



HR COACH
AUSTRALASIA
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Standing Tall through Labour Shortages

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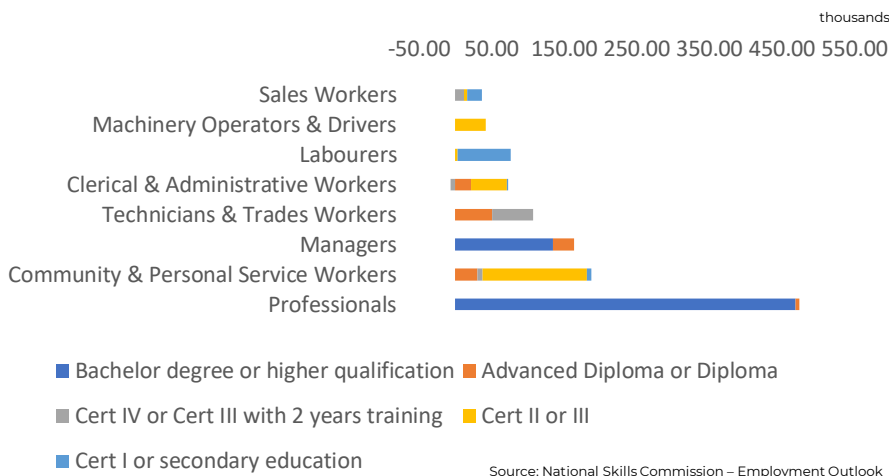
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The Post-COVID19 Business Reality

Employers in every part of the world have had to navigate the greatest challenges in modern times due to the COVID19 pandemic. Border and business lockdowns, travel restrictions, increasing infection rates and serious ill health and mortality have drastically changed the norms for business, potentially forever.

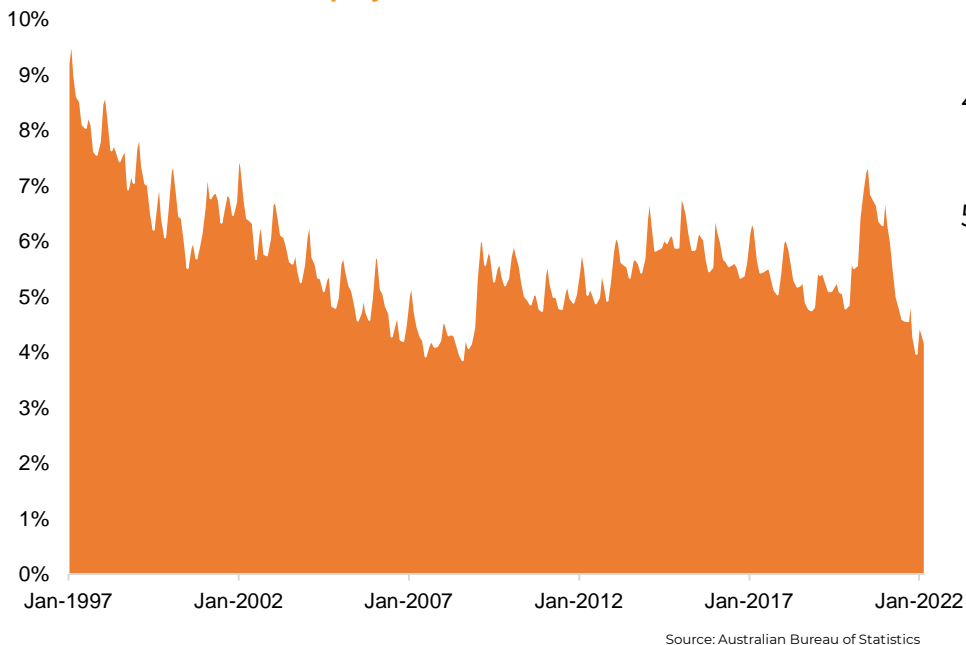
The significant changes that employers are now attempting to manage include:

Projected Employment Growth 2022 - 2026



1. Significantly increased demand for skilled and professional labour, simply to cope with previously forecast industry growth and demand
2. Stagnation of wage rates during a period of sustained and rapid CPI growth
3. Negative impacts on the Supply chain, leading to increased task focus, deadline pressure and margin maintenance
4. Lowest unemployment rates in 40 years
5. Management and employee fatigue still coping with COVID19 infections and isolation requirements on themselves, their families and their employees.

