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# The Next Talent Frontier

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Seven Waves of Change

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# Introduction

As businesses across the globe evaluate and continue to assess their Human Resources requirements, they are being confronted by a daunting array of challenges.

On one hand, in the aftermath of historical highs in unemployment, there is supposed to be an abundance of talent—yet attracting the best people is more difficult than ever. Additionally, those current employees who are dissatisfied in their roles (remember the pay freezes and benefits reductions of 2008 and 2009?) will be looking to jump ship at the first available opportunity.

A proliferation of new social networking and database technologies is transforming the way people look for work. As importantly, technology has changed the way companies and recruiters must now engage in seeking out and recruiting passive candidates. And a new generation of independent, transient and globalized workers in the burgeoning knowledge economy is creating new rules around hiring and engagement.

Then, as McKinsey warned us at the Turn of the Century, there's been an ugly demographic shift—and the traditional supply/demand equation has been irreversibly turned upside down.

And after all this, there is unprecedented pressure on HR to lift its game, and become more aligned to the key strategic drivers of business performance. Measurement of HR performance is shifting and becoming more demanding, requiring practitioners to demonstrate their contribution to high-level corporate goals, not just operational output.

These forces are converging, at an alarming velocity, at a stage when many corporate executives who look at HR think its job should be relatively straightforward: "With so much talent in the market, why is it so hard to attract, develop, and retain the right people?"

These are the key imperatives facing the HR profession worldwide. This is not simply a short-term cycle, but part of a longer-term trend that is shaping the fundamental way that people think about work and interact with employers, families and communities.

This paper examines the seven meta-trends that are shaping the new workforce, and provides insights into how the role of HR is being severely stressed to meet the needs of business and commerce in the 21<sup>st</sup> century.

We certainly don't have all the answers yet—but knowing the right questions is the first step.

# 01

## Globalization is unstoppable

Globalization has been advancing at a hectic pace in recent decades, fueled by greater international mobility, prosperity in the developed world and a communications revolution that has transformed the exchange of information and ideas.



# 01 Globalization is unstoppable



The march of globalization has spread across a range of markets as diverse as motor vehicles, natural resources, energy and food. Labor is the latest 'market' to be engulfed by the tide of globalization, as human talent becomes truly fluid and exchangeable, an asset which flows across international borders.

The concept of globalization often attracts bad press. The image of hooded protesters hurling objects through the plate glass of McDonald's or Starbucks at a G20 summit is the ugly face of the trend. Globalization, as a phenomenon, has been advancing at a hectic pace in recent decades, fueled by greater international mobility, prosperity in the developed world and a communications revolution that has transformed the exchange of information and ideas.

Across virtually every sector of the economy, we are now intertwined with the global community through trade in goods and services, a complex web of banking and financial flows, and a growing exchange of intellectual and scientific information. There is no question that the world today is more like the global village that was first envisaged in the 1970s.



This has profoundly transformed the way that goods and services are transacted between parties in different locations. In the 1700s, the 'producer' made horseshoes, and the 'consumer' lived no further than a horse could walk. In 2010, the producer is a knowledge worker and so is the consumer.

In labor markets, distance is no longer the obstacle it used to be, even in the pre-digital era. In many industries, a trained professional in, for example, Guangzhou, can easily supplant a similar professional in New York or Dubai. In certain industries where skills are highly transferrable, there is little to stop workers from being recruited for assignments in any location around the world.

In our knowledge economy, the tight geographical binds between producer and consumer are gone—permanently.

It is worth remembering that while the language of globalization is relatively new, the concept itself has been around for centuries. The search for better food, shelter, pastures and territory has occupied the minds of our ancestors from the Sumerians, to Marco Polo, to the Inuit.

WE ARE NOW IN A POSITION WHERE BUSINESS INPUT, INCLUDING LABOR, CAN BE SOURCED GLOBALLY, AND WHERE THE CUSTOMER CAN BE THOUSANDS OF MILES AWAY FROM THE PLACE OF PRODUCTION.

# 01 Globalization is unstoppable



Remember, Marco Polo wasn't scouting out beaches in Sanya when he ventured out—he was looking for improved supply-chain logistics.

In 1817, the economist David Ricardo was among the first to articulate the theoretical validity of globalization, in his treatise on the laws of comparative advantage, which established the benefits of specialization and trade. The overwhelming force of that argument has stood the test of time and continues to shape the way that individuals, firms and national economies interact with each other. But globalization to him meant standing at the docks, awaiting the arrival of a ship—that's changed a bit.

