GLOBAL TREND REPORT HUMAN RESOURCES

MORGAN McKINLEY

2014

H1 | JAN-JUN

GROUNDS FOR OPTIMISM IN 2014

In line with our commitment to keep professionals working in Human Resources functions up to date with employment and recruitment trends, at the close of 2013 Morgan McKinley conducted an international survey of its consultants in five markets. While the overall mood is one of cautious optimism, the HR market exhibits some differences by region:

- In most markets, the situation improved or remained stable towards the end of 2013
- In France the market is stable
- Nonetheless, in all markets there are inhibitors to growth, such as recruitment and pay freezes
- Reorganisations are having both a negative and positive impact. Experience of change management and restructuring is important for most senior roles
- After a period in the doldrums, confidence has returned to Ireland and the UK. Things are also picking up in Hong Kong and Japan
- In most markets the ability to prove value as a business partner (HRBP) is at least as important as formal qualifications. Thorough preparation for interviews is therefore key to landing a good position
- In Hong Kong the market is maturing as more companies understand the role and value of a modern HR function.

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FRANCE

> ‘HR Business Partner’ has become much more than a job title.

PREFERENCE FOR INTERNAL HIRES

In the second half of 2013 we saw no discernible change in the recruitment market for HR professionals. Lack of business confidence is a major factor and in many companies, recruitment budgets are static or declining. Most of the demand is limited to replacement headcount, while cost savings and recruitment freezes are depressing the demand for new hires. The most affected sectors are also taking the opportunity to rethink the organisation and to redefine their job scope with fewer headcounts.

Company restructuring and the globalisation of HR functions are further factors influencing the current recruitment market in France. HR professionals with experience in organisational development and change management are in demand, as are HR generalists and recruitment and talent acquisition specialists, mainly at the assistant manager level.

“Many companies are trying to recruit into a variety of functions themselves but this has not yet translated into a booming market for recruitment and talent acquisition specialists, although there is some demand,” comments one of our Paris-based consultants. “Many of our customers favour internal solutions, even for senior jobs, in order meet the two objectives of reducing payroll and giving perspectives to their current teams. Internal HR is becoming more and more strategic in scope.”

OUTLOOK

Our outlook for the market in 2014 is neutral, though we expect to see more candidates coming forward after a period when many have been content to sit tight. Human Resources Business Partner (HRBP) has become much more than a job title: companies will be more inclined to appoint candidates that can demonstrate experience in supporting the business to overcome challenges and the ability to add value. The ideal academic qualification is an undergraduate degree in business or law followed by a Master’s degree in HR. Virtually all roles in HR require ERP systems skills.

At the top end, there will continue to be a focus on change management and restructuring.

HONG KONG

> Candidates should keep an open mind and consider the scope of the role.

AN IMPROVING MARKET

Things are picking up in the Hong Kong HR market. Economic recovery is the main driver, followed by organisational change, so there is strong demand for both new and replacement headcount. The main growth areas are currently strategic HR planning, organisational development and change management, together with learning and talent development, in particular at the management level.

Nonetheless, there are factors that are depressing demand for new hires: many companies still have cost saving measures in place, including recruitment and pay freezes, and there is a trend to outsourcing and offshoring. Moreover, the hiring process tends to be drawn out.

In this environment it is important for candidates to keep an open mind and consider the scope of the role. "Too often, candidates miss out on opportunities that can build their skill sets, experience and knowledge because they are too focused on other aspects such as job title and regional coverage, which do not necessarily reflect the individual's actual ability," says one of our Hong Kong-based consultants.

Languages and IT skills are valued as well as a university degree. An HR qualification (e.g. CIPD/CPP) is obviously a plus but rarely essential. The interview process is particularly important in this environment so Morgan McKinley puts great emphasis on effective preparation.

OUTLOOK

In the short to medium term we expect to see a continuation of the current positive trend.

Hong Kong is a challenging market for HR recruitment as it is an area which is still developing and in the past many businesses have not fully understood the value of the HR function. Consequently HR employees have taken on a more transactional role and this means that the market currently lacks a good supply of strategic Human Resources Business Partners. However, this is changing as more companies focus on Asia as a key market to expand their businesses and HR professionals are being hired both overseas and locally. Pay packages are generally competitive for various HR positions in Hong Kong.

Moreover, the educational and training environment is possibly somewhat immature. A CIPD or equivalent is not a "must have" qualification for HR professionals.

As HR functions evolve into more mature models, it is likely that in future businesses in Hong Kong will generally look to recruit HR specialists, particularly in areas such as talent development, organisational development and succession planning.

IRELAND

> A temporary placement can help you to acquire skills and experience.

CONFIDENCE RETURNS

In Ireland the recruitment market in HR improved significantly in the second half of 2013 as companies sought to reorganise and capitalise on the economic upswing. Many organisations are implementing changes in their IT environment, with some introducing HR applications, and this is also driving demand for new headcount. Compliance and regulatory issues and the globalisation of functions are additional factors. HR professionals specialising in recruitment and talent acquisition, performance and reward, and organisational development and change management are particularly sought after at the moment. Employee engagement may prove to be a growth area in 2014.