Unemployment Rate 1997 - 2022



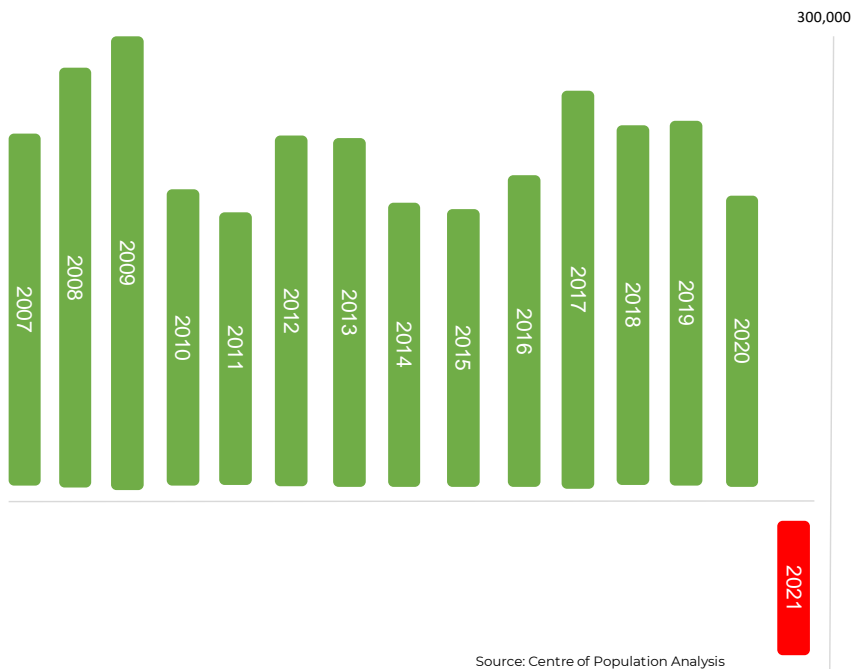
6. Significant reduction in overseas net migration for the last 7 years, exacerbated by international border closures due to COVID19

7. The demand for work from home options for all employees and/or increased work/life balance. The hybrid workplace is now the norm, while many other employees are keen to return to a physical workplace.

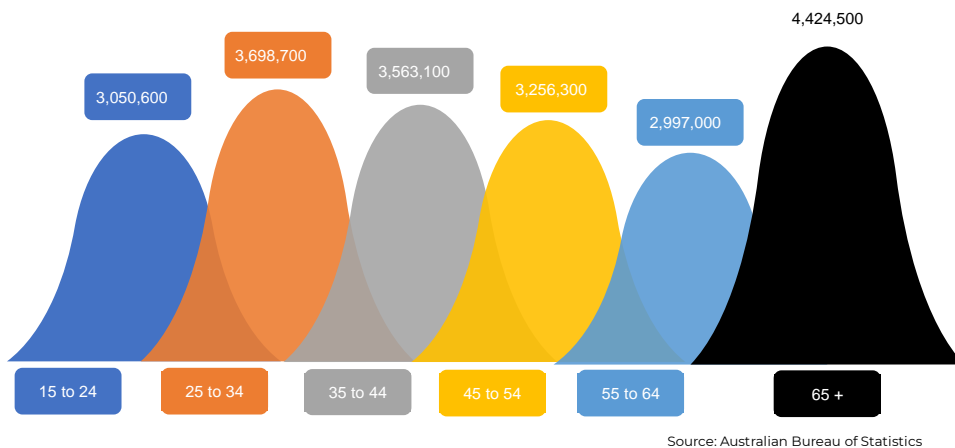
8. Physical relocation of many in the workforce away from inner capital city living and downsizing of office space by businesses to reduce fixed operating costs

9. Retirement/resignation and relocation plans brought forward for many baby boomers

Net Migration 2007 - 2021



Population by Age



We are now in a period of significant labour structural change in the employment market, so employers will need to reset to cope and flourish in this changed environment.

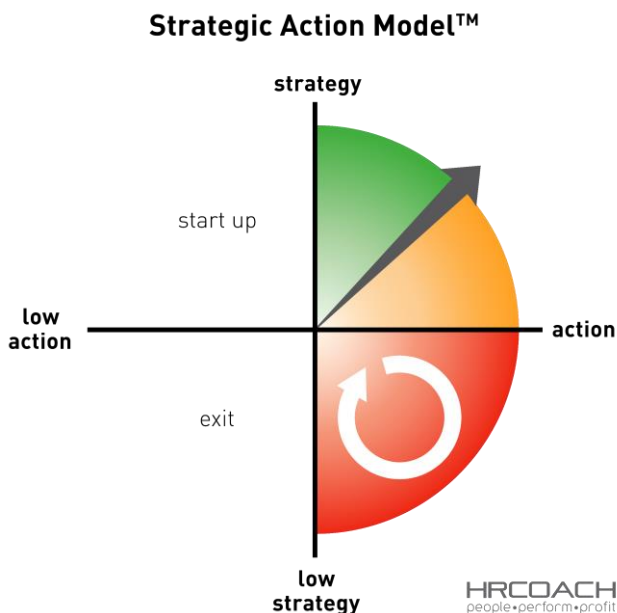
Retaining existing employees, particularly leveraging key employees, is an inexpensive and effective strategy to cope and survive the great labour shortage. Employees are a 'natural resource' that businesses can tap into. Retention, therefore, must be reviewed not only as a way to mitigate risk but as a strategy to keep the business heading in the right direction.

