Leaving So Soon?  
You Just Got Here!

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These are troubling times if you are looking for talent. As I talk with organizations, one theme continues to come up: “We can’t fill open jobs… and people that join us don’t stay for very long.” All you have to listen to is one of the many economic reports that are on the news every day to hear that the economy is strong and jobs are plentiful. The Fed interest-rate decision in December was in part impacted by the positive jobs forecast—signaling to financial markets the strength in the US economy and job market. Now is the economy we have waited for through those recessionary conditions of 2007 to 2011. This is the job market we had hoped for. Remember at the beginning of the recovery stage when the job market was deemed a “jobless” recovery? Well, we are jobless no longer. There are currently 5.6 million open jobs, and that number is projected to rise as we get further into 2016.

JOB OPENINGS IN DECEMBER OF 2015 JUMPED FROM 5.3 MILLION TO 5.6 MILLION.
THE NUMBER OF HIRES CLIMBED FROM 5.3 MILLION TO 5.4 MILLION—THE HIGHEST SINCE NOVEMBER 2006.

The number of people quitting jobs in December jumped from 2.9 million to 3.1 million—the highest since December 2006.1

Forces Shaping the Talent Market: You Can’t Ignore Demographics

Recently released data paints a bleak picture of the talent market if you are an organization looking to fill open jobs. Let’s start with the report that came out in the Wall Street Journal (November, 2015). In a report entitled “Demographic Destiny,” the journal paints a comprehensive view of global demographics that outline the workforce shortage we are facing today and tomorrow. From the end of cheap labor to a region-by-region assessment of worker availability, the conclusion is the same: “We are in trouble.”

The workforce in the developed world is in decline for the first time since 1950—including emerging markets in China and Russia. In the report it is put simply: “Companies are running out of workers.” In the US, since 2008, the labor force grew at a rate of 0.2 percent per year, compared to 1.2 percent in the prior decade. This has caused the Fed to lower the potential growth rate from 3 percent to 2 percent, though there is debate as to whether 2 percent is realistic.

In December, there were just 1.4 unemployed workers for every job opening.²

We Will See Unprecedented Talent Movement for Several Years to Come

In 2014, the Hay Group published a research report that addressed global transition of talent. Their prediction was that we would see an increase in talent movement over the next several years, and by 2018 we would see 23 to 24 percent of global talent in transition. In the United States, by 2018, it is predicted that 37 million workers, or 23.4 percent of the workforce, would be in some sort transition—looking for new opportunities, contract or project work, and long-term contingent work. Let’s fast-forward to November of 2015. We can see that while the Hay Group was right about workers in transition, in fact, the numbers indicate even higher rates of transition are on the horizon.

Universum (November, 2015), a research and organization consultancy, reported that 28 percent of workers in the United States and Canada have considered leaving their employer and moving to a competitor within the last 12 months. Nearly half of United States employees are confident they can find a job that matches their current compensation level within six months of beginning a search. In the technology sector, we see that confidence is significantly higher, with two thirds of employees saying they could find a better job within 60 days.

As a side note, the technology sector has been at 2.0 percent unemployment for the last two years, which is considered full employment by economic forecasters.

So here is the big transition prediction:

+ In 2018, 49 million more (as compared to 2012) employees will leave their current employers, representing 192 million employees worldwide that will be turning over.

² The Economist, December 2015
So Let’s Bring This Macro Data into the Context of Your Growing Organization. Here Are the Key Takeaways:

+ Talent is hard to find and it will get even harder over the next several years.

+ People are so confident in the number of opportunities in the market that they believe they can better their current position and will, in all likelihood, do significantly better when changing jobs. Right now, the average job-switching premium is a 15 percent increase in base pay.

+ The war for talent is over: The talent won. This is a job seeker’s market. According to the US Bureau of Labor statistics (October, 2015), wages are up 3.5 percent, and in the manufacturing sector, they are up a huge 7.8 percent in the last quarter. The significant wage growth is due to the lack of qualified workers.

+ Several studies have reported that one of the top concerns for executives is having the talent they need to sustain and grow their business. We have seen in the demographic data that the lack of available talent could be a significant constraint on growth for the next three decades—things will definitely get worse before they get better.

+ There is little holding people in organizations that do not offer a compelling career-value proposition. Healthcare is portable. The real-estate market has improved significantly, which makes moving to a new area possible without taking a hit on the real-estate transaction. Opportunities in the market are plentiful. Social and mobile tools have made it easier to learn about new opportunities and apply for them anywhere, anytime. If you change jobs and you don’t like your choice, you can switch again—usually for more money. What’s more, the rise of the “gig economy,” sparked by companies such as Uber and Airbnb, is seeing many begin work as contractors in one way or another to supplement or replace full-time employment.

