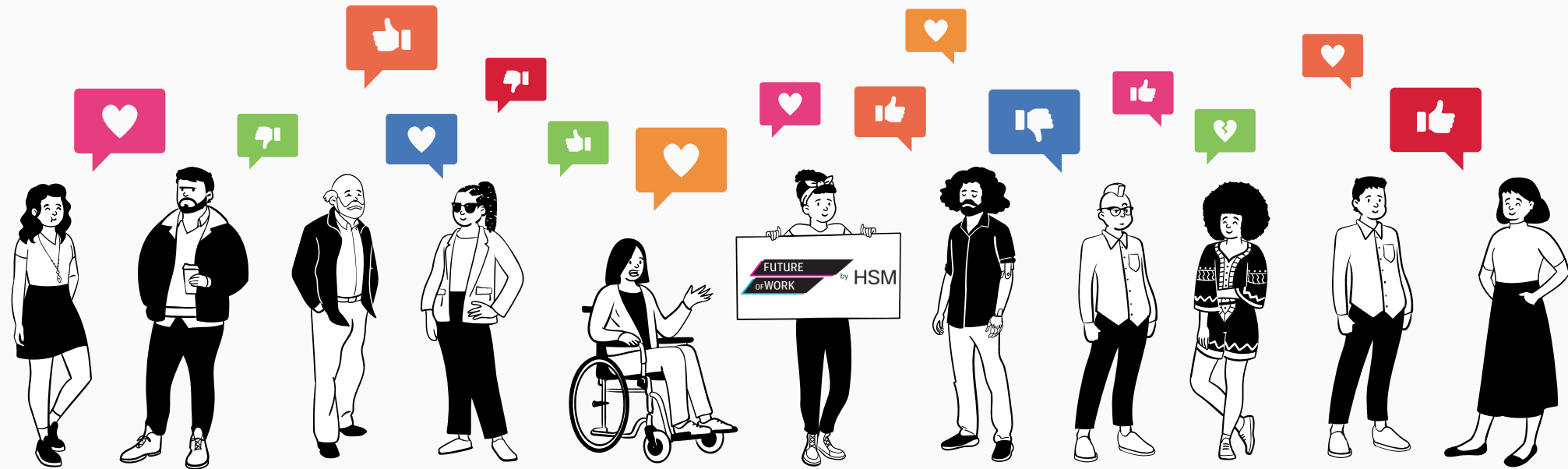


# Talent Retention and Employer Attractiveness

## Insights Report



# Introduction

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For over thirteen years, Future of Work by HSM has explored trends shaping industries, organisations and careers. The current focus on Talent Retention and Employer Attractiveness came at a critical time as organisations deal with The Great Resignation and the changing landscape of work.

Major social, political and economic shifts have changed people's relationships with their organisations in recent years. Your people have been reassessing their priorities and what they want from work. The employment market is currently an employee's market where people have more choice over how, when and where they work.

Attrition is costly for organisations, with up to two-times an employee's salary cited as the cost of retention per employee<sup>1</sup>. And the financial impact is only half the story, with attrition also negatively impacting organisational culture, team morale and connections at work. You now have an opportunity to ease these tensions, manage the new journey your people are on and craft a new deal with your people.

## Our methodology

The insights in this report are based on findings from an extensive literature review, four focus groups with FoW by HSM members, and two networking events with over eighteen organisations. This has been combined with practical learnings from our FoW by HSM Talent Retention and Employer Attractiveness Masterclass in July 2022.

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# Key insights



## Now is the time for the 'Great Renegotiation'.

The shift to adult-adult relationships means there is an opportunity to renegotiate the deal with your people. Remaining flexible and focusing on how people feel and what work gives to them is important for reducing attrition and meeting the needs of your people.



## Prioritising friendships at work builds resilience and connection.

People who have a best friend at work are happier in their role and less likely to leave their organisations. Enable people to foster connections and develop their networks. This in turn helps to build resilience and enhance the overall people experience in your organisation.



## Managers are the golden thread for talent retention.

Managers play a key role in creating the environment needed to retain top talent. Many are experiencing burnout due to increased pressure which is impacting relationships and leading to attrition. Upskill your managers to be human-centric and hybrid-enabling leaders to deal with these new responsibilities.



## People have emotional responses to change which is causing fatigue.

People have cognitive, behavioural and emotional responses to change and external social, economic and political realities are causing anxiety and stress. Listen to your people and focus on their emotional responses. Managing these emotions with your people will be critical to ensure happiness at work.



