

HaRe Group newsletter: 30 July 2010

Subject: Upswing testing talent retention

During the GFC, employers were wise to the errors of past recessions and were surgical in their control of employment cost. Many Australian companies chose to cancel pay rises in 2009 and a few trimmed their workforce – but not by much. Some employers were very careful to recognise their most talented people with meaningful (if modest) rewards.

We now know that many current economic indicators are good; for example:

	GFC worst	Current
• Gross Domestic Product (annual trend)	0.3%	2.7%
• Consumer Price Index (all groups)	1.3%	3.1%
• Average Weekly Earnings (annual trend)	2.8%	5.8%
• Unemployment (trend)	5.8%	5.2%

The above statistics point to the rapid improvement in many industries. Most companies have responded with proposals to increase their fixed remuneration budgets from zero last year to a median of 3.5% in 2010 and higher in 2011 (source: HaRe Group research).

After a long period of caution, many companies that have been reluctant to make organisational changes are now restructuring work teams and creating new employment opportunities. On one measure, the ANZ Jobs Ads index rose by over 30% in the 12 months to June.

During the GFC, prudent employees also stuck to their guns, but all this fresh economic activity will be distracting talented and ambitious employees. In my experience, your best performing people will be the most unsettled employees following a recession, so keeping your best people engaged has risen again as a major challenge.

Readers of my newsletters will know that money alone is not the solution to retaining talent. Competitive, performance-based remuneration is important, but it needs to be delivered in concert with a tailored bundle of features, including:

- Challenging and meaningful work;
- Reputation for looking after employees (not just promises);
- Personal development (professional and individual);
- Enjoyable work environment (fun and positive);
- Career development;
- A suite of benefits that support preferred organisation culture.

As a company revives after a recession, or after any reorganisation, it is also vital to promote any new directions taken by the business. Any changes to strategic objectives or business plans need to be thoroughly communicated and injected into all talent management programs. This could mean new performance measures and some redesign of incentive programs. Certainly, your talented employees will be more engaged when they feel properly recognised for their contribution to business success.

Simon Hare

www.haregroup.com.au