Human Capital in the Digital Environment

REPORT 2018

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EXECUTIVE SUMMARY

The first edition of the IAB Europe Human Capital in the Digital Environment Report highlights a series of findings which come to support the efforts of the industry to combat the skill gap and talent shortage currently affecting it. The report aims to identify the main challenges that both recruiters and candidates face when hiring or transitioning into digital marketing and communication, with a focus on training needs and potential future priorities for education on digital topics. Prevalent throughout the report is also a clear incongruity between the perceptions of employers and candidates, ranging from the skills needed in the industry, to the abilities possessed and the salaries expected.

While it might come as no surprise that the main skills recruiters are interested in when hiring new talent are programmatic (56%) and analytics (54%), a slight discrepancy arises when candidates are asked what *they* believe they should focus on for a career in digital; close to half (48%) of candidate respondents identified emerging technologies. Only 37% of recruiters listed emerging technologies as an area of interests for their recruitment efforts at the moment. This is compounded by the fact that only 22% of respondents looking for a career in digital see technical skills as more important than soft skills, whereas for the vast majority of employers the expectations are quite reversed (68% focus on technical abilities).

If the above example is a mild representation of dissonance between employers and candidates, more acute ones surface when candidates are asked to self-assess their abilities. On a scale of 1 to 10, the average score given by self-assessing candidates is over 7, in an environment where recruiters consistently flag the inability of candidates to accurately gauge their skills and suitability for the role they are applying to as one of the main challenges in recruiting talent. The other main hurdles recruiters need to overcome are the unrealistic salary expectations of candidates, and a recruitment process that is difficult in itself mainly due to the shortage of skilled candidates.

An education system that is not tailored to the digital age we are living in and as such does not prepare talent for a career in this field is often cited as the main cause of the skill shortage in the market.

There is hope, however, as both employers and employees are willing to invest in digital training in the coming years. 43% of employers taking part in this study expect their training budgets for staff to increase next year. 85% of candidates are willing to invest in themselves to bring their skills and abilities required by a career in digital up to speed.

The results of the survey clearly show there is an acute shortage of skilled talents in the market, which is attributed by the respondents mainly to the education system that does not prepare students for the digital industry in the digital age. We hope the findings of this survey would inspire the development of new and future-proof educational programmes by the formal education institutions as well as by the corporations in our industry.

WAVEMAKER
MEDIA. CONTENT. TECHNOLOGY.

Neslihan Olcay,
Chair of the IAB Europe Education & Training Committee and CEO of Wavemaker Turkey

1. METHODOLOGY

This is the first edition of the Human Capital in the Digital Environment report published by the IAB Europe Education & Training Committee. An online survey was used with the help of the national IAB network to ensure a representative sample across European markets. The survey received approximately 290 respondents between August and September 2018.

The responses came from trainers, HR specialists as well as employees and candidates from 24 markets. The respondents had both pan-European and Global remits.

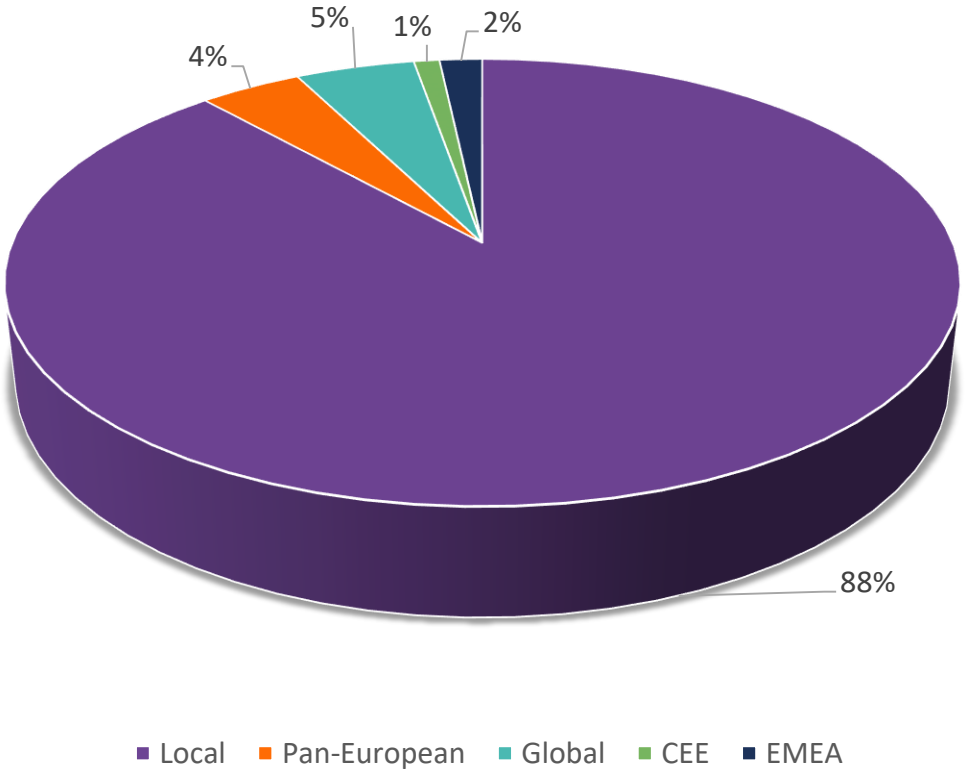


Fig 1. Breakdown of respondents based on remit

2. EMPLOYERS

With a cross section of respondents including C-level management as well as recruitment, training, and assessment, the employer end of the spectrum was well represented in the survey carried out by IAB Europe.