There is an urgent need to focus on retention

Employee alignment and retention will be paramount to ensuring business success moving forward.

ALIGNMENT VS RETENTION

Connectedness between employers and employees is complex. HR Coach Australasia has been identifying the evolving concept in various research projects and reports since 2008. Our research continues to confirm that where employers and employees are aligned with the strategic direction of the business, the business is poised for growth and employee retention is enhanced or improves.



RETENTION: EMPLOYER AND EMPLOYEE NEEDS ARE CHANGING

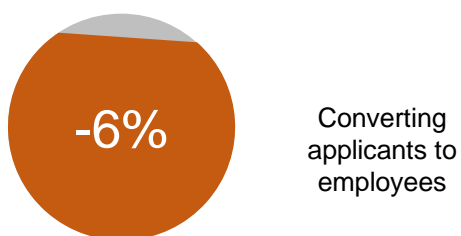
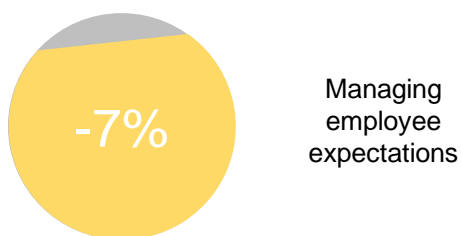
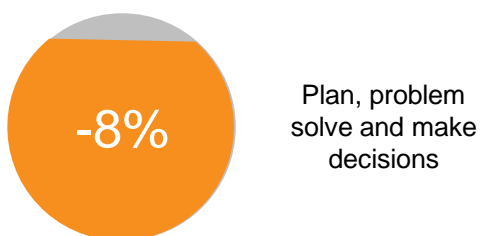
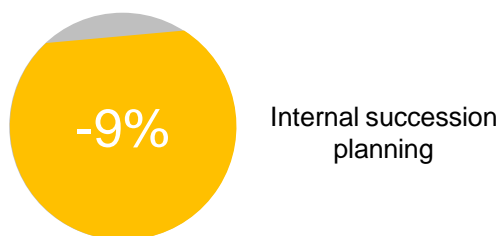
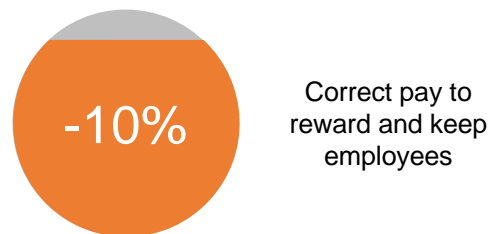
HR Coach Australasia has been assessing the full spectrum of the employment relationship inside organisations for the last 14 years. We have gained perspectives from employers, managers and employees during times when business conditions have been both volatile and benign.

As we compare the survey results from nearly 2000 employees and managers in the last 2 years, to the previous 12 years of employee and employer data we are seeing some significant shifts.