Overall there is a good supply of qualified local talent and candidates are coming forward. We expect them to become even more proactive in seeking new employers in 2014. A university degree and CIPD/CPP are obviously valuable qualifications but practical experience and training in specialist areas such as payroll or HR systems are also important assets for job-seekers. All companies are becoming more HR systems-savvy so experience of leading software suites such as SAP and Oracle (or more specialist proprietary software such as Core) is useful.

Remuneration packages are now keeping pace in HR roles, also at senior levels. Nonetheless, some Irish companies are still going through a period of retrenchment and the hiring process is often lengthy.

OUTLOOK

The employment market in HR is going through a period of change. The overall situation is definitely positive, and we expect this trend to continue, but candidates need to think carefully about their long-term career projections. In particular, they need to answer the question, "Do you see yourself as a generalist or a specialist?"

With the contract market particularly buoyant at the moment, candidates may also consider a temporary placement in order to build up industry experience and specialist skills. In order to secure a senior position candidates will probably need to be able to demonstrate experience in organisational development and business process re-engineering. Where companies cannot find the right individuals who meet these criteria at home, they will recruit overseas.

JAPAN

> **Candidates should seek out employers who take a progressive approach to HR.**

DEMAND FOR HRBPs

With the economic upswing, recruitment budgets now appear to be increasing in Japan. The market in Tokyo has been relatively stable through 2013, with most demand for strong client-facing Human Resources Business Partners (HRBPs) who are experienced in performance and talent management. There has also been a high level of demand for in-house recruiters, which has been driven by both good business performance as well as pressure from global HR to lower recruitment costs by moving towards a direct sourcing model. Demand is greatest at the assistant manager and manager level.

However, some multinational companies still have recruitment freezes in place, even if local business performance in Japan is strong. Consequently in 2013 many candidates were content to sit tight and wait for an improvement in the economic situation.

OUTLOOK

With the economic upturn it looks like 2014 will be a good year for candidates who offer the right skill sets. Japan faces a shortage of local talent in HR disciplines. It is only recently that higher education establishments have started to offer undergraduate degrees in HR and there are no real sources of vocational training. Moreover, since fluency in the Japanese language is a requirement, companies generally do not look overseas. Proficiency in business English is typically also a requirement. Bilingual HR generalists will thus be very much in demand as will specialists in strategic HR planning and organisational development and change management. Experience with a foreign company is a further asset.

As the market improves, candidates are advised to think carefully about their next move and not focus too much on remuneration packages. One of our consultants in Tokyo commented, "My advice is to join firms that take a progressive approach to HR and its value, as these are the companies where you are likely to develop and succeed."

UNITED KINGDOM

> **The days when HR was regarded as a support function are largely behind us.**

PROJECT & CHANGE EXPERIENCE IN DEMAND

We have seen little discernible change in the UK market. There is generally adequate local supply of talent, with small shortages for certain niche functions (such as senior reward specialists). Many of the larger companies are globalising their HR function or otherwise reorganising and consolidating. Most of the demand is for new headcount, with compliance and regulatory issues a factor in this growth.

Talent development and employee engagement, organisational development and change management are the main HR functions currently in demand. As the economy picks up, we anticipate more demand for recruitment and talent acquisition experts too. Most of the demand is at mid-manager level. At senior level, companies are increasingly looking to attract new talent from outside of the organisation, including from abroad.

There is significantly more senior project and change work in the HR function than used to be the case, and these skills are more commonly becoming a prerequisite for all roles. Another key trend that we have observed over the past year is the growth of staffing partners (Recruitment Process Outsourcers) serving the SME market.

Lengthy hiring processes are commonplace, and some functional areas have not expanded at the pace we might have expected as the UK emerges from the economic downturn. "We were rather surprised that we did not see more of an increase in demand for compensation and benefits professionals in the second half of 2013," says one of our London-based consultants.

The contract market overall within the UK HR space was holding up better in Q3 and Q4 2013 than its permanent counterpart.

OUTLOOK

Our overall outlook for 2014 is optimistic. We expect that candidates will be more proactive in seeking new employment and more roles will go live. To succeed, candidates must above all be able to demonstrate the commercial value of their HR knowledge and experience. Effective interview preparation is therefore key.

HR professionals who are not yet ready to move but would like to expand their horizons should seek in-house support for continuous professional development via the CIPD and be proactive in getting involved in projects. Knowledge of HR software such as Workday, HCM, Oracle, PeopleSoft and SharePoint is a plus for many organisations.

At the top end of corporate hierarchies we expect to see a continuation of the positive trend towards "buy-in" to the commercial value of HR. "The days when HR was regarded merely as a support function are largely behind us," says the same London consultant. As a result, we can expect to see further globalisation and centralisation of the function in larger organisations. Remuneration is generally keeping pace.

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