At the enterprise level, globalization imposes a relentless, sometimes cruel, economic discipline that emphasizes efficiency, productivity and delivery of value to the customer. There are relatively few entities that are able to shield themselves from these demands. Even those that do, through tariff walls or other protectionist measures, find it is often a temporary respite.

Again, we must remember this is a process that has been in progress for centuries. It has proven mostly futile to try to deny or obstruct it—our organizations are required to play on a global field. For the HR practitioner, it means a new definition, a new way of looking at the marketplace. We are now in a position where business input, including labor, can be sourced globally, and where the customer can be thousands of miles away from the place of production.

Globalization also means collaboration among teams and across borders. We have clear academic research that demonstrates how well-managed heterogeneous teams nicely outperform homogenous teams. This impacts the way that managers assemble teams of people and leverage a variety of cultures, behaviors and skill sets to deliver optimum productivity and creativity.

It raises the question, then: how is the HR function being adapted to think and operate globally? If it's not global today, it will be in the near future, whether it wants to be or not. Let there be no mistake, its customers and partners certainly will be.

This is a challenge that frequently tests many medium, and even large organizations with a well-resourced HR function, yet increasingly it is becoming a routine element of the job. In the painfully near future, it will require practitioners who are able to exploit and leverage networks and resources across borders, across multiple locations and who can apply the best of their knowledge to the benefit of a local enterprise. What is clear is that globalization is not something we can simply resist—it is unstoppable. It is bulletproof.

There's a Chinese proverb which, loosely translated, means "That which you cannot avoid, welcome." Prescient.

# 02

## HR 1.0 is dead. 2.0 is on the critical list. What does 3.0 look like?

One of the most important chapters in the evolution of HR concerns the way it is being driven to move closer to the center of organizational strategy.



## 02 HR 1.0 is dead. 2.0 is on the critical list. What does 3.0 look like?

One of the most important chapters in the evolution of HR concerns the way it is being driven to move closer to the center of organizational strategy. This, of course, is a double-edged sword—it's great news for those ready ... it's bad news for those who are not.

We have seen HR undergo an evolution from the model that prevailed in the post-WWII era—what I call HR 1.0—through to HR 2.0, which has dominated until recent times.

HR 1.0 was a model forged in the late 1940s that had its genesis in the massive influx of former military personnel from the Second World War. These were very talented and experienced people. There were those who had their roots and expertise in supply chains and logistics—they became our first procurement managers. There were others for whom supply-chain logistics meant the deployment and utilization of people—they formed the core of our first personnel departments.

These people, these HR ancestors, were focused on transactional excellence in areas such as employment law compliance, payroll processing and recordkeeping. While critical at the time as business transformed during the 1960s and 1970's and organizational strategy evolved, this was no longer sufficient.

HR 2.0, as I call it, emerged sometime in the late 1970s and carried on for almost three decades. HR professionals were required to move beyond transactional tasks into areas such as Employee Relations, Performance Appraisals, Training and Recruiting. It represented a move upwards along the value chain, an encouraging sign that HR would move closer to the corporate 'center.'

These were halcyon days for some of the most competent people in the HR field, seeing the emergence of HR leaders like Randy MacDonald at GTE and now IBM, Bill Conaty at GE, Dick Hallock at Oxy, and Libby Sartain at Southwest and Yahoo!. These leaders paved the way for untold numbers of HR people to shape how their own organizations delivered HR.

But, in far too many organizations, the people involved weren't the right fit for the new era of heightened corporate focus and accountability. There was an emerging interest in the use of Information Technology and how it could liberate HR from the routine processes, freeing up professionals to concentrate on higher-value tasks.

In short, the target has moved. And it continues to move.

Now we are getting a glimpse of HR 3.0 and the next wave of activity that promises to give HR a 'seat at the table'... if we've earned it. Frankly, it hasn't followed the trajectory that some had anticipated.

The fear that IT would swallow a critical mass of HR tasks has not proven correct. In the era of the knowledge economy, the application of human judgment and reason still prevails over the finest technology. It remains clear, however, there is a big part that HR plays at the forefront of integrating its systems with IT.



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But now, HR must possess and demonstrate a new level of thinking about business. The global economic downturn has intensified the pressure on all functional departments, including HR, to deliver returns that are both measurable and relevant to strategic objectives and outcomes.

For too long (and frequently by our own doing), HR has largely occupied a position on the periphery of strategic decision-making in the enterprise, primarily as just another functional department. For the most part, HR has not been fully enmeshed in a central strategic role of corporate life.

I'm not sure which is worse: we weren't engaged, or that no one noticed we weren't engaged.