## Treating your leavers well is important for establishing future ambassadors.

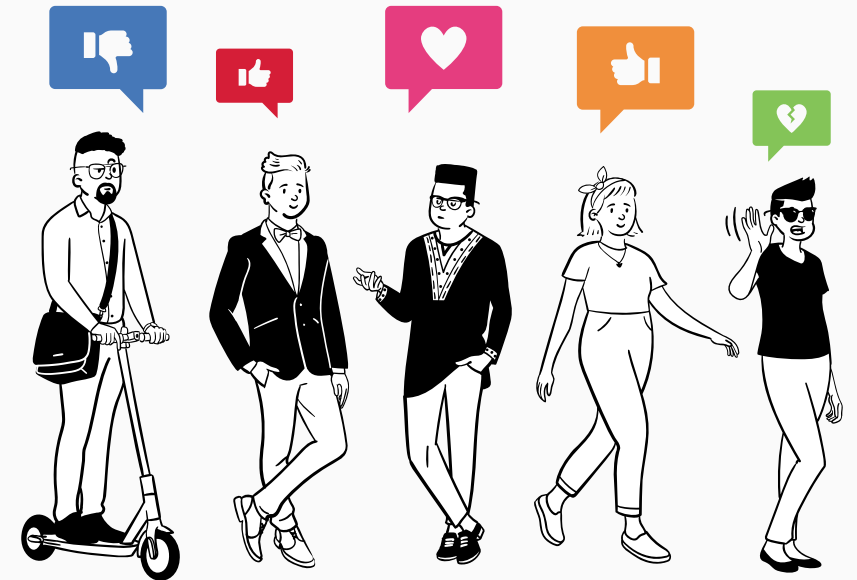
How organisations treat people once they leave is an indicator of how they treat people when they stay. Alumni networks are a powerful tool for attracting talent, and leavers may return in the future. Don't view leaving as the end of the relationship and continue to foster those connections.



## Model and test to gather data and make change stick.

A model and test approach will be critical for overcoming attrition as it enables you to collect information on what your people need. Having data is important for HR leaders to demonstrate the actions that make a real difference for retention and ensuring that they will be continued in the future.

# Why are we talking about talent retention now?



# Why now?

**The relationship between employers and employees is being disrupted.** Following the Covid-19 pandemic, organisations globally are experiencing high attrition, dubbed by the media as 'The Great Resignation'<sup>2</sup>.

There are two types of dynamics driving shifting employee expectations:

- 1) External dynamics:** what work is and how you deliver it.
- 2) Internal dynamics:** how your people experience work and their expectations.

These dynamics are creating new challenges for how your organisation attracts and retains people. With 47% of people currently looking to change jobs<sup>3</sup>, your leaders are increasingly concerned about retaining talent<sup>4</sup>. Now is your opportunity to think about 'The Great Renegotiation' and craft a new deal with your people<sup>5</sup>. As social and economic realities change, the power may constantly shift from employers to employees and retaining your top talent will remain a priority.

## External dynamics are shifting what work is and how you deliver it.



### Stable Jobs to Dynamic Automation

As new technologies enable task automation, organisations are increasingly thinking about crafting jobs around remaining tasks and the future skills that people need to deliver work.



### Static Corporations to Flexible Ecosystems

Having embraced autonomy to shift into more flexible types of work, organisations now have an ecosystem of contractors, freelancers and part-time workers they can tap into.



### Office all the time to Anytime-Anywhere

Following a shift to hybrid working, organisations are thinking differently about when and where work gets done and the purpose of the office as a space and place.

## Internal dynamics are shifting how your people experience work and their expectations.



### Three Stage Lives to Multi-Stage Lives

As people move away from the three-stage education-work-retirement model, many want to reorganise time through greater flexibility, such as career breaks and reduced working hours.



### Parent-Child to Adult-Adult

Whilst many reverted back to parent-child relationships during the pandemic, organisations are now looking to centre adult-adult conversations with employees about "the deal".



### Relationships to Transactions

Remote working has left many feeling less connected to their organisation, viewing relationships as transactional, which impacts individual and collective purpose at work.

# This is a moment for reflection

Your people are reflecting on their priorities and what they want and need from work<sup>6</sup>.

**Social pioneers** are looking inwards and imagining new life trajectories and exploring new opportunities. These pioneers are reflecting internally on their changing habits and putting real pressure on organisations to deliver change and inspiring their colleagues to do the same.

**First mover organisations** are also reflecting inwards in order to respond to people's needs. But they are also scanning external realities to understand competitors and analyse how talent markets are changing<sup>7</sup>.

Navigating this period of reflection will not be straightforward and may create tension between meeting people's needs and the impact on business performance. Supporting people to stay in the organisation brings benefits including increased productivity, an improved employee experience, a reputable organisational brand and significant cost savings associated with hiring and recruitment<sup>8</sup>.

