

The Shrinking Talent Pool

How to Keep Your Top People from Slipping Away



RIGHT VIEWPOINT™

In many organizations worldwide, the talent pool is showing imminent signs of drying up. Surprisingly large numbers of talented employees are intending to leave or have already left, threatening organizations' viability to achieve both short-term and long-term strategic goals. Right Management spotted the trend in late 2009 when our research revealed that more than 60% of employees planned to pursue new job opportunities as the economy improved in 2010. Since then, not only has research by the Conference Board, the Bureau of Labor Statistics and others yielded similar results, but 54% of companies have reported losing top talent during the first six months of the year. Retention is not only a keystone of organizational effectiveness, but also a foundation of a strong recruitment strategy. Organizations unable to retain present employees stand little chance of attracting new high-caliber workers.

WHY EMPLOYEES ARE LEAVING

In part, threats to the sustainability of an organization's talent pool can be blamed on the recession. With nearly 80% of employees reporting that their workloads have grown in the wake of layoffs, trust has eroded, and many are increasingly discontented, disengaged and prepared to head for greener pastures once new opportunities present themselves. Yet this impending retention crisis may also be attributed to long-term trends in the world of work that go well beyond any particular turn in the economy.

Throughout much of the world, for example, demographic change is ushering in an era of acute talent mismatches. While unemployment rates continue to

BRAM LOWSKY

“Retention is not only a keystone of organizational effectiveness, but also a foundation of a strong recruitment strategy.”

remain high, in many cases those looking for work are finding they don't have the right skills to fit the needs of prospective employers. As more and more employees enter the age of retirement, more and more organizations will struggle to fill positions with employees possessing the right skills. A Manpower research survey of 35,000 employers worldwide has revealed that nearly a third are already experiencing difficulty finding skilled talent.

A LONG-TERM TREND

Under such circumstances, the competition for skills and talent will only escalate. Polling suggests that this year alone, more than 50% of employees have been approached by outside organizations to discuss job opportunities. While the recession may have exacerbated threats to your talent pool, these threats of talent poaching are likely to outlive any particular set of economic conditions. In short, for the foreseeable future, the shrinking talent pool is here to stay.

WHY RETENTION MATTERS

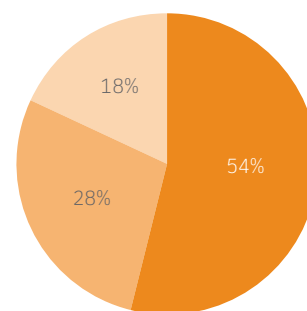
Not all organizations consider retention a serious issue. Many feel that lost talent can easily be replaced by new recruitment. Such thinking is short-sighted. The ground rules, as we have said, have changed. Skilled talent in the future will be less readily available than in the past. And even if it were not, the difficulties associated with plugging talent gaps go far beyond simply finding people with the right skills.

Every time experienced employees leave, they take valuable institutional knowledge with them. New recruits, no matter how talented, cannot replace such knowledge at the drop of a hat. Nor, for that matter, can they easily repair the web of client and other business relationships that may have been swept away with the departure of an existing employee. While skills can be replaced, lost business opportunities remain forever lost.

Consider, as well, the immediate costs of relying on recruitment: the costs of the recruiting process itself, of onboarding new recruits and of training and developing new employees to meet the specific needs of the organization. Given these costs and the losses to the organization mentioned above, it simply makes no sense to allow existing talent to exit by the back door while welcoming new talent by the front.

It's important to always be brand-conscious and aware of how you are perceived in the marketplace. A strong brand is based on the "experience" an employee or customer has with a company and its product or service. A positive brand drives higher levels of employee engagement while a negative brand drives away employees, customers and potential customers. Who will want to work for an organization from which people are perpetually fleeing? A strong retention strategy ensures you can attract the right talent to meet business objectives—and it also contributes to building a positive brand from the inside out.

HAS YOUR ORGANIZATION INVOLUNTARILY LOST TALENT IN THE FIRST HALF OF 2010?