As HR moves through this process of transformation, practitioners are thinking more like corporate executives, moving out of the HR silo and putting themselves in the minds of those who are guiding the organization—indeed, frequently taking a seat at the executive table.

This transformation will be harder for some. Essentially, it requires taking a 30,000-foot view of the strategic issues impacting the business, considering how different parts of the business link together and what part people play from top to bottom. It will entail putting aside the narrow metrics of HR activities and focusing instead on broader business outcomes. It will mean thinking about how the 'people element' adds value at every stage of the organization, as well as the factors that both enhance and dilute that value.

There's another way of thinking about it: who are you talking to and what are you talking about? When HR people are talking to other HR people about HR issues, then it may well be *transactional*. When HR people are talking to business people about HR issues, then it's *transitional*. But, when HR people are talking to business people about business issues, then it becomes *transformational*.

This is the new value chain for HR.

In other words, in the HR 3.0 environment, HR people need to be immersed in and highly able to articulate the critical strategic issues central to the organization and they need to be able to keep pace with the dynamic changes that are occurring.

This strategic shift comes at a price: HR practitioners will need to develop a broader business understanding in areas such as corporate finance, marketing and strategic management. They may need to spend time in areas outside of HR to better appreciate how functional divisions interact as part of the big picture. They must understand HR issues for global business.

We must not forget, though, that as HR migrates up this new value chain, it is imperative that transactional excellence continues—without that, there will be no credibility further up the chain. If you can't deliver the essentials, no one wants to hear you talk about leadership development, strategic initiatives and the like.

To be clear, HR must know business as well as it knows HR.

# 03

## Mopping up after the war for talent

Despite the availability of people, hiring managers in many large organizations are seeing the re-emergence of talent shortages even in the early phase of economic recovery.



### 03 Mopping up after the war for talent



Recent events have seen national economies shudder to a halt and with that, a sudden shift in the critical labor shortages that had plagued developed economies for more than a decade. With millions of workers having lost their jobs in recent years, the basic rule of numbers would suggest that labor supply should be plentiful. And while it is true that unemployment levels in many countries remain at historical highs, the issue facing HR organizations is an increasingly critical talent shortage—those individuals who bring education and occupational skills to an organization that can make an immediate and lasting impact.

It's not a people shortage, it's a talent shortage.

Despite the availability of people, hiring managers in many large organizations are seeing the re-emergence of talent shortages even in the early phase of economic recovery. As economic growth gathers pace, shortages in certain industries are appearing almost as acute as before the economic collapse. In some areas of healthcare, science and IT the talent shortage never actually disappeared and those remain highly challenging environments for recruiting.

I was speaking with a colleague not long ago who works for a global pharmaceutical company and the discussion turned to the economy. "Recession?" he asked, "You guys had a recession? Why didn't someone tell us?"

So, what's happening? Essentially, we are entering a phase in the demographic cycle that will be characterized by chronic talent shortages in a number of sectors over the long haul. It is part of a longer-term trend dictated by population cycles.

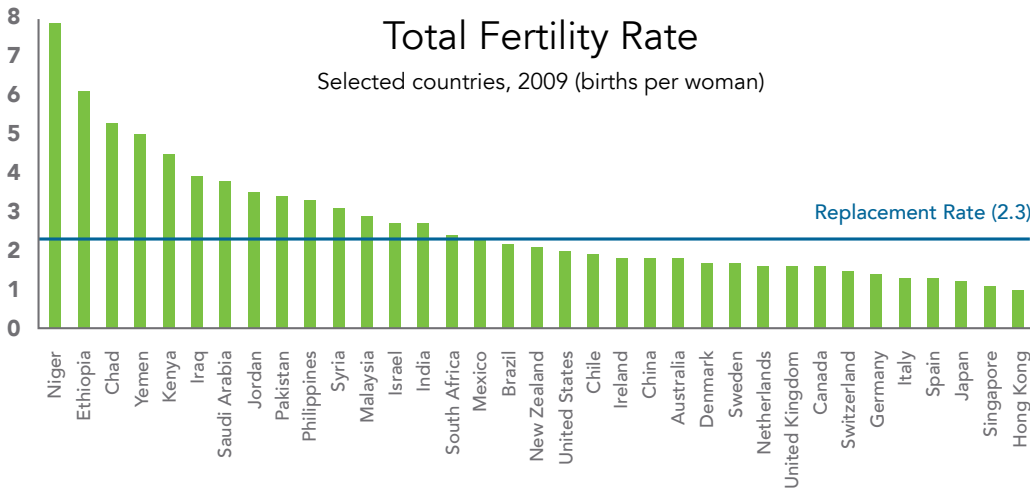
Population growth in many major, developed economies is below replacement rates, meaning there will be increasingly fewer people of traditional working age, relative to the older population. The total fertility rate (TFR) is a measure, used by demographers, of the number of births per woman in the population and serves as a proxy for population growth or stability. A rate of 2.3 children per woman is generally considered the replacement rate in developing countries, while 2.1 is the rate in developed economies. Above this rate a population is increasing and below, it is generally falling.

