



PEOPLE & ORGANIZATIONS

Protectionism, Populism And People Strategy

OVERVIEW

The election of President Trump, the U.K.'s decision to leave the EU and the European Single Market, and the rise of populist politicians in France, the Netherlands, and beyond – have all generated considerable global uncertainty. The post-war global economic order and long-established international geopolitical norms on trade, immigration, tax, and regulation are being called into question.

Managing a company through times of uncertainty requires a different approach, as external factors and sentiment can impact the workplace. To quickly address challenges and also capitalize on market shifts, organizations – and their leaders – must be agile. Leaders must prioritize how they think about their one of their most critical assets – their people. From preserving strong company cultures to re-evaluating how they are accessing the strongest talent pools, new ways of thinking about talent acquisition and investing in training programs is needed. As a recent study conducted by the Harvard Business Review suggests that more than 70 percent of transformation efforts fail, it is critical that leaders ensure they are as transparent as possible about changes to the organization, and may need to be more proactive than in the past in articulating, preserving and protecting their company's culture.

IN DEPTH

In times of rising geopolitical uncertainty, the strongest organizations are characterized by their agility. They respond quickly to changing situations and remain focused on their ultimate goal, without short-term distractions impacting their long-term vision. "Companies that are built to last have organizational cultures that transcend external forces," says Paul Rubenstein, Partner & Leader for Talent Strategy, Leadership & Assessment Services at Aon Hewitt.

For C-level executives and managers, these conditions put a new spin on familiar challenges. Leading a company, managing talent, and maintaining a company culture become harder when the world beyond the walls of the company is in flux.

Ensuring Continued Access To Talent

The current environment in Europe and the U.S. also presents a challenge to recruitment. Rising nationalism and protectionism are already making it more difficult for companies to access talent across national borders, while immigration restrictions could further reduce an organizations' ability to recruit from as wide a talent pool as they have become used to.

This will likely increase the cost of hiring talent at a time when skills shortages are already a growing concern. “When restrictions are in place, it makes accessing talent harder,” says Rubenstein, which is why recent measures to limit migration and cross-border trade could, for many companies, stall organizational growth.

For example, the food industry in the U.K., is rethinking recruitment as the supply of European workers dwindles following the vote to leave the European Union. Companies in other sectors – most notably finance – have announced plans to set up offices outside of the U.K. to ensure continued access to European Union markets and talent. Following President Trump’s order to halt immigration from seven Middle Eastern countries, several large U.S. firms, particularly in the technology sector, have expressed concern about access to talent in the future.

In theory, new restrictions on the ability to hire foreign workers would only exacerbate an existing trend that organizations should already be seeking to address. Many developed countries have outstanding needs to increase their provision of training in key areas to adapt to domestic skill shortages, particularly STEM skills. “Companies tend to invest in education and training when there is more economic certainty,” explains Rubenstein. However, he warns that pushing investments in training programs into the future can also hinder growing *today’s* talent.

This is a collective challenge, and one which could be reduced with government policies designed to increase access to talent rather than restrict it, but individual firms can contribute by increasing their training programs. Ultimately, hiring external talent is only one way of addressing the need for new skills – training up existing internal talent can be a more cost-effective strategy.

Leading In Times Of Uncertainty

A sudden shift in policy and its various knock-on effects can be destabilizing. It is not just that national priorities, legislation and regulations are changing, but norms and overall sentiment can end up in flux too. This can unsettle executives, employees and customers alike, increasing feelings of uncertainty.

Business leaders will be aware of this, but also need to acknowledge that their employees will be following the news as well. This is why being open about challenges, concerns, and plans to adapt can be a valuable approach.

“Agile leaders will adapt by giving employees confidence, are honest about external challenges and demonstrate the company has viable plans to thrive,” says Don MacPherson, Partner, Global Culture & Engagement Practice, Aon Hewitt. They must be able to engage employees, explain how the company is responding to external challenges, articulate and uphold the company’s culture, and motivate teams.