+ The stigma of changing jobs after a short time is diminishing. People no longer stay in a job for several years; it is around 6 to 12 months in this economy.
The Talent Shortage

In 2006, Leigh Branham, in partnership with the Saratoga Institute, wrote “The Seven Hidden Reasons Employees Leave.” While this book hit the market almost a decade ago, it is perhaps more relevant today than the day it entered the marketplace. First, what we need to acknowledge is that we saw this talent shortage coming. In his book, Leigh predicted that we would be over seven million workers short by 2015. Recent reports suggest he was not far off the mark for a prediction made nearly a decade ago. So you have to ask, “Why weren’t we better prepared?” While I am sure there are dozens of reasons that can be cited by any organization, I think it comes down to a few basic things:

+ Organizations tend to be shortsighted when it comes to investing in people. Often, it can be hard to get funding unless there is a real emergency at hand. In a majority of organizations, no one wanted to invest to mitigate a talent crisis on the horizon, particularly one that was years away.

+ We have gone through a number of economic shifts over the last 10 years—the economic crisis involving big banks, the recession of epic proportions, years of job cuts and continual downsizing, and the dot-com bubble. There was a prevailing scarcity mentality when it came to investing in people, but this did not define every organization. Some visionary companies used the downturn as a time to find and hire great talent—to plan for the future and build bench strength at a time when there was a lot of choice in the market at a lower price.

+ Organizations did not make the necessary technology investments to create an integrated employee experience. Little attention was paid to workforce planning and analytics, so the gaps that were on the horizon were not readily seen.

Quite simply, I think there was a prevailing belief that the shortages, while forecast, would never come since we had an abundance of talent in bad times. In 2007 we had seven people for every open job; by July of 2014, we had two people for every open job. If we fast-forward to the latest economic report in The Economist (December, 2015), we no longer have two available people for every open job, we have 1.4…and those 1.4 people are not necessarily qualified, or the best fit for the organization. It is just math—the number of openings versus the number of available people. I’ll say it again: just 1.4 available people for every open job—the implications of that are staggering.

We will see behaviors like:

+ Filling jobs with who is available instead of waiting for the best/right candidate

+ Organizations lowering expectations and compromising on experience, fit, or capability + Candidates accepting jobs that may not be the best fit for them—trying it out, then leaving within six months to try something else—which, in turn, will drive up the number of people in some sort of job transition

EVEN TODAY, WITH ALL THE DIFFICULTY OF RECRUITING AND RETAINING TALENT, I TALK TO C-LEVEL EXECUTIVES THAT DON’T BELIEVE THERE IS A SHORTAGE. SOMETIMES THEY BLAME THEIR TALENT-ACQUISITION TEAMS OR HR BUSINESS PARTNERS AND FUNCTIONAL LEADERS FOR THE DIFFICULTY IN RECRUITING AND RETAINING TALENT.

3 NBC News, Chicago, 2014
So, Why Do People Leave?

In Branham’s book, he cites seven reasons why people leave. In my experience, not every reason affects every employee group equally. In Deloitte 2020, it was reported that 86 percent of people leave a job today for lack of career development. That translates into a lack of coaching and mentoring, career opportunity, development and learning, and cohesive strategy to develop people in a job—preparing them for future roles.

For executives, the main reasons 67 percent of them leave within the first year are: the organization isn’t as expected; the job isn’t as expected (or promised); the opportunity did not materialize in the same way it was described in the recruiting process. Fit is a critical issue at every level, though particularly significant at VP and above. When you add up all the reasons executives leave, fit is at the source of many of them.

Exit-Interview Data Gathered over Several Years Highlights Some Common Themes:

+ People feel devalued—no one cares about them as a person
+ Pay is perceived as unfair
+ Shared ideas seem to go nowhere
+ People feel like they don’t matter
+ There is a lack of opportunity
+ There is not enough trust in leadership
+ There is a lack of transparency in how promotions are decided, how things get done, how project assignments are made, and how the organization invests in its people
+ There is a lack of adequate tools and resources to get the job done—there is not enough investment in the organizational infrastructure necessary to support connection and collaboration

4 Branham, 2006
The World Has Changed

In the past several years, we have seen major shifts in what people want from work and what makes a difference today. First, flexibility is important to everyone. In 2009, Tammy Erikson asked people: “Would you rather have $10,000 more in pay or greater flexibility?” In the middle of a recession, 56 percent of people across all generations said they would rather have more flexibility. The desire for more flexibility is driving higher levels of people seeking contract or contingent work.

If you’re wondering if flexibility pays off, data reported in the last few months suggests huge benefits. At the end of 2015, a study by Vodafone reported that 61 percent of global companies surveyed reported increased profits as a result of flexibility. Additionally 83 percent reported improved productivity, and 58 percent of companies said that flexibility has had a positive impact on their reputation. In a market where talent is tight, offering flexibility in a way that is appropriate for your business can give you a competitive edge. At the end of February 2016, SHRM released the results of their study on flexibility. They reported that 86 percent of US companies have reported an increase in productivity and 77 percent reported that morale has improved as a result of flexibility. Also, 61 percent of companies reported an increase in teamwork and 60 percent of employees said that flexibility has helped them achieve better work–life balance.

