

## Does Money Buy Happiness?

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*We'll leave the question of whether money buys happiness to the philosophers, academics, and social scientists. (For the record, we prefer to err on the side of yes). Regardless, one thing money certainly does is cover up human capital challenges and issues lurking beneath the surface. When times are good, when revenue is soaring, and when there's plenty of pay to go around, fewer issues arise and the allure of the present obscures a focus on the future. Think of it as a human capital bubble.*

For a long time, the financial services industry existed in this human capital bubble. Leaders in the industry didn't have to contend with the same issues as their counterparts in other industries, including:

- Defining an employee value proposition: "Employees know exactly the type of environment that they are entering and why they are here. We're the clear employer of choice."
- Attracting the best talent: "In financial services, we just set up a recruiting table at top business schools and watch the line form."
- Managing and differentiating pay and performance: "No worries. Bonus levels are the best indicators of performance and there's enough in the pool to make everyone happy."
- Coaching and developing: "Not a concern—where would they go? And why would they want to leave?"
- Succession planning: "There's a line of great talent ready to take on any vacancy. Why worry about the future when today is just fine?"

Times have changed. Pay is more constrained. Greater regulation is everywhere. Disruptive technologies, digitization, and new market entrants have emerged, changing the way businesses manage money and individuals invest. Negative media attention has damaged the industry's reputation. Competition for talent with the technology industry is fierce. The transforming workforce has new expectations. If it wasn't clear before, it certainly is now—talent has become the singular differentiator in financial services. It's no longer just about having the best products and locations—it's about the people.

Emerging from the human capital bubble, leaders in financial services are now asking: How do we attract top candidates as we compete for talent with more industries than ever before? What do millennials really want? Our managers rely on bonus payouts as a proxy for managing performance—how do we get them to have actual performance and feedback conversations? We're under increased scrutiny to change our culture—where do we start? The nature of our customer and client relationships is changing—how should our employees change with it?

## The McLagan Talent Pulse Study

To shed light on how leaders in financial services are approaching human capital, we asked firms from across the industry to complete a survey on their talent strategies and practices. The overwhelming response of 265 firms demonstrates the increased focus and curiosity surrounding human capital and answering the questions above. We'd like to thank the participating firms for their contribution.

For many of our clients, the decision by McLagan to launch a survey on talent programs may have come as a surprise—after all, we've focused almost exclusively on rewards and performance for more than 50 years. However, just like our clients, we recognize that talent strategies and rewards programs can no longer operate in disconnected silos. Simply put, there is too much at stake in the global race for talent for HR's left hand to be unaware of what the right hand is doing.

Our industry has emerged from the human capital bubble and, more than ever before, firm success is tied to people success. Whether you have a background in talent or deep experience in rewards, all of us in HR must now share the same guiding focus—it's all about people. It's about creating fully integrated talent, rewards, and performance strategies that place firms in the best possible position to attract, retain, and engage the talent that will drive the future of our industry.

Download your copy of the 2017 McLagan Talent Pulse Study report [here](#). You can also contact [Levi Segal](#), McLagan's Talent Solutions Leader, with any comments, questions, or requests for further information.

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## About McLagan

McLagan provides tailored talent, rewards, and performance expertise to financial services firms across the globe. Since 1966, we have partnered with the largest and smallest financial services firms to help them make data-driven decisions to hire, retain, and engage the top talent for keeping the global economy running. Our compensation surveys are the most comprehensive, in-depth source of rewards data covering over 150 countries from more than 2,500 clients. Our consultants work with hundreds of firms annually to design total rewards programs and benchmark financial performance for boards of directors, executives, employees, and sales professionals. McLagan is a part of Aon plc (NYSE: AON). For more information, please visit [mcclagan.aon.com](http://mcclagan.aon.com).

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