

FUTURE OF HR & TALENT

04 CAREER PROGRESSION
WITHOUT PROMOTION

08 DE&I CONTENTS WITH
MOUNTING CRITICISM

11 HEALTH BENEFITS FOR AN
AGE-DIVERSE WORKFORCE



FUTURE OF HR & TALENT

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TALENT RETENTION

Know when to hold 'em: HR's guide to effective counteroffers

The number of UK businesses that are turning to counteroffers to retain staff is on the rise. But HR leaders must consider the potential consequences before agreeing to meet employees' demands

Sam Forsdick

Early in the year, people often become interested in exploring new opportunities. As many as 40% of UK workers plan to move jobs this year, according to recruitment firm Robert Half. But job seekers looking for greener pastures are increasingly likely to find themselves on the receiving end of a counteroffer from their current employer.

With businesses struggling to recruit for essential posts and persistent skills shortages plaguing the labour market, counteroffers have quickly become an important tool for improving employee retention. A recent edition of the CIPD's *Labour Market Outlook* report reveals that 40% of UK employers had made one or more counteroffers in the 12 months to August 2023. Of those, 38% had offered to match the salary of the new job and 40% had countered with an even higher salary.

Jon Boys, labour market economist at the CIPD, believes that counteroffers are the natural product of a transparent and competitive talent market. "Prices are how we match supply and demand, but in the real world it's difficult for employers and employees to know what wage to offer or accept," he says. "Counteroffers arise because employers are responding to new information about an employee; that is, the market is saying they are worth more."

For Boys, counteroffers are a logical market-based mechanism for retaining high-performing talent, without which we would have a "less efficient labour market and poorer matches between employee and employer".

However, Alex Rylance, head of UK HR at IT firm Netcompany, warns that employers must be careful when deciding whether to commit to a counteroffer.

"People will often say that they're leaving because they're going to get a £30,000 uplift and a company car," he says. "The first thing we would do is review the individual, looking at form, performance and the role they're currently in to determine whether this is talent that we actually want to keep."

Although the business has used counteroffers to retain its best performers, it's not a strategy that Netcompany regularly turns to. Rylance also stresses



It is therefore important for businesses to be strategic when using counteroffers. "Counteroffers work best when they take place within a fair and transparent pay and remuneration system," Boys advises.

Knoess explains that Puma uses a banding system to ensure it's paying staff fairly (although it doesn't publish salary bands on job boards). This makes it easier for employers to identify whether someone's increased salary demands are in line with what others are being paid in similar roles.

A counteroffer can also lead to internal pay disputes if it results in someone being paid significantly more than their peers. Doug Rode, the UK and Ireland managing director at recruiters PageGroup, says that any business that meets the increased salary demands of one person through a counteroffer will have to ask: "How do I level everybody up? Is it equitable? And, is it right if the person is already at the top of their salary band?"

It's more than just the needs of one individual that must be weighed up when considering how to respond.

While retention is important, it's worth remembering that some attrition is healthy. Business leaders should not be scared of people leaving for new opportunities.

Rylance says: "It can be quite good to see people move to another industry. You sometimes find they eventually come back to the business at a higher level, so it's good practice to keep warm conversations going with people who have left."

Graphic design platform Canva has a similar outlook to employee attrition. "If people have timed out at Canva, or if it's just not an organisation that gels with them, we're okay with a small level of healthy attrition," says Jennie Rogerson, its global head of people.

"We're in a period of hyper growth, which means things are changing all the time," she adds. "That is not what some people want from a job, so being really open with your retention strategy is helpful and healthy for a business."

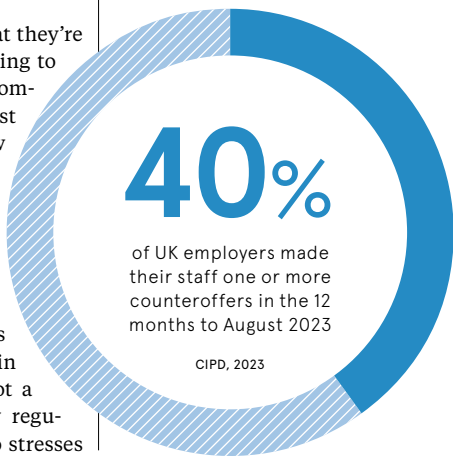
Although the use of counteroffers is on the rise in UK businesses, this tactic should not be seen as a simple solution to retaining staff. While they have their uses, if your staff are repeatedly entertaining offers from other companies, a higher wage alone may not be enough to keep them over the long term. ●

the importance of seeing the physical offer first before countering it.

Companies should also be wary of turning to counteroffers too frequently. Puma's global director of people and organisation, Dietmar Knoess, says: "It can be tricky. It might be easier to give the individual more money because it saves cost on recruiting a replacement. But, at

the same time you should make sure that you don't do it too often."

The average cost of replacing an employee is estimated to be between six to nine months of the outgoing person's salary, according to Centric HR. But while meeting the demands of a potential leaver may be cheaper in the short term, the costs can spiral if this tactic is repeated too often.



INSIGHT

'Disengagement doesn't happen overnight'

Employee engagement in the UK is too low. Nicki Huw Morris, group exhibition director at HR Technologies, explains why firms need to rethink their re-engagement tactics

There has never been a one-size-fits-all solution for motivating staff. But with data from Gallup suggesting more than three-quarters of global employees aren't engaged at work, finding ways to keep staff engaged is more important than ever.

Yet, businesses often fail to ask the right questions about employee engagement. The focus is typically on the 'things' that employers can give their staff. But such emphasis tends to produce solutions that fall flat. Initiatives like pizza Fridays or after work 'socials' (read: pub trips) are unlikely to have much real impact on employee engagement.

Someone negotiating a pay rise, for instance, will ask why the budget used to purchase 20 pizzas each week isn't instead being used to pad their pay cheque. Meanwhile, a new parent who needs to rush home to relieve their partner of childcare duties will be unmoved by the promise of after-work pints.

Instead, companies seeking to boost employee engagement must start by acknowledging that everyone in the workforce has different motivations – and will be motivated by different incentives.

It is for this reason that flexible benefits platforms have gained popularity in recent years. These virtual platforms typically offer a points-based benefits system where employers award team members with points that can be spent on different perks. In this way, employees can choose the benefits that matter most to them.

Points can be given for different reasons: a bonus for good work, a monthly allowance, or a gift to celebrate a birthday, for example. There are also few limits to what these points can purchase. Most platforms offer options including retail vouchers, subscriptions to stream-

ing platforms and gym memberships, and other experiences.

However, while these platforms can help to create a thriving workplace culture, they're not a cure-all. Employees who are already disillusioned are unlikely to be impressed by re-engagement efforts. Tackling disengagement by offering incentives ignores the most important question: why are employees disengaged in the first place?

Disengagement doesn't happen overnight. Sometimes factors external to the business, such as a stressful life event, may affect an individual's motivation at work. At other times the problem will be a negative relationship with a manager or a particularly heavy workload. Understanding these more fundamental stressors makes clear why extrinsic rewards may fail to win someone over.

Employers won't get very far if they fail to consider employee engagement until it becomes a problem. Rather, it is something that requires consistent monitoring. If someone is disengaged, it's often an endpoint in a journey where they haven't had the right support. Developing and maintaining employee engagement is a process that goes all the way from recruitment and onboarding, to training, to daily communication and task management. In a word, it's about culture.

Digital solutions like flexible benefits platforms can help manage the many preferences of a diverse workforce. Other tech solutions can even automate some of the tasks that go into tracking and maintaining employee engagement. But technology is only one piece of the puzzle. If you're asking yourself how to deal with disengaged employees, you may be asking the wrong question. Start instead by asking why they're unmotivated to start with. ●



Nicki Huw Morris
Group exhibition director
HR Technologies

“Employers won't get very far if they fail to consider employee engagement until it becomes a problem

How to turn a skills shortage into an opportunity

With the help of the latest tech, UK firms that are prepared to be flexible can use an employer of record to access a much wider talent pool overseas

The majority (76%) of UK companies are struggling with recruitment, according to data from the British Chambers of Commerce's *Quarterly Recruitment Outlook* report. Vacancies in the digital tech sector are proving particularly hard to fill.