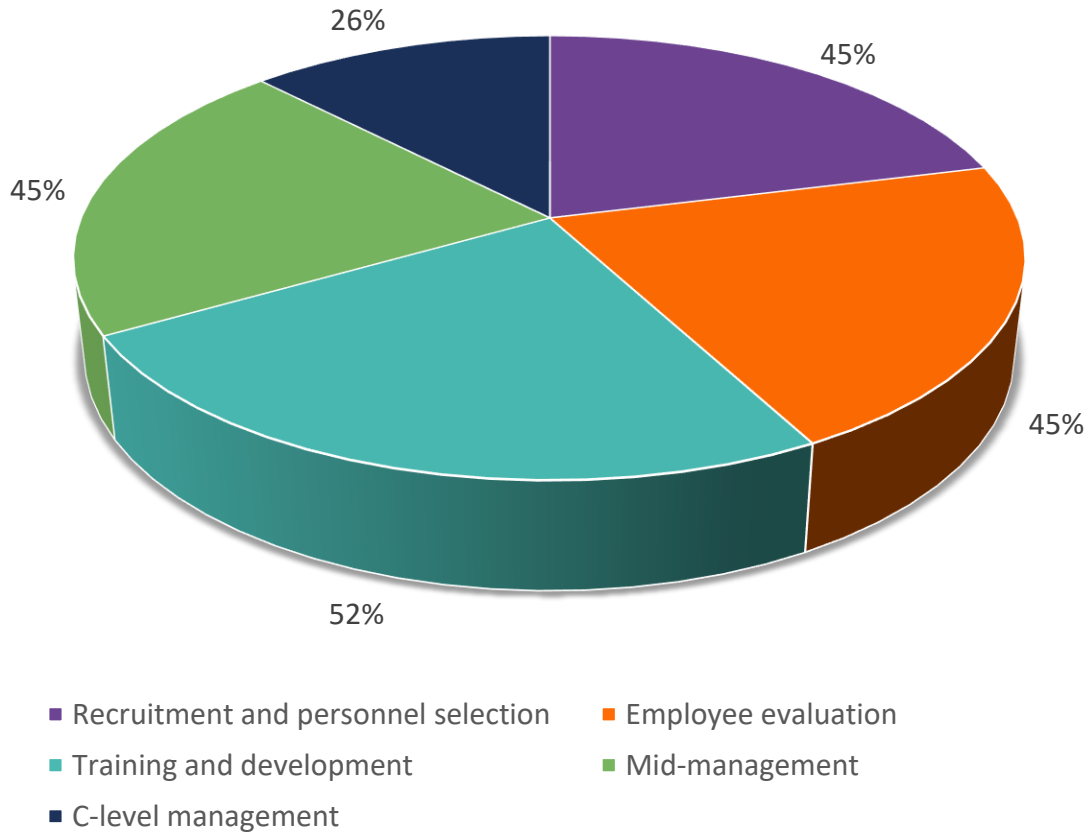


Fig 2. Breakdown of respondents based on responsibilities

The overwhelming (48.62%) efforts of recruiters in the field of digital focused in the past 12 months on online marketing positions including, but not limited to mobile marketing, pay-per-click, SEO optimization, email marketing, content marketing, and analytics. Marketing and communication strategy was also an area of interest for recruiters with a significant proportion of respondents (36.46%) seeking out candidates for such positions. Social media was referenced as yet another significant field for which recruiters sought personnel in the past 12 months (26.52%). Unsurprisingly, technical roles saw interest from recruiters with ad ops and programmatic at the forefront of efforts to recruit skilled personnel – 22.65% and 28.18% respectively.

While discussing hirings with a programmatic focus, it is interesting to note that the latest IAB Europe Attitudes to Programmatic Advertising Report 2018 (available for download here) cites a shift, noticeable mainly in the case of advertisers, in the growing importance of training versus hiring. Furthermore, training in programmatic is cited as a barrier to programmatic investment in the same report. 80% of advertisers in Northern Europe, as well as 50% of advertisers and agencies and 40% of publishers in Southern Europe are concerned about training people adequately, but less than a third of advertisers and agencies in Western Europe and CEE share this concern. Half of publishers in CEE see the cost of technology as a barrier but fewer see hiring and training as a barrier.

	Advertiser			Agency			Publisher		
	2016	2017	2018	2016	2017	2018	2016	2017	2018
Hiring people with the right skill set	31%	43%	32%	42%	52%	29%	46%	46%	46%
Training people adequately	21%	34%	38%	35%	42%	25%	40%	37%	38%

Fig 3. Barriers to programmatic investment by stakeholder 2016-2018

Source: IAB Europe Attitudes to Programmatic Advertising Report 2018

In terms of the challenges cited by employers in the process of recruiting skilled personnel the majority identified remuneration expectations as the top hurdle to overcome. Respondents were asked to rate a series of issues in terms of applicability based on their experience, which saw salary demands exceeding what companies were willing to offer as the number one problem. This was followed closely by a difficult recruitment process and an inability of candidates to properly self-assess their abilities and skills necessary for the position. While the difficulties in the recruitment process will be detailed further, it is also interesting to note the observation of the employers that candidates have a misrepresentation of their abilities. As presented later in this report, when candidates were asked to rate their skills and abilities in digital, these score are almost exclusively on the high-end of the scale.

