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INTRODUCTION



The Australian Bureau of Statistics reported that in January 2016 there were 11,894,500 employed people in Australia. As at December 2016 there were 11,998,200, which is an increase over the calendar year of 103,700 jobs. It's therefore safe to say that Australia's employment market has shown relative resilience and candidate confidence has returned.

Labour demand in New Zealand remains strong too. The Ministry of Business, Innovation and Employment's Jobs Online reports show that the All Vacancies Index increased by 13 per cent over the 2016 calendar year.

No wonder then that talent management is a priority for organisations across the region, both big and small. Add the requirement to make HR more efficient, the shortage of highly-skilled professionals and a desire to engage staff in order to boost productivity, and the time is right to shine a spotlight on talent management.

Herein you'll find a series of articles based on results from a survey we completed of 1,516 people. Of these, 44% hire staff and shared their views from an employer's perspective. The remainder spoke from the perspective of employees.

Talent management refers not only to the recruitment but also the development and retention of talented employees who are aligned to your culture and goals.

This includes understanding your future talent needs and developing people accordingly.

We hope these tips help you manage, develop, retain and plan talent effectively.

Nick Deligiannis

Managing Director, Australia & New Zealand at Hays

THE SECRET TO TALENT MANAGEMENT PLANNING

There's an old adage that you cannot run before you can walk. The same principle can be applied to talent management; you cannot create an effective talent management strategy without first understanding the business's strategy.

That's because talent management is more than recruitment; it's about unifying talent strategy with business objectives. By focusing first on business operations and the organisation's strategic goals, you can accurately and very naturally prepare for the future and provide the necessary skills as and when required for the maximum benefit.

As well as linking to business strategy, effective talent management responds to outside factors that could impact the organisation and/or the skills it requires. For instance, what will be the impact of skill shortages or rapid technological advances?

This big picture ensures you know what you are planning for and can answer questions such as: What skills are needed by when? Are these skills currently available in our workforce? If not, can employees be upskilled or promoted to fill skill gaps? If so, how can suitable employees be identified? What skills will need to be recruited externally? Do we require permanent or temporary/contract resources?

Only 30% of organisations use big data to manage talent

Given the number of factors today's HR professionals need to take into consideration, it's understandable that many in HR look for further insights from big data and analytics. Accurately forecasting workforce requirements, future skill gaps and even predicting resignations barely scratch the surface of the answers big data can provide.

However it seems the adoption of these tools is far from universal. In our survey of 1,516 employers and employees, only 30 per cent of employers said they use data and analytics to organise, operate and manage talent while 22 per cent plan to begin using data in this way in the next 12 months. That leaves almost half (48 per cent) who do not – or have no immediate plans to – use big data and analytics for talent management purposes.

Perhaps this is due to the challenges employers say they face when using data and analytics in talent management. According to our survey, these include making sure the data collected is meaningful and will help make informed talent decisions (87 per cent), up-skilling the HR team to use data to make decisions (43 per cent), legal issues around the data that can and can't be used and what can be done with it (19

per cent), data security (18 per cent), recruiting a data engineer and data scientist (12 per cent) and data storage (12 per cent).

The first point is extremely important – while a seemingly endless amount of workforce data can be captured, you need to ask the right talent management questions so that big data provides you with relevant and helpful answers.

Employees want challenging work and career development – so use it to your advantage

The importance of linking talent management to an organisation's objectives and the wider world of work in which we all operate is paramount. But what do candidates want since this too is a talent management factor you need to consider?

According to our survey, the number one reason people look for another job is for more challenging or exciting work (61 per cent) followed closely by a lack of career development (60 per cent).