But HR leaders who think laterally about their recruitment strategies may be able to turn such challenges into opportunities by hiring highly educated talent from outside the UK. Doing this through an employer of record (EoR) simplifies the hiring process while avoiding complications such as visa applications and the establishment of foreign entities.

Firms that have adopted this approach are stealing a march on their rivals in the war for talent, according to Bastian Eichler, vice-president of product at WorkMotion, a global HR platform.

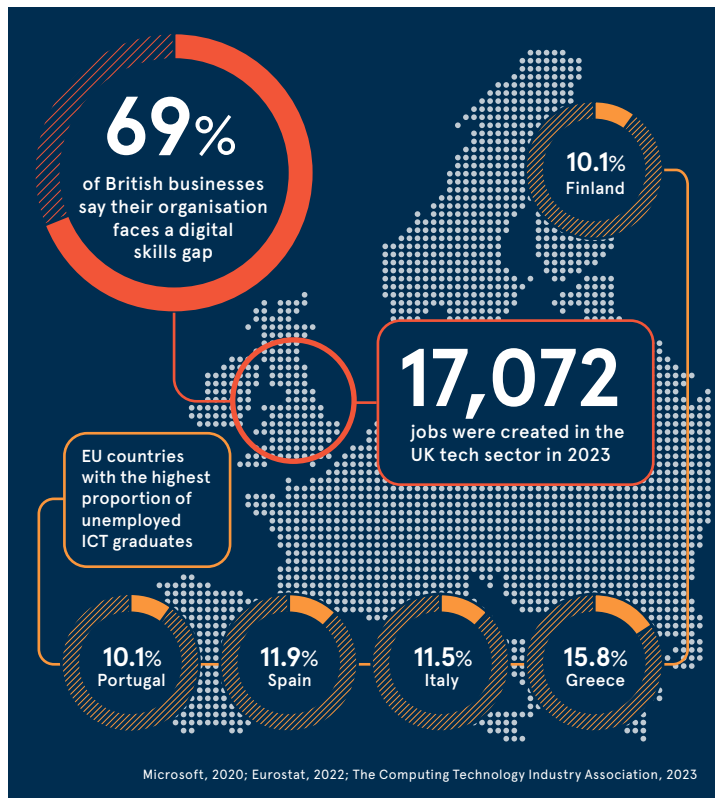
"If you want to stay competitive and have a hiring process that enables you to access a great group of candidates, you have no choice but to look abroad. It's non-negotiable," he says, stressing that companies that fail to do so "will fall behind".

British firms have done this for decades, of course, but usually by requiring overseas recruits to move to the UK. Using an EoR gives them far more flexibility by enabling employees to remain in their country of residence. It greatly expands the recruiter's pool of foreign talent, enabling it to attract candidates who don't want to become expat workers.

Similarly, companies that have employees who want to work overseas – or, indeed, return to their native countries as many wanted to do after Brexit – can retain valued team members by allowing them the flexibility to relocate abroad. It also means that UK-based firms can access the vast pool of new graduates in the EU with degrees in information and communication technology, thereby helping them to close the digital skills gap.

The big proviso, of course, is that they need to let their new foreign recruits work remotely – a level of flexibility that will be too much for many employers to allow. "Businesses are being very restrictive again," Eichler says. "But the number one benefit the younger generation are seeking is flexibility. They want to work from anywhere."

If employers are to avoid alienating talented candidates from generation Z, they should accept that some may insist on working remotely and so give them



that option, he suggests, adding: "Even if not every company sees this as the best solution, it may be the only solution."

Some employers may be persuaded by the financial arguments, given that more than two-thirds (68%) of firms surveyed for the BCC report cited labour costs as a significant pressure.

Given that wages are relatively high in the UK, hiring and employing people abroad would enable British firms to pay locally appropriate wages, which should reduce their overall labour costs, Eichler suggests.

The other key challenge that HR teams may face when hiring overseas is the paperwork. Contractual obligations, legal stipulations, compliance requirements, payroll challenges and other such concerns can be significant when a firm is recruiting abroad. But all this can be simplified by operating through an EoR.

WorkMotion's EoR service WorkGlobal is a digital tool that streamlines the process, enabling HR leaders to focus more on strategic matters and less on operational headaches.

"We're able to generate a locally compliant employment contract digitally. We did this in a record time of 11 minutes from the moment our customer started the process to the moment it was signed by the talent," Eichler says. "There are lots of steps in between that are usually very manual and led by HR ops teams. We use technology

to make this easier and to achieve an unmatched time to hire."

The system will then follow the individual throughout their employment, simplifying payroll, benefits, expense claims and other processes. WorkMotion's WorkDirect solution is its unique alternative to the classic EoR model and helps European businesses to hire employees in a direct and flexible way, without any contractual intermediary while still avoiding the hassle of setting up an entity.

Recruiting the best people is not only a practical issue; it's also one that affects a business's long-term strategy. Any firm will benefit if it can attract highly capable employees and retain them. By trawling the broadest possible talent pool and closing their skills gaps, HR leaders can turn hiring from a challenge into an opportunity.

To find out how WorkMotion automates tedious onboarding processes and enables companies to onboard talent from over 160 countries in a quick, easy and compliant way, visit workmotion.com



Bland ambition

The general decline in workers’ keenness to take the conventional career path has profound implications. HR chiefs must rethink their strategies in areas ranging from employee retention to succession planning

Cath Everett

Offering opportunities for promotion has long been a key factor in employee engagement, but people’s aspirations are changing in a way that’s making the traditional career ladder less attractive to them.

A recent survey by recruitment consultancy Randstad suggests that almost half of employees have little interest in climbing the greasy pole. While 56% of respondents considered themselves to be ambitious, one-third said that they had no intention of becoming managers.

Jess Munday is the co-founder and HR chief of Custom Neon, a manufacturer and retailer of LED signs.

She believes that such findings reflect a “changing perspective on what ambition and success mean”.

More and more of us are associating managerial jobs with stressful workloads for which no pay rise can compensate, according to Munday, who believes that this view is deterring potential managers from seeking such roles. Instead, people are prioritising work/life balance and valuing their wellbeing and self-fulfilment as much as, if not more than, traditional career advancement.

Some workers prefer to focus on their own contribution rather than helping to develop others. Their ambition is to build a specialisation

and hone skills that will keep them relevant in the longer term. That has nothing to do with ascending the corporate hierarchy.

“Employees who are seeking fulfilment value becoming experts in their fields, diving deeper into their areas of interest, rather than taking on the extra responsibility of managing people,” Munday says.

This trend has been driven partially by the general flattening of organisational structures over the past 30 years. So says Sarah Hernon, principal consultant for career management at Manpower Group’s talent development company, Right Management.

“There are more lateral and T-shaped career paths than vertical paths these days,” she reports. “As many organisations have flatter structures than they used to, people may work with several teams a day, none of which is led by their line manager. It’s a very different way of looking at the world.”

This situation has serious implications for line managers and senior decision-makers, especially HR chiefs. In particular, it means that strategies for employee engagement, staff retention and succession planning may require a rethink.

For its part, Custom Neon has introduced quarterly check-ins and biannual performance reviews with line managers in an effort to better understand what the motivations of its employees.

The aim is not only to discover potential in people and unleash it. It is also to tailor development activities to the preferences of each individual, as not everyone will be motivated by the same training

“Even if people say they’d like to become managers, only a subset will have the right characteristics for that

opportunities and incentives. Munday wants to ensure that all members of staff feel “challenged and stimulated”, whether they want to become managers or not.

For those who don’t, the company has concentrated on skills enhancement, created more project-based roles and introduced alternative career paths to support employees who are seeking to specialise.

“We’ve looked at ways to offer people more project work or to delegate some managerial tasks, as that still enables us to promote learning and growth,” Munday explains. “The ethos is to try to meet the team where they are, while still enhancing our productivity, prosperity and purpose as a business.”

Another approach is to enable employees to develop complementary interests and skills. This works especially well in positions where there are obvious crossovers with other roles, such as sales, marketing and public relations.

“Allowing some fluidity has worked well for us. Autonomy breeds innovation,” Munday says. “But, if there were no obvious opportunities available for someone, we’d evaluate where the strengths of that individual lie and how we could use these most effectively both for them and for the business.”

An employer will also need to consider how people’s changing career preferences could affect its succession plans. Many firms have struggled with this in any case, so the challenge of filling senior roles is becoming even tougher for them.

