



# Major HR challenges in FSI for 2015

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The financial services industry is facing numerous talent challenges: what should CHROs focus on in 2015 to maximise their business impact? Deloitte's research on key HR trends for 2015 suggests that talent acquisition, employee engagement and corporate culture transition should be at the top of the agenda.



Over the last few years, the financial sector has experienced significant transformations pressing CHROs to face up to strategic talent challenges, in particular in the areas of talent acquisition, employee engagement and corporate culture transition.

Indeed, regulatory pressure on remuneration, combined with a damaged sector reputation, is limiting companies' ability to attract and retain key people. The Deloitte 'Talent in Banking'<sup>1</sup> survey reveals that banking is no longer a top career choice for GenY students, who are attracted by sectors perceived as more dynamic and innovative. Since this generation will represent 75% of the global workforce by 2020, financial sector companies will need to adapt their talent acquisition strategy and employee value proposition. In addition, fundamental changes to business strategy as well as organisational restructuring both create and require a change of corporate culture.

To support their efforts in talent acquisition and employee engagement, CHROs may also consider revising their HR technology strategy and upgrading the skills of their HR teams to reinforce their analytics skills and integration with the business.

Exploring four of the ten trends identified in the recent Bersin by Deloitte report 'Predictions for 2015'<sup>2</sup>, this article provides CHROs in the financial sector with insights into the following key dimensions: talent acquisition, employee engagement and culture, HR technology and reskilling of the HR function.

#### **Talent acquisition in 2015**

To address talent acquisition requirements in 2015, companies will need to rethink their sourcing approach, enhance their employment brand by delivering a great candidate experience and improve employee engagement.

#### **Rethinking the sourcing approach**

Companies are encouraged to look at new channels and consider a wider pool of potential talent. Indeed, recruitment has evolved from traditional sourcing channels to 'network recruiting', which is based on the development of candidate pools through, for instance, employees referrals, professional associations and internal mobility (as illustrated in Figure 1).

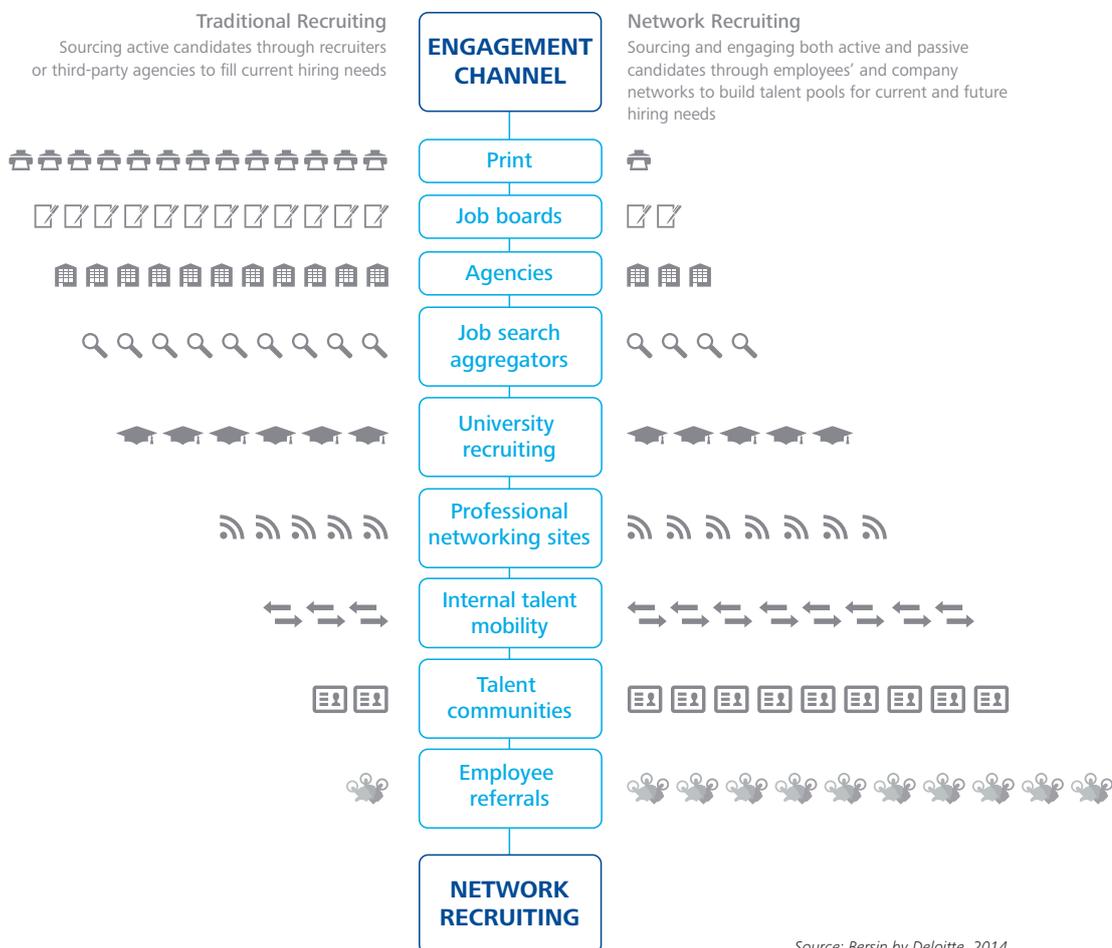
<sup>1</sup> Source: 'Generation why? Attracting the bankers of the future', The Deloitte Talent in Banking Survey, 2013

