Global trends: Finding, motivating and retaining employees

No matter where they are in the world, human resource professionals share one common quest: to find, retain and motivate talent. Sixty-eight percent of employers polled in 22 countries rank it as their top priority for the next three years.

- Global Top Five Total Rewards Priorities Survey, Deloitte, 2014
Four factors behind talent shortages

An estimated 31 percent of employers worldwide find it difficult to fill positions because of talent shortages in their markets, according to the 2010 Talent Shortage Survey from Manpower, the international employment agency. But with the growth of worldwide population (projected to increase nearly 1 billion from 2010 to 2020), greater numbers of college-educated workers and high unemployment in some of the best-educated markets, why is there a shortage of talent?

1. **Age.** Workers are aging out of the workforce faster than new employees entering it. Japan already has more people retiring than workers starting their careers, and Europe is seeing the start of this trend. By the end of this decade, Russia, Canada, South Korea and China will have joined their ranks.

Younger countries – like India, where one-third of the population is under 15 – are positioned to benefit from this demographic shift – with a couple of big “buts.” They must provide their young people, both men and women, with the educational and economic opportunities to develop their skills, and not just any skills.

That brings us to the next factor affecting the availability of talent.

2. **Skills mismatch.** Not only is it tough for employers to find the number of workers they need, but they’re particularly challenged to find those with the skills they need. HR consulting firm Towers Watson says this mismatch is affecting 65 percent of global companies and 80 percent of companies in fast-growing economies. The rising bar for skill levels and the dearth of graduates with the right mix of skills are two reasons why jobs and workers aren’t matching up.

3. **Globally mobile talent.** As the saying goes, “the world is one’s oyster,” particularly for skilled talent. They’re more open and eager to explore job opportunities overseas, and employers are more welcoming. Companies no longer compete just with those employers within their borders for the best and brightest, but also with companies worldwide.

There’s also a trend toward talent from emerging companies to return or stay home and help build their own economies, although developed markets are still the top choice for economic migrants.

4. **Underused, overlooked workers.** Two groups of workers, which have been underused and overlooked, are gaining attention from employers seeking skilled talent: women and older workers. Although increasingly well educated, women continue to be underused, particularly in societies with traditional gender roles, many of which are fast-growing economies.

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While the rush may be to find young workers, older, skilled workers can fill talent gaps, either full-time or part-time. AARP, the advocacy group for older Americans, estimates 80 percent of baby boomers will continue working past their current retirement age, while the Pew Research Center predicts unretired workers will power 93 percent of the growth in the U.S. labor market through 2016. Companies need to look at how to engage – or re-engage – this pool of experienced talent.

As companies continue their quest for the right talent with the right skills, they also must be aware that, as global economies pick up steam post-recession, employees will wield greater power in determining what the workplace will look like. Technology opens the office doors, providing more flexibility for where and when employees work. Employees also will expect a greater say in how they’re assigned, assessed and rewarded.

Giving employees reasons to stay
Engaging employees = retention, greater performance

An ocean of physical and virtual ink has been devoted to employee engagement. In its 2013 Trends in Employee Engagement survey, Aon Hewitt found “the ability of companies to find, understand and manage talent hinges upon getting a powerful, differentiated and engaging employment contract right.”

Key global trends identified by the survey include:

• Engagement levels are on the rise globally (60 percent, up 2 percent since 2011), but vary by region. This continued improvement was strongest in Europe and Latin America. North America declined 1 percent, with the U.S. down 3 percent, and Asia Pacific showing no change.

• Four out of 10 employees are not engaged, and two out of 10 are actively disengaged, which means they are negative about the company, don’t particularly want to remain with the organization and do not go above and beyond in their jobs.

• Employee engagement is a leading indicator of company growth, but lags behind economic forces.

• The general work experience is improving more than it’s deteriorating. Communication, business unit/division leadership, managing performance, innovation and recognition saw a 6 percent increase in positive employee perception, while sense of accomplishment, customers, organization reputation, diversity and benefits saw a decrease of 2 percent. Those areas with an increase appear to be related to organizational programs and practices; those decreasing pertain more to job fit and culture.

• Many employers across the globe raised the bar and made investments in the top engagement drivers. The top-five drivers were identified as: career opportunities, organization reputation, pay, recognition and communication. Ranked number three, pay

Some variations exist between the Americas and Europe, Middle East and Asia Pacific (EMEAP)

For example:

The Americas put health care concerns solidly in the number-two spot, while in the EMEAP, the cost of providing health care barely squeaked into respondents’ top-20 list, due in large part to how health care is offered in these countries.

In the Americas, pay issues ranked number nine, but in the EMEAP, these are of greater concern, thanks to the economic turmoil across Europe in recent years, as well as the relative difficulty of replacing low-performing employees.
may be factoring more and more into employee engagement, post-recession. It also could mean those employees with less loyalty value pay more.

Based on analysis of the above trends and other survey results, Aon Hewitt found “getting it right” involves:

- **Leadership.** Engagement efforts tend to succeed or fail depending on the level of CEO interest, understanding and involvement in engaging employees in their company’s success.