Bruce Watt, senior vice-president at leadership consultancy DDI, cites his firm’s Global Leadership Forecast 2023, which revealed that only 12% of the 1,500-plus employers it surveyed had a strong pipeline of talent at all levels of the organisation. He believes that too many firms are

promoting high performers to management roles whether they’re suited for these or not.

“Historically, presenting a one-dimensional pathway for ambition has always been a problem, but this is being magnified now, partly because more experienced managers are retiring,” Watt says. “Even if people say they’d like to become managers, only a subset will have the right characteristics for that.”

One way to address this is to focus on the top quartile of performers in the organisation and identify candidates that may be suitable for management: empathic listeners who naturally behave like coaches.

Munday notes that it’s important to understand why people with such qualities aren’t keen to move up the ladder. Some could be persuaded that they’d find a management role fulfilling, she suggests. This may be a case of “nurturing them and instilling confidence without pressure”.

Munday believes that employers will be best served by reviewing people’s roles regularly to check how their work is evolving.

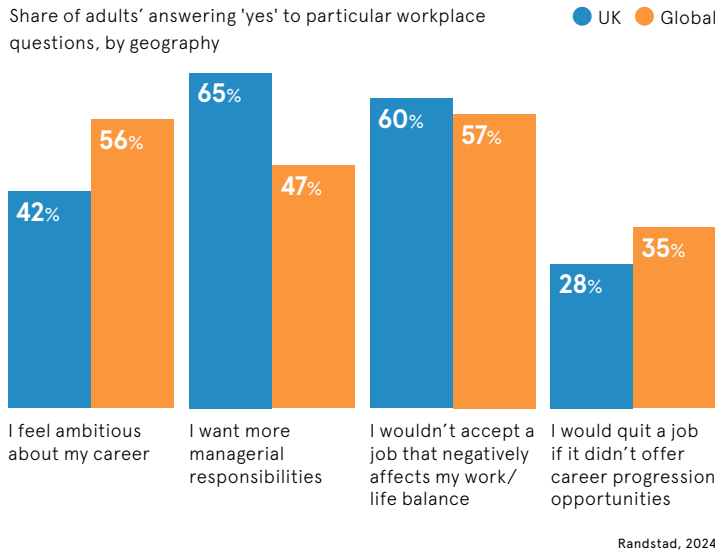
“At every quarterly check-in, we’ll look at our job descriptions to ensure that they’re still relevant and aligned with the company’s direction. This results in opportunities for some roles to change and integrate a broader range of responsibilities,” she explains, adding that this process will also give people the chance to “lead in areas they’re passionate about and, in some cases, become managers organically”.

A final consideration is the importance of ensuring that existing managers serve as positive role models. Watching an effective manager at work will make people more interested in emulating that individual, thereby creating a virtuous circle.

But the opposite effect will apply if “employees see a manager failing – that’s one of the most toxic situations. The adverse environment that this creates will deter them from becoming managers,” Watt warns.

His advice to businesses seeking to convert more high-performing employees into managers is straightforward: “It’s about casting a wide net, identifying suitable candidates, offering them relevant development opportunities and providing the training and support that will set them up for success.” ●

BALANCE TRUMPS AMBITION



EschCollection via Getty Images

Q&A

Upskilling leaders: Kingfisher’s experiential learning journey

Jade Starrett, group talent and organisational effectiveness director at Kingfisher, discusses the benefits of experiential learning

From meeting ambitious targets despite budget constraints to adapting to market shifts, the demands on a modern business can be high and ambiguous. Despite people arguably being an organisation’s most important asset, it can be easy to deprioritise leadership development when times are tough.

Often, leadership development can be viewed as predictable, unfocused and ineffective. WDHB is a global specialist in the design and delivery of executive learning and development programmes. It takes a different approach, offering bespoke experiential programmes that incorporate an organisation’s business objectives and strategic goals to drive impact over the short and long term.

Kingfisher, a multinational retail company, partnered with WDHB on two international executive learning expeditions designed to get leaders out of their comfort zones, learn together and forge genuine connections. Over the course of two years and travelling to San Francisco, Seattle and Vancouver, Kingfisher’s cohorts of between 25 and 27 leaders immersed themselves in week-long expeditions where they engaged with leaders from businesses including Google, Starbucks and Lululemon.

While experiential learning is just one aspect of Kingfisher’s multi-faceted leadership development strategy, the partnership with WDHB has had a big impact. Jade Starrett, group talent and organisational effectiveness director at Kingfisher, explains how experiential learning has benefitted the entire business.

Q What challenges were you looking to solve through these programmes?

A I joined Kingfisher three years ago and one of my first objectives was to look at our existing leadership development offering to examine whether it was fit for purpose and building the leadership capability we needed to deliver our strategy. I found that it simply

wasn’t offering us the return on investment we needed.

We wanted an innovative and engaging programme that was highly aligned with our business strategy and would provide our leaders with the skills to deliver on this. It had to meet both the collective and individual needs of the group and help foster a ‘test-and-learn mindset’.

On meeting the WDHB team, I was impressed with their knowledge of our sector and their understanding of future challenges, opportunities and trends. Most importantly, they were really open to collaboration and co-creation, which was what we were looking for in a learning partner.

Q How did you build your leadership development programme?

A One of the deciding factors was that we could build the programme together with intentionality and creativity. WDHB helped us tap into the calibre, depth and experience of the company’s global partners and collaborators. We had in-depth exchanges with organisations such as Microsoft, which gave us insight into successful transformation and new customer engagement techniques. A collaboration with Stanford University connected us with MBA students on the future of workplace culture and leadership.

There were four development areas we wanted to drive from the programme, so with WDHB, we created blocks of learning to deliver on them. First, we had a real need for our leaders to look upwards and outwards. We wanted to expose them to leaders from other industries and get them thinking about how their experiences and insights might apply to our future. WDHB’s emphasis on immersive and experiential learning was ideal for this.

Second, we had a big focus on our customers, who are at the heart of everything we do. We worked with WDHB on ideas around how customer loyalty is evolving and what the store of the future will look like, learning from other industry innovators

and really leveraging WDHB’s strong global partner network.

We also wanted to update our leadership’s digital skills. Ecommerce is a huge enabler of our business strategy, so we wanted to see who we could learn from to elevate our work in the digital space.

Our final intended learning was around the culture of the business, looking at how we could become more inclusive and celebrate a more human culture. We crafted these ideas at the outset of the programme, collaborating with WDHB to create the agenda and using their partners to fill gaps and enrich the overall content objectives.

A fifth outcome emerged as the cohort bonded. The social and relational impact of the expedition was really powerful and cannot be underestimated.

Q What impact has WDHB’s focus on experiential learning had on learning outcomes?

A I’m a big fan of experiential learning. One of the benefits is that there are so many unintended learning outcomes from immersing yourself in other organisations. These include walking shop floors and hearing from colleagues in completely different sectors – participants love it and it is a big selling point of the programme.

In the last expedition, we did a day focused on diversity and the importance of learning from and incorporating new perspectives. We spent the morning with a First Nations chief in Vancouver, learning about his lived experience and connecting authentically with the local community.

“You have to be curious, agile and open to learning – and ask questions



You can’t help but be present when learning from people like that in a new context. It’s amazing how it triggers new thoughts and mindset shifts from participants.

Q How have you ensured executive learning trickles down throughout Kingfisher?

A Our senior leadership team is around 120 people, with between 25 and 27 of them taking part in each executive expedition programme. One of the first things we do after each programme is run a call for the entire leadership team, showcasing what has been learned. After our first expedition, I did a presentation with some participants to our group executive where we ran through the main organisational themes we had explored and recommended actions.

For example, one recommendation we made was for Kingfisher to lean into its purpose. We met lots of businesses through the expedition that were really leveraging their purpose and mission. The executive group tasked us with making our purpose work harder for us and, one year on, we’ve just launched a revised organisational purpose off the back of our learnings.

Our latest expedition focused more on developing individual leaders and tailored learning to specific challenges in their own teams. One colleague who was experiencing significant organisational change was able to implement learning to manage that change better.

As a result, feedback for the expeditions has been phenomenal, with

a score of 4.9 out of 5 from participants. Everyone wants to be part of the next one.

