



## Engaging and Maintaining Talent in a Complex Employment Landscape



*executive development*

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## INTRODUCTION

The current economic conditions are driving a new focus on talent retention and engagement. The turbulence has created a buyer's market for experience and leadership and 43% of the executives surveyed by Deloitte have a high or very high concern over losing top talent.

During the difficult times employees are naturally more cautious and less inclined to change jobs, so will be scrutinising remuneration and benefits, job security and enhanced career prospects more closely in preparation for better times. As a result businesses that view staff retention through a cost cutting lens only will miss opportunities and at worst, struggle to survive the worst of this global economic crisis.

## ATTITUDES FOR SUCCESSFUL SURVIVAL

Recent research by Bersin and Associates has found that organisations which integrate talent management were 28% less likely to initiate a major layoff, and retention has positive implications for a company's productivity in the upsurge. In the long run, growing your own talent, and then holding on to it is proving to be a cheaper and more effective approach than stepping outside to find it in a noisy and uncertain marketplace. Coaches and HR professionals play an important role by understanding key elements that threaten morale.

Findings by the Hay Group demonstrate that although organisations in the top quartile on engagement demonstrate revenue growth 2.5 times that of organisations in the bottom

quartile, firms in the top quartile on both engagement and enablement achieve revenue growth 4.5 times greater.

Now more than ever, leadership teams are asking for increased discretionary effort and the only way to get that is if people feel engaged with the organisation. In a time when the employees who survived the cost cuts are less likely to be engaged this is no easy task.

To overcome these hurdles organisations need to be tuned in to the needs of their people.



This does not have to involve only financial incentives, and in fact this is not what is being asked for. There are several engagement and retention strategies that have been effectively integrated during the GFC, and increasing employee engagement can effectively reduce issues with talent retention once the market is no longer a static place. These strategies also incorporate solutions to forthcoming issues such as aging populations, intergenerational divergence and gender discrepancy. Successful companies are getting ahead of the curve by developing quality people while labour remains soft, however the key is in maintaining short and long term objectives.

We are going into a dangerous period. We're coming out of survival mode into thrive – and that requires a different mindset with different expectations.

## TRENDS IN ENGAGEMENT AND RETENTION STRATEGIES

Engagement is seen as the key to retention, and as such should have high priority in these volatile times.

Decreased job satisfaction is the largest factor in voluntary turnover and companies which do not actively take steps to motivate and satisfy their employees are greatly hindering their innovation and productivity. A better understanding of the best engagement strategies is crucial.

## REVIEW OF THE FINANCIAL REWARD FOCUS

In relation to financial rewards, performance-related pay and incentive schemes have proved effective historically with some motivating effect. However, in the wake of the GFC there can be a tendency to rely on this as a key motivator when a reasonable and fair basic salary can be more important to individuals due to increased costs of living and financial instability.

## FLEXIBLE WORK OPTIONS

Flexible people management is a key element of successful management. During the GFC actions of employers to cut working hours rather than people has been crucial in terms of improving consumer confidence and spending. Engagement through promotion of a life-work

balance is central in a time when stress levels are dangerously high. This can be facilitated through job sharing, part time work, redirection of outsourced work and redeployment of workers.

Through flexible work options companies are able to retain aging employees part time or remotely, so they can tap into their knowledge, preventing the 'brain drain' and allowing them to exit the workplace in a steady fashion rather than moving straight into retirement.

Generation Y also have flexible needs, as they value highly time off to travel or study.

Women are projected to become an increasingly growing percentage of the workforce and subsequently are an important focus for post GFC retention strategies. McKinsey's findings highlight the role of flexible working conditions and encouraging female networks with senior mentors as the top two strategies for gender stabilisation with an organisation. Leadership skills traditionally employed by women - qualities of inspiring others and defining expectations - have been identified as crucial in the upswing as they are associated with positive effects on leadership behaviours and organisational capabilities.

### RECOGNITION, REWARDS AND COMMUNICATION

To overcome the hurdles to increased engagement and retention during the down times it is imperative that everyone should have access to the reward and recognition program - not just high achievers. When it comes to rewards, employees who feel they're being asked to do more with less during the downturn will expect

reciprocation from their employer. This is a matter of creatively aligning the specific needs of the employees with the resources of the company and leads to an increasing focus on nonmonetary rewards such as career growth opportunities. Ensuring that there is a clearly communicated link between performance and rewards within the organisation has the benefit of targeting high potential talent early in the employee's career, and individualising performance for the best results.