On a scale from 1 to 5, how would you evaluate the recruitment and selection process for the specialisations for which you have recruited personnel in terms of: (1=very low applicability or not applicable, 5=very high applicability)

Fig 4. Main challenges for recruiters in digital

What makes the recruitment process a difficult one? For most employers there is an acute shortage of skill in the market. The candidate may *think* they are apt for the job at hand, but according to the answers to the survey this report is based on, recruiters are constantly confronted with underqualified specialists. It is interesting to note how background education is often regarded by respondents as a cause for the lack of specialists in the field. A "poor education system that does not prepare students for the digital industry in the digital age" is constantly cited in one form or another. As one respondent states, many of the skill sets currently in short supply are niche skills. To get a better understanding and training in these very applied fields, training should start early and that requires a modern, focused, and up-to-date education system. This will enable recruiters and candidates to speak the "same language". The shortage of skilled candidates issue is compounded by the fact that the industry evolves at breakneck speed. The sheer volume of innovative technologies that require ample training and hands-on experience makes it dauntingly difficult for candidates to acquire the acumen needed to fulfil the jobs they are applying for with a sufficient degree of proficiency. Of course, once gained, knowledge in digital also needs to be constantly updated. As one respondent notes, digital marketing is very dynamic and professionals operating in it need to be dedicated enough to continuously self-improve.

Another aspect highlighted by respondents is the switching of sectors or career tracks. On the one hand, according to some recruiters, the wages in other sectors exceed those that the digital industry can offer, and as such many skilled professionals choose to work in banking or IT rather than go for similar positions in digital. On the other, as one Spanish recruiter mentions, professionals often tend to "rotate in the same sector, adding little value to their profiles". Not only do other industries draw in talent that could offset the current skill gap in digital, but the imbalance between offer and demand in what concerns skills in digital also leads to salary expectations climbing rapidly in this field, forcing employers into a difficult spot: can't outcompete other fields in terms of A-level talent salaries, can't afford to pay the salaries demanded by underskilled professionals in digital.

While the Digitization of the Society and the Industry is already a major challenge, the shift in mindset and the War for Talents is shaping the New Work Era. Companies who want to attract and hold the right talent have to declare Human Capital to their core area.

Harald R. Fortmann,
Chairman Future of Work, BVDW e.V.,
Executive Partner five14 GmbH - Executive Search for the New Work Era

BVDW

iab europe

When it comes to recruiting talent, the main go-to source of new hires are referrals (31%), followed by LinkedIn and other professional networks (27%), and job boards (17%).

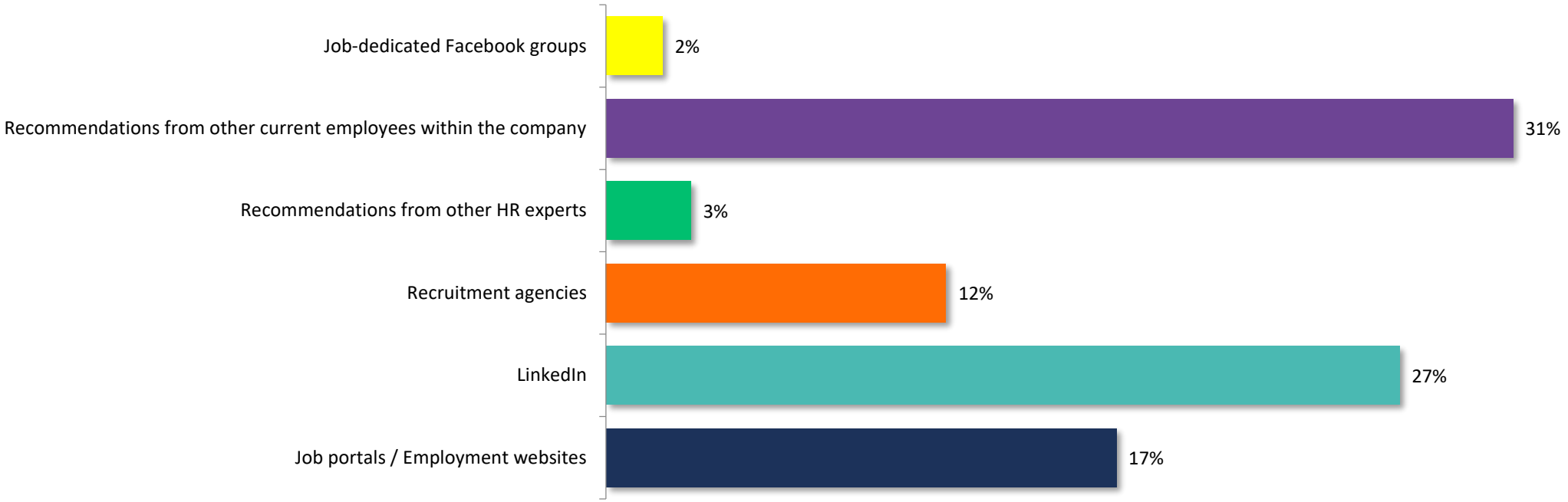


Fig 5. Main recruitment sources for digital talent

This is in line with the top three sources for recruitment identified by LinkedIn and presented in a statistics report available here. Other social media channels fair less prominently among the responses, as do the recommendations from other HR experts (3%)

In terms of the skills sought after by recruiters employing these sources, the main attributes of potential candidates are those tied to technical subjects related to the specialisation of the position that is to be filled (68%). While the front runner comes as no surprise, close in second in terms of what employers are looking for are communication and teamwork abilities (57%), followed by project management abilities in a somewhat distant third (47%). Sales and negotiation skills are the abilities least needed for digital marketing employees, although 28% of respondents are also seeking such attributes in candidates.