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# 03 Mopping up after the war for talent



Fertility rates are in sharp decline in the vast majority of industrialized countries, while they are growing significantly in many underdeveloped countries. Unfortunately, many of the countries with fast-growing populations do not have the educational infrastructure to develop a level of skilled labor that can be readily substituted for the shortfall in industrialized countries. This results in a paradox: we may see high unemployment while at the same time recognizing a global shortage of talent. This paradox may be more or less pronounced based on sector, but it is an inevitable emerging trend.



Source: CIA World Factbook 2009

### 03 Mopping up after the war for talent



The trend is marked and becoming more acute. There is a limited global pool of skilled labor which is becoming more scarce each year. Again, this is not a shortage of people but a shortage of *qualified* people, at a time when workplaces are demanding higher levels of skill and knowledge. Even at times of relatively high unemployment, employers face difficulty in obtaining the best talent. So while conditions may have eased the headline skills shortage, they have really only provided a reprieve from the long-run trend of tighter labor supply.

We are entering a phase where a long-term demographic-inspired shortage of labor is converging with a fresh bout of upward demand for labor. It adds up to a chronic talent shortfall that will prevail for the foreseeable future.



Frankly, even if we in HR became like Japan (which has started encouraging employees to reproduce), we're 20+ years until they're out of university, 30+ years before they are truly meaningful contributors and 40+ years before they begin to filter into senior roles.

We have a problemita here...

That said, this is the new operating reality for the human resources profession. HR people will need to keep recruiting irrespective of short-term cycles. The best educated and skilled technical and professional employees will be in greater demand, harder to find and command a premium to switch or re-locate jobs.

Just as entire countries modify their national immigration policies to counter this trend, companies seeking highly skilled talent will need to consider strategies that will enable them to circumvent this demand-supply impasse. Of all the forces that are converging on HR managers, few will be as daunting as this demographic shift, simply because it is virtually locked in for at least the next 40 to 50 years.

# 04

## Talent is where it is

There are an increasing array of jobs, and elements of jobs, that can be tasked to individuals in any part of the globe.



## 04 Talent is where it is



The way that we view the world of work is evolving. Actually, it's becoming more simple: if the work is located away from the talent, do we move the work or do we move the talent?

It all depends, of course, on the nature of the work. If mining engineers are needed in the Pilbara region of Australia, we certainly can't move the work. But, we can move engineers from Canada or Russia to Pilbara.

On the other hand, if we need software engineers, they can be located in Atlanta, Adelaide or Amsterdam.

This is truly revolutionizing the way that we locate and deploy talent. There are still clearly many jobs that require a specific locality. But there are an increasing array of jobs, and elements of jobs, that can be tasked to individuals in any part of the globe.

E-health, as an example, means that diagnostic tools can be accessed by patients and health professionals remotely; scientific research is becoming highly internationalized. In construction and manufacturing, standardized CAD techniques mean the design elements can be outsourced to wherever they can be performed competitively. In the growing knowledge economy, there is virtually no limit to the breadth and scale of functions that are open to globalization.

This 'workforce virtualization' is something quite new, wholly enabled by accelerating technology—but only delivering results to those select firms that understand this sea change.

It opens up a new set of challenges around the recruiting and retention wars that are unfolding in this era.

Companies realize the potential of tapping into a vast global labor pool, especially at times of talent shortage. They are heading in this direction and will need their HR partners to show them the way. HR will be expected to become proficient with a range of technologies and platforms that support an ever-broadening set of functions. They will also need knowledge of labor markets, cultural differences and similarities, key recruiting methods and labor laws in a variety of different jurisdictions, requiring a level of expertise that many HR departments have never before been called on to provide.

All this presents a unique challenge for the HR profession. In a relatively short space of time, it has moved from a comfortable position in which the boundaries of its work were defined by distance, to one where the talent pool is literally global and may be sourced from anywhere.

IN A RELATIVELY SHORT SPACE OF TIME, HR HAS MOVED FROM A COMFORTABLE POSITION IN WHICH THE BOUNDARIES OF ITS WORK WERE DEFINED BY DISTANCE, TO ONE WHERE THE TALENT POOL IS LITERALLY GLOBAL AND MAY BE SOURCED FROM ANYWHERE.