- **Reputation.** While this is the number-two engagement driver, only 52 percent of employees can correctly or positively answer, “What does your organization want to be famous for in the job market?” Total rewards play a key role in reputation.

- **Total rewards.**
  - Career opportunities top the list of engagement drivers, but only 47 percent of employees believe they have good advancement opportunities.
  - Four out of 10 employees feel they are paid fairly for the work they do. But with the stressful experiences of the past few years, the concept of loyalty to a company many have disappeared and employees may become more inclined to follow the money.
  - Recognition is both a leadership and a management responsibility. Employees want recognition for their performance, but also for how difficult things have been; only 48 percent believe they get this recognition. Those employees who “stuck it out,” gave extra effort, committed to staying and still speak well of their company deserve recognition.

- **Communication.** Employees want to know the story about their organization, the path it’s on, where they fit in and where the company is heading, but fewer than half believe their company communicates effectively.

- **Enabling performance.** Only 55 percent of employees say they have the tools and resources they need to be productive and get things done. Reducing barriers not only is a top engagement driver of high-potential employees, but also lessens stress, anxiety and frustration among all employees.

**Keeping total rewards in the mix**

Total rewards programs play a traditional – but key – role worldwide in attracting talent and retaining these employees. Getting the package of pay, benefits and recognition right is what keeps HR professionals awake at night, according to the Deloitte survey.

Globally, the cost of providing health care and other non-cash benefits, motivating staff when pay increases are flat or non-existent, demonstrating appropriate return on investment for reward expenditures and creating a rewards program to fit the culture and goals of the organization ranked number two, three, four and five among respondents.
Despite these differences, companies are committed to offering total rewards packages. Only 8 percent of respondents overall said they were significantly reducing their total rewards investment. Keeping a lid on cost also is a concern, but ranked a distant second (16 percent to 35 percent) compared to worry over talent shortages.

When it comes to redesigning their total rewards programs, overall, companies continue to look for new ways to increase the impact of their programs on business results. For example, employers hope improved health will lower health care costs, improve productivity and enhance job satisfaction; 43 percent of respondents said their companies would be increasing health and well-being initiatives.

**Total rewards priorities**

For those planning changes to their total rewards program, the following topped their to-do lists:

- **Increasing employee communication and education (50%)**
- **Redesigning the program to better align with the interests of employees (42%)**
- **Creating a more consistent structure on a global basis (35%)**
- **Re-evaluating vendors, providers, delivery systems (31%)**
- **Adjusting the mix of program components (26%)**

It’s no surprise that increasing and enhancing employee communication and education ranked highest as a goal among global respondents. Not only are total rewards programs becoming more complex and require more explanation, but communication also can motivate current talent and boost employee morale. (See Covidien case study, page 8).

Despite the expanding reach of social media, however, 64 percent of respondents admit their company’s efforts to integrate these tools into their total rewards communications campaigns are lagging. This situation will likely correct itself as younger generation workers become a greater percentage of the workforce, and employees of all ages seek immediate access to information delivered via platforms they’re using regularly in their lives.

**Where to find more trend info:**

The internet abounds with sources for identifying and analyzing trends in recruiting and employment. Three worth checking out are:

- Ere.net. ([http://www.ere.net/tags/trends](http://www.ere.net/tags/trends))
Challenge: Providing benefits to a global, mobile workforce

Another challenge facing multi-national employers is providing benefits to globally mobile employees. Mercer, an international consulting firm, recently surveyed 288 companies about the subject. Located primarily in North America, Europe, Asia-Pacific and Latin America, the organizations represented 119,000 expatriate employees and two-thirds were companies with annual revenues greater than $1 billion.

The survey identified the Top 5 challenges to providing benefits globally:

1. Developing a consistent approach
2. Ensuring expatriates aren’t disadvantaged compared to home-country employees
3. Cost containment
4. Ensuring a smooth transition at the end of employee’s assignment
5. Developing policies and plans when entering new countries

Specific benefits bring specific challenges:

Retirement. Employee expectations, taxation, cost allocation and the nature of the employee’s assignment affect development of expat retirement plans. To help ensure a smooth transition and align with employee expectations, 63 percent of respondents keep traditional expatriates (those on one- to five-year assignments) in their home-country retirement plans.

Medical. More than 50 percent of companies experienced premium increases of 6 percent or more in their international medical plan premiums. The majority of respondents include high-value benefits in their health plans, which tend to be more expensive, but also offer a competitive advantage.

Life insurance is much easier to deal with on an international scale than it once was. Advances in technology have made it much more accessible. Together, Minnesota Life/Securian and Zurich International Life have addressed the concerns multinational employers face in providing group life insurance coverage, such as coordinating their domestic and international plans, maximizing automation and connectivity and controlling benefits costs, by offering an online portal for enrollment, administration and claims.

TOP 5

Global Recruiting Trends

LinkedIn’s annual survey of 3,300 talent acquisition leaders in 19 countries revealed the top five trends shaping the future of recruiting.

1. Source of quality hires.
   Professional social networks are the fastest-growing source, accounting for 37% in 2013, up from 20% in 2011.