Q How important is learning to your future success?

A Learning is hugely important. The world is changing so rapidly and there is so much uncertainty. In the past, leaders were expected to know all the answers, but that simply isn’t possible now. You have to be curious, agile and open to learning – and ask questions.

We bring our leaders together throughout the year to take part in a series of masterclasses around retail. Our CEO, Thierry Garnier, opened the latest event with this quote from Charlie Munger, right-hand man to Warren Buffett: “I see people rise up in life who are not the smartest, sometimes not even the most diligent, but they are learning machines. They go to bed every night a little bit wiser than when they got up and boy does that help. I think a life properly lived is just learn, learn, learn all the time.”

To learn more about WDHB’s work and how to design experiential learning journeys across a variety of impactful offerings, including leadership experiences and expeditions, strategic summits, and L&D consulting, visit wdhb.com

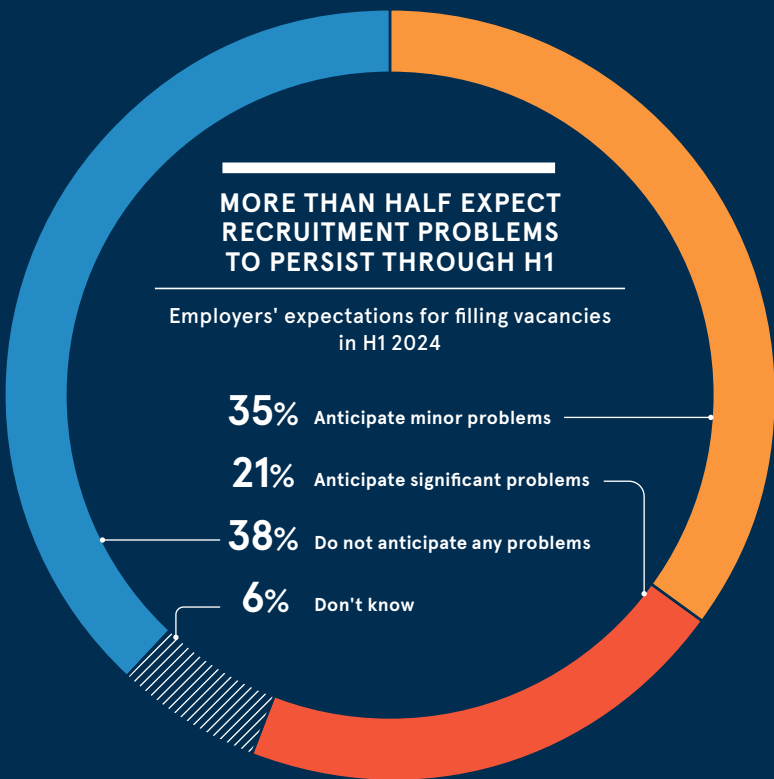
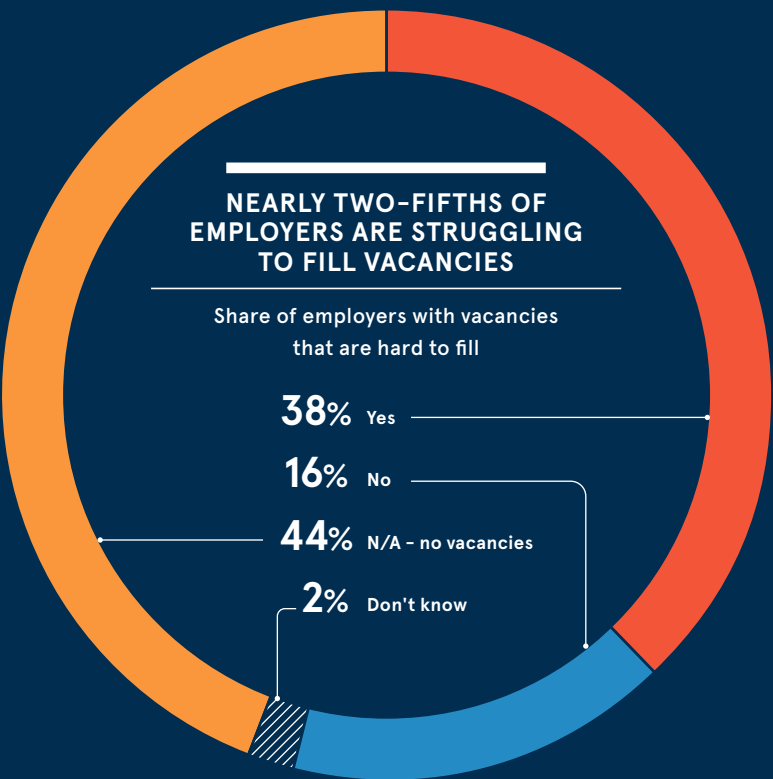
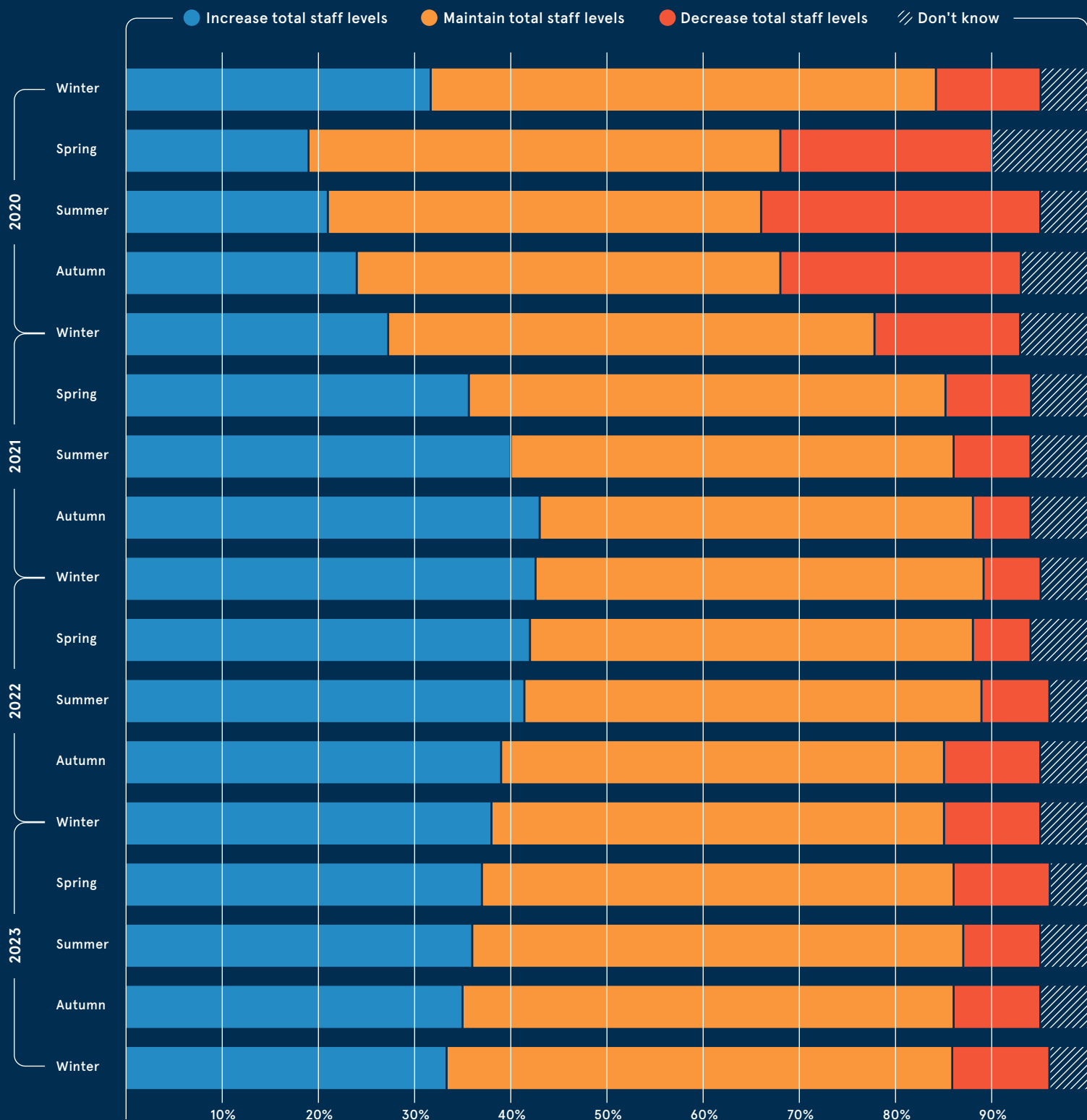