Managing Director and Head of Talent, Rewards & Performance for Aon EMEA, Alexander Verweij, says that “strong communication from senior leaders is vital. During periods of uncertainty, the best leaders are those who effectively manage ambiguity and engage their talent to continue to give their best despite the challenging conditions.” That means gauging employees’ concerns, planning how to address them, and being seen to take the challenge as seriously as those whose lives are directly affected.

Maintaining Company Culture During Times Of Uncertainty

While the U.K. economy has bounced back from the original Brexit vote, there is still continued uncertainty about what will occur once Article 50 is triggered.

Impact to trade and the free movement of goods and people are unclear. Future employment rights of European Union workers are unknown, leaving many workers worried about their future employment status. In the U.S., discussions about cancelling visas and Green cards for people from certain countries have also made some workers less sure about their ability to continue working.

A recent New York Times article highlighted, “Project Aristotle,” Google’s initiative to study the performance of teams. Google wanted to better understand what made certain teams stronger than others and pulled together the organization’s top statisticians, engineers, sociologists and organizational psychologists. What they found was that psychological safety – “a group culture that the Harvard Business School professor Amy Edmondson defines as a ‘shared belief held by members of a team that the team is safe for interpersonal risk-taking.’” – was the only differentiator between high performing teams and the rest.

Ken Oehler, PhD and Global Culture and Engagement Practice Leader, Aon Hewitt, references data showing that employees seek a company culture that is secure and one in which employees feel as though they are looked after – a culture that becomes even more important during times of change. Oehler notes data that shows an open and accepting environment is directly correlated with employee engagement, with “70 percent of employees showing greater engagement when in such environment.” The key question for companies today, he says, is “how does your company become a haven that transcends external factors?” In an increasingly unpredictable time, it is more important than ever that leaders lead the way as “we know that in times of uncertainty, employees crave connection – connection to others, especially their leaders.”

When norms are being disrupted in the wider world, Rubenstein advises that leaders restate their company's culture and mission. "During these uncertain times," argues Rubenstein, "it's important to define what your culture is – and what it isn't. If you see behavior going against your organization's mission, you have to be willing to address it."

This is not just important for harmonious life in the workplace. It also matters for recruitment. "If you're not willing to call out behavior which contradicts your company culture," he says, "you have to ask yourself – will we be compromising our talent brand?"

Focusing On The Long Term

Ultimately, no company can be isolated from the political and social currents beyond its walls, and senior executives cannot assume that employees automatically know how to reconcile the messages they receive from the external world and the culture of the organization where they work.

The key is to go back to basics: acknowledge that the external world has changed but at the same time, use this as an opportunity to restate the company's culture and mission and reorient the leadership and training plans to adapt to it.

"We are in a new environment, characterized by high levels of volatility, uncertainty, complexity and ambiguity," says Oehler. "A company that has a culture focused around growth and purpose is one that is built to last."



TALKING POINTS



"In times of turbulence the biggest danger is to act with yesterday's logic" – Peter Drucker, Management Thinker



"We believe that it's really important to come up with core values that you can commit to. And by commit, we mean that you're willing to hire and fire based on them." – Tony Hsieh, CEO, Zappos



FURTHER READING

- Bridging A Divided Workforce – HR Magazine, February 2, 2017
- What is an H1B Visa and Will Proposed Changes Affect Your Business? – Smallbiztrends.com, January 9, 2017
- Political Chatter Is Making You Less Productive at Work – The Wall Street Journal, February 7, 2017
- Skills Are A Sound Investment For Uncertain Times – Institute of Directors, February 2, 2017
- How To Keep Positivity Alive In Your Company Culture – CIO.com, January 16, 2017
- Talent and the Year Ahead – Aon Hewitt Webinar, February 2, 2017
- What Google Learned From Its Quest to Build The Perfect Team – The New York Times, February 25, 2016