Recognition has also been a key to engagement during tough times. When people believe they are appreciated, treated fairly and their wellbeing is valued, they give more of their time and creative energy. Measuring workforce attitudes is more important than ever in the current climate as a management attitude that respects staff and provides support to help employees grow will be at the top of mind when opportunities arise that could allow employees to otherwise jump ship. Managers in difficult times can support a culture of well-being in several ways: by giving employees flexibility in scheduling when and where they

work, recognising and addressing employees' challenges and problems, being mindful of their job overloads, giving effective performance reviews and creating a collaborative team spirit. Implementing strategies such as one on one meetings with the employees to ascertain goals and feedback is a cost effective way of increasing employee involvement and active communication.

### TRAINING AND DEVELOPMENT

During this downturn leaders have a better understanding of the need for continual training and development, as prior recessions have seen this as the first area cut. People who receive training and have the opportunity to participate in development programs will excel in their jobs and commit to companies that invest in them. 6 out of 10 executives surveyed by Deloitte list training and development as a leading priority in today's climate. There has been an escalating trend in provision of innovative learning and development opportunities, such as online learning facilities, mentoring and



coaching as well as utilising the more traditional methods. Because Generation Y employees are the most mobile and will find it easiest to change jobs if workplace conditions are not meeting their needs, it's important to understand the impact of training and development on their retention, and weigh cost savings against loss of key people. Generation Y's expectations of a boss and attitudes are shaped by the complex environment and as such their preferred leadership style is more participative than hierarchical. This can take some aligning of priorities which is best facilitated through leadership development strategies. 79% of Generation Y in a study by McCrindle stated that career development was very important to them, and 90% agreed that regular training would motivate them to stick with their current employer. This has major implications for the role of training and mentoring in engagement and retention of the younger generation in difficult times.

Providing employees with skills enhancement and opportunities for career development will also increase loyalty and general well-being recognising that people are a valuable asset.

## RETENTION INITIATIVES

Companies need clear, multi-faceted retention strategies that bolster support and motivation: meaningful and rewarding work, flexibility, professional development and a rewards program that aligns with true needs and priorities. Ineffective strategies and cost cutting neglect the long term implications of their actions on corporate reputation.

Retention practices that are proactive rather than reactive need to be implemented to address talent challenges. Management needs to be finely attuned to the best retention strategies to engage and retain key talent.

## SUPPORT AND COMMUNICATION

In a study by AHRI 54% percent of companies are now using goal management tools to align workforce with business objectives to maximise productivity. By conducting engagement surveys regularly and assisting leaders to motivate and inspire their teams, it is possible to increase engagement, retention and subsequent productivity. A common mistake witnessed during the GFC was retention

strategies based at the upper end of the company's pecking order and not at the employees themselves. Effective communication from senior management and transparency in employee involvement is crucial during tough times, and it is essential to make sure the company's most valuable talent know they are wanted. Results this quarter suggest that understanding of company's goals and communication has increased dramatically from last quarter, however findings by Towers Perrin show only 69% of employees agree their management is providing them with a clear sense of direction.

Elimination of mid management jobs during the GFC has meant that bosses are no longer able to give junior executives the time and attention they would like to develop fully. Global and virtual organisations, a growing offspring of the downturns, provide less visibility and less one on one access for employees. Coaching and mentoring can provide solutions to communication matters and a development strategy that meets today's needs, while preparing the leadership team for the future.

## CAREER OPPORTUNITIES AND JOB FIT

In an AHRI survey 58% of businesses are providing career opportunities to retain top performers, which highlights the value placed on talent management during traumatic times. Providing opportunities for growth and development through training, performance management,



coaching and mentoring is also highly valued, with 62% of companies surveyed by Deloitte engaging in these learning and development opportunities. Interpersonal training focuses have been a common theme during the GFC, and an AHRI study reported 30% of company's have implemented new training focuses such as detecting stress in others. Knowledgeable, empowered workers add more value, as their creative potential is released which leads to a greater sense of accountability in employees and greater productivity. Giving staff the option to explore further education or post graduate degrees can increase the loyalty and goodwill of staff

members, as well as enhance productivity. It is important that employers have a deep understanding and appreciation of the culture and mind-set of both today's younger generation and ageing population. Generation Y value objective performance management and mentoring from their seniors and perform optimally in a culture that encourages growth opportunities and feedback.

### IN CONCLUSION

The focus post GFC will be much more strongly on retention of key talent and organic development of employees. Powerful yet cost effective talent solutions have

been identified as the key to successful engagement and retention in the uncertain future. During the GFC employee focus shifted from demanding entitlements to being grateful for non-financial benefits which demonstrated that their organisations cared. Clever firms should make greater use of nonmonetary rewards such as career growth opportunities, meaningful job designs and coaching, mentoring and training the leaders of tomorrow to ensure surviving employees have a reason to stay and are acknowledged as assets to be developed and not costs to be cut.



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