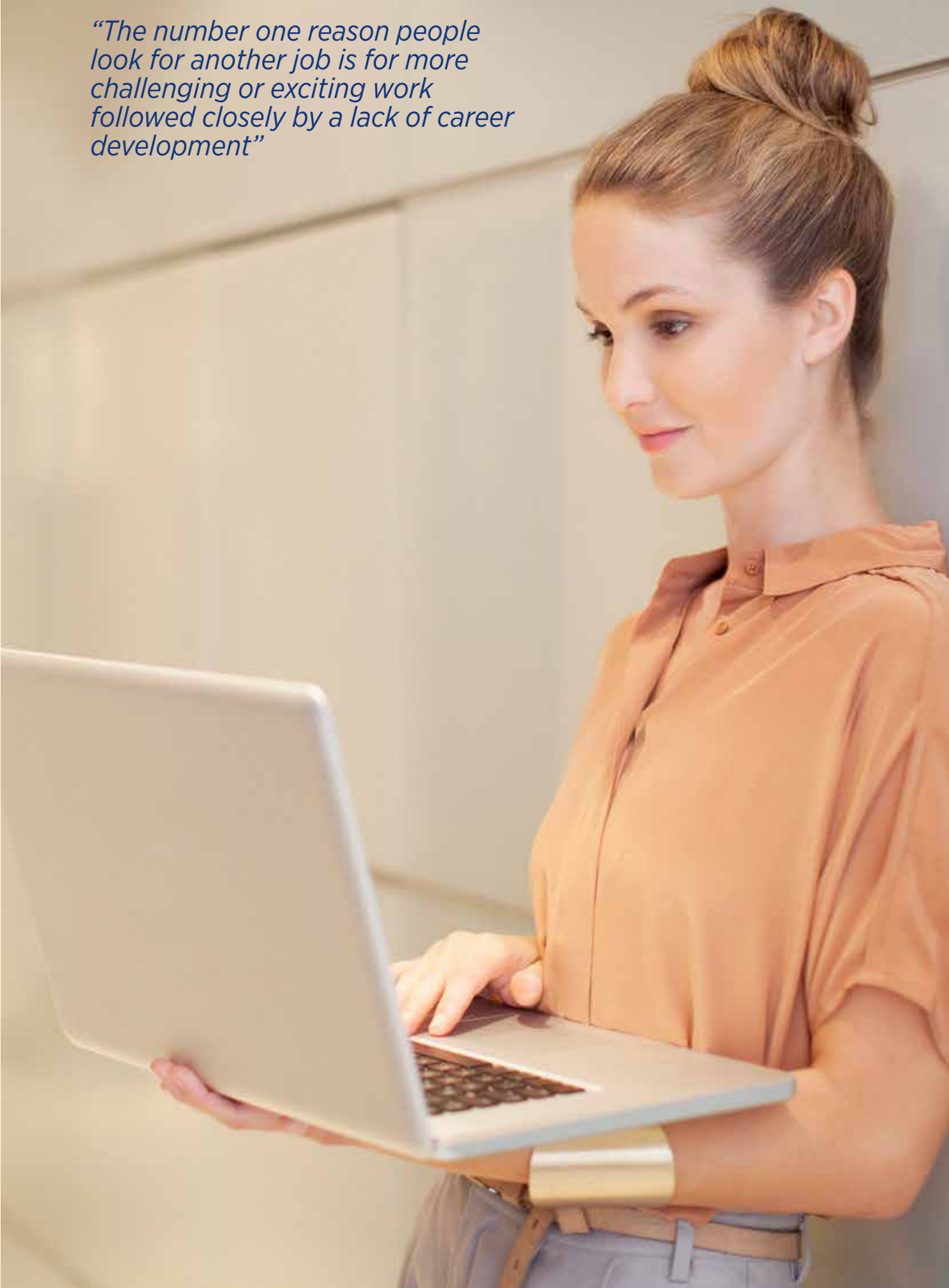
This presents an opportunity for employers to link career development and the provision of new, exciting and challenging tasks with the organisation's overall goals.

In our survey 68 per cent of employers said they align the career development of their staff with the current and future skills their organisation will need to achieve its goals. But 11 per cent do not, another 11 per cent only do so for their top performers and the final 10 per cent only do so for future leaders.

Yet 80 per cent of employees want – and expect – to be involved in projects that help develop their skills so that they can move into a higher-level role. To develop their career they also expect internal training (69 per cent) and mentorship programmes (66 per cent).

This is positive news since rapid technological change and the digitalisation of the workforce will make upskilling your existing staff even more important if you are to keep up with the rapid rate of change. This includes artificial intelligence (AI) and robotics, which are expected to take over the routine and repetitive functions of a job, leaving staff free to focus on higher-level duties. How this will play out in your organisation should certainly be factored into your talent management strategy.

“The number one reason people look for another job is for more challenging or exciting work followed closely by a lack of career development”



DO WE NEED A ‘RIGHT TO DISCONNECT’ AT WORK?

Work-life balance. It’s been a hot topic for many years and now Millennials are bringing their own perspective to the issue: work-life ‘integration’.

For them, there’s no line that creates an equal distribution between work and life to form a balance. Instead they propose integrating work with the other elements of their life. Whether that is caring for children or older relatives, health and wellbeing activities, voluntary work or any other personal priorities, integration ensures life and work overlap and flexibility cuts both ways.

After all, this digitally-literate generation grew up with technology that allowed them to connect from almost anywhere, anytime. That may explain why they accept being connected to, and completing, work outside standard business hours. Why then, they wonder, do we need to be physically present in an office when many jobs involve duties that can be performed virtually or with an accommodating work schedule?

