was it filled by the named successor?’ When the organisation in question went back and analysed the data to understand this question, the result was very different – only 8%! Therefore, succession planning in this organisation was not working brilliantly, it was broken. Sometimes a major risk to the business can been papered over simply by measuring the wrong thing.

Is nobody in these organisations asking the question ‘if our strategic needs are evolving and changing ever faster, isn’t what we need from our leaders changing with it?’

‘Sometimes a major risk to the business can been papered over simply by measuring the wrong thing.’
As one HR leader surveyed commented, ‘there is an awful lot of data, but not much action.’ A few, more insightful and outcome-oriented, talent metrics are shown below, but how many organisations use metrics like this?

- **Brand awareness in critical candidate communities** – focused data relating to key target groups identified through strategic workforce planning as being critical to strategic success
- **% talent seen as successor to more than one role** – although talent flexibility is a good thing, we sometimes rely on a small number of people to cover off a large number of potential roles. Of course they can only do one of them when push comes to shove!
- **First year performance of new entrants** – how good are we at inducting recruits into our organisation?
- **First year performance after promotion** – how good are we at supporting and mentoring internal people after taking on a more complex role?
- **% new entrants leaving in first year** – a useful cultural indicator
- **% of above band salary offers** – helps us understand if we are falling behind market rates
- **Offer vs acceptance ratios** – measuring the number of offers made is not insightful. Top talent often has more than one offer on the go, and if your organisation is always second choice, then you need to know
- **What happened to the people we said were great 3 years ago?** – what could be more insightful than asking this very simple and obvious question. Yet most organisations don’t.
- **Is there a correlation between people who do well in our business, where they come from, or who manages them?** – this can be gold dust in terms of talent strategies

One example of developing a talent insight from data was that of a professional services organisation who found that ‘we looked back at where we sourced people and compared it to their subsequent performance in role. We found that those with higher degrees DID actually outperform others in our organisation over time, as did those doing internships. We are now using this insight in recruitment approaches’

Another area of talent data insight worth mentioning is that of internal skills databasing. As one telecoms organisation said ‘more skills data is needed. Do we know what we’ve got?’ This becomes key when understanding critical strategic workforce capability gaps, but also in more operational workforce planning issues such as resource allocation to projects, resource flexibility and mobility and redeployment around business priorities or during restructuring.

Organisations frequently find that they don’t know very much about the skills they already have. For example, our view of the skills people have is usually based on the role they do currently in our organisations; but what skills did people have before they came to you?

Skills databasing raises a dilemma: how do you approach it? On one hand, it is too big to practically drive as a rigorous business process across several levels of organisational structure; much better to engage employees in filing in their own skills and experiences in some kind of database. On the other, however, if
we leave it completely free-form, then we struggle to search for, and aggregate, data. Where this has been successful, organisations have used a hybridised approach whereby employees are encouraged to enter their own data into a common system, but elements of this are via drop down menus so that the data is searchable.

The vast majority of organisations surveyed talked about the need to apply checks and balances to the use of technology and data in talent management. ‘We have lots of data, but this must be combined with judgement and intuition,’ said one HR leader. ‘It’s not so much about the data, but the questions you ask of it,’ said another. ‘We need more people in HR who can understand data,’ was a frequent comment.

With respect to technology-driven changes in working preferences, organisations were seeing technology driving significant changes in attitude and approach. ‘It is eroding hierarchies. People are talking with other people around the world on demand,’ said a professional services organisation. ‘We now have predictive tools which managers can use themselves,’ said one leader. There was a note of caution raised by some, however. This was well summarised by one interviewee, who commented, ‘we have lost sight of meeting people.’

One area which is beginning to get some air-time is that of BYOD (Bring Your Own Device). The next generation of talent will, if research and early experiences are to be believed, find the risk-averse approaches to technology platforms very hard to work with. They will expect to be able to interact with work whenever and wherever they are, and to flip seamlessly between their work life and wider social and home life. This will challenge some sacred cows in our organisations. It is clear that some organisations are already shattering the established view that engaging with employee’s own devices will bring the sky crashing down. A global bank already allows many employees to do just this, and has engaged in using Apps to great advantage. If this is possible in the complex and regulated world of retail banking, then surely it is feasible in many other organisations and sectors.