# 05

## The rise of the Millennials (and watch out for Gen B)

While Gen X and Baby Boomers have the greatest direct experience in the global business environment, Gen Y is becoming the driving force for change.



## 05 The rise of the Millennials (and watch out for Gen B)



The influx of Gen Y, or the Millennials, into the workforce is changing many of the ground rules that prevailed for Gen X and Baby Boomers. Gen Y has entered the workforce with different attitudes, expectations and ambitions. There are identifiable traits and attitudes that range across issues of job selection, tenure, work-life balance, remuneration, promotion and not least, the use of technology.

Referring to that group born roughly between the mid-70s and the year 2000s, Gen Y is the first truly globalized generation of workers. They have grown up with technologies that have shrunk the workplace and the world, expanded their horizons and made them feel comfortable operating in a borderless environment. For them, the digital workplace means dealing with colleagues from different cultures in different time zones.

Frankly, the old 9 to 5 no longer has meaning.

While Gen X and Baby Boomers have the greatest direct experience in the global business environment, Gen Y is increasingly becoming the driving force for change. They see global experience as a positive differentiator in job selection and promotion.

For Gen Y, the lines between work and personal life are blurred, perhaps permanently. They are the first generation that's been raised in a 24/7 environment. The communications revolution has made that possible and Gen Y doesn't view it as a burden.

Issues around work-life balance become important because in an environment where work and social life are ill-defined, there needs to be some level of compromise. The workplace itself is evolving to meet some of these requirements. For the Millennial, the workplace is not solely about work—it is a place for social interaction and shared learning. Workplace culture, relationship building and ongoing learning are critical to these individuals.

Similarly, they don't view their home, or off-hours as solely about not working. They blend it—and they blend it well.

Gen Y is also bringing new approaches to the issue of ethics, the environment and social responsibility in the workplace. They are more likely to want to work for firms that have a good reputation for ethical and environmental performance and they are ready to tell others when their employer is doing well or doing poorly. They are acutely sensitive to the changing fortunes of brands and the way in which social, ethical and cultural influences can enhance or destroy corporate reputation.

THE BENEFITS OF DIVERSITY IN THE WORKPLACE ARE WELL-DOCUMENTED AND GEN Y BRINGS A RICH OPPORTUNITY TO CHALLENGE ESTABLISHED NOTIONS, REFRESH PRACTICES AND TAP INTO NEW THINKING, TECHNOLOGIES AND ATTITUDES.

## 05 The rise of the Millennials (and watch out for Gen B)



The issues of career paths, workplace responsibility and promotion frequently arise in regard to Gen Y. Some say they are overly ambitious, even impatient. What is apparent is a significant focus on making the most of opportunities and advancing one's career. This can impact decisions around job stability and tenure.

We're very clearly seeing and hearing a shift in their approach to their career. Their Silent Generation and Baby Boomer predecessors had a laser-like focus on the career ladder.

The Millennials are far less interested in a career ladder ... but they are intently focused on a career lattice.

Lateral movement, new opportunities, continual development and intellectual challenge are of greater interest and value to them than a simple "climb to the top."

It's sometimes remarked that employers need to adapt to Gen Y, because Gen Y won't adapt to them.

The task of recruiting and managing these latest (and future) entrants can seem bewildering, especially for those whose approaches are based on old notions of command and control. The benefits of diversity in the workplace are well-documented and Gen Y brings a rich opportunity to challenge established notions, refresh practices and tap into new thinking, technologies, and attitudes.

Then there is the next generation—Gen B—a collection that some say will make Gen Y look responsible and patient! While Gen Y grew up with computers, Gen B grew up with the internet. They had Nintendo DS in their cribs, had Apple Mac labs in kindergarten, played games on their parents' iPhones and think nothing of videoSkyping their friends around the world (and in a global economy, with globally mobile Boomer and Gen Y parents, they do have friends around the world). This is a group totally at ease with social networks and communications habits founded in the real, and virtual, world.

Understanding the varying needs of the different generations—everything from communication styles, workplace styles and expectations, management techniques and organizational structures—becomes critical if everyone's needs are to be met. When they are, there is more likely to be a high-performing workplace.

HR managers and employers worldwide—some with more success than others—are adapting to these behaviors and striving to get the best out of this generational diversity that characterizes the modern workplace. Critical to recruiting this generation is an understanding of their social and cultural drivers, something which is critically testing many HR organizations today.

# 06

## The knowledge worker—the new rock star

Knowledge workers are the source of much of the innovation and the competitive advantage that drives organizational performance today, the repositories of specific expertise and frequently the agents for change.