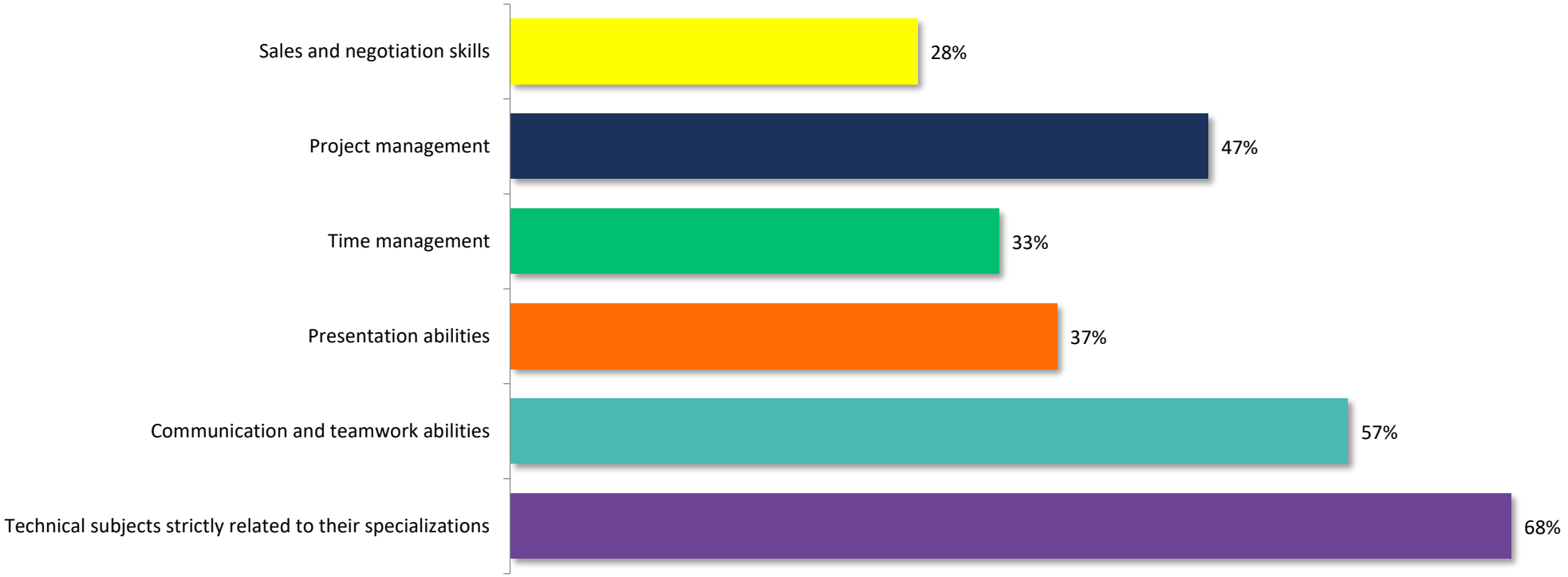


Fig 6. Main training needs according to employers

We saw that technical skills pertaining to the position the candidate is applying for is the main differentiator for most employers. In terms of the actual topics that HR specialist and trainers in companies have identified as most pressing for potential candidates or existing staff programmatic and analytics lead the field – 56% and 54%, respectively. Also of note are topics related to video advertising (43%), campaign planning (39%), emerging technologies (37%), cross-media (36%), and content marketing (35%). Least interesting as training topics for the respondents are DOOH, Digital Audio, and email marketing – 11.81%, 14.17%, and 14.96%, respectively