WORKFORCE PLANNING

Maintaining a stable workforce has become more complicated over the past five years. Many employers were forced to reduce headcount during the pandemic, but the end of lockdowns sparked a seller's market for talent and ignited a hiring war. However, high inflation over the past 18 months has led employers once again to consider drastic changes to their workforce

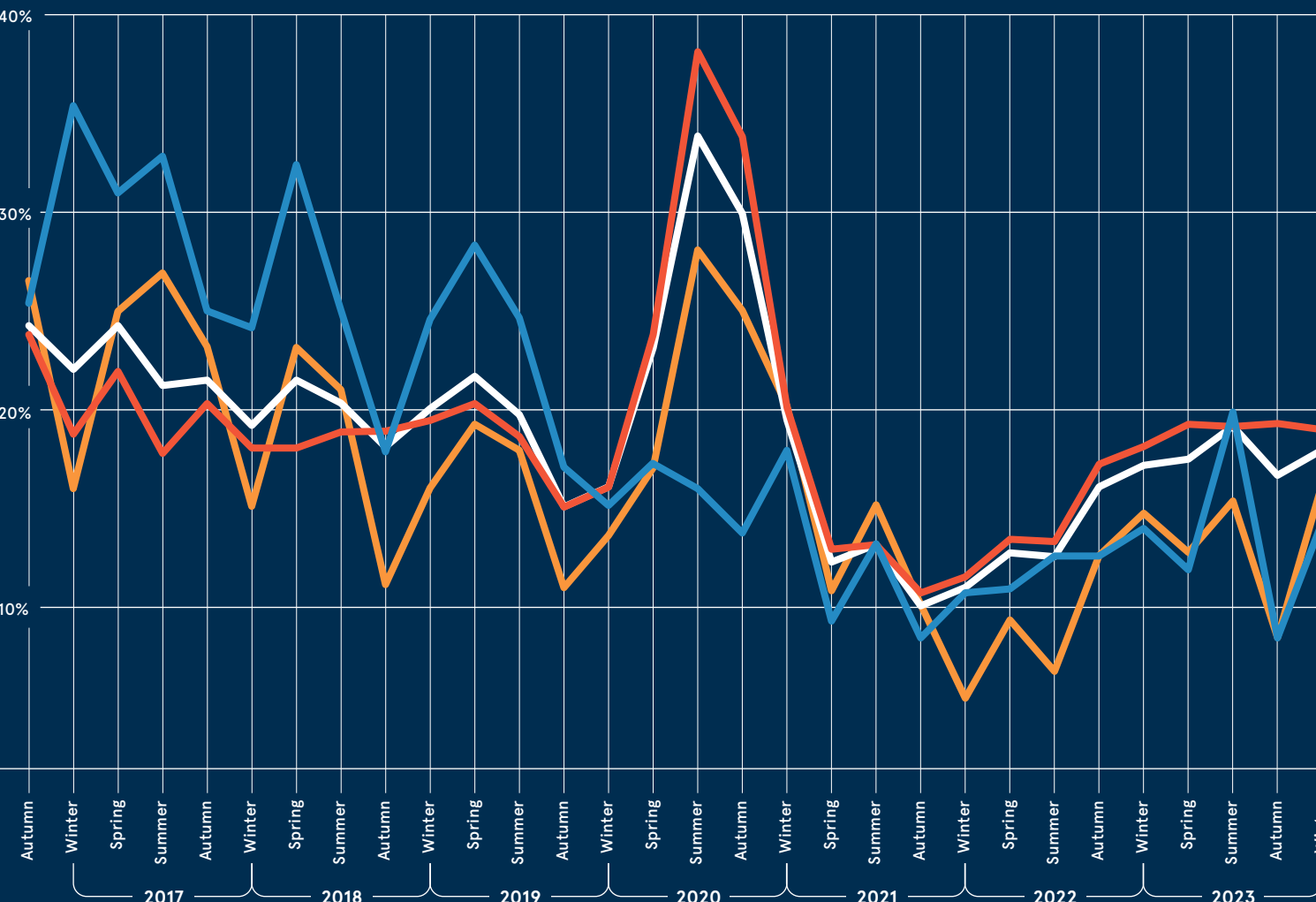
ONE IN 10 UK EMPLOYERS PLANS TO DECREASE STAFF LEVELS IN 2024

Share of employers intending to take particular staffing actions



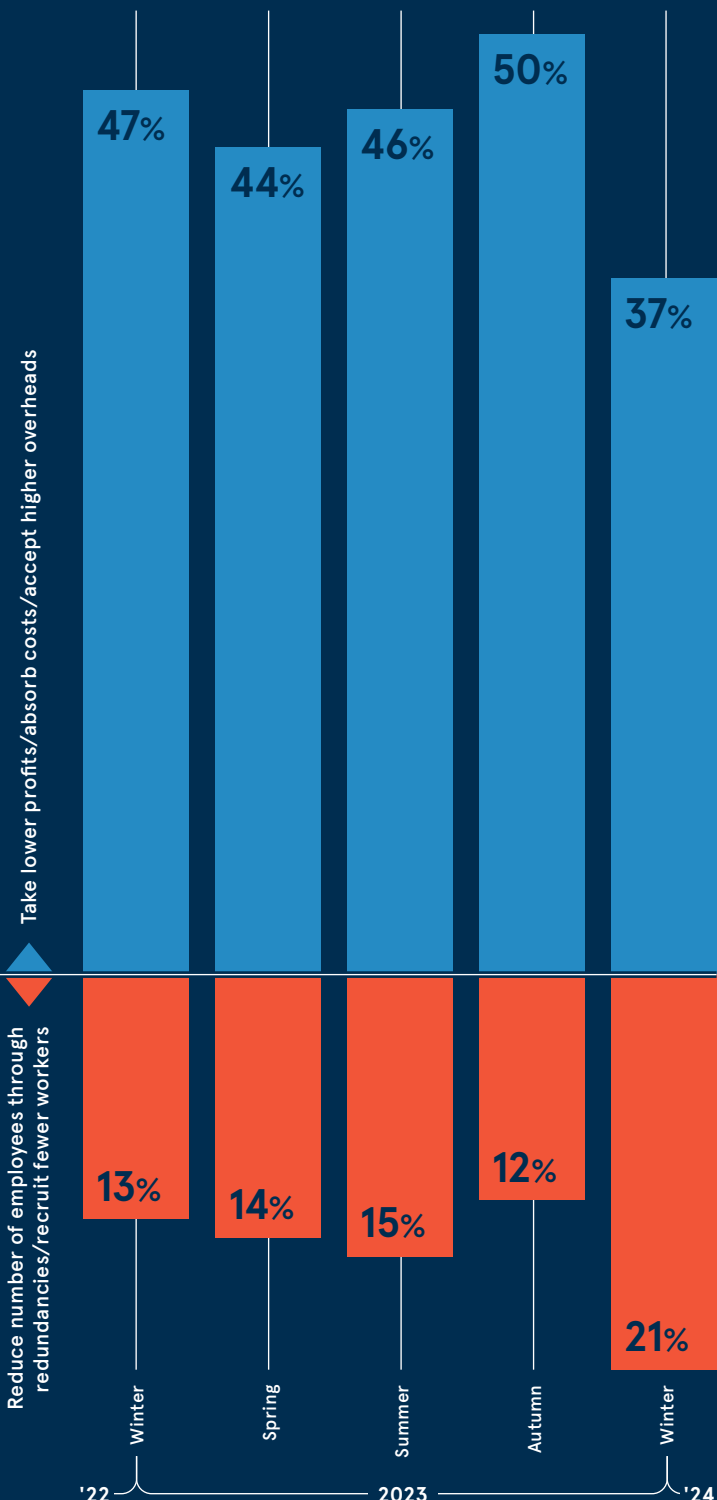
EMPLOYERS ARE MAKING PLANS FOR REDUNDANCIES

Share of employers planning to make redundancies, by broad sector (%)



STAFF REDUCTIONS ARE PARTLY IN RESPONSE TO HIGHER WAGE COSTS

Selected plans by employers for managing additional wage costs, by quarter



DIVERSITY SCHEMES

How to develop a defensible DE&I programme

Diversity, equity and inclusion schemes are attracting a lot of criticism, some of which is valid. Employers would be well advised to ensure that their DE&I efforts are beyond reproach

Ben Edwards

In January, a number of social media provocateurs, including Twitter owner Elon Musk, blamed the door blowout narrowly survived by Alaska Airways flight 1282 on the emergence of corporate diversity, equity and inclusion (DE&I) programmes. Their baffling conclusions joined a long line of grievances to be aired against such schemes, particularly in the US, where anti-diversity sentiment is building.

