

WAR ON TALENT

How to retain your workforce in Europe



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Originally from Namibia, Carl Heinz Paulsen completed his tertiary education in South Africa and the Netherlands. He received a Bachelor's degree in Industrial psychology, Honors: Bachelors in Labour Relations Management and a Master's degree in the International Human Resources Management.

He worked as an HR advisor to heavy supplies industry, as an official of one of the largest Employer's union in Southern Africa and as a labour consultant for a multinational South African company.

In 2020, he relocated from Namibia to the Netherlands on a permanent basis whereafter he joined EuroDev as an International HR Consultant. Along with his financial partners, he now manages a portfolio of nearly 30 companies spanning across 15 countries.

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Introduction

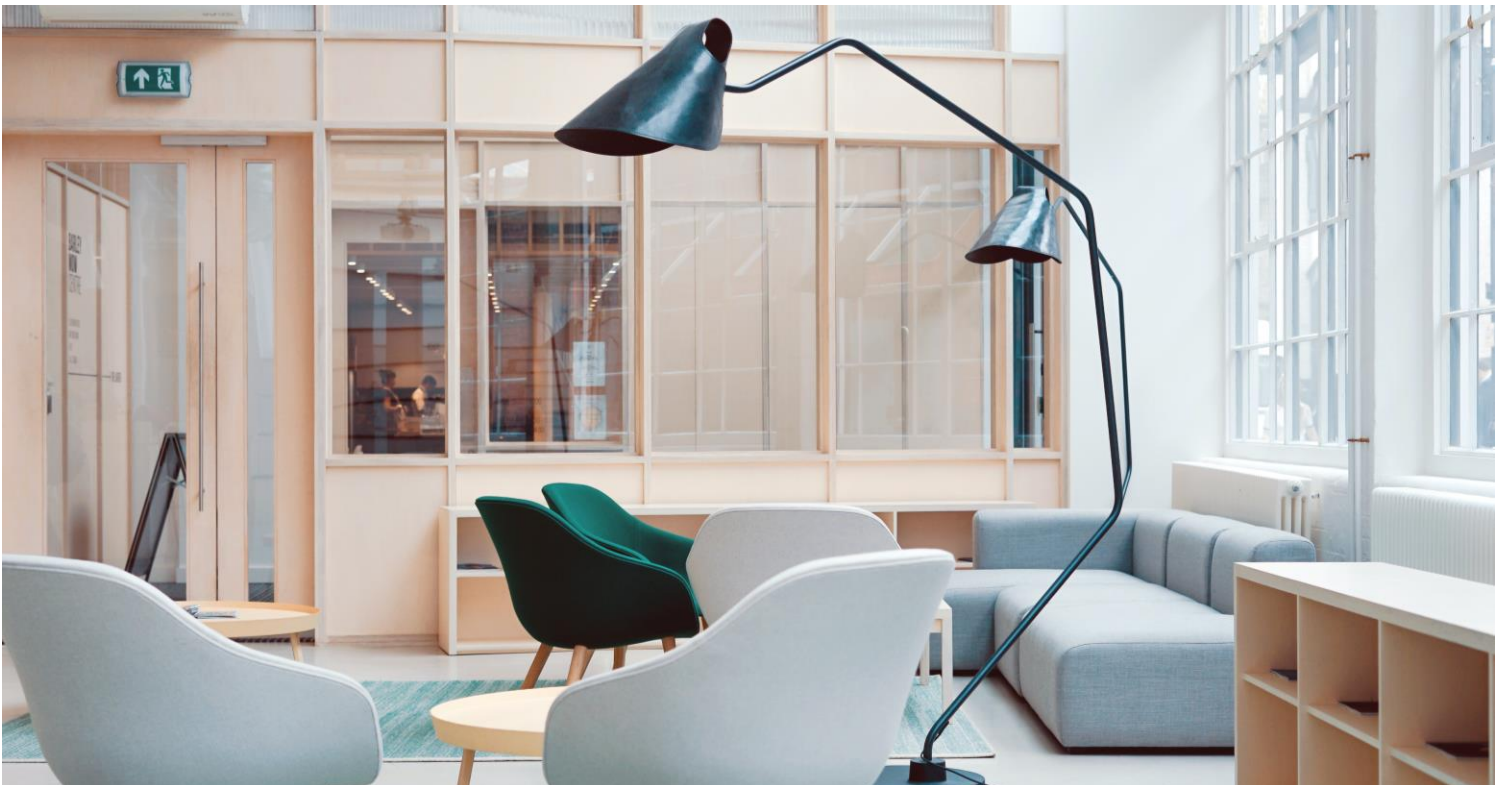
Chapter I

In 2020, knee-jerk redundancies and layoffs skyrocketed as corporations reacted to the sudden and unforeseeable impact of Covid-19 and the subsequent lockdowns.

Barely 18 months later, these same corporations are now struggling to attract new talent after the labour market shifted 180° degrees following a mass “Pandemic epiphanies”, with corporations now finding themselves fighting in a new era of the **War on Talent**.

However, the key to winning the war on talent doesn't lie in competing with other businesses to attract new starters in an already-tight labour market, but rather retaining top performers to avoid the battle altogether.

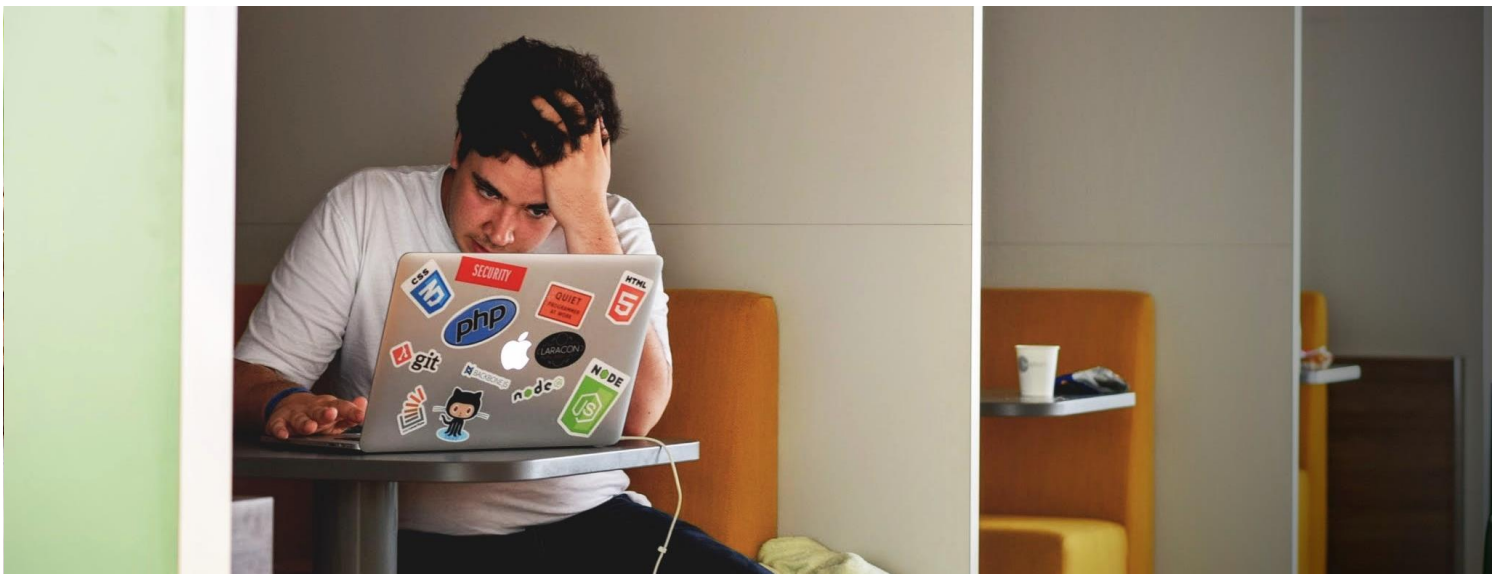
While it is completely natural for companies to have some turnover in employment, this eBook will explore how to minimize the risk in a safe and ethical manner.