So technology is seen to have had, and to continue to have, a major influence on talent management. This has been especially clear in the area of attraction, branding and recruitment, but has also impacted how talent is interacting with work in our organisations. Perhaps the most under-leveraged area of technology remains one of the simplest – that of simply using the data we have better, to create business-relevant talent insights which can be translated into actions which drive competitive advantage. This area is well-documented in Henley HR Centre research and is seen to be a critical focus area for HR going forwards, both in terms of approach and capability.
Final words

This piece of research has come at a fascinating time in the evolution of HR, as we begin to emerge from a key period in recent history which has impacted the world at global, regional, national, organisational and individual levels. It has seen a powerful confluence between organisational agendas and socio-economic factors, and generated huge levels of change and uncertainty.

It seems fitting therefore to go back to the question which shaped this particular research in the first place – *‘have we seen the emergence of a new system of talent management as a result of the financial crisis?’* Based on the results of this study, one would have to conclude that we have, not in every way, but in many; and this has forced organisations to look at much more creative, more differentiated talent approaches. Although the impact on financial performance has not been uniform, changes to the talent landscape appear to have presented the vast majority with similar challenges. This has forced many to fundamentally challenge at least a few established doctrines along the way.

Largely gone are the one-size-fits-all approaches, and in their place much more targeted ones. Gone are the assumptions that organisations will manage to get the skills that they need to grow, with even the best known being really concerned at talent shortages and quality issues and looking to smarter, more creative, approaches. The evidence suggests that organisations are going to have to become much more focused on Employer Value Proposition going forwards, and that those who lag behind the curve will suffer at the expense of those who invest, as talent markets and career mindsets continue to demand this focus.

Globalisation is clearly presenting some major talent challenges to organisations, with many struggling to move away from expensive ex-pat models, whilst at the same time struggling with internal mobility. These issues are now beginning to hinder growth, so we might expect to see more and more CEOs talking about talent as the key constraint to strategy going forwards.

All this is only ever likely to continue to reinforce the power of talent in the internal and external market place. This in turn is going to challenge HR to come up with solutions which are less employer-led and more employee-led within a business performance context. A shift in mindset is needed in many areas, from seeing candidates and employees as servants of an organisation, to looking at talent as consumers. This, we should expect, will drive an increasing level of consumer marketing approaches into the world of talent management, and the research would suggest that this is already happening.

What will all this mean for HR? Well it will certainly challenge the function and individuals alike. Functionally, HR needs to start fundamentally questioning some of its more established talent and career models and asking itself if they are really aligned with the direction of travel, or whether they are trying to fight trends which will not be reversed, only strengthened. At individual level, it is going to require the development of skills in strategic workforce planning, data analysis and social media as a minimum – all within a customer-centric culture which positions the employee more as a consumer, and where brand loyalty is hard won and easily lost. If we do not begin to adapt in these ways, there are a growing number of specialist technology-driven providers waiting to perform the function HR currently performs in a way which the next generation of talent understands. And that is likely to have even more significant impact on HR.

‘Although the impact on financial performance has not been uniform, changes to the talent landscape appear to have presented the vast majority with similar challenges. This has forced many to fundamentally challenge at least a few established doctrines along the way.’

‘Organisations are going to have to become much more focused on Employer Value Proposition going forwards, and that those who lag behind the curve will suffer at the expense of those who invest,’

‘A shift in mindset is needed in many areas, from seeing candidates and employees as servants of an organisation, to looking at talent as consumers. This, we should expect, will drive an increasing level of consumer marketing approaches into the world of talent management,’

‘If we do not begin to adapt in these ways, there are a growing number of specialist technology-driven providers waiting to perform the function HR currently performs in a way which the next generation of talent understands.’
Finally, the Henley Business School HR Centre is once again indebted to the generosity of its members, and the many other organisations and individuals who have supported this research. I would particularly like to thank Nick Holley, for supporting this research through assisting with interviews and insight generation. We look forward to discussing the potential implications of this, and other research, with you in the next year and beyond. In the meantime, we hope that you have enjoyed reading this research report, and that you have been inspired to reflect on your own organisations, and hopefully deliver even greater impact and value as a result.