Attend a gym class between 2 and 4pm? Why not? They did after all work 8 to 10pm on a project last night. Work on the train while commuting? With noise-reducing headphones it’ll be quieter than many offices. Finish work at 4pm to collect a child from day care? You know they’ll log back in once their little one is down for the night. Attend a child’s weekly tennis lesson? They do respond to emails every evening.

With clear objectives in place and performance evaluation based on outcomes rather than hours

physically present in an office, integration would create synergy between work and life.

There is of course the other side to the coin and it’s a far more prescriptive approach.

French workers won the legal ‘right to disconnect’ from emails outside business hours. The policy came into force on 1st January 2017, and limits the encroachment of work during non-working hours by legally giving employees working for companies with 50 or more staff the right to turn off digital devices and technology.

“These measures are designed to ensure respect for rest periods and ... balance between work and family and personal life,” said France’s Ministry of Labour to CNN.

But there is some disagreement as to whether this resolute policy would work in Australia and New Zealand. In our survey, 39 per cent of respondents thought their organisation should adopt a similar strategy to France’s. A lucky 6 per cent already have a similar policy in place at their workplace. Another 23 per cent think it’s a good policy but don’t believe it would work in their organisation.

The final 18 per cent do not like the policy, while 14 per cent were unsure.



HOW TO ESTABLISH IF A POTENTIAL MANAGER WILL SUCCEED

Have you ever been in a situation where a star employee, that person who hits every target and exceeds every objective, is promoted to a management role only to struggle for the first time in their career?

When people are promoted up the ranks, it is usually thanks to their strong technical skills. But as any successful manager knows, there are a whole new set of skills required at this level – which only increase if an employee will also be managing people.

These include and are certainly not limited to motivating, communicating, listening, interpersonal, planning, problem-solving, delegation and time management skills, as well as the effective organisation, coordination and execution of organisational goals.

So how can you tell exactly what qualities someone requires to excel in management in your organisation? One of the best approaches is to identify what makes managers successful in your organisation, both in terms of soft and technical skills. Benchmark your most successful managers and use this as a guide to help you determine if a particular employee possesses these skills.

There are one of two approaches typically used by organisations to do this: observation and assessment or the utilisation of big data. 56 per cent of those surveyed fall into the first of these categories. While some intuition may come into play, they also carefully observe, assess and collect feedback from others in the organisation to determine an employee's management potential.

For instance, those we surveyed described observing how a potential manager treats colleagues who don't perform as well as them, and how they perform in secondment opportunities, projects with team lead components and when coaching an underperformer. They assess the employee's levels of self-motivation, communication, empathy, strength and understanding of the broader company (not only the department they work in). They note if the employee leads by example. They collect feedback from peers and major stakeholders and determine the level of respect others in the organisation have for the employee.

In many organisations a manager may use a combination of several of these strategies. It's also common to use a standard assessment form or checklist to perform an evaluation that determines how consistently an employee demonstrates certain abilities or characteristics as benchmarked in successful managers. As long as the same evaluation is used for every employee, this process is fair and equal.

For those who fall into the second category, big data is being used to identify potential managers. In such organisations, mined data pinpoints which

staff members could bring them the highest ROI in a management role. But many organisations are not yet at the point of using data as a predictor, and are instead focused on gathering and reviewing the consistency of results.

While only 20 per cent of employers we surveyed currently use data to predict if a top performer is likely to excel in a management role, a further 24 per cent said they plan to start doing so in the next 12 months. This is therefore a growing trend that we expect to continue in the years ahead as HR moves towards the incorporation of data for more accurate decision making.

There is one additional key requirement that's considered important in a manager's success and that's emotional intelligence. It's important because it allows you to understand, manage and engage the emotions of your employees and, just as importantly, your own.

In what is now one of Harvard Business Review's most read and enduring articles, psychologist Daniel Goleman's 'What Makes a Leader' article notes: "The most effective leaders are all alike in one crucial way: they all have a high degree of what has come to be known as emotional intelligence. It's not that IQ and technical skills are irrelevant. They do matter, but... they are the entry-level requirements for executive positions." He goes on to state that his research and others shows that EI is the one non-negotiable of strong leaders and introduces five components of emotional intelligence: self-awareness, self-regulation, motivation, empathy for others and social skills.

Finally, before this process of assessing a person's management potential commences, it's crucial that you're having regular, open and honest one-on-one conversations about their career ambitions. After all, someone may excel in their current role, but they may not necessarily want to move up into a management role.