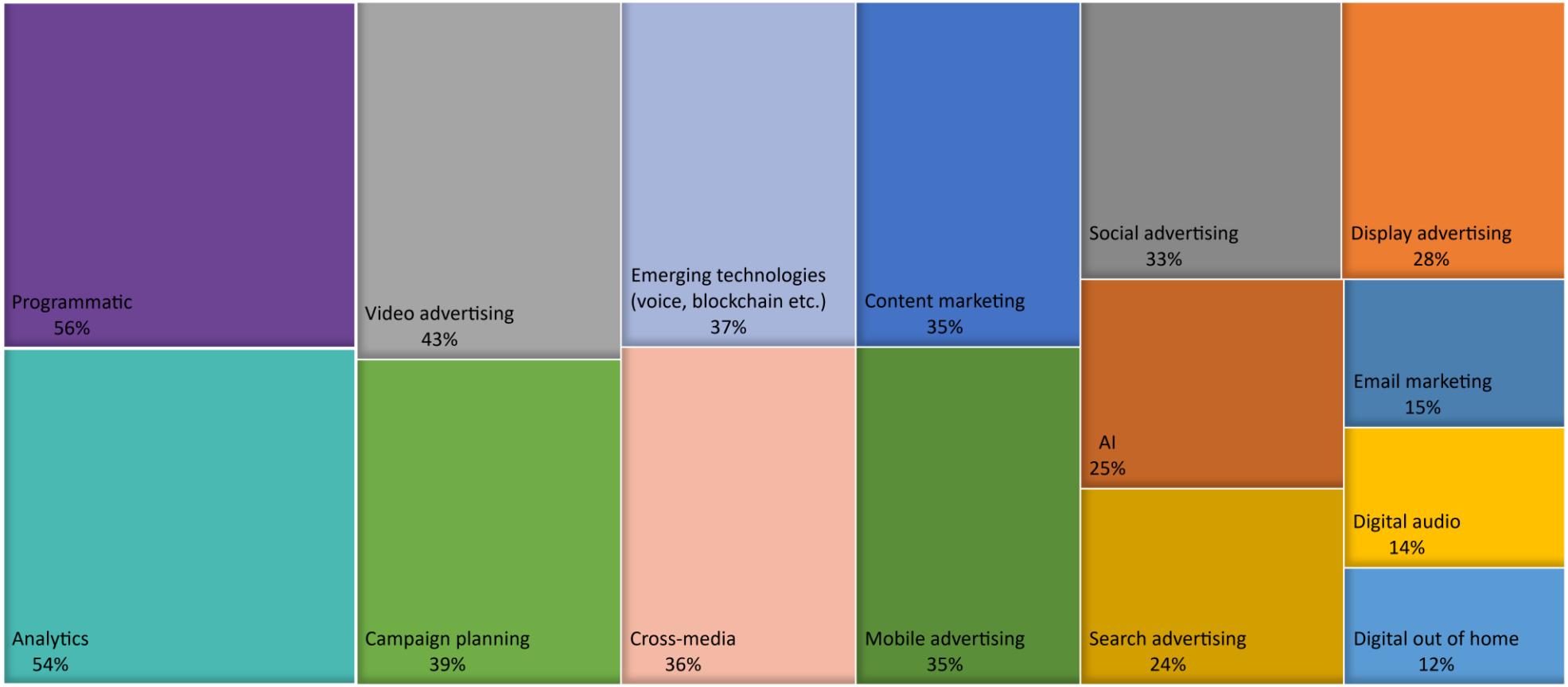


Fig 6. Main training needs according to employers

Delving further into the topic of training within organisations, we asked about the budget that was allocated last year for junior employees in the respondents' organisations. 22% indicated that over EUR 200 / employee was spent on training, while 18.90% declared a value of under EUR 100 / employee earmarked for the training and onboarding of junior staff. Insofar as the actual number of junior staffers trained is concerned, 32% of respondents indicated that under 30% of juniors are actually receiving training, with only 17% of the survey takers stating that over 75% of their juniors are receiving training. The situation differs in the case of senior staff, who received training in excess of EUR 200 / employee according to 32% of respondents, but with only 14% reporting that over 75% of their senior staff received training. 28% of respondents highlighted that under 30% of their senior received specific training last year.