## 06 The knowledge worker— the new rock star



Knowledge workers are the new 'rock stars' in the escalating search for talent. They have penetrated all industries and extend across all nations. The march of economic progress has been accompanied by the gradual disappearance, through technology or through off-shoring, of low-value manufacturing work, to be replaced by individuals who are valued for their ability to interpret information and generate high-value output.

They extend across sectors including IT, healthcare, education, business consulting, engineering, science and agriculture. They are the source of much of the innovation and the competitive advantage that drives organizational performance. They are the repositories of specific expertise and frequently the agents for change.

The advent of the knowledge worker has altered the way that we look for and deploy talent, and even the way we manage people. In knowledge-driven enterprises, managers are no longer the source of all wisdom; they are not required to know everything, rather they are required to know *how* to access information and evaluate it. In these organizations, managers have a collaborative and enabling role. They must know how to get the best from their workforce, operating with teams to unlock creativity and innovation.

In developed economies, knowledge workers outnumber those in all other sectors. As economic output and social development advances, the proportion of knowledge workers also rises. These workers are highly sought after, yet in short supply in most economies. Because their talent is universal, they are able to shift between firms, regions and countries with little effort.

Even the nature of knowledge work is itself evolving. Many jobs that were once considered largely manual will have a knowledge component.

As we discussed earlier, the nature of work itself has changed. Jobs for which a high school diploma were previously sufficient, now likely require a college degree. Perhaps nowhere else is the contrast so striking as in the automotive sector ... 40 years ago, blue collar work meant handling and assembling cars on an assembly line. Today's automotive assembly worker spends as much (if not more!) time in front of keyboards and monitors as they do touching cars.

It's not so much a matter of *which* jobs are knowledge jobs, but *when* they are knowledge jobs.

The task of locating, nurturing and harnessing the expertise of those who operate in the knowledge environment has become the holy grail for many HR practitioners. The process of even engaging with a group of people who may not be actively looking for work poses a new set of challenges. Employers must adopt approaches that are aligned to the type of social networks and gathering points where these workers congregate.

A KEY ELEMENT OF THE EMERGING HR PARADIGM, WITH ITS CONVERGENCE INTO SOCIAL MEDIA, ENTAILS A MORE FOCUSED, STRATEGIC AND NON-TRADITIONAL APPROACH TO REACHING KEY AUDIENCES.

## 06 The knowledge worker— the new rock star



A vast array of platforms and technologies are transforming the recruitment landscape. People are on the move and the use of electronic and social networking tools are enabling recruiters and candidates with innovative ways of reaching their targets—people’s lifestyles have changed and recruiters need to continually evolve to stay relevant.

The ready availability of these applications has led to a leveling of the playing field, as organizations with media power and large advertising budgets are competing with no-cost or low-cost blogs or webcams to post information. In this environment, it is not so much about the technology, but the appeal of sophisticated and savvy strategies that penetrate the electronic noise, able to reach potential candidates, both active and passive. Technology provides speed to market, however, recruiting and sourcing skills are still ultimately the driving factor in success. Having the right tools in your toolbox simply helps you get there faster.

This raises the issue of what the contemporary HR practitioner needs to do to adapt to this new digital environment. What follows are just some of the techniques that are currently, and increasingly, likely to be deployed in the recruitment space and must be mastered in order to tap into the increasingly sophisticated labor pool:

- Use of niche web sites along with general job boards. Many of the general boards, which have become flooded with résumés and frequently do not focus on any one industry or passive candidates, are still helpful, but niche sites also provide better targeting of candidates with industry expertise.
- Making social media a part of the recruiter’s toolbox. Sites such as Facebook, XING and LinkedIn, among others, are becoming a focal point and must be updated with information and communications on an increasingly frequent basis to remain a part of the evolving conversational landscape.
- Use of company- or recruiter-specific LinkedIn profiles, which are regularly updated with information on the company, including upcoming job expos and industry events.
- Authoring or sponsoring industry-specific white papers, posted to company or industry web sites, linked to advertising, blogs and social media.

## 06 The knowledge worker— the new rock star



- Developing and presenting webcasts that showcase company attributes, industry trends, products, issues, or best practices.
- Blogging in places that potential candidates and industry experts are likely to visit and use of micro-blogging platforms like Twitter to reach more tightly defined target groups.
- Automating sourcing efforts with web tools and products that allow recruiters more time to communicate directly with candidates and their hiring managers.
- Use of internal applicant tracking systems (ATS). Many companies have access to an ideal database, yet often neglect this as a sourcing tool. Previously considered candidates who were not chosen for one position may be qualified for a current opening.
- Building a passive candidate database through online searches and use of sites like [resumeblaster.com](http://resumeblaster.com) or [resumezapper.com](http://resumezapper.com), to name a few.
- Lastly, the age-old practice of ‘smiling and dialing’ or cold calling and maintaining personal rapport with experts in the industry who may be added to your database or provide referrals.