But not all criticisms of DE&I can be dismissed as shrill political posturing. In some cases, the most ardent advocates of diversity are growing frustrated with the ineffectiveness of their own firms' work in this area.

Too often, organisations will establish a programme and then fail to give it the care and attention it warrants, according to Kelly Thomson, a partner and employment law specialist at Reynolds Porter Chamberlain. "One issue I see time and again is organisations treating their DE&I programmes as a siloed part of the HR function," she says. "If you haven't invested in DE&I and treated it as a core business priority, it will be an uphill struggle."

Some companies may not be sure of what they want to achieve and rush to implement a DE&I scheme simply because they think they must show that they're doing something. Too often, the focus is on limited efforts to increase the representation of certain minority groups in the workforce – an approach that can easily backfire.

Paul Anderson-Walsh is the CEO and co-founder of the Centre for Inclusive Leadership, a consultancy specialising in DE&I. He suggests that firms focused on making themselves more diverse tend to overlook the importance of inclusivity.

That means, in their haste to form a diversity policy, companies will often fail to see DE&I as a holistic project, he says, adding: "They think that, by 'double-clicking' on a certain aspect of diversity the organisation will become more diverse. That isn't the case."

When employers focus too much on one factor, it can create a counterproductive sense of "them and us", according to Anderson-Walsh. This could end up alienating the very people such schemes are meant to benefit.

Another reason why DE&I programmes falter is that business leaders are often led to believe that investing in diversity will lead to performance improvements – a claim that has scant evidence to support it.

"Under very certain circumstances, diversity does improve performance. But, on average, there's absolutely no effect," says Kaisa Snellman, associate professor of organisational behaviour at Insead business school.

"If organisations are implementing diversity programmes on the premise that this will improve corporate performance and it doesn't, they'll think there's something wrong with their programmes and dismantle them."



Employers seeking to avoid such pitfalls must adopt a more rigorous approach. As well as ensuring there's support for such initiatives at all levels of the organisation, they must set appropriate objectives and establish clear plans for achieving them, Thomson advises.



The organisations that have avoided criticism are those that have communicated in lots of different ways to lots of different people

"Sometimes in DE&I, there's an inclination to throw a target at the wall without any clear data on where you're starting from, so it's an aspirational goal but potentially also unrealistic or not stretching enough," she says. "It's important to apply some data discipline."

French pharmaceutical company Sanofi has set clear diversity targets and monitors its progress to adjust key performance indicators where necessary. Hermann Trepesch, the firm's global DE&I director, says: "We're always looking for evidence to see what we're doing well, so we can replicate that in other areas. Crucially, this is about finding out what isn't working as well."

Sanofi is seeking to achieve several DE&I targets by 2025. These include ensuring that women make up at least half of its senior leadership team and spending €1.5bn (£1.3bn) a

year with suppliers considered to be small and diverse businesses. The company is also aiming to improve the diversity of people participating in its clinical trials.

As well as setting appropriate targets, organisations must also focus on some of the less tangible aspects of diversity, such as the extent to which employees feel they can be authentic. This means creating an environment where people don't have to mask who they are, says Anderson-Walsh, who believes this approach can motivate workers.

"If your business relies on people's discretionary effort, you have an inclusion need, because inclusion is what unlocks that effort," he argues.

"If you think about inclusion as generating belonging, that belonging then activates volunteerism, because people feel valued."

Once a firm has planned its DE&I programme properly, its HR team must ensure that the work stays on track. To this end, Sanofi has enlisted the help of its employee resource groups. They serve as in-house consultants and will hold the company to account for any pledges it makes, according to Trepesch.

"They act as a barometer that tells you whether the things you're saying are translating into real action," he says. "With this always-on feedback loop informing you if something isn't working, you can make the necessary adjustments."

Effective communication is also vital from the outset to ensure that all stakeholders understand the aims of the programme. Regular progress reports will then help a company to avoid accusations of so-called social washing – a shallow marketing ploy similar to greenwashing, whereby firms proclaim their DE&I credentials without being truly committed to and invested in change.

"The organisations that have avoided criticism are those that have communicated in lots of different ways to lots of different people," Thomson says.

The way a company talks to customers about its diversity efforts, for instance, is likely to vary from how it addresses potential recruits or investors, even if the underlying message is the same, she adds.

"Organisations can get into trouble if there's a disconnect," Thomson warns. "You might focus too much on talking about DE&I to your customers, for instance."

"Employees could then feel that they're only hearing about this in



If you haven't invested in DE&I and treated it as a core business priority, it will be an uphill struggle

external publications, which may make it seem to them that you don't really care about the issue. That's often accidental, because companies tend to assume that their own people know what they're doing."

While the success of a DE&I programme can partly be measured by recruitment targets hit, that's clearly only part of the story. Retention rates are equally important, as are less tangible cultural factors.

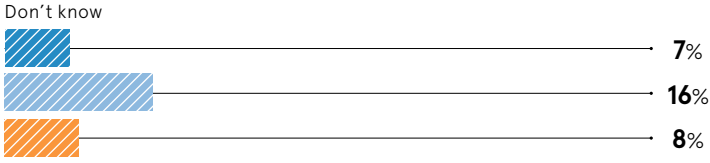
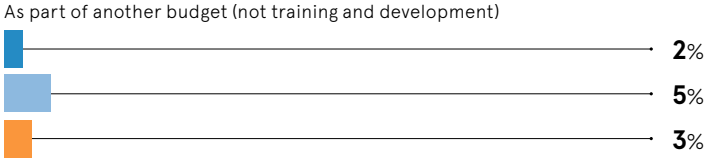
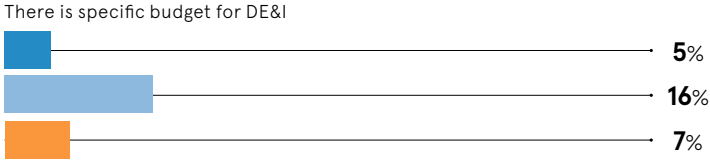
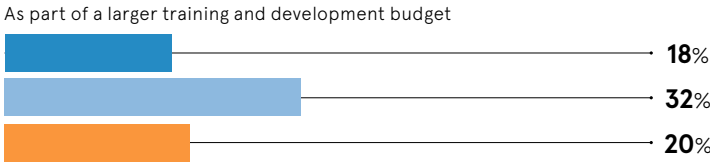
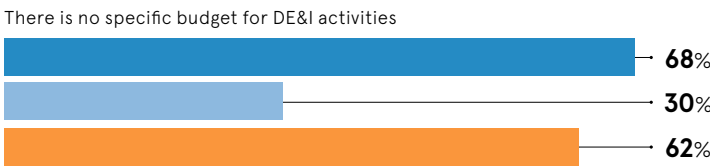
"Organisations need to know that it's a complex puzzle that can take time to get right," Snellman says. "It's important to maintain long-term goals and not give up if you don't see results straight away. The programmes that will prove much more successful are those that aren't just geared up for quick wins."

Although DE&I initiatives have become yet another a political football in the culture wars, some of the more constructive criticism they are attracting is justified. Employers that are serious about achieving meaningful, lasting change would do well to heed it. ●

ONLY 7% OF UK ORGANISATIONS HAVE SPECIFIC BUDGET FOR DE&I ACTIVITIES

UK organisations that fund DE&I activities in the following ways, by organisation size (%)

● SMEs ● Large organisations ● All



CIPD, 2023

How can future CPOs prepare for the role?

As the environment that businesses and their employees operate in remains challenging, the expectations placed on chief people officers are likely to shift

The chief people officer (CPO) role is changing and expanding.