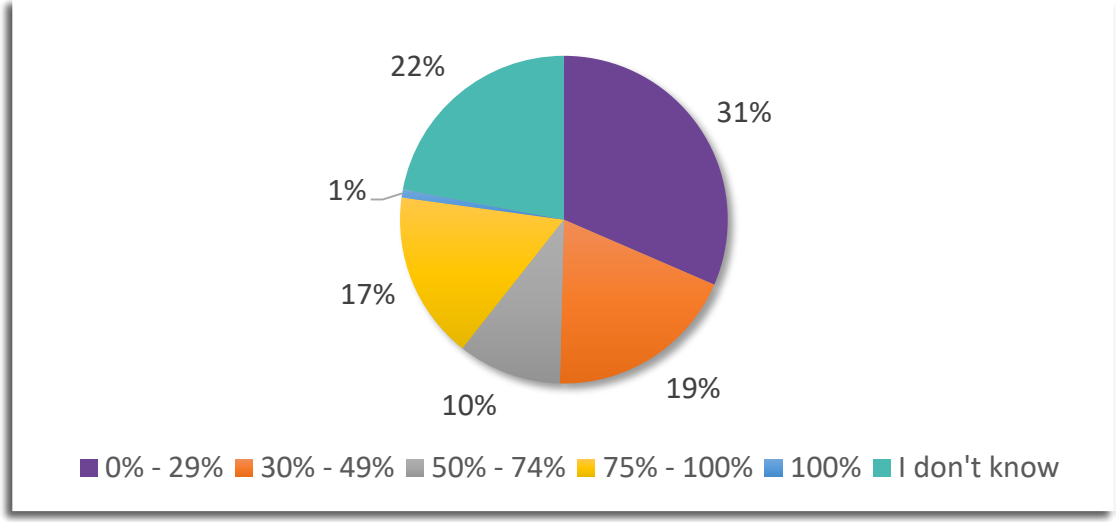


Fig 7. Percentage of **junior** staff receiving training

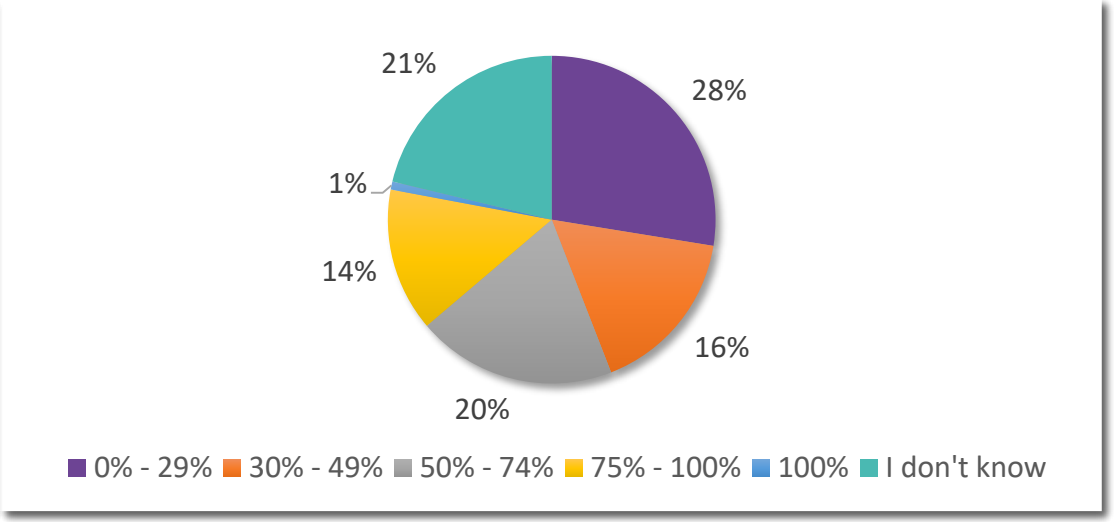
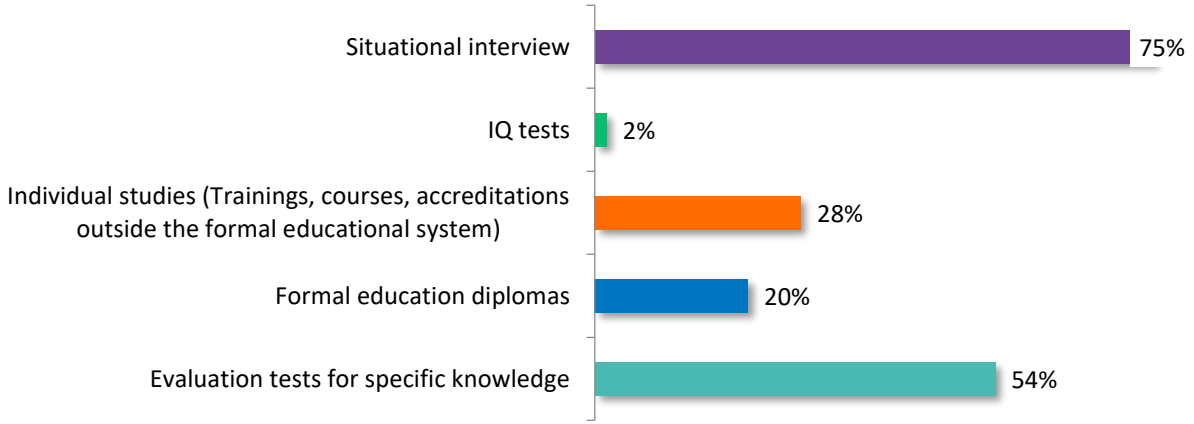


Fig 8. Percentage of **senior** staff receiving training

69% of respondents, however, are confident that training and education budgets will not diminish next year, with 43% of them confident these budgets will grow.

With IAB Europe being a pan-European organisation, the concept of a European-recognised certification or standard has been a hotly debated topic. As such, the survey also covered this aspect, and tested the feasibility and applicability of such a certification. Asked whether such a certificate would be considered an important asset for an applicant, 69% of recruiters and trainers answered *yes*. For those not looking at such a document as a valuable addition to the application dossier of a candidate, most flagged their apprehension such a document might be too narrow or too broad in scope to cover the wide and fast-moving field that is digital. That being said, over 54% of respondents would consider including such a certification as a requirement in the recruitment process for certain positions. Some of the reasons quoted for *not* requiring such a potential certification, are the added overhead, the further limitations imposed on an already candidate-deprived market, and mostly that it is a "nice to have", rather than a "must". Price was also flagged as a concern, though for the 69% of respondents deeming this as a valuable asset for an employee in digital, they could see budget being allocated to certify existing staff.

Certification aside, the main tool employed by recruiters in hiring new staff are situational interviews (75%), followed by technical tests specific to the position (54%), and courses, trainings and programmes graduated outside the formal education system (28%).



The e-marketing industry has tremendous educational needs and is subject to the most dynamic changes, requiring constant updating of qualifications in order to preserve relevance. Candidates overestimate self-assessment of qualifications, which leads to overstated and unrealistic financial expectations. But there is a silver lining: both employers and employees are willing, at least declaratively, to amend the situation.

iab polska

Ewa Opach,

Education and Certification Director, IAB Poland

iab europe

Those looking for a position in digital or transitioning to a new, more specialised role, are overwhelmingly graduates of university studies, with close to 50% of respondents in this section also bosting post-graduate studies. The fields of potential applicants are quite diverse: while the fact that marketing is the number one educational background of those seeking a position in digital, there are also psychology, journalism, or even medicine graduates looking at a career in digital.