- Yes, a lot of our top talent has left.....54%
- No, we've retained most of our top talent.....28%
- Some, but we have talent to replace them.....18%

Source: Right Management online poll of 558 organizations conducted in June 2010.

DRIVE ENGAGEMENT

If organizations are to meet their present and future talent needs, retention will have to be given a new priority. Since engaged employees have a stronger inclination to stay, a first step towards enhancing retention is to enhance employee engagement. Driving engagement requires a strategic, whole-systems approach that addresses a broad range of organizational factors, including business strategy, leadership, culture, work processes, recognition and reward, roles and capability. Engagement, clearly, is a complex issue on which a great deal could be written. However, we can recommend five practical measures that would make important contributions to any sound engagement strategy:

1. Make engagement a leadership priority.

People don't leave jobs; they leave managers. Yet organizations don't always hold leaders accountable for engagement. Our research has found that key engagement drivers include the abilities of senior and immediate leaders to show employees that they are valued, to communicate organizational strategy to them, to explain the link between strategy and employees' roles and to facilitate discussions about career development.

2. Create a culture of engagement.

As our research shows, organizations that succeed in driving engagement are ones that value diversity, empower the individual and treat people with respect, no matter who they are. Above all, such organizations embrace and demonstrate values to which employees can be committed.

3. Offer career development opportunities.

Employers have no better way of showing loyalty to employees and demonstrating that employees have a future in the organization than by providing meaningful career development opportunities. Our research shows that when such opportunities are provided, employees are six times more likely to be engaged.

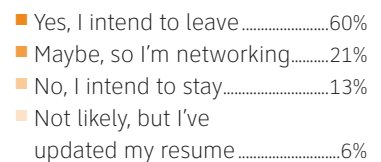
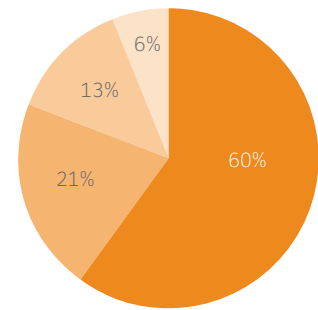
4. Promote wellness in the workplace.

Engagement flourishes in organizations that take an active interest in the physical and psychological well-being of employees. Taking such an interest can mean implementing formal wellness initiatives, but also designing better work processes. Employees are more engaged and productive when they have appropriate workloads, experience manageable amounts of pressure and can maintain a reasonable balance between work and family life.

5. Demonstrate effective communication.

Employees want to work for successful organizations and to feel that they are contributing to that success. They need to know that their opinions count, to be clear about what is expected of them, to understand their organization's strategy and to see how their work objectives are linked to their work area's business plan.

DO YOU PLAN TO PURSUE NEW JOB OPPORTUNITIES AS THE ECONOMY IMPROVES IN 2010?



Source: Right Management online poll of 904 employees conducted in October 2009.

BUILD YOUR BRAND

Engagement must be understood as involving attitudes connected with the organization as well as the job. Employees who like their job but not their organization (how it treats them, how it operates, what it stands for, etc.) won't stay. Truly engaged employees feel satisfaction with, pride in and commitment to both their job and organization. They think highly of their organization and are prepared to advocate on its behalf with family, friends, acquaintances and the broader community.

To drive such organizational engagement and buttress retention, organizations cannot afford to sit back passively and hope that the facts speak for themselves. They must be aggressive and proactive in building a brand that reaches out to employees. Employees want to work for organizations that are respected in the marketplace for providing exceptional products and services. They want to work for organizations respected in the community for their contributions to the common good. And they also want to work for organizations recognized for responsible business practices that demonstrate respect for, and commitment to, all employees through capable leadership and investment in their success.

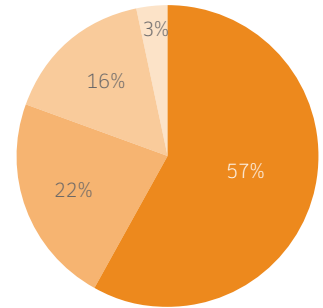
Organizations that establish their reputation for market leadership, social responsibility and being employers of choice will have the greatest success in retaining valuable talent. Addressing employees, customers and the community, they must build their brand by leveraging media in all its forms. This includes the new social media, such as LinkedIn, Facebook and Twitter, as well as interactive web applications, all of which are already playing prominent roles in marketing recruitment and, indirectly, retention. These media can play a more direct role in retention as well: a few candid tweets from a senior leader, for example, can go a long way towards putting a human face on management and reassuring employees about the organization's intentions.