PERFORMANCE REVIEWS – ARE THEY AS DEAD AS THE DINOSAURS?

Are we dinosaurs welcoming the annual performance appraisal meteor or do performance appraisals still have a useful purpose in workplaces today?

Many organisations are phasing out performance appraisals in favour of more regular feedback sessions. They say the former is backward-looking and a token obligatory process while the latter is more practical and future-oriented. After all, 12 months is a long time between reviews and a lot can change over the course of a year.

According to our survey of 1,516 people, only 33 per cent of managers said they would prefer to conduct an annual review. The remaining 67 per cent would prefer another form of feedback.

Ditching a formal feedback process altogether however is not an option; most employers say without it employee performance would decline, their feelings of ownership and accountability would fall, and they'd be given the impression no one cares.

As one survey respondent said, "Work performance evaluation is critical for managers to feel connected with staff and ensure both their physical and emotional needs are being considered. For staff it is imperative that they feel their supervisor listens to them and takes their feedback on board. Staff need to feel they are being heard at all levels."

Regular reviews more effective

The consensus is that performance reviews are more authentic and effective when undertaken regularly.

As one respondent said, "We've abandoned annual reviews as feedback should be ongoing throughout the year. We're not abandoning the focus on performance, just how it is managed and discussed with employees. By making it more timely and ongoing we see performance improvements throughout the year."

Another noted, "If someone told me I'd performed one thing wrong eight months ago, it (the feedback) wouldn't be effective and would actually discourage me because it took so long to feed that back."

So what forms of feedback do people prefer? There was general agreement that ongoing regular conversations, preferably monthly, should be occurring between an employee and their manager. This can then be supplemented with a more formal quarterly KPI discussion and an annual salary review and career planning session.

Most agreed that some form of annual feedback is still important in order to celebrate the year's successes, but that other more regular feedback must be provided too so that areas for improvement are addressed as they arise.

This allows an employee and employer to change behaviour before it becomes embedded. Performance and productivity improve because feedback isn't held off for the annual review, and managers spend less time managing issues that could have been avoided.

Regardless of the feedback process used, it's critical that it remains transparent, credible and consistent for all staff.

Staff must also still have a voice in the process. This is important from a staff engagement perspective as well as a diversity perspective. An article in *The HR Director* revealed that one in five (20%) women fear they'll be seen as a 'pest' if they ask for advice on workplace and career issues, compared to just 14% of men. So it's important that feedback sessions are two-way discussions where individual team members feel they can ask questions and gain help if needed.



33%

only 33 per cent of managers said they would prefer to conduct an annual review

ARE WE LETTING DOWN MIDDLE MANAGERS?

There's a reason middle managers are often referred to as 'permafrost', a reference to the difficulty in getting through this management layer from the top or bottom: a lack of learning and development.

According to our survey, almost half (48 per cent) of Australia and New Zealand's mid-level managers say the training and development they now receive has decreased compared to the early years of their career.

When we consider that middle managers will one day shape an organisation, driving it through the hard times and helping it prosper in the good, learning and development should be ongoing throughout a person's entire career.

Professionals agree. In the survey employees said training and development is the second most important factor for them at work (selected by 78 per cent), behind only work-life balance (85 per cent) and ahead of a manager who cares about their staff (76 per cent). Meanwhile on-the-job learning is considered the most important method of upskilling for 85 per cent, followed by formal training or courses paid by their employer (41 per cent).

This places the onus on employers to ensure their staff continue to develop their skills. But what training and development should be offered? Apart from any technical skills development, it's important to cultivate a middle manager's broader knowledge and understanding of the organisation's goals, foster a belief in what the organisation is trying to achieve and help advance leadership skills. This is especially important when we consider that middle managers are often focused on delivery and outcomes.

Some ways to do this are to give middle managers opportunities to lead other teams or departments outside their functional skill base for three or six months, participate in team or group projects across the organisation, give them more senior-level projects to manage, join in offsite meetings where middle

managers can work on the business rather than in the business and commit to a minimum number of days training per year.

By starting to include middle managers in more senior level business discussions, and allowing them to contribute their ideas, they often experience rapid on-the-job growth. Mentoring is also important, as is the continued development of emotional intelligence and soft skills.

But development won't be successful without intention, so think about and discuss an employee's potential future with them, one-on-one, to ensure you're all on the same page.

Such discussions will also help formulate succession plans. After all, someone at some stage will move on to another job, so it makes sense to determine who could succeed the current incumbent in each management role and then provide the development required to succeed.