Along with flexibility, companies need to strengthen their ability to offer social and mobile technology. Social tools and working on a mobile device used to be considered cutting-edge, or “nice to have.” Now, it is the price of admission, so to speak; it is essential to an environment that offers flexibility. Work is no longer a function of location; it is the result of connection, collaboration, easy access to data, and the focus on enterprise performance. Work is now anywhere, anytime, with anyone.
In September 2015, CNN reported that 66 percent of millennials do not want to work in traditional companies—they want more control over their work assignments, enhanced flexibility, and increased choice over where, how and with whom they work. People reported wanting to work for creative, agile, innovative companies that usually took the form of startups and smaller organizations.

Working remotely is the new norm, and is growing in the marketplace. Technology that supports access to more data, transparency, and greater access is no longer a luxury; it is a necessity—if you don’t have it, you will be left behind. Whether you sanction it or not, 72 percent of people walk into the workplace today with a mobile device— I guarantee you they are not putting those devices in a drawer until their work day is over. The significant benefit to having a mobile strategy is higher levels of discretionary effort. People that can use their mobile device at work, on average, contribute 240 more hours of discretionary effort due to working in real time. Across all generations in the workforce, 40 percent of people reported that they will not work in an organization without social and mobile capability.

In 2014, in an Oxford Economics report, leaders were asked how they are adapting to the changing nature of work. In responding to the question, “What impact is the changing nature of employment having on your company?” the responses were:

+ 46 percent of leaders identified needing to change compensation plans
+ 44 percent were increasing their investment in training
+ 38 percent said they were making changes in employee technology (BYOD—bring your own device)
+ 41 percent said that it required a change in HR technology

So Where Do You Go from Here?

In a job market where work is plentiful and there seem to be unlimited choices, people want more than just a paycheck—alignment with purpose, mission, and values matters to them. They want:

+ Real relationships that are connected and personal, making them feel appreciated
+ Connection and relevance: someone to understand their goals and aspirations, providing coaching and mentoring in a real way

Retention isn’t a program; it is about how we inspire. Keith Ayers, in “Engagement Is Not Enough”, challenges us to go beyond engagement, instead reaching passion, which makes great sense in this job market. People who are passionate about their work are more committed to their company and less likely to leave. He mentions the Passion Pyramid, which is a great way to envision employee needs, the skills leaders need, and organization outcomes. Employees need to be respected, learn and grow; be an “insider”; carry out meaningful work; and on a winning team. Leaders need to build trust; be coach-counsel-mentor; be inclusive; align their teams with purpose, values, and vision; and build high-performance teams. With those elements present, organizations can go from a basic level of engagement to commitment and passion.

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5 Citrix Mobility Business Report, 2013; Forbes, 2014
There is good news in a workforce going through transition: in 2014, Bersin by Deloitte reported that 51 percent of people that take a new job have buyer’s remorse, and 83 percent of them leave within the first year. My advice, put simply, is that you need to become the “next opportunity”—the kind of job and organization they would leave for—and, essentially, the change you wish to see in the world. You need to build a strong culture of engagement and passion by:

+ Incorporating development and growing people in their day-to-day job
+ Implementing great development plans, succession and talent reviews that support building a strong bench
+ Showing a real commitment to creating great employee experiences—in everything from talent acquisition to off-boarding

You can create an organization that people want to join and where they will want to stay. Ask yourself: in what way can my business become more vibrant, agile, connected, collaborative, personal, social, mobile, fresh, and passionate? Look at the processes that touch employees: is your performance-management approach relevant for the workforce you want to attract and retain? Do you have a culture of recognition? Are people in your organization inspired? Do you have the tools, technology, and analytics necessary to understand what is going on with your workforce—who is in danger of leaving, why would they leave, what are your strengths and gaps?

Your solutions can start small and grow from there—pick the vital areas to work on that will deliver the biggest impact. I guarantee if you work on becoming a “people magnet,” you will see results. Organizations that have an integrated approach to HCM technology that supports the employee experience have better business performance. They have 26 percent higher revenue per employee, 17 percent lower overall turnover, 87 percent greater ability to hire the best people, and 40 percent lower turnover in their high performers (Bersin, 2014).

LAST WEEK WHILE TRAVELING, I WALKED BY A SHOP THAT HAD THIS SIGN IN THE WINDOW: “IF YOU’VE BEEN WAITING FOR A SIGN, THIS IS IT.” I LOVE THAT!

If you have been waiting to develop and implement a talent-attraction and retention strategy, now is the time to look at what you have and see how you can make it better. Getting to passion is within the grasp of all of us; you just have to begin.