

The International Insurance Society, a group of over 600 insurance executives worldwide, will hold its 41st annual seminar in Hong Kong, 10-13 July, at the Grand Hyatt Hong Kong.



Human Capital In The Insurance Industry – Going Global, Staying Local

Mr Patrick Kenny, President and Chief Executive Officer, International Insurance Society Inc, looks at how the greatest asset for a worker is to be flexible in this highly connected world where work can be done from anywhere.

While business capital has generally been defined in three parts – financial, technological, and human – there has been heightened attention placed recently on the issues of human capital in global job markets.

Lifetime Jobs Are Moribund

Jobs no longer guarantee lifetime employment, even in those regions where job loss was unlikely, if not impossible. To an extent, increased job insecurity stems from the top. CEOs have more pressure than ever because of increased shareholder and regulatory scrutiny. Many at the top have not kept their jobs and corporate boards increasingly demand the highest level of productivity and ethical performance from all their employees. In some newly opened markets, job performance is a critical matter. The rapidly expanding insurance markets require rapid training and development of the workforce in short order and nowhere is this more evident than in China.

The Global Connect

However, the most fundamental human capital and employment change over the past few years has been that intellectual work can be delivered from anywhere in the world. Be it accounting or software, insurance policies or actuarial plans, information can be disaggregated, delivered, distributed, produced and put back together again in different offices and in different parts of the world by different people. This has given freedom to the way businesses and individuals can work. As Thomas Friedman, columnist for the New York Times, expressed it a newly released book, “We are today in the process of connecting all the knowledge pools in the world together, from West and East to North and South. This fact has led companies to benefit by doing things faster and cheaper. We have a new global, web-connected field that allows for multiple collaborations and work in real time, without regard for geography, distance or possibly, in the near future, language.”

Can Stay Put

Suddenly, we have a whole new people-to-people connectivity, benefiting those areas of the world, particularly India and China, where work can be done locally without the employees needing to leave their countries to participate in the worldwide economy.

The String Of M&As Call For Flexibility

This trend of human capital productivity raises the notion that someone anywhere on earth can do your job. Hence the best skill any worker can possess today may just be flexibility, in addition, to knowledge and experience. Constant restructurings or M&As show that the corporation is a moving target and that the job we hold today may be of another kind tomorrow. This is true in more mature economies as well as upcoming markets. For many companies, the only way to gain productivity growth is through loss of jobs. This allows them to outsource work to smaller organisations. At the very least, people will have to learn more than one job in their careers, even if they stay with the same company.

A Tall Order in Insurance

In insurance, the challenges in the workforce are paramount to the organisation’s progress. Companies must create and maintain a workforce capable of driving sales faster than the competition, managing multiple distribution channels, providing exceptional customer service and ensuring high levels of operational efficiency and ethical behavior while managing risk. It’s a tall order.

It requires talent to lead, manage and operate businesses that are at different stages of maturity and growth, in different parts of the world and in different cultures and regulatory environments. It requires superb training. The qualities and capabilities of the management team and its understanding, knowledge, discipline, and execution are as important, if not more, to the strategies firms’ pursue.

Instant Training

In rapidly developing markets, there is an immense need for training large pools of talent to do the day-to-day work. Further, there is the need to develop highly specialised skills such as actuarial and financial. This is perhaps the largest challenge today in China and India.

The Battle For Talent

In the future, there will be an enormous need for this new talent as businesses expand and prosper. There is a war for talent going on in Asia today. And because of connectivity, there is also a war going on in other parts of the world, where employees must compete with people on the other side of the globe.

The Right Team in Place

Many organisations are relying on buying ready-made talent. But even if they may buy the talent they need today, they must back up their offers with a compelling vision of the future for employees. And as organisations grow fast, they need to examine each of the critical leadership spots to see if they have got the right team with the capacity and drive to achieve growth goals which may change on a frequent basis. Without coordination across organisational barriers, no amount of talent will help develop the best ideas.

Differentiating Through HR

Companies have always tried to differentiate themselves on the basis of product and market segmentation, but competitive advantage in the future may equally depend on differentiating through coordination and collaboration of workforce talent across continents. The past and current employees of global giants like IBM, GE and others are regarded as having special capabilities because of their affiliation with the company. What is it that makes that company admired as a developer and nurturer of talent? The most common reasoning is that these organisations provide opportunities to learn new skills and responsibilities, to participate in a company with a strong vision, and to rely on a clear and integrated business plan, which may change and is always adaptable. This kind of human capital management may be the key to success for many organisations.

Planning For Long Term – Across Borders

Long-term workforce planning must anticipate the roles an organisation plans to fill in the future. And decisions as to whether an organisation must buy, build or borrow skills cannot be made without a clear view of requisite skills. Recruitment, performance, development and even decisions on compensation and reward all rely on that clear and integrated view. There are many ways to achieve an integrated human resources strategy and plan, depending on particular businesses. What is true of the top business leaders in this area is their exchange of knowledge and skills across borders, both business and geographic borders, and their efforts to let employees know just where their efforts and skills align to the business.

The Technical Training

The insurance industry has been a pioneer in developing education programmes and technical training for its employees. Today that training is more and more global, reflecting the new connected world. There are several international and regional training institutions that have developed new worksite and virtual training programmes in partnership with companies around the world to assist new entrants (and veterans) into the insurance business. This training and development is an essential adjunct to the training a company can conduct on their own.

Globalising For Resources

Further advances in technology will increasingly play a substantial role in insurance education and training and in companies' ability to measure and track human resources efforts. Hewitt, a human resources consulting firm worldwide, has indicated that "many human resources organisations have begun to increase their effectiveness by becoming more strategic and less administrative through the use of outsourcing and technology. But few understand if these new approaches are working, or why." A recent study of more than 100 major organisations by Hewitt in the US found that only 13% of human resources departments measure the ROI of outsourcing, and only 27% track ROI on technology initiatives.

We have now seen companies globalise for resources. The future will likely see individuals and groups globalising as well, and companies and individuals who now ask: "How do I fit into this shrinking world?" are those who will be best prepared for success. 

