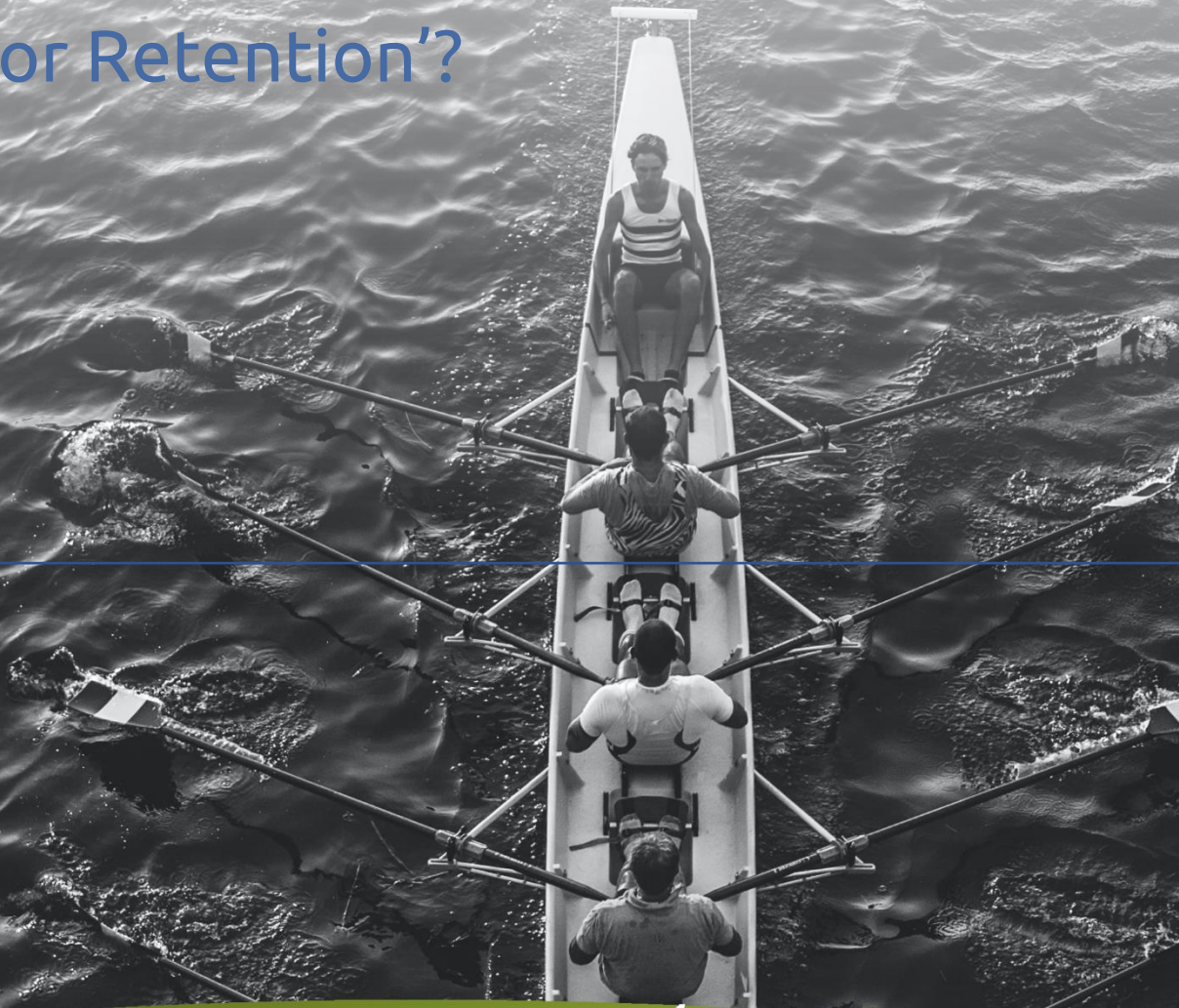


# Has the 'War for Talent' become the 'War for Retention'?



## Has the 'War for Talent' now become the 'War for Retention'?

It's been over 20 years since the landmark study 'The War for Talent' conducted by McKinsey asserted that 'Better talent is worth fighting for' due to the rising need for highly skilled employees in the organisations it surveyed. McKinsey predicted that companies were about to become "engaged in a war for senior executive talent that will remain a defining characteristic of their competitive landscape for decades to come".

The study has been refreshed and revisited during the last 20 years and has brought issues like the growth of digital and related skill shortages into its scope. The core message and call to action have, however, remained unchanged:

**You can win the war for talent, but first  
you must elevate talent management  
to a burning corporate priority.**

### How well have we responded to the call for action?

When the study was first published, amongst other things, I was responsible for talent management for a £37 billion global tech organisation which was growing at a dizzying pace spurred on by the dot com 'boom' (which did end up going bang!). Hiring was an important priority but the fact that the 'War' actually existed soon became evident, so we had to rethink our processes. Taking a longer-term view was essential and I was lucky enough to work with some highly capable business planners and thinkers who could help identify the product, technology, consumer and market trends.