<sup>2</sup> Source: 'Predictions for 2015 – Redesigning the Organization for a rapidly changing world', Bersin by Deloitte, January 2015



Companies are encouraged to look at new channels and consider a wider pool of potential talent

Figure 1: How recruiting is evolving<sup>4</sup>



Source: Bersin by Deloitte, 2014

In particular, employee referrals represent the new area of candidate management. In fact, according to many studies, referred candidates are two to three times more likely to be successful.

Network recruiting can be implemented by using a number of programmes and tools to communicate with and attract candidates. Social media can represent a significant part of the sourcing strategy. This channel can be used not only to attract candidates, but also to assess what people say about the company and use this information to draw executives' attention to potential issues.

In addition, graduates, prospects, competitors, alumni and freelancers – to mention but a few – are all part of the talent network that should be maintained by companies. People move more freely from one role to another across organisational and geographic boundaries<sup>3</sup>. Therefore, the current source of talent is even wider than companies tend to think.

When searching externally, organisations should not forget to consider internal candidates, promote internal mobility and offer training and development opportunities. Not only are internal candidates a better investment, but the benefits of this strategy to employee engagement are huge.

#### **Enhancing the employment brand through candidate experience and employee engagement**

The employment brand is not limited to recruitment campaigns or marketing and communication programmes. Indeed, candidates and employees are the front line for promoting companies' employer brand.

Delivering a great candidate experience is important and can be achieved by simplifying the recruitment process and making it more efficient, while ensuring applicants are left with a positive impression. Indeed, candidates will hold on to and promote a positive image of the organisation, and even if they are not recruited immediately, may become part of the future talent pool.

With the boom in social media and collaborative websites such as Glassdoor, employer brand has become synonymous with employee engagement. Corporate information is no longer controlled by institutional communication programmes; employees, candidates and even potential clients communicate and give their opinions on organisations' remuneration, work environment, culture or leadership through these platforms.

#### **Employee engagement and corporate culture**

##### **Adopting an integrated approach**

The Bersin by Deloitte report 'Predictions for 2015'<sup>5</sup> highlights that the holistic nature of the employee engagement topic requires an integrated approach. Indeed, employees are looking for a combination of five major elements: meaningful work, great management, a fantastic environment, growth opportunities and trust in leadership.

Therefore, reinforcing employee engagement cannot be achieved through isolated programmes but should rather be at the centre of all HR strategies, such as employer branding, performance management, learning and development, internal mobility and leadership development programmes.

In addition, the way employee engagement is monitored and measured is evolving. Annual engagement surveys will be replaced by new approaches and tools (such as pulse surveys) enabling managers and leaders to obtain real-time feedback on employee satisfaction and identify actionable items.

Keeping this in mind, HR leaders in the financial sector will likely have a greater impact on employee engagement by focusing on two challenges this year: the alignment of business strategy and corporate culture, and management of 'overwhelmed employees'.

<sup>3</sup> Source: 'The open talent economy, People and work in a borderless workplace', Deloitte Consulting, 2013

<sup>4</sup> Source: 'Predictions for 2015 – Redesigning the Organization for a rapidly changing world', Bersin by Deloitte, January 2015

<sup>5</sup> Source: 'Predictions for 2015 – Redesigning the Organization for a rapidly changing world', Bersin by Deloitte, January 2015

### **Aligning business strategy and corporate culture**

In the context of strategic and organisational changes in the financial sector, one key driver of employee engagement is the alignment of corporate culture with business strategy, in particular with a view to maintaining trust in leadership.

