

# The Overlooked Weapon in the War for Talent



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During the height of the Covid-19 pandemic in 2020, human resources (HR) leaders rightly prioritized employee health and safety and then office re-openings, while also dealing with a myriad of unforeseen pressures, such as changing workers' expectations, reinvigorated social justice movements, and growing supply chain problems. Now in 2022, they are facing a fierce war for talent, while also growing companies where people want to stay for the long-term. Inclusive cultures, flexible work models, and competitive compensation all help—and companies are focusing on those areas. But, in a hybrid world, some companies are floundering in an increasingly crucial area: career development.

Lack of opportunity to advance has historically been one of the top reasons people left companies; notably, Heidrick & Struggles' work has consistently shown that leaders see their companies' development processes as weak. Younger generations are concerned that opportunity will be even harder to come by in a hybrid work environment. For example, working mothers, many of whom have seen their careers disrupted by the pandemic, are anxious about their next steps. Moreover, more than half of U.K. respondents in a recent People Management survey (People Management, Is hybrid working opening businesses up to discrimination claims, 2021) were worried they would miss out on ad hoc learning opportunities with peers and seniors in a hybrid environment.

HR leaders are aware of the concern. In a recent poll conducted by Heidrick & Struggles, 37% chose career development as the biggest challenge their company faces right now, which was more than twice the percentage of those who chose the next response of inclusion. Another recent McKinsey study (McKinsey & Company, Reviving the art of apprenticeship to



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unlock continuous skill development, 2021) showed that more than 80% of businesses face critical gaps in the skills (McKinsey & Company, Beyond hiring: How companies are reskilling to address talent gaps, 2020) needed to build resilience. It's important for HR and people leaders to understand the role of career development, yet, based on employee engagement data, some employees consider this a weakness.

And now, in a hybrid work environment, supporting employees in their career development has become more important than ever. While many HR leaders are still adapting to hybrid working norms, it is critical that they also commit to new strategies to support their employees in their career progression—or potentially risk losing them.

Based on conversations with various HR leaders across industries, primarily in the Americas, there are three suggested tactics to address emerging learning, development, and inclusion needs and investing in progressive, differentiating career development programs. Companies that succeed may improve talent attraction and retention—and organizational performance—giving them an important competitive advantage in the war for talent.

## Redefining What Matters in a Hybrid World

Amid a period of reinvention, people are not only reassessing their lives, but also their careers and relationships with employers (Business Talent Group, The “Great” Debate: Post-COVID Workforce Trends Driving Today's Labor Market). A recent Gallup survey found that 48% of the US working population is actively job searching (Gallup, The 'Great Resignation' Is Really the 'Great Discontent', 2021), and the 2021 Beamery Talent Index found that 72% of respondents were confident in their ability to find a new job. Other recent research (McKinsey & Company, 'Great Attrition' or 'Great Attraction'? The choice is yours, 2021) has shown that younger generations consider the lack of belonging at work as one of the two most important reasons for leaving or considering leaving a job.

To help attract and retain people, it's important for HR leaders and their companies to make the work experience inclusive and meaningful. In a recent interview (Harvard Business Review, Microsoft's Satya Nadella on Flexible Work, the Metaverse, and the Power of Empathy, 2021) with Satya Nadella, CEO of Microsoft, suggested the need to shift the paradigm from “I work for Microsoft” to “How well does Microsoft work for me?” Many companies are struggling with this. Attempts to engage workers with “trophy offices,” innovative spaces, and personalized snacks are missing the point.

Many leaders have increased their attention to purpose and well-being since the beginning of the pandemic as part of building or maintaining an inclusive culture. Moreover, a more

intentional focus on diversity and equity, alongside inclusion, became crucial following the movements and resurgence of demands for racial and social equity. Messages and interactions that connect people to a larger purpose may help to create belonging and bolster engagement. Leaders who make their DE&I initiatives visible, including transparency about progress toward goals and role-modeling their commitments, are central to success.

But maintaining inclusion and engagement isn't only about culture initiatives. Expanded opportunities, challenges, learnings, feedback, and career coaching are also important aspects of building commitment over time. An O.C. Tanner Institute study (O.C. Tanner, Hybrid Workplace, 2022) has shown companies that prioritize career development see an increased likelihood of engagement (+115%), opportunity (+167%), and personal success (+152%). The probability of increased engagement is 3.7 times higher for companies that provide opportunities to grow in specific areas, acquire new skills, and work on special projects.

Individuals should take responsibility for their own careers, but it appears they are looking for companies to step up—and that companies that don't may lose them. It's important for HR leaders to promote a culture of professional growth that moves beyond old ways of thinking and leverages the hybrid talent development upsides.

*\*The above article has been authored for the **Nasdaq Center for Board Excellence** by the team at Heidrick & Struggles International Incorporated, including Ms. Lisa Baird, Global Managing Partner, Human Resources Officers Practice; Mr. Steven Krupp, Senior Partner & member of Heidrick Consulting and the CEO & Board Practice; Ms. Dorothy Badie, Engagement Leader in the Global Heidrick Consulting Practice.* ■

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