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Why do employees leave?



Chapter II

Before the retention strategies and best practices are discussed, it is important to understand some of the fundamental reasons on why employees choose to leave in the first place.

Generally, employees may leave their current workplaces for any of the following reasons:



Dissatisfaction in the Employment relationship



Strong negative experiences



Planned change



Better career alternatives

Dissatisfaction in the Employment relationship

The exact reasons why employees feel dissatisfied with their current employment are infinite. What makes the matter more complex is that no two employees will share the exact same thoughts and feelings on these reasons for dissatisfaction.

However, job satisfaction is a field which has been extensively studied both in academics and in practice, and fortunately we can easily list at least five most common reasons for employee's poor satisfaction, which include:



COMMON REASONS FOR EMPLOYEE'S POOR SATISFACTION

Being or feeling underpaid

Poor management and lack of leadership

Limited career growth and development

Inadequate work relationships

Bad work-life balances

Other reasons

Better career alternatives elsewhere

Employers are quickly realising that its not enough to not be considered as a poor employer anymore, but rather it is more important to be better than the next best alternative.

Organisations need to increase their competitive advantage over other employers by improving employee reward systems, developmental opportunities and the quality of the work environment. On top of these traditional points, it has also been shown that the different generations of employees will also need to be accounted for, in their own ways.

In the current market, employees will inevitably receive external offers for top performers. Be prepared to fight for your stars.



Planned change

One reason for change in which employers have a fairly low control over, is when employees have predetermined reasons to resign. Examples of this are if they are expecting a child, looking to emigrate to a different country or the plans to continue their studies.

Employers have attempted to reduce this reason for resignation by increasing rewards linked to tenure, but a more effective policy may be linked to increasing flexibility in working conditions (for example reducing working days from 5 to 3 days and allowing remote work from other countries etc).

Strong negative experiences

Sudden and unforeseeable events can result in impulsive resignations. While these resignations cannot be predicted, they can be understood and prevented. Employees may resign due to severe and adverse situations, such as bullying, harassment, or being passed over for career advancements.

By analysing the root causes and frequency of these resignations, companies can take preventative measures to reduce future repetition. Through various directed-intervention programs such as, conflict resolution procedures, alternative work schedules or employee assistance programs, it is possible to improve the employee's experience.

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Why do employees stay?





Chapter III

In 1973, the Harvard Business Review published an article exploring the reasons for why employees choose to remain with their organisation. With primarily was found the simple reason was “inertia” in the employees that do not actively seek to leave employment until something causes them to explore alternatives. This sounds a lot like famous Newton law i.e. “a body will remain as it is until acted on by a force”. In 2022, we can attribute the above-mentioned pandemic epiphanies as this force.

Fortunately, again, there are numerous publications and papers which explore retention strategies across all types of samples. This article will not seek to recant decades of studies into a few paragraphs but will rather look at general topics which will differentiate companies from each other.

Growth & Development

Succession planning can help you match your employees' career goals with your company's future needs. Look at your turnover rates and average employee tenure to predict where you may need to backfill talent in the future. Also consider company leaders who may be retiring. Identify current employees who would be a good fit for those roles, and develop a career path and development plan to help them prepare. Work with your employees to set goals, so they know what it takes to move to the next step in their careers.

Pay & Benefits

Employees no longer find stagnant wages acceptable, and the increased demand for labour has provided opportunity for employees to explore their options at any time. As such, this shift has significantly changed workers' salary expectations.

Some of the most important benefits that employees all around the world are looking for are Work-from-Home or Hybrid Work allowances, educational benefits and compensation increases.

To prove this point, a recent study reveals that 100% of employers in the U.S.; 87% in Western Europe and 78% in Asia Pacific expect to increase salaries in 2022.