A key element of the emerging HR paradigm, with its convergence into social media, entails a more focused, strategic and non-traditional approach to reaching key audiences—which may be a difficult task, given the increasing demands on the HR professional to focus on strategic versus tactical imperatives. Often, HR generalists and even recruiting specialists simply don’t have the time to stay abreast of all the tools, master the technologies and use them effectively. When effort is put into learning the systems and tools, beware that this knowledge leaves when your in-house expert leaves your company.

By using industry expertise and thought leadership as a tool, capable recruiters can cut through the clutter that permeates much of the traditional media and engage in interactions that will uncover exceptional talent.

# 07

## We are all temps now

Those who describe themselves as self-employed are a rising share of the workforce in many industrialized economies. They have redefined the orthodoxy of lifelong *employment* to one of lifelong *employability*.



# 07 We are all temps now



One of the most important workforce trends of the past two decades has been the rise of a new breed of independent free agents—consultants, freelancers, contractors and ‘micropreneurs.’ Many of these are professionals who have been dislodged from salaried careers as a consequence of business restructuring and economic upheaval.

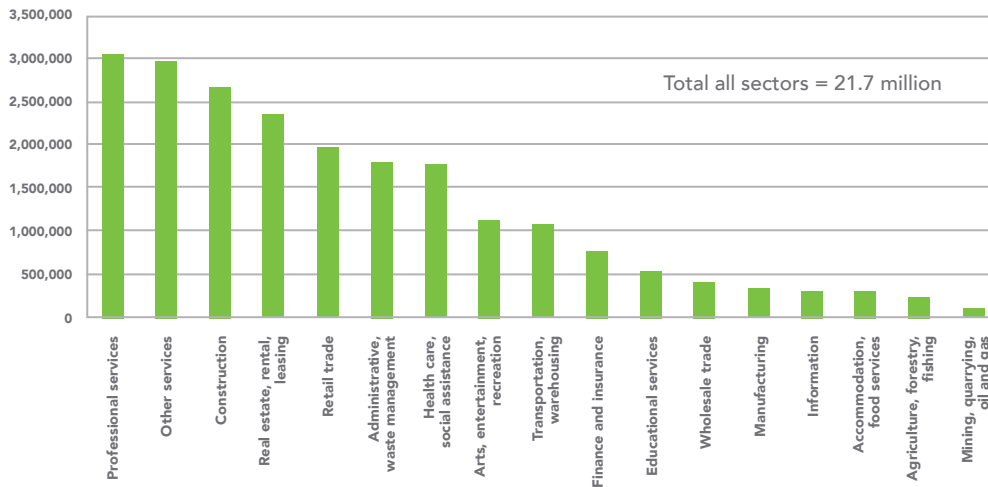
They may have been laid off from well-paid full-time jobs in the 1990s recession or the most recent global downturn. Instead of waiting for new opportunities to come to them, they have started up their own businesses, providing services to clients on a project-by-project basis.

In the United States alone, there are an estimated 10 million self-employed individuals and almost 22 million non-employer firms, or businesses with no payroll. They are operating across a vast range of industries, with the greatest numbers in the services sector.

IF KEY PEOPLE CAN JUMP FROM ONE ASSIGNMENT TO THE NEXT, HOW DO ORGANIZATIONS RETAIN THE CRITICAL TALENT THAT PROVIDES THEIR COMPETITIVE ADVANTAGE?

## Non-employer Businesses (United States)

Number of businesses without paid employees, 2007



Source: U.S. Census Bureau

In the U.S., they outnumber total Union membership—something we never thought possible, providing further evidence of these shifts.

Those who describe themselves as self-employed are a rising share of the workforce in many industrialized economies. As Thomas Friedman put it, they have redefined the orthodoxy of lifetime *employment* to one of lifetime *employability*. How then, can an HR organization find, let alone recruit, such talent?

## 07 We are all temps now



As more people go solo, they need to become more flexible, entrepreneurial and responsive to the needs of the market. They take on personal responsibility for updating their skills and staying relevant. They do not operate under the security of permanent employment and thus need to think afresh about the skills and competencies that will sustain them for the long haul.

There are relatively few people in today's labor market who can honestly say that they have job security or, in some cases, employer loyalty—certainly not in the same sense as applied in a previous era. Now, the emphasis is on obtaining the skills that will allow for lifelong learning and development as a pathway to long-term employability.