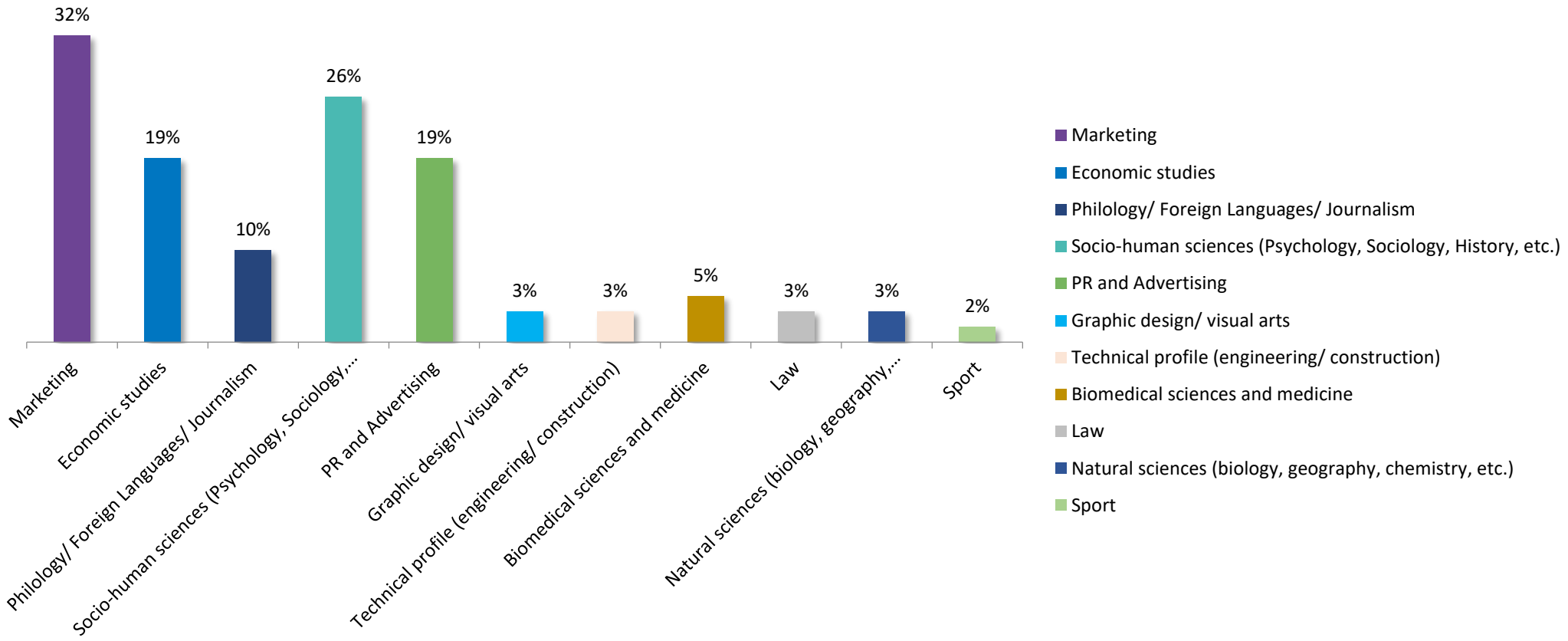
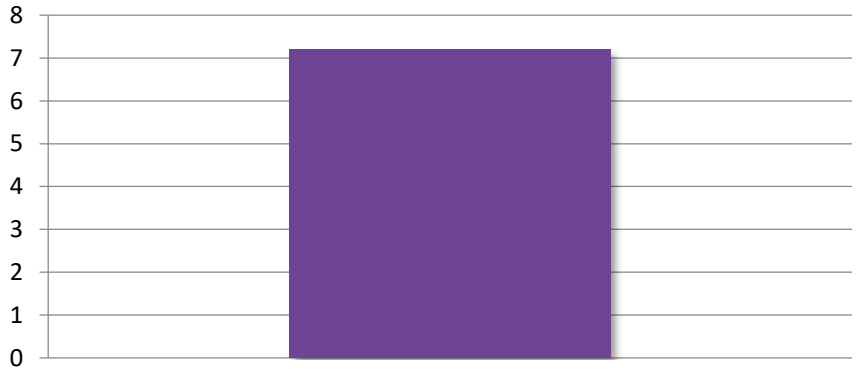


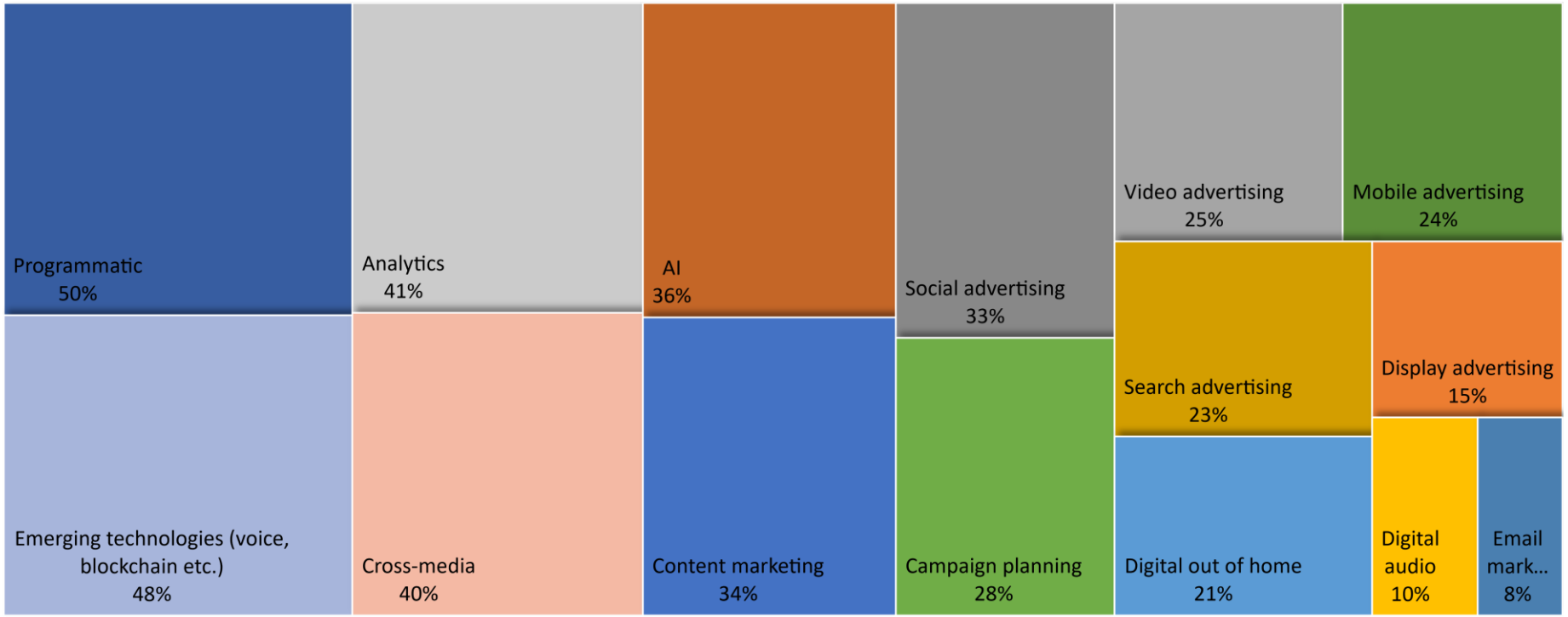
Fig 9. Academic background of candidates