Employer Concerns are Changing

Major Changes Employers Pre and Post Covid19



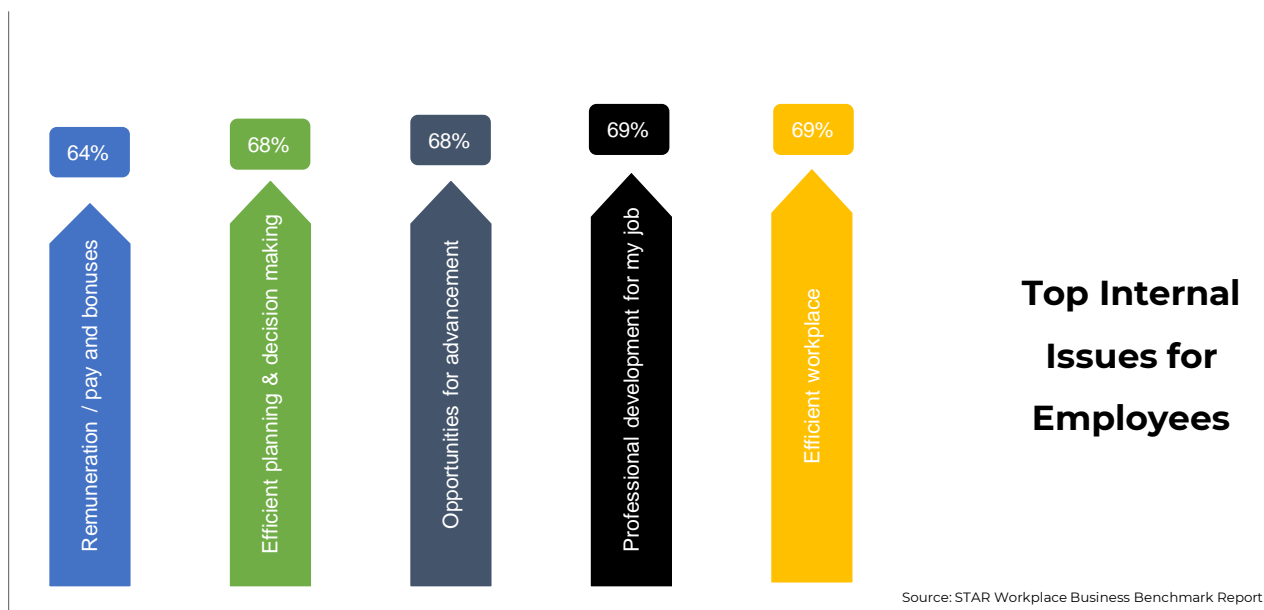
Source: STAR Workplace Business Benchmark Report

Employer concerns have increased in the last 2 years, which is no surprise considering their challenges in the period. What is significant is that concerns about their existing and future labour force are negatively changing the most. Employers are clearly being negatively impacted by the changes in the labour market and attempting to improve the outcomes for their business.

- ❖ Market rates are moving rapidly due to ongoing labour shortages and an extended period of wage stagnation during the pandemic. Employers need to take stock of market rate changes urgently and ensure their existing employees are appropriately remunerated and retained. Employers will also need to accept that new recruits will be demanding a premium to accept any role in the business.
- ❖ Businesses need to improve their planning, problem-solving and decision making to cope with the supply chain pressures and customer demands. Suppose business owners combine this with some appropriate management and leadership development. It should also enhance its internal succession planning options, particularly if they lose key employees in the short term.
- ❖ Business owners also need to increase their two-way communication with their key employees to maintain alignment and manage expectations

EMPLOYEE CONCERNS

Employee concerns have remained consistent pre and post COVID19. However, these items are now scoring lower than ever by employees. This suggests that Employers need to focus and improve their employee perceptions on these issues, or employees are more likely to look for alternative employment opportunities – at the very time that other employers are looking for good employees!



It is more important than ever that employees improve the positive regard that they have for their Employer. Businesses can address this by:

- ❖ Improving the efficient planning and decision making within the business;
- ❖ Ensuring a consistent formal (two way) communication process; and
- ❖ Improving the efficiency of the workplace will significantly contribute to the employees becoming more aligned with the business.
- ❖ Resolving pay expectations potentially via internal opportunities for advancement could help to close out these items and ensure employees are not looking for their next opportunity in another business.
- ❖ Finally, every employee has experienced some work/life flexibility during the pandemic, and all are seeking some ongoing flexibility in the future. Many employees are actually keen to get back in the physical workplace, but all are still seeking some hybrid work opportunities in the future

A PROACTIVE RETENTION STRATEGY IS REQUIRED - BUT ONE SIZE DOES NOT FIT ALL

Employers need to urgently implement a proactive retention strategy for their business. It is too late to react if you have lost your key employees. Unfortunately, a retention strategy is not a one size fits all. Our research over 14 years has reaffirmed that the input of employer, and all employees and managers remains essential for developing business-wide improvement strategies leading to improved alignment and business profitability. By comparison, any retention assessment needs to be very much focused on the individual. The individual needs their personal concerns identified and dealt with if they are going to stay with a business well in advance of them ever looking for a job elsewhere. As retention of key staff is essential to achieve business success, the business and individual are directly linked, as one cannot happen without the other.

By using a structured individual interview process (where the results can be benchmarked to 20,000 Australasian employees) it is easy to get a very specific picture of key individuals particularly where the process provides opportunities to propose plans to resolve any individual pain points.

When engaging employees in this manner it is important that the knowledge gained covers many areas. It is about knowing an employee in regard to their relationship with their job, their peers and the organisation itself. Such knowledge can radically improve how employees can align with the business while stimulating new opportunities and innovation.