The rise of this contingent workforce is also shaping new patterns of business behavior around HR practice. The recruitment of staff needs to account for the shifting needs of business and the availability of a pool of workers with specific expertise suited to particular projects. Assignments can be for a period of weeks or months. The needs of this market are different from those of a permanent workforce and HR professionals need new skill sets to understand and manage a contingent workforce that may be spread across different states, countries and time zones.

It's been described as the age of the 'disposable worker' or the 'permanent temporary' workforce. As organizations look to cut back on fixed costs, they have put the razor through a wide range of employment benefits and now have turned it on the jobs themselves.

For employers, this ushers a new era of flexibility, with all the benefits that brings. But it also heralds a much more complex way of managing organizational talent. If key people can jump from one assignment to the next, how do organizations retain the critical talent that provides their competitive advantage? How do they protect the knowledge and intellectual property that can slip out the door? How do they go about accessing the talent they need across the globe, while juggling myriad legal, financial and regulatory issues across jurisdictions?

We've always said we wanted just-in-time employees. Now we have them ... and they have us.

For employees, it entails a new approach to upgrading, deploying and marketing their skills. They need to be alert to changes in the market that can open up new business opportunities, or ones which can make them redundant. This can impact the types of assignments they select. Those that enhance their skills or their reputation can be a win-win for both parties.

The task of grappling with a shifting contingent labor force, while safeguarding critical knowledge and maintaining morale in the permanent workforce, will be one of the key challenges of the coming decade.

# Conclusion

The landscape for the HR profession is rapidly evolving and raising questions about the way the industry adapts to meet a series of landmark events.

There is nothing new in the need to change—professionals across scores of industries have had to rethink the way they work in order to meet business trends and new technologies.

Yet new ways of thinking about recruiting, sourcing and managing labor seem to have ushered in a sequence of reforms that have fundamentally re-ordered the way that HR has functioned for decades.

This means that incremental change will likely not suffice to meet the challenges ahead. HR professionals will be required to simultaneously confront demands across areas encompassing technology, demographics, geography and generational behavior.

Only as a result of these actions will HR leaders be able to take their profession up the value chain and deliver a talent management strategy that aligns with the workforce solutions modern business needs—now more than ever.

# About the author

## **Lance Jensen Richards, GPHR, SPHR**

Lance Jensen Richards is senior director and global practice leader of the Human Resources Consulting (HRC) practice of Kelly Outsourcing and Consulting Group (KellyOCG). He is currently based in Singapore.

In his current post since 2007, Richards has overall accountability for KellyOCG's HRC practice on a global basis, in addition to providing thought leadership, business planning and strategic direction. The HRC activity delivers a wide range of HR solutions to Kelly clients worldwide. Its service lines include strategic workforce planning, global mobility, training and education, and human resources consulting. Prior to his current position, Richards was senior director of international human resources for Kelly Services, a role that included managing operations globally.

Before joining the Kelly organization in 2003, Richards was managing director and co-founder of Suddenly Global LLC, a Washington, D.C.-based international human resources consultancy. Prior to that, he was director of global human resources for Teleglobe, the global networking, Internet and data services arm of Bell Canada Enterprises.

Earlier in his career, Richards held executive posts at Verizon International, including director of international staffing and country director of human resources for Verizon China. He was also manager of human resources – Asia/Pacific for the North American subsidiaries of British Telecom. Educated at the University of Georgia in Athens, GA, Richards holds a bachelor's degree in communications theory.

An internationally sought-after speaker on globalization and workforce strategy, Richards has presented at human resources conferences, seminars and universities around the world. He currently is a visiting professor of human resource management at the Sasin Graduate Business School of Chulalongkorn University in Bangkok.

Richards sits on the talent strategy board for the Human Capital Institute and serves as an instructor for the Society for Human Resource Management (SHRM) global human resources certification preparation course, which is taught internationally. Additionally, he has served on the board of directors for SHRM's global forum and its global expertise panel.

He has been a scheduled editorial columnist in *Personnel Today* magazine and his commentary on global human resources issues has been featured in *European Business Review*.

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KellyOCG is a global leader in innovative talent management solutions in the areas of Recruitment Process Outsourcing (RPO), Business Process Outsourcing (BPO), Human Resources Consulting, Career Transition and Organizational Effectiveness Consulting, Executive Search, and Contingent Workforce Outsourcing (CWO), which includes Independent Contractor Solutions. Further information about KellyOCG may be found at [kellyocg.com](http://kellyocg.com).

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