As far as our talent needs were concerned, we asked ourselves some key questions:

- Where is the business heading?
- Is our talent pool deep and broad enough to provide the skills and capabilities to deliver our strategy?
- Who are we competing with for talent?
- Do we know our own talent well enough?
- Do we grow our own or buy in?
- If we grow it, are we doing enough to develop our own talent?
- If we're going to buy it, do we know where it is, how much it costs and whether it would come and join us?

As well as researching, searching and identifying talent globally, and often bidding for that talent with quite exorbitant packages, we realised that we had to take a broader more strategic approach.

Many other HR professionals will have tried similar things so I'm not trying to say this is unique but some of the tools and action plans we deployed had a positive impact. Having our talent management strategy linked to our business model as a foundation was key. In addition we focused on research aiming to seek out the best talent in other organisations, internally we took more chances with promoting and developing our own people identified through our ongoing Talent Management reviews.

We broadened the roles of many of our people of potential and invested heavily in their personal development both in-house and using leading external support. For the longer term, we hired more graduates and apprentices and as we acquired new businesses, we dug deep into the talent they brought with them. Focus was also put on retention, which was largely of the 'golden handcuffs' type but at the time it was effective in reducing our leaver rate.

In talking to many HR leaders and conducting our own research within Work Horizons, it's clear that the 'War for Talent' is still raging and that many businesses are still struggling to attract the people they need. Despite the pandemic, the war doesn't look like stopping any time soon, so talent management strategies remain relevant and important for any business focused on its future.

However, there is a new front in the war, with retention of staff being a growing concern within many businesses. This is exacerbated by the reality-check forced upon us by the last year or so causing many businesses to recognise:

- Your competitive advantage comes from having and keeping the best talent
- Quality talent is scarce
- Loyalty to one company is diminishing
- Talented people are looking for more in their work and in the companies they work for

If you add to this the fact that many people have had time to reflect on their working lives and consider what they really want to be satisfied. Many have concluded that it's not all about money. This is a new complex problem facing us in HR. Maybe one response we'd suggest is that retaining people of quality and with real talent needs to become a new war - 'The War for Retention'





## How great is the risk of losing talent?

Very timely and interesting new research by Personio has revealed that many workers choosing to leave their firms in the UK and Ireland could cost companies up to £17 billion. The findings showed that close to two-fifths of workers (38%) said that they are looking to change roles in either the next 6 or 12 months or once the economy has improved. This was particularly true for the younger groups within the workforce – with over half of 18 to 34-year-olds (55%) desiring a change in career.

Although loss of talent was marked a significant concern by 45% of employers, only 26% stated that talent retention is an active priority for their organisation over the next year – suggesting that many are leaving themselves vulnerable to huge costs.

When comparing the responses of HR professionals to the workforce at large, the study found a big disconnect between what employers believe would make staff leave and what workers' themselves said. Over a fifth of workers cited a toxic workplace culture as the reason for looking for a new job, yet only one in 10 of employers felt this could be a contributing factor for leaving.

Another area which was overlooked by HR is lack of career progression opportunities, noted by 29 per cent of staff but only 17 percent of decision makers. Additionally, a further three in 10 employees did not feel appreciated for the work they do, highlighting the importance of employee recognition. However, less than a fifth of HR decision makers thought this would be a reason staff would leave their role. These findings chime with the discussions we have had with HR leaders and others within the profession.

We have the breadth of experience that helps organisations to develop effective retention strategies as part of their overall talent management work. Among the things our approach recommends and our experience can help deliver:

- *Rethink your culture* - People want to work for companies that show them they are respected and appreciated - more 'well dones' and 'thank yous' cost nothing and go a long way
- *Leadership* - Centric leadership is key to supporting culture- there is no room any longer for the 'Class Bully'. Remember that leaders are always being watched and that the negative impact of poor leadership or aggressive leadership behaviour can travel through a team very quickly.
- *Give responsibility more easily to people*. Allow them to take risks, learn and grow. Provide personal development opportunities to excite them, develop them and give them new skills.
- *Promote from Within* as the first choice and make sure D&I is actually achieving something and is not just another poster.
- *Create attractive benefits* which include more time off, help to support families as well as competitive pay and a share in the company's success.
- *Raise your image externally* as a good employer so people feel proud to say they work for you and new people are attracted to join.

As I said earlier, retention is a complex problem but increasingly is becoming one that needs urgent attention. Our advice to organisations is that the 'War for Retention' has to be taken seriously and that with the changes in employee engagement, personal choices and an increased emphasis on life/work balance by individuals, a better response other than just throwing money at the problem is needed:

To win the new war,  
give them reasons to stay.

## Work Horizons

At Work Horizons we are highly experienced in HR strategy, helping organisations to address profound challenges and make the shift to a more purposeful, productive working culture. If you would like to discuss any of these ideas, we would be delighted to hear from you.

Please visit [workhorizons.com](http://workhorizons.com) or call 0121 663 1710.

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