

The War on Talent

Using Cultural Transformation to Win the War on Talent

Are you ready for the next war on talent? Asian recruitment was down in the first quarter of 2011. So, too, are the defenses of hiring managers who are busy interviewing hundreds of thousands of Asians armed with newly minted MBAs from abroad. Batten down the hatches! Asian human resource managers are forecasting a pickup in hiring for the rest of 2011. Australian employees anticipate an increase in hiring over 2010 of a healthy but modest 2 percent.¹ Hiring managers, however, will be competing with hot talent markets such as China with turnover rates as high as 15 percent forecast.

Against the backdrop of a more rapidly changing business environment, high internal growth and restructurings, employee retention is even more challenging. Worse still, employee engagement is low making it easier for aggressive competitors to snatch up high performers who are feeling insecure and/or opportunistic.

For talent managers, change management is not a threat but an opportunity. When employees are made part of the change management process, it can be one of your most valuable and effective retention tools. It is an opportunity to engage employees at all levels of the organisation and close the gap between employee and organisational values and goals.



Leadership Equity

Shake up leadership development as part of the change management process. Negative supervisory-employee relations are the leading reason employees jump ship and move to a competitor. If talent retention is indeed a virtuous circle of positive supervisory-manager-employee relations, then leadership equity is by far the critical link.

STRATEGIES

- Link leadership assessment results to training and development: Recent research by leadership assessment firms is punching big holes in leadership training and development programs. Assessment results are often not linked to leadership training and development programs. As a result, managers are criticized for the same weaknesses year after year. Make the connection.
- Use evidence-based management: Measure the on-the-job impact of your employee and management training programs. Of 3.7 million annual training programs in Australia, only 15% impact on-the-job performance, according to the Australian Leadership Development Centre.

Employee Engagement

The longer an employee stays with a company the more engaged he/she will be. Conversely, an insecure environment created by layoffs, hiring and pay freezes has the greatest negative effect on employee engagement. Asian employees enjoy some of the highest employee engagement levels in the world. Nonetheless, global engagement levels are alarmingly low at 31%, according to BlessingWhite. India has the highest engagement levels at 37%, followed by Australia/New Zealand at 36% (keep up the good work!) and China the lowest, at 17%.

STRATEGIES

- Develop a participative change management culture: Improve employee engagement by providing employees with influence over the factors that impact their job performance.
- Empower Employees: Make 360 decision-making part of the empowerment process. Change management shatters the glass ceiling and exposes managers to the constructive feedback of the employees who know the market, products and customers.

Incentives & Intrinsic Rewards

Hot off the press! An Australian study of global trends in employee share ownership plans (ESOPs) confirms that companies with ESOPs outperform the rest.² ESOPs are one type of employee incentive used to improve employee performance, commitment to change management and retention.

STRATEGIES

- Combine employee incentives with participative management: Employee productivity and retention programs which combine ESOPs with participative management demonstrate higher long-term results.
- Increase intrinsic rewards: Employee participation in change management provides numerous opportunities to increase intrinsic rewards, including increased responsibility, opportunity for advancement, and personal and professional growth. Intrinsic motivation has a high correlation with employee job engagement, playing a key role in employee retention, as well as job satisfaction and career success.³

Through employee-driven organisational change, you can ensure that short-term rewards and incentives do not dilute the many opportunities to create value through intrinsic rewards. Intrinsic rewards are more closely aligned with employee values.. ●



References

- ¹ ManPower Employment Outlook Survey Australia. Q1/2011. <http://manpower.com.au/documents/MEOS/2011/MEOS-AU Q1-2011.pdf>
- ² E.J. McElvaney. (2011). The benefits of promoting employee ownership incentives to improve employee satisfaction, company productivity and profitability. *International Review of Business Research Papers*. 7 (1), 201-210. <http://www.bizresearchpapers.com/15.%20McElvaney-FINAL.pdf>
- ³ Tymon, W.G., Stumpf, S.A. and Doh, J.P. (2010). Exploring Talent Management in India: Theneglected role of intrinsic rewards. *Journal of World Business*. 45, (2), 109-121.