Integrity

Traditionally, integrity has been seen as a personal value to be held by the employee, rather than an ethic embraced by the company as a whole. However, modern business management requires that companies of all sizes take ownership of their role in shaping a culture that promotes integrity. The role of integrity is also clear when we look at the numbers:



42%

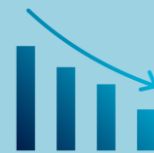
employees don't understand or even know what are their company's vision, mission or values

25%

employees feel like they can't trust their employer

46%

employees are looking elsewhere due to their current employer's lack of transparency



Organizations with low engagement show 18% less productivity and decrease of 16% in profitability, and 37% in growth

Work-life balance

Work-life balance is a topic which is in continuous fluctuation as times, habits and expectations change. Following the COVID-19 pandemic, workers reconsidered the impact of their professional lives on their private lives and as a result there have been increased demands in remote work, Flexitime, and compressed work-weeks. Employers who try to maintain the pre-pandemic status-quo will surely lose out on their best talent in the long run.

Recognition and appreciation

According to HR Technologist, 63% of employees who are recognised are very unlikely to look for a new job. Additionally, lack of recognition and engagement is driving 44% of employees to switch jobs.

In this future, strategic employee recognition with a keen eye on retention/turnover containment will be an HR staple. You could even implement predictive analytics to identify flight risk employees and deploy an employee-specific recognition plan. This will help to cut down turnover for high-performing, high-value talent.

Trust from leaders

Trusting work environments might make any employee think twice about seeking self-employment. Studies report that high-trust workforces are more engaged, suffer less stress and illness, and boast more energy at work.

Transparency, fairness and consistency

Transparency across all levels is vital. Employees want to know that the skills they have and those that they need to develop, will lead to fulfilling careers. Many people leave jobs for career growth opportunities, and companies that offer compelling career opportunities have the best chance to keep those workers.

Take pay transparency, for instance. According to compensation platform Beqom, “when employees perceive a pay gap, regardless of whether their perceptions are correct, this has a direct, negative effect on employee retention resulting in a 16% decrease in intent to stay”. Transparency is of course expected when it comes to a company’s finances, growth, and operational success. It’s often another story, however, when it comes to internal-facing issues like pay and corporate culture.



Fulfilling work

Perhaps the most studied concept in retention is that of Employee work satisfaction. Employee satisfaction is a reliable predictor of employee retention. When employers engage in practices that support good working relationships, employee satisfaction improves because workers tend to believe the company is using their skills and appreciating their service and commitment.

In turn, higher job satisfaction generally results in higher levels of employee retention. Workers who do not enjoy their work, are disengaged and this disengagement costs U.S. based companies up between \$450 and \$550 billion a year.

Input generation

Opening communication lines between employees and their supervisors or between supervisors and their managers is one of the most effective ways to improve job satisfaction. When employees aren't privy to information they believe will help them perform their job duties or are kept in the dark about organizational changes, they can feel that the employer doesn't value them enough to share critical information.

Purpose

As HBR stated, "Employees' connection to your organization's purpose is as unique as the employee themselves.". Employees who embody a company's purpose and identity need to be celebrated and reinforced in order to remind colleagues of the shared goals.

Belief in corporate identity

Corporate brand identity management encourages the commitment of the employees to the organisation. Studies have shown that commitment influences the way an employee performs his/her role based on the brand standards. In addition, commitment will positively affect employee's satisfaction. Therefore, it is clear that managers should foster employees' commitment to the organisation.

Talented teamwork

Employees want to be part of the winning team, and any organization's success depends on retaining a skilled and talented team. However, it's all too easy to take people for granted, and it can often come as a surprise when someone decides to leave.

One can look at the model of basketball management, which focuses on the fact that Basketball by nature has an emphasis on the team rather than the individual star. Players must be well-rounded and team-oriented to read the court in real-time and move together toward a common goal. Talented colleagues are fluid in their role, but also understand the team's goal and vision.

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Conclusion





Chapter IV

One thing is for sure, there is no one sure-fire strategy which will let you win the war for talent. Employees understand that the labour market is tight and, in their favour, and for employers to both retain their current talent and to attract new talent – they must meet the demands of the market but conforming to the industry's trends whilst also practicing continuous improvement in all of its own practices.

Employers' focus should always be on increasing positive experiences and opportunities whilst reducing negative threats and risks to employees. In the long run that will generate the positive impact of the company that will help employees to decide to either stay with the company or to start working in it.

Source

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