With thanks,

Nick

References for literature search

3. PwC. (2012), *Key trends in human capital*
4. ADP. (2013), *The workforce view*, HR Magazine
5. Towers Watson. (2013), *Global talent management and rewards study*
7. Bersin. (2013), *Predictions for corporate HR, leadership and talent management*
8. Snider. (2012), *Talent management software going social despite HR’s concerns*
9. Dr J Sullivan. (2011), *7 ways social media is changing HR*
The Henley Centre for HR Excellence

The Henley Centre for HR Excellence is a group of leading national and international organisations that share a common interest in achieving excellence in HR. It is led by highly experienced practitioners with outstanding records in taking a pragmatic, results-driven approach to organisational development. The Centre has been operating since 2005 and has built a strong reputation, both for thought leadership in the HR arena and for supporting the development of HR functions and individuals.

The Centre operates on a corporate membership basis and offers a wide range of activities. These include: applied research carried out twice a year, events on topics chosen by the Centre’s members, open programmes that focus on specific capability areas in more depth, bespoke customer solutions using practical and pragmatic ways to upskill HR teams and deliver change within organisations, and networking and community benefits.

Nick joined the Henley Centre for HR Excellence as Co-Director in November 2010. Nick is an experienced, senior HR leader, now working with boards and HR functions all over the world on aligning organisation to strategy and increasing HR functional and individual effectiveness in the context of the new economic landscape. He has followed a successful corporate career to Global Group Vice-President level across six industry sectors, and has set up and led strategic HR functions in world-renowned businesses.

In performing these roles, Nick has set up and led organisational development (OD), resourcing, talent & leadership, performance and learning & development (L&D) functions at global, regional and local levels. At the Henley Centre for HR Excellence, Nick works to upskill HR functions and individuals in order to deliver real value to business, and is a frequent contributor to publications and conferences on a range of HR topics, including strategic workforce planning, OD, HR data and metrics. At a time when HR is under increasing pressure in a new economic landscape to make a real difference to long-term capability and short-term profitability, Nick brings a wealth of experience and a challenging, yet practical and pragmatic perspective to the discussion around HR capability.

In addition to HR teams, Nick also works with multi-functional boards and senior leadership teams on the subject of organisational capability and risk, strategy development and business operating models – and has particular expertise in balancing centralisation versus localisation requirements in organisations.

Nick has worked with a range of organisations, including Bank of China, RBS, the NHS, Mencap, GlaxoSmithKline, Aviva, Saudi Telecom, B&Q, Sanofi, KPMG, Oxfam and Siemens, to name but a few. The Henley Centre for HR Excellence also has a number of globally-renowned member organisations including Mercedes-Benz, AugustaWestland, Danone, Amey and Oxford Instruments.

Nick’s earlier roles include Group VP Organisation Effectiveness for Travelport, Director of Talent & Capability at Pruidential UK & Europe, Global OD Director and HRD Central Functions for Linde Group, and an eight-year period at Mars, including five years in European OD and management development. During his HR career, Nick has performed both specialist and generalist roles, and worked with a number of very different organisational cultures and approaches.

Although Nick is known for his work in HR, the first half of his career was spent in wider business, which gives him a broad understanding to underpin his OD work. An engineer by training, Nick spent the first years of his career in project and business management for highly regarded businesses such as GE, GEC-Alsthom and Rolls-Royce Aerospace, and has spent considerable time working on supply chain, manufacturing and sales & marketing issues.

For more information, please contact:

Executive Education
Henley Business School
Greenlands
Henley-on-Thames
Oxfordshire, RG9 3AU
exec@henley.ac.uk
Tel +44 (0)1491 418 767
www.henley.ac.uk