When asked what they believe the abilities, skills and knowledge you need to successfully start a career or transition into digital marketing are, respondents identified mainly soft skills as a must for a successful start or transition into digital. This is an interesting dimension to the digital skill shortage affecting the industry. As employers are focused on technical skills (68% of respondents in charge of recruitment or training), the potential candidates put more emphasis on soft skills such as "curiosity and self learning skills". "An open-minded attitude" was also cited by respondents as one of the main skills that will enable them to succeed in a digital career track, as were "patience and organisational abilities," to just list a few examples. Only about 22% of respondents identified technical skills as mandatory for success in digital. Putting things into perspective, remember that the inability of candidates to accurately self-assess their abilities and skills for a particular job was one of the top 3 quoted challenges faced by employers in the recruitment process. Furthermore, this discrepancy between how candidates gauge their own abilities and what recruiters are after is made evident by the fact when asked to rate on a scale from 1 to 10 their abilities in digital, the average score of all respondents was 7. That's quite high for an environment in which employers consistently indicate lack of technical skills and abilities as one of the top reasons behind the talent shortage the industry is currently facing.

How do you assess the skills, competence and knowledge you currently possess with regard to a career in digital advertising? - Please provide a score between 1 and 10, where 1 means very weak and 10 very good



On a more positive note, 85% of respondents are willing to attend courses and training sessions to improve the skills and competences needed to transition into digital, even if they have to pay for them. As for the topics that potential candidates are interested in receiving additional training, it is interesting to note how the main sought after skill indicated by recruiters (Programmatic – 56% - Fig. 6) is also the main training topic identified by potential candidates (50%). For the other topics, however, there is a slight dissonance between what employers mark as priority skills needed and what candidates believe they need. In a very close second to programmatic are the emerging technologies which nearly half (48%) of responders to this section labeled as a top pick for training. Only 37% of employers, however, share this opinion. Analytics and cross-media (41% and 40%, respectively) are also divergent values from those expressed by employers, particularly in the case of analytics which was identified as a priority by 54% of recruiters and trainers.



Publicis Groupe recognizes that in order to prepare employees for the roles that will be critical to client successes in the future – many of which don't yet even exist – learning and development are paramount. Our goal is to develop a deep understanding of our biggest asset – our people – in order to serve them next generation learning experiences tailored to their highest priorities, across both technical and professional skills.

PUBLICIS MEDIA

Carol Sinko, Senior Vice President,

Publicis Learning Global Lead

4. CONCLUSIONS

To conclude, the study indicates that the e-marketing industry has significant educational needs: according to employers, there is a lack of qualified staff on the market, which may be a result of formal education inadequate to the requirements of the labour market. The e-marketing industry, as the one subject to the most dynamic changes, requires constant updating of qualifications in order to keep up with the changes.

Employers indicate that candidates overestimate self-assessment of qualifications, which leads to overstated and unrealistic financial expectations. This may be due to the lack of a uniform standard of competence to which both sides could refer: candidates and employers. The digital transition also does not facilitate the situation, because the demand for employees of online marketing is cross sectoral - almost every industry needs people in this respect.

The positive, however, is that employees declare their willingness to develop their competences, and most employers predict at least a constant level of resources for employee training. And due to the fact that e-marketing employees are not only graduates of marketing, but also of unrelated fields, vocational education - training and courses is paramount.

Through the Education and Training Committee as well as all its other committees, work groups and task forces, IAB Europe will continue to take steps to support the training efforts of its members and industry as a whole in the pursuit of adequately prepared current and future generations of digital talent.

GET IN TOUCH

ABOUT IAB EUROPE

IAB Europe is the leading European-level industry association for the digital advertising ecosystem. Its mission is to promote the development of this innovative sector and ensure its sustainability by shaping the regulatory environment, demonstrating the value digital advertising brings to Europe's economy, to consumers and to the market, and developing and facilitating the uptake of harmonised business practices that take account of changing user expectations and enable digital brand advertising to scale in Europe.

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