

Organizations struggle with attraction/retention

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Companies around the world are coming to grips with the toll of crisis-era cost-cutting efforts on their employees and are now revisiting how they attract, retain and motivate employees.

The Towers Watson *Global Talent Management and Rewards Survey* of more than 1,100 companies globally (including 155 from Canada) found that a majority of respondents said cost-cutting measures taken during the recession and financial crisis had an adverse impact on employees' workloads, their ability to manage work-related stress and overall employee engagement.

As a result, almost two-thirds (65%) of companies globally and 61% of Canadian companies reported problems attracting critical-skill employees. Six in 10 companies globally, and 57% of Canadian companies, reported similar difficulty attracting top-performing, talented employees. However, holding onto such employees is proving easier than attracting them, with only 21% of companies reporting difficulty keeping employees generally and just 12% of Canadian firms reporting problems holding onto employees.

"Although the Canadian economy has been stronger than that of some countries in the survey, the business climate has still impacted the supply and demand of talent and companies' ability to attract and hire talented employees," says Ofelia Isabel, the Canadian leader for rewards, talent and communication consulting at Towers Watson in Toronto. "Top talent is always in short supply, but employees are now telling us that with sufficient career development opportunities, they would prefer to stay with their current employers. This desire to remain with their current employer is going to require companies to be more creative in their efforts in how they attract and build talent and leadership in the future."

Deep cuts

The hiring and salary freezes, layoffs and bonus reductions enacted after the economic crisis took a steep toll on workers, according to the survey. Two-thirds of Canadian employers believe their cost-cutting actions increased employees' workloads, while 57% said they adversely impacted employees' ability to manage their work-related stress. Canadian employers also responded that these measures had a negative impact on both employee engagement (56%) and workers' ability to balance their work and personal lives (50%).

"This study is a good reminder that employers need to look at their employee value proposition in order to focus on key factors such as work/life balance and career development that are attractive to both current and prospective employees," says Maureen Neglia, a senior talent management consultant at Towers Watson in Toronto. "This is even more of a priority when trying to attract top talent for leadership roles."

Focus on talent

In an effort to undo the damage, organizations are likely to increase their talent management emphasis in leadership, succession planning and career pathing over the next three years. When asked what their top talent management priorities were, 63% of Canadian companies stated increasing the investment in building an internal pipeline of talent, followed by 62% who said ensuring the readiness of talent in critical roles was a top priority. One-half (50%) ranked creating more movement, rotation and development opportunities for talent, and developing the next generation of leaders with a new set of competencies and capabilities, as a top priority.

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“Leadership development continues to get a lot of attention in Canada,” says Isabel. “As a new regulatory and economic era emerges from the wake of the financial crisis, strategic vision, change leadership, integrity and ethics are the attributes identified by survey participants as the keys to success for the next generation of leaders and organizations.”

Salary increases: failure to launch

Meanwhile, a Hewitt Associates survey explains that 2010 average national salary increases have not recovered to levels seen earlier in the decade.

Hewitt’s 32nd annual *Canada Salary Increase Survey* of more than 500 organizations found that while salaries are trending upward this year, the average increase was only 2.6%—an improvement over 2009’s average increase of 2.2% but lagging behind the pre-crisis levels of 4.5%. This puts employers at a disadvantage once the economy picks up and employees start looking for greener pastures.

“Once the economy turns around, frustrated employees are going to start leaving,” says Jeff Vathje, Hewitt’s Calgary-based national compensation leader. “An organization’s high performers are often also the most ambitious and the most attractive to other companies. If an employer isn’t providing its top employees with opportunities to increase their pay, it’s at significant risk of losing those high performers.”

Hewitt suggests that preventing the loss of key talent requires immediate action before the economy rebounds completely. And cash-strapped companies unable to increase salaries can try a simple method to appeal to employees. Just listen.

“Our research suggests that high-performing employees want opportunities to do new and interesting tasks,” says Rob Lewis, a senior consultant in Hewitt’s Toronto office. “They want to be able to give input and interact with leaders. And they want to know that there are opportunities to advance. These employees tend to be restless and easily bored if they’re not moving forward, so organizations need to make sure they are continually challenged and recognized for their achievements.”