2. Employer brand.
   82% of respondents believe their company’s brand has a significant impact on its ability to hire great talent.

3. Data. Only 23% believe their organization uses data well to make hiring and branding decisions. India ranked highest at 52%.

4. Internal hiring. Internal hiring/transfers increased compared to 2012 – a response to stop talent from walking out the door.

5. Mobile recruiting. 87% believe their companies have not adequately invested in making their recruiting mobile friendly.
Managing global benefits – one country at a time

Overall, the trend is away from providing “rich” expatriate benefit plans, which often cost three to five times that of comparable plans for U.S.-based employees, says Stephen Hoffman of Outland Consultants which provides international employee and retirement plan solutions for its clients. “The move is toward localizing benefit plans to the country of assignment,” he says.

When developing benefit plans for a global workforce, one size definitely doesn’t fit all – or even most. “One big mistake U.S.-based multinational companies make is to apply their benefits philosophy to other countries,” Hoffman continues. “What works philosophically in one country may be completely out of whack in another.”

Hoffman explains, “there isn’t a top set of benefits worldwide. Every country has different priorities based on its culture, the expectations of its workforce and what may or may not be allowed.” In Malaysia, for example, single women aren’t included in maternity benefits because in that culture, having a child when you’re not married is considered socially unacceptable.

“Global employers need to review their plans regularly,” Hoffman says. “There’s a tendency when they enter a new country to stick with a plan that worked elsewhere, then add on benefits tailored to new locations or as the company’s employee numbers grow.” This can lead to a cumbersome hodgepodge of plans that no longer serve the company’s or the employees’ needs.

In developing benefit plans for global employees, Hoffman recommends doing the research such as benchmarking, delving into benefit costs and identifying competitive practices to attract and retain top talent. Often, seeking out advisors and carriers who can help craft country-specific plans is the best approach.
Covidien gets creative with global HR communication

Communicating HR programs to 38,000 employees at 140 locations in 70 countries – 60 percent of whom are in manufacturing so they aren’t “wired” – could be a daunting task. But by being creative and taking some risks Covidien, a $10-billion medical device and supplies manufacturer, is engaging employees worldwide through communication.

The challenges, and some solutions

Many of our employee programs and policies vary by country,” says Deborah Iaquinto, director, global HR communications. “Some programs are mandated by local regulations, others are sponsored by Covidien, but we look for common ground as a foundation for communication.”

“For example, regardless of where they live or work, people care about their finances, their health and wellbeing, career development and a sense of community. We organized our global HR website around these four categories. Our global programs and policies support each of these needs, and local programs can be easily incorporated into this communications model. This helps us communicate a common value proposition that then can be localized and translated,” Iaquinto explains.

Hear it. Believe it. Live it.

Currently, Covidien is preparing to launch the third year of a three-year health and well-being benefits communication campaign in the U.S. “When Covidien spun off from Tyco in 2007 and inherited all of Tyco’s total rewards programs, it chose to completely overhaul the health care programs to meet its own needs. “We introduced more choice, special incentives and more wellness opportunities,” says Iaquinto.

The communications campaign was rolled out in phases. In year one, the goal was “hear it,” to capture employees’ attention. “Believe it,” in year two, focused on positive employee experiences. Year three is “live it,” which emphasizes results. “We have had great success in using employee stories to engage the workforce – to grab their attention and dispel myths about some of our offerings, such as a new high deductible health plan,” says Iaquinto. “No one is more credible with employees than their peers.”

Iaquinto’s group uses a variety of media to reach employees at all levels, from “whiteboard” videos to emagazines and email to a gaming platform and QR codes. A microsite was created to put benefits information outside the company’s firewall so “nonwired” employees could access it from nonwork computers, tablets and mobile devices.

To translate or not to translate?

Covidien’s Iaquinto says that’s the question she’s most often asked by other HR professionals, since managing multiple-language materials is not only unwieldy but also costly. Covidien’s employees speak 30 different languages. Though there’s an expectation employees at a certain level will be able to read and speak English, business-related information, such as the CEO’s quarterly letter, typically is translated into 13 languages. Benefits communication is not. Covidien locations are free to translate materials on their own, however.
To date, results of the campaign have exceeded expectations. Iaquinto points to high enrollment in the new health care plan and a survey showing 92 percent of benefits-eligible employees understood the differences between the plans well enough to make their decision.

“None of what we do is outrageously expensive,” adds Iaquinto. “We have good partners, creative thinkers and a team that’s willing to take some risks with communication.”

Sources:

• Aon Hewitt, 2013 Trends in Global Employee Engagement.
• Deloitte, 2014 Global Top Five Total Rewards Priorities Survey.
• Stephen Hoffman, Outland Consultants.
• Deb Iaquinto, Covidien.
• LinkedIn, Global Top 5 Recruiting Trends, 2013.
• Mercer, Benefits Challenges and Trends for Expatriates and Internationally Mobile Employees, 2012.
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Registered office: Austrasse 46, 8045 Zurich, Switzerland.

Telephone +41 44 628 2828 Telefax: +41 44 628 8745 www.zurichinternational.com

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