Although leaders are aware that implementing a new strategy may require changes to corporate culture, they often find it difficult to assess the existing culture and identify shortfalls with respect to the corporate culture required for enabling the strategy. In addition, moving from a product-oriented to a client-oriented organisation, for instance, should be addressed through a structured culture transition approach and according to a timeline not always compatible with the business objectives. Therefore, business leaders may also need to consider revising their strategy to integrate the culture change imperatives.

HR leaders can play a significant role in supporting and enabling this change through sustainable culture transition programmes and close monitoring of the outcome.

### **Managing 'overwhelmed employees'**

Employees take on too many tasks at once, find it difficult to disconnect from work and feel overwhelmed. Deloitte's research on human capital trends<sup>6</sup> shows that finding solutions to this issue was one of the biggest challenges for HR and business leaders in 2014 and it remains an attention point for 2015. Besides traditional time and stress management training courses, companies are now increasingly offering self-awareness and relaxation sessions and even integrate them into their leadership development programmes.

The issue of overwhelmed employees can also be addressed through redesign and simplification of the workplace. This will mean reviewing practices in terms of flexible working conditions, open offices and well-being programmes to ensure they address the right issues and actually help to create a more humane yet productive work environment.



<sup>6</sup> Source: 'Global Human Capital Trends 2014: Engaging the 21<sup>st</sup> century workforce', Deloitte Consulting LLP and Bersin by Deloitte, Deloitte University Press, April 2014



### Key enablers

#### The HR technology plan

Efficient and relevant HR solutions rely more than ever on an appropriate HR technology strategy. Initiating a plan to replace and upgrade HR systems is important in order to shape an attractive 'system of engagement' for managers and employees. Engagement is also part of the technology. Indeed, the value of a system today is the level of engagement its products get from users. The HR information systems of 2015 are highly flexible, innovative and cloud-based software.

In addition to the core HR and talent management products a firm needs (e.g. recruiting, learning management, succession process, remuneration, and

performance management), the vendor has to offer analytics features in order to support the organisation's long-term analytics strategy.

Another important selection criterion is the major investment in mobile apps and mobile HR applications planned by the software vendor. The employees themselves ask for tools that are easier to use and more flexible, as they will be performing an increasing number of HR operations on the road.

These new tools include, among others, the possibility to assess the company's culture, have integrated network recruiting and candidate relationship management, increase social recognition, and gather real-time employee feedback and engagement sensing. Small vendors usually offer these services. Therefore, the HR technology strategy for 2015 is to combine systems from big ERP providers and small vendors.

#### Upgrade the skills of your HR team

The HR function has evolved significantly over the last 30 years, moving from a control function to a business-integrated function (as illustrated in Figure 2). Today, HR professionals need to operate as skilled consultants: This year represents an opportunity for HR to boost its role and bring real benefits to top management.

In this context, today's HR professionals must understand technology, statistics and business in addition to HR. This requires HR leaders to invest in research, benchmarking and professional development to allow HR professionals to continue to innovate and stay on top of market trends.

Moreover, HR specialists should be increasingly encouraged to function with 'networks of expertise' (instead of 'centres of expertise') bringing, for example, recruitment, training and employee relation specialists together. This will allow for a better connection between HR areas and integration with the business. Both the upskilling of HR professionals and new HR governance would support the shift from the delivery of HR services to the delivery of business-integrated HR solutions, which is needed for HR to drive the business plan of the future.

Figure 2: The evolving organisation of HR<sup>7</sup>

How the HR Function has evolved over the last 30 years



Source: Bersin by Deloitte, 2014

**Conclusion**

Considering the challenges and transformation of the financial sector, HR leaders should focus on the following areas to increase their impact:

- Talent acquisition, with a focus on sourcing strategy and employment brand
- Employee engagement and culture transition, to support the business strategy

- HR technology, skills and governance to enable the shift to a solution-oriented and business-integrated HR function

Although HR trends and predictions for 2015 remain consistent with 2014 challenges, HR leaders will more than ever be expected to think and act differently, try innovative approaches and deliver different solutions.

7 Source: Predictions for 2015 – ‘Redesigning the Organization for a rapidly changing world’, Bersin by Deloitte, January 2015