RECRUIT WISELY

If you want people to stay, make sure that you recruit the right people for the job in the first place. Companies need to assess for cultural fit, as well as for skills and expertise. Through training, new hires can often acquire the skills they need to thrive. However, they cannot always as easily align their values, attitudes and expectations with those of the organization. Careful and broadly based assessments of job candidates are essential. No matter how well aligned a new hire's skills may be with the position on offer, that new hire is unlikely to stay if his or her values and cultural outlook conflict with that of the organization.

The issue of cultural fit, it's important to note, is becoming increasingly pressing in light of long-term trends in the world of work. If demographic changes are leading to talent mismatches, they are also creating exceptionally diverse workforces. Many workplaces today are staffed by employees drawn from four different generations, each with its distinctive needs and expectations.

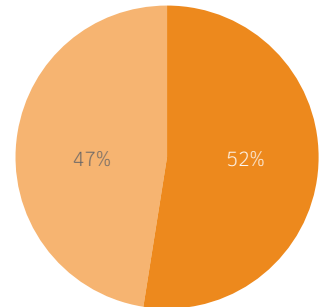
HAS YOUR WORKLOAD INCREASED AS A RESULT OF LAYOFFS?



- Yes, a lot.....57%
- Yes, but not too much22%
- Workload is the same.....16%
- I have less work.....3%

Source: Right Management online poll of 845 employees conducted in March 2010.

HAVE YOU BEEN APPROACHED BY ANOTHER COMPANY FOR A JOB IN THE LAST 12 MONTHS?



- Yes.....52%
- No.....47%

Source: Right Management online poll of 3,320 employees conducted in May 2010.

At the same time, individuals—especially those with sought-after skills—are expecting to be offered more choice in their working arrangements.

As workforces become increasingly diverse and individualistic, organizations have to understand better than ever their own unique culture, what skills and behaviors will drive the business forward, and how to identify the right talent to meet these needs. The need for, and use of, comprehensive assessments and screenings is becoming more acute as organizations recognize the importance of assessing candidates for not only technical expertise, but also cultural fit and values.

CONCLUSION: PLUGGING THE GAPS

Short-term economic conditions and long-term world-of-work trends are threatening to crack the talent pools of many organizations. Such cracks, however, can be repaired or even avoided, provided that organizations drive engagement, build strong brands and recruit carefully. Such measures will be part of any viable and sustainable retention strategy that is tailored to specific workforce needs, integrated with other talent management practices and aligned with the organization's current and future strategic directions.

About the Author

Bram Lowsky is Senior Vice President and General Manager of Right Management Canada. He is responsible for providing strategic vision and leadership to drive continued success as the market leader in the talent and career management industry across the country. Bram has more than 20 years of senior management and leadership experience in the human capital industry. He began his career in community services in Montreal and subsequently became an employee assistance counselor. Bram is a graduate of McGill University where he received his MA Education (Psychology) and his Bachelor's degree.

About Right Management

Right Management (www.right.com) is the talent and career management expert within Manpower, the global leader in employment services. Right Management helps clients win in the changing world of work by designing and executing workforce solutions that align talent strategy with business strategy. Our expertise spans Talent Assessment, Leader Development, Organizational Effectiveness, Employee Engagement, and Workforce Transition and Outplacement. With offices in over 50 countries, Right Management partners with companies of all sizes. More than 80 percent of Fortune 500 companies are currently working with us to help them grow talent, reduce costs and accelerate performance.

© Right Management 2010.
All Rights Reserved.

www.right.com 1.800.237.4448



Follow us on twitter:

twitter.com/rightupdates



Like us on Facebook:

facebook.com/rightmanagement



Subscribe to Talent@Work

right.com/blog