Let's look at the facts so far:

- ❖ **Major labour structural change occurring**
- ❖ **Retaining key employees is essential for business survival and success**
- ❖ **Employee expectations need to be met, or employees will move**
- ❖ **Retention requires structured and effective engagement at an individual level**
- ❖ **Improving retention will reposition employers as magnets for external recruitment**

A MANAGEMENT APPROACH TO RETENTION

Managing retention is equally a process of maintaining business as usual and protecting the core as it is about opportunity. It is therefore a risk mitigation strategy as much as a survival and growth strategy. Traditionally organisation interview during recruitment and on exit, but not during the employment relationship. It is a gap in management activity.

Beyond performance reviews, proactively evaluating factors that affect retention at an individual level will enhance the relationship, alignment and connectedness between employers and employees. The more consistently and measured this process is, the more likely there will be no surprises in managing the relationship and better outcomes for employees and the business will be achieved.

PRACTICAL TOOLS TO IMPLEMENT

Through careful evaluation and research, HR Coach Australasia has developed a 'Career Monitor' assessment process to proactively manage retention, focusing on the factors needed to measure alignment with the business and the personal expectations of each individual who is assessed. The results from the Career Monitor assessment provide for individual feedback, plans to improve outcomes and data that can be benchmarked to nearly 1000 Australasian businesses.

Research based quantitative interviews provide a risk and opportunity analysis specific to an individual employees' circumstance. A multifaceted view of their job, their peers, the culture and the organisation provides a clear and concise evaluation of whether the employment relationship is at risk, as well as identifying future areas of mutual opportunity, growth, alignment and performance improvement.

Employers are then armed with information to gain a clear perspective on the business including why people join and why they stay. Due to the quantitative analysis of the process, employers will also know how to prioritise each identified aspect within 3, 6 and 12-month time frames.



The design of the Career Monitor assessment enables multiple uses from the one tool:

- Probation Reviews
- Performance Reviews
- Individual Talent Management Programs
- Performance Management Interventions
- Pre-Exit Analysis
- Key Employee Retention Programs
- Annual Survey as part of a HR Plan
- Capacity Risk Mapping as part of a Strategic Review
- New Employee survey in line with the STAR Workplace Business Improvement Program

RETENTION – THE WAY FORWARD

In recent history the unstable external environment has heavily impacted businesses internally. As a result, employers worldwide have searched for consistency and stability. Developing existing internal employees, and in particular leveraging key employees, is an inexpensive and effective strategy to cope with the challenging environment that now exists. In fact not doing it, places every business at risk of losing their key employees.

Business sustainability and profitability cannot occur without retaining the key employees. Retention Interviews provide the avenue for the individual voice to be heard. To find out more about retention Interviews and quantitative risk assessments using the Career Monitor visit hrcoach.com.au or discuss with your HR Coach Network Member.

Solutions that Work

Action

How To...

Assess key employees in the business by someone independent using structured questions and producing benchmarked results.

Complete Retention Surveys on the critical employees in the business (often 20% of labour) using HR Coach 'Career Monitor' assessment

Review market pay rates for all roles in the business.

Ensure pay rates are based on current market data, not gut feeling or award and correct now!

Identify all roles/tasks that could be completed from home using current or future systems.

Implement hybrid role opportunities as a matter of priority

Reduce demand for extended work hours, unless by mutual agreement.

Identify roles where more than 40 hours per week could occur and either increase staffing or mutually agree workload ok??

Complete an appropriate succession planning process to identify employees who could have their roles expanded

Complete HR Coach Succession Planning workshops and implement the mutually agreed plan.

Urgently implement a structured and ongoing two way communication process to improve alignment of all employees with the business strategies and challenges.

Assess level of alignment either by using STAR Workplace or Fusion to identify effectiveness of communication, planning and decision making – and implement strategies to close any gaps that are highlighted.

HR Coach Australasia consists of an Independent Member Network delivering human resource and strategic alignment solutions to businesses.



HR Coaches work with businesses to establish and maintain the link between People and Business Strategy to improve performance and profitability. HR Coach has researched the Australasian small to medium business sector for the last 20 years and Coaches use this research, patented tools and methodologies to deliver solutions for businesses that are practical, timely and effective, every time.

Like what you have read? Why not check out some of our other research papers:



Satisfaction Doesn't Mean Profit

Examined the use of Employee Satisfaction as a metric for business performance.



Cultivating Management Culture

Identified the link between management culture and business performance.



Unlocking the Code for High Performing Businesses

Identified what separates high performing businesses from their low flying competitors.



Unlocking the Workplace Generational Code

Identified the similarities and differences between the five generations now at work

For more information, get in touch:

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