There are a number of tensions that you will need navigate for retention.



## Fairness vs. Flexibility

People want flexible working, but increased autonomy creates issues for fairness and delivering equitable experiences whilst meeting individual needs.



## Having Fun vs. Meeting Overload

As work becomes more transactional, creating a fun environment without encouraging zoom fatigue will be a hybrid challenge.



## New Realities vs. Change Fatigue

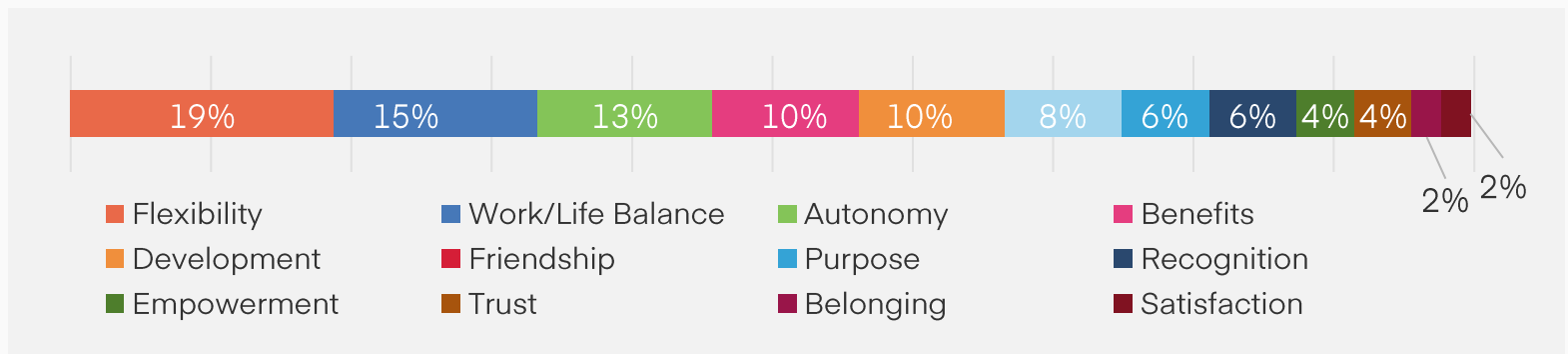
Having the energy and reassurance to reimagine new realities whilst managing the level of change fatigue and exhaustion that many people are feeling.



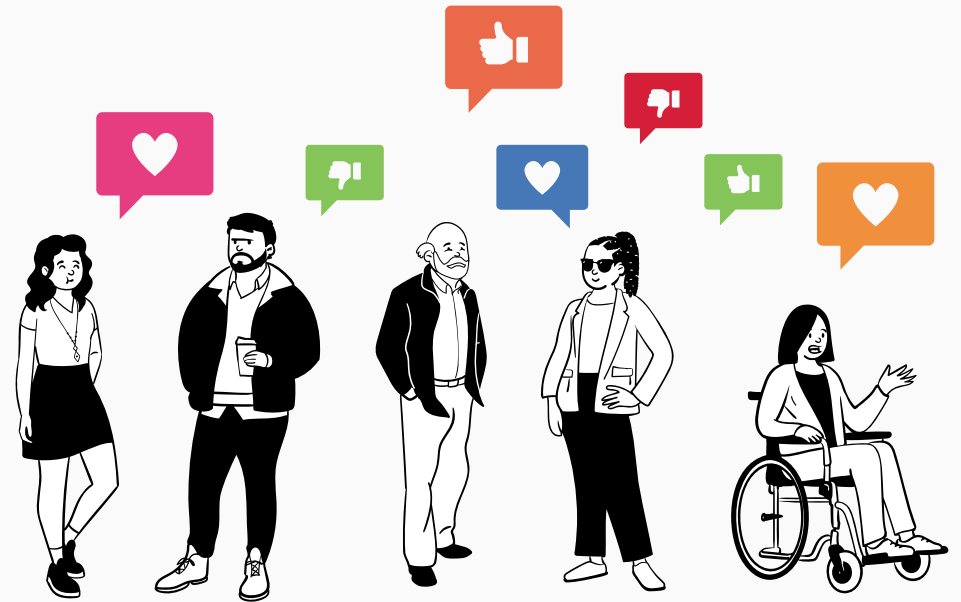
## Hybrid Working vs. Connection

People want to build connections and friendships at work, whilst still having opportunities for hybrid and flexible working.

During the Talent Retention Masterclass, we asked your people what they wanted from work.



# The HSM Talent Retention Model



# The HSM Talent Retention