Yet according to our survey, only 40 per cent of employers have a succession plan in place. Of the remainder, 30 per cent say they plan to put one in place in the next 12 months.

With turnover rising, this is becoming an important talent management issue. Ironically, one of the main reasons people look for a new job is for more challenging or exciting work and a lack of career development. Therefore, a succession plan not only develops the skills of potential future leaders but aids in their retention.



TALENT MANAGEMENT FOR TEMPORARY STAFF

We're becoming an on-demand people. From on-demand television to training and even software as a service (SaaS), we're accustomed to having our needs met here and now. Is it really a surprise then that employers are shifting towards on-demand headcounts?

According to findings in our 2017 Hays Salary Guide, two in three employers use temporary or contract staff; 44 per cent use them for special projects or workloads and 23 per cent do so on a regular ongoing basis. Just 33 per cent of employers only employ temporary or contract staff in exceptional circumstances, or never do so.

The rapid rise in the use of non-permanent staff over recent years can be put down to the ability to access highly-skilled professionals on-demand and as needed, whether on a temporary, contract or contingent basis. This flexibility allows organisations to meet the myriad of changing requirements faced, while delivering value (you only pay for the hours worked as opposed to a permanent package).

Employers are also becoming more sophisticated in their recruitment and management of this segment of their workforce with the majority, 66 per cent, having visibility of the size and location of their contingent/temporary workforce.

However when questioned about the level of engagement and productivity of their non-ongoing workforce, almost half, 49 per cent, say they are as engaged and productive as their permanent staff. 28 per cent said they are less engaged and productive than permanent employees. The final 23 per cent were unsure.

Implications for employers

Today's employers need to remain agile and bring in skills as and when required. The rapid growth of non-ongoing workforces has implications for talent management that few have yet addressed.

Here at Hays we've been recruiting temporary, contract and contingent staff for over 25 years. Based on this experience we suggest employers:

- **Be open:** As organisations take their cue to focus on growth, many want to build better, more productive relationships with their staff – which increasingly include non-permanent workers. Therefore be open at all times and make sure communication flows both ways.
- **Give non-ongoing staff a voice:** Encourage temporary and contract staff to make suggestions and share information. Access to your organisation's private social network, regular updates from your managing director or involvement in team meetings gives non-ongoing staff the opportunity to connect

and share ideas and tap into the expertise of others.

- **Integrate non-ongoing staff:** Assignment lengths are increasing and those who will be in your department or organisation for more than two to three weeks should be integrated into your team. This includes understanding your organisation's culture and way of working.
- **Provide training:** For longer-term assignments and contracts, it's advisable to provide organisational and systems training similar to that offered to permanent employees. Your temporary or contractor will have fewer questions and be more productive thanks to this investment. In the process, you'll convey that their contribution is valued.
- **Make others aware of their role:** Make sure that everyone in the team is aware of the objectives or tasks the temporary or contractor is there to achieve.
- **Discuss performance:** Provide performance feedback regularly to get the most out of your temporary, contract or contingent worker and build a more productive relationship.
- **Gain visibility and control:** One in three employers (34 per cent) are struggling with the visibility of the size and location of their contingent or temporary workforce. There are various ways to do this, such as a Managed Service Provision or MSP, which is managed by an external provider that captures, manages and tracks all requests, vendors, workers, timesheets and spend. In turn this offers an enterprise level view of all activity, allowing processes to be standardised, best practices introduced and policies enforced.



of employers use temporary/contract staff on an ongoing basis

ABOUT US

Our passion lies in helping people develop their professional careers, in whatever sector they work; this principle is what makes Hays the world's leading expert in powering the world of work.

We believe that the right job can transform a person's life and the right person can transform an organisation. We have the depth of expertise and market insight to offer advice to both clients and candidates.

Fuelled by energy and passion, we look beyond skills and experience to find the right cultural fit. This allows us to find the right match that enables individuals and organisations to flourish.

Working across a wide variety of specialist areas, we have experts recruiting for professions from HR, legal and accountancy & finance to information technology, construction and life sciences, meaning we have the breadth of expertise to find the people you need.

Our extensive candidate database allows our consultants to search millions of candidates globally using Google® search technology to find the best people in the fastest timeframe. In addition we have partnered with SEEK Limited to create a leading and innovative position in the use of cloud computing and data science in the recruiting industry, bringing value to hirers and jobseekers alike. This new capability is fully integrated at both the database and candidate management system level, and creates instantaneous records of relevant SEEK candidates.

Our exciting collaboration with LinkedIn® provides real-time data on the active candidate market, behavioural trend analysis for future movers and an additional talent pool.



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