



PEOPLE & ORGANIZATIONS

Beat Brain Drain: Boosting Your Talent Pool

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OVERVIEW

Shifting demographics are starting to reshape the workforce. As Baby Boomers retire, in most developed markets, there will simply be fewer people of working age to fill positions. Not only is the pool of locally available replacement talent shrinking, competition for their talent is on the rise.

The people shortage is exacerbated by the lack of growth in graduates with Science, Technology, Engineering and Maths (STEM) degrees. This is happening at a time when, due to rapid advances in technology, the demand for these skills in the workplace is on the rise.

At the same time, businesses are also finding that the leadership and experience of the Baby Boomers are being sorely missed. As they leave the workforce, Boomers are taking decades' of knowledge with them, while younger generations have often yet to build up the experience and leadership skills needed to maintain successful businesses.

So how can businesses respond to this confluence of demographic and training challenges to avoid being hit hard by a skills shortage that could be even more pressing than the one the world is already facing? With an emerging challenge this great, this is not just an HR issue – it's core to future business strategy.



IN DEPTH

How are business leaders coping with the rising demographic, technological and human resource challenges they face as experienced staff retire and new technologies disrupt industries and require new skillsets?

Peter Sanborn, Global Talent Practice Leader at Aon Hewitt, says companies need first and foremost to understand staffing as part of a holistic business strategy.

"We suggest companies look at growth and recruitment from a strategic perspective," he says. "They should be asking: 'Based on our business strategy, what are the critical skills and number of roles we will need?' and then ask 'How do we start to build a sustainable pipeline?'," he says.

To align talent strategy to business strategy in this time of rapid change requires taking a long-term view. It's not just about hiring for the positions you need today, but identifying the critical skills needed to help your business adapt over the long term.

"It needs to be a two-pronged approach," says Sanborn, "not just talent acquisition but also talent development... how you hire people who have the potential and agility to continue to learn new skills over the long-term."

Wall Street's Silicon Valley Challenge

Financial services and health care are two sectors that are already experiencing the impact of an under-supply of key skills. They are by no means the only ones, but their challenges are indicative of wider trends across the global talent marketplace – they can provide valuable lessons.

Thousands of professionals are retiring from the workplace every day. The task of finding adequately trained replacements would be daunting even under the best of conditions. But working at many of the existing financial service providers is no longer seen as the sure path to riches it once was in the Wall Street heyday of the 1980s, while competition for talent is on the rise from new technology-enabled start-ups.

Beyond competition, the financial industry is itself undergoing significant change. The amount of new regulation affecting banks introduced by legislators around the world in the wake of the 2008-2009 financial crisis is significant, and requires a broader range of skills and experience from prospective employees than ever.

At the same time, the financial services industry – as with so many others – finds itself threatened by disruption from new entrants, who are making the most of new technologies to rethink how to deliver financial services to consumers. From simple online payments to new online only banking products through crowdsourced funding options and other innovative business models yet to be invented, the financial sector is under increasing pressure to innovate and evolve to keep ahead of the competition. This requires even more technological skills – but the established organizations will often find themselves in direct competition for talent with the exciting newcomers of the startup world.

The Impact Of Shifting Demographics On The Health Care Industry

The health care industry faces similar staffing challenges. Many doctors, nurses and hospital care technicians are retiring at a time when numbers of newly qualified graduates are static, taking a huge wealth of experience out of the industry, whilst the profession is battling to keep up with the needs of a generation of baby boomers who are both out of shape and living longer than ever.

While pay scales for top healthcare professionals remain attractive, in developed countries they often remain inadequate to attract essential nursing staff, shrinking the locally-available talent pool. Increasingly, developed countries are hiring from abroad – which is in turn reducing available health care professionals in developing countries.

Lifestyle related diseases, such as heart disease, type 2 diabetes and hypertension require close monitoring and increasingly expensive treatment. Because of this rise of non-communicable diseases, demand for health care is increasing, while the length of time people need to be treated for is rising.

Meanwhile, as technology in healthcare advances, the promise of more effective treatments continues to raise patient expectations. But new technology also raises new talent challenges – just as with financial services, health care also needs more graduates with technical and analytical skillsets to make use of these new technologies.

How To Tackle An Emerging Talent Shortage

At a time of increasing competition for qualified people, “what many of the firms are focused on now is creating a culture that is attractive for people to join and stay,” says Sanborn. With as many as a third of employees thinking to leave their current jobs within a year, according to Aon’s latest Workforce Mindset Study, this isn’t just about attracting new staff – it could be about preventing existing employees from being lured away by a competitor.

Both mature and fast growing industries are focusing on developing a culture to help them compete for scarce talent and become more attractive to their current and future workforce. When it comes to culture, Sanborn highlights a few things organizations can prioritize:

1. **Develop leaders who are engaging and serve as role models** – with corporate leaders increasingly high profile, and with leaders as a top driver of employee engagement, select and develop people who can act as internal and external role models and create an environment in which people are appreciated and motivated.
2. **Establish a clear employee value proposition** – to stand out from the employer crowd, think about how to make your corporate culture feel more distinctive and attractive by offering support in career development and ongoing training, as well as competitive compensation and benefits.
3. **Develop and articulate a sense of purpose** – with workers increasingly wanting employment that means something beyond just making money, explaining what your business stands for can be a powerful tool to attract like-minded talent and drive long-term employee engagement.

In addition to culture-building, planning for tomorrow’s workforce is key. Talent shortages are likely to remain a feature for years to come. Ensure your business has the qualified staff and skillsets needed by adopting a long-term program for attracting, training and developing the people who will drive its success over the long-term – not just for this year’s needs, but for five to ten years’ time.

There are a few things organizations should consider to help with their long-term talent needs:

1. **Establish apprenticeships** – not only does on the job training help you cultivate the skills your business will need, it can help promote loyalty and long-term engagement. With training and career development opportunities strong pull factors for modern workers – especially from younger generations – making training an ongoing part of your business from the early stages of employees’ careers can be a

powerful proof point in your commitment to employee development.

2. **Work with schools** – encourage changes in the educational system that support the development of needed skill sets in the long term. Ensure students are made aware of career opportunities in your industry, and the true value and potential that a career with your organization can bring.
3. **Commit to workforce diversity** – women and minorities still have significant under-representation within the managerial ranks of many industries. Organizations should be reaching out to qualified minorities not just because practicing equality in the workplace reaffirms your business's commitment to fairness, but because diverse workforces are a proven driver of innovation. Not are organizations with greater gender equality proven to perform better, but being seen as promoting gender equality in the workplace can be a powerful attractor for talent.
4. **Globalize your hiring** – developing countries around the world are producing well qualified staffing for accounting, data analysis, and other financial services, while in healthcare a majority of newly qualified healthcare professionals including nurses and general practitioners are graduating from schools in these countries. In a globalized world, the competition for talent is also increasingly global – so you increasingly need to look where the talent is, not just where you would like it to be.

TALKING POINTS



"Rather than focusing on salaries alone as the cure-all for attracting employees, corporations would be wise to look closely at the wider expectations and demands of their candidates, if they are to draw in the best talent... while increasing the flexibility of the job offer can provide an effective short term solution to draw in the best candidates, ultimately even these measures won't resolve systemic talent gaps that have a significant impact on the long term health of the business." – Tara Sinclair, Chief Economist, Indeed



"The struggle to fill vacancies is holding back growth and opportunities for business, and it is essential that both government and industry work together quickly to identify ways to plug this gap." – Mike Hawes, Chief Executive, Society of Motor Manufacturers & Traders



"Companies looking for sophisticated skillsets are starting to look to foster skills and relationships with future employees among high school age students... If you're not already thinking five to ten years ahead for your talent needs, you need to." – Usha Mirchandani, Partner, Talent Analytics, Aon Hewitt

FURTHER READING

- Companies Struggle To Fill Quarter Of Skilled Job Vacancies – Financial Times, January 28, 2016

- How To Find The Right People In A Skills Shortage Sector – Talk Business, March 11, 2016
- The War For Tech Talent Escalates – The Boston Globe, February 19, 2016
- Talent Challenges In Times Of Disruption – FinTech Innovation, March 28, 2016
- Workforce Mindset™ Study – Aon report