No longer is the focus simply on internal, operational HR issues, such as payroll and employee performance management. These days, CPOs must take an externally facing view, too. The job description includes creating a positive employer brand to help boost recruitment and developing a persuasive people plan to win over the investor community.

Put simply, those with their sights set on the role will need to be more strategically involved than their predecessors. So says Olivia Sharp, partner within the HR practice at Eton Bridge Partners, international executive search, interim management and business consulting organisation.

"The CPO role is evolving to include company culture, employee experience and values in terms of how they connect to the organisational purpose and vision," she says. "So, it means HR leaders need different skills and capabilities as well as a different understanding of how to pull and push on the 'people' lever to create value for the business."

In fact, "exceptional business partnering skills" is one of the top attributes chief executives expect to see in their chief people officers, according to Sharp. This is important because CEOs are generally the ones hiring for this role.

"CEOs want a brother- or sister-in-arms to support them, and they want fully participating members of the senior leadership team, not just the 'HR textbook answer'," she says.

In other words, CEOs are looking for candidates with commercial nous and a broad range of experience. On top of generalist HR knowledge, this could include a stint in the talent function, organisational effectiveness or driving cultural change.

Over the past 12 to 18 months, executives with an understanding of the future of work have also become increasingly attractive. Expertise



here includes knowing how to use data effectively and being able to support digitisation.

Understanding a typical CPO profile

As to what a typical CPO profile looks like these days, Sharp points to Eton Bridge Partners' recent *CPO Pathways* report. It is based on an evaluation of 7,500 CPO appointments around the world, in the past 24 months.

The study reveals that nearly four in five CPOs had mostly recently operated in a generalist role, and many gained robust line management and broad HR experience along the way by becoming divisional or regional directors before assuming the top job.

Only a slim majority (52%) of new CPO hires were external appointments last year, down from 59% in 2019, continuing a multi-year hiring trend for employers. The appetite for internal candidates is increasing.

The function's demographic makeup is overwhelmingly female with 76% of appointed CPOs identifying as female. The average age of female CPOs is 51 years old, while their male counterparts skew slightly older in the role at 53 years of age.

How to step into the role

Sharp suggests that anyone aspiring to this critical position should start by setting out their end goals as early as possible in their career. For instance, if the aim is to head up the people function in a FTSE 50 company, gaining international experience will likely be essential to showcase adaptability and success in diverse environments.

Candidates will also need to demonstrate commercial understanding and an ability to build relationships with

shareholders, investors and members of the finance function. Experience working in an operational role will likely prove useful, as will previous roles at a market, regional and business line level, Sharp notes.

For those eager to take charge with, say, 10 years of experience under their belt, taking a generalist leadership role at a high-tech start-up or private equity-led scale-up may be the right move. Sharp says: "Start with your endpoint in mind and work out the boxes you need to tick to get there."

In any case, it will help to establish a healthy internal and external network of colleagues and peers. Developing and maintaining positive relationships is a vital skill that propels aspiring leaders toward the executive path. Sharp adds, do not neglect these valuable connections. Professional networks allow newcomers to build up a reputation within their sector and source job opportunities.

"Ensure your radar is up and that it's attuned to what's happening elsewhere," she says, adding that "brilliant leaders" are both people and commercially savvy.

Download your copy of Eton Bridge Partners' *CPO Pathways* report here:



EtonBridge Partners



CEOs want a brother- or sister-in-arms to support them... not just the 'HR textbook answer'

Why career activism is the key to talent retention

By championing internal mobility and giving people more control over their own development and progression, companies can nurture a more flexible, engaged – and loyal – workforce

Reset by skills shortages and fierce competition for talent in recent years, firms have been raising salaries, tempting employees from rivals and trying desperately to diversify their talent pools. But, with UK job vacancies falling below 1 million for the first time in two years at the end of last year and hiring freezes on the horizon, many employers are focusing on retention rather than recruitment.

According to the Recruitment & Employment Confederation's latest *JobsOutlook* report, 60.2% of UK employers expect total staff numbers to remain largely level in 2024. This is mirrored by employees' concerns about job insecurity. For its annual *Global Workforce of the Future* report, Adecco Group surveys 30,000 workers in 23 countries. In 2022, 61% of respondents said that they wanted to stay with their organisations. The following year, the proportion was 72%.

The new emphasis on retention means that organisations are considering how they can better engage the talent they already have. So says JC Townend, the UK and Ireland CEO of LHH, a specialist provider of HR services.

"One of the key things we're seeing in the market is a real focus on employee retention and internal mobility," she reports. "With the current talent scarcity, companies really want to keep their best people."

Help employees to rebrand themselves

Doing so means rethinking how HR professionals create career paths for high-potential employees. The job for life, with its steady ascent of the corporate ladder, is fast becoming an anachronism as the business world evolves apace. Employees are increasingly jumping between sectors, trying out different roles and seeking to develop a wide range of skills. This is the age of the non-linear career path.

But employers haven't traditionally excelled at offering such flexibility. According to LinkedIn's 2023 *Workplace Learning* report, most aren't providing effective career support. Only 15% of workers surveyed for

the report said that their firm had helped them move to a new role in the past six months, while only 14% said that they had been encouraged to form a new career development plan.

"Traditionally, people have had to quit their company to rebrand themselves," Townend says. "If an accountant wanted to move from finance into marketing, say, there was no pathway for this. Their finance manager might not have wanted to lose them, so didn't give them that opportunity to move internally. They therefore had to leave the organisation to try out the new role."

Empowering employees to advocate for the skills they want to gain and the career paths they want to take is one way to reduce such attrition. Offering employees career coaching, resources to understand their attributes and guidance on taking a more active role in career conversations is vital in engaging people via the provision of internal opportunities.

Townend uses the term "career activism" to describe this approach. She stresses that "teaching employees how to take control of their careers is so much more effective than HR trying to create structures that work for everyone".

Take the impact of technology on recruitment via interventions such as talent marketplaces, for instance. Many HR teams have spent big on such tech – designed to accelerate the hiring process and better match skills to jobs – only to find that employee take-up is slow.

"We're asking people to put their CVs into a system but not giving them any reason to do so – everything is being done from the organisation's standpoint," Townend explains. "We need to draw people in, get them excited about moving internally and then use talent marketplaces to make these moves."

Embrace people power

Getting employees invested in internal mobility is something that LHH practises itself. The company recently put 22 of its high-potential employees through the same Career Navigator programme it offers its clients, helping them to understand their ideal roles



and how to go about preparing themselves for those positions.

Motivating them to take control of their own careers and offering opportunities to develop new skills made subsequent career conversations much more effective, Townend notes.

"Participants came to me and spoke of their excitement in developing at LHH and the transferable skills they could offer in the roles they wanted to grow into," she says. "They were well prepared and it was so much easier and more effective for me to be reactive to those conversations and help guide them on the paths they were already considering. Not one of those people has left – two have even moved to new teams. Career activism is about putting power in the hands of the employee."

Is there a risk that ceding too much power here could leave an employer with workforce planning problems?

"Every company has a wide variety of roles and skills they need from the marketplace and most companies will have a lot of the opportunities people are seeking, so there is the chance to do something very different while staying at the same company," Townend says. "Effective employee engagement is about helping people to understand their own career motivations, then giving them the platform, networks and relationships to move into the right role." It means as people get tired of their existing role, they can look internally for new inspiring areas of work.

She continues: "Now obviously, if someone decides that their dream is to be something highly specialised, like a veterinarian, then most companies don't have that position. But then it's fine for them to move on to fulfill that dream elsewhere. You want people to be fulfilled and happy. If they want to be a vet, it's likely that they'd never be truly happy in any role with your firm anyway."

Rethink line management

Support from line managers is vital to the effective provision of career mobility. They play a key role in developing individuals' skills and assisting their career development, but too often they are squeezed from above and below by the sometimes conflicting needs of their staff and those of senior managers.

It's important to provide training and support for line managers that enables them to hold regular career conversations with those who report to them – and incentivise them to encourage internal moves that might temporarily weaken their own teams, Townend notes.

"Career activism is about motivating employees to take control of their careers. In the past, we've been guilty of charging their line managers with doing that. Most don't have the time, attention and, in some cases, will to do so," she says. "We need to support them on that."

Encouraging employees to develop their careers in a direction that appeals to them isn't an act of generosity; it makes business sense. Amid talent shortages and a tough economic climate, employers would do well to hang on to those who show a desire to develop and advance.

LHH specialises in career transition and mobility, leadership development and recruitment solutions. Find out more at lhh.com/uk



Effective employee engagement is about helping people to understand their own career motivations

HEALTH AND WELLBEING

Just what the doctor ordered

NHS waiting lists are hitting record lengths and long-term illnesses have put nearly 3 million Britons out of work. HR chiefs be warned: corporate health cover is becoming a necessity

Jennifer Small

From teenage apprentices to septuagenarian CEOs, five generations are at work in the UK – and each has a different set of healthcare requirements. With more and more people looking to their employers for wellness support, HR teams must plan carefully to meet this wide range of needs.

Corporate health benefits have become a key recruitment and retention tool as NHS care becomes increasingly hard to access, says Rachel Suff, senior policy adviser at the Chartered Institute of Personnel and Development (CIPD).

For instance, a recent survey of 4,300 UK and US adults by family health specialist Maven Clinic found that 57% of respondents had either taken or said they "might take a new job" because the employer offered "better reproductive and family benefits".

There's also a clear business case for maintaining a healthy workforce. Suff notes that more than 45% of UK workers aged under 60 have a long-term health condition, according to a CIPD analysis of data from the Office for National Statistics.

Providing preventive health services to people from their 20s makes it less likely that their conditions will become chronic, enabling them to stay in employment for longer.

But a one-size-fits-all approach to health benefit provision is unlikely to offer great value to employees or yield much of a return on the investment. Firms need to gain a full understanding of their workers' varied needs and then create schemes that reflect that.

An employer should start by understanding the full range of wellness requirements across its workforce, says Amy McKeown, a consultant who led the health programme that covers 13,000 EY employees in the UK and Ireland.

She advises businesses to mine their data and establish who's using occupational health services and employee assistance programmes (EAPs), for instance, and for what reasons. Once armed with this information, HR teams should run surveys and focus groups to give staff a voice in determining their benefits.

"There are different generational expectations in the workplace, from



Companies cannot rely on standard big-box health insurance that covers everything, but nothing

musculoskeletal to menopause," McKeown says. "Companies cannot rely on standard big-box health insurance that covers everything, but nothing."

She adds that wellbeing apps offering "five minutes of mindfulness" probably aren't the best investment if employees don't even have reliable access to a GP.

Employers should instead pick options that offer trackable clinical outcomes, with the aim of reducing sickness absences, says McKeown, who predicts that more firms will shift to such bespoke plans.

Great Western Railway provides in-house healthcare for 6,400 workers aged from their mid-teens to their mid-70s. Its team of doctors, nurses and technicians offer more than 500 appointments each month, including safety-critical check-ups for train drivers every three years to the age of 55 and annually thereafter. The company also funds external treatment, if required, to expedite an employee's return to work.

As a result of this policy, days lost to long-term sickness absence stand at 2.9% of total days worked, compared with 4% immediately after the Covid crisis. Mental ill-health and musculoskeletal problems are the most common health concerns among workers.

Ruth Busby, people and transformation director at GWR, believes that these benefits are strengthening its powers of recruitment and retention. "There is a very strong link between feeling well and

comfortable at work and wanting to stay," she says. "And, as a recruitment tool, it shows that as an employer we care."

The company also has an EAP offering free counselling and a roster of 200 trained mental health first aiders. "We're aware that suicide is the biggest killer of men under 50," Busby says. "We have a male-dominated workforce – and the average age of an employee is 45."

The company also leads menopause-awareness initiatives, while its 'wellbeing champions' regularly organise sports tournaments and walking challenges.

"People often question why this stuff is the employer's responsibility," Busby says. "It's simple: if your wellbeing is valued, you're going to be more engaged as an employee. When engagement improves, customer satisfaction improves. There is a clear business benefit."

Engendering a culture of care has been a priority for Jamie Broadley, group head of health and wellbeing at Serco.

There is a clear generational divide to be found in his firm's data on sick leave: employees aged 40 and over have accounted for 80% of absences owing to physical health problems, while under-40s have accounted for 80% of absences owing to mental ill-health.

Broadley believes that a successful health benefits package must provide a range of options, but he stresses that Serco's extensive healthcare menu is nothing without line managers who are trained to know what's available.

"We all know the difference a line manager can make – it's one of the biggest impacts on someone's mental health," he says. "If we can make each employee feel that someone cares about them, that's the key to higher retention rates."

Once the appropriate policies and benefits are in place, an employer should conduct regular check-ups to ensure their continued relevance,

especially if the business is growing fast. Marketing firm MVF, for instance, has adjusted its offering as its workforce has expanded significantly and become more diverse since 2017.

Seven years ago, the firm employed about 100 people, mostly in their mid-20s, so its priorities then were mental health and neurodiversity support. In 2019, it added parental care provision as more of these employees were thinking about starting families.

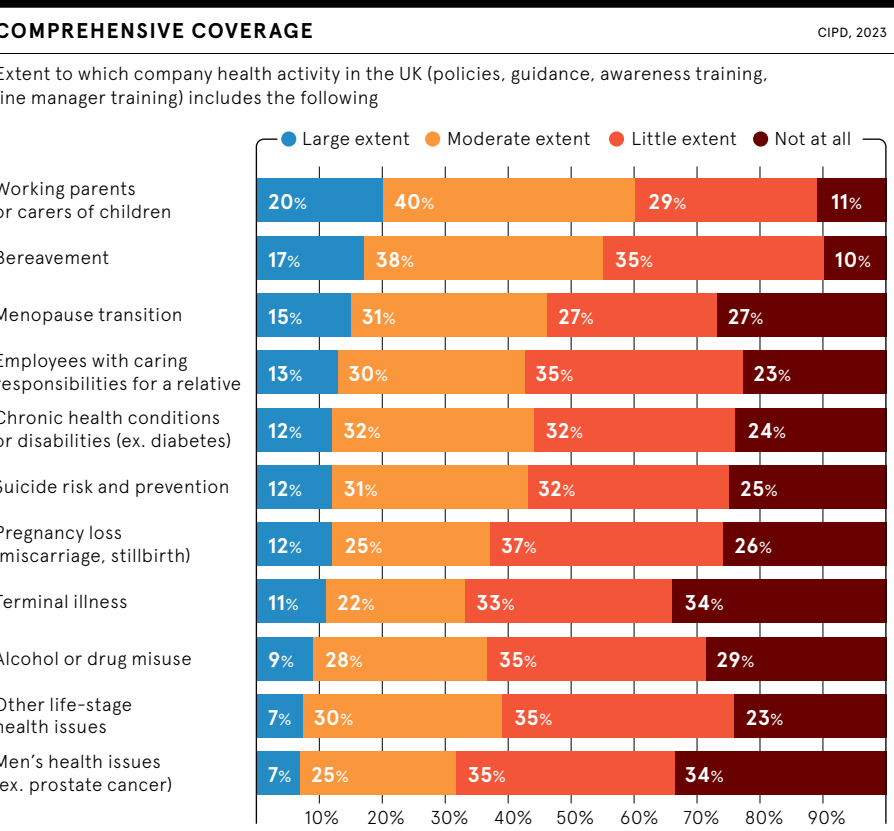
Today, MVF has a workforce of nearly 600 and its list of benefits has extended once more. That list now includes an online GP service, as well as support for people experiencing menopause and musculoskeletal problems.

Although they can make the business case for providing a comprehensive range of wellness benefits, some HR chiefs are finding it hard to win support at board level for such offerings. As UK firms continue to struggle with the increased cost of doing business, boards are understandably anxious about committing the necessary investments and demanding clear evidence of the benefits and returns.

For its part, the Confederation of British Industry has advised the government on occupational health tax incentives to encourage employers to focus more on offering preventive care.

"A great start would be making EAPs a fully tax-free benefit – a smart intervention that can support many people, bolster our workforce and firm up the foundations for growth," says the CBI's director-general, Rain Newton-Smith. "We need to hold down the costs of doing business to allow firms to tackle the cost of living."

If UK plc is to get off its sick bed and power the nation out of its recession, a prescription for generation-spanning corporate health provision is not just nice to have – it's an economic essential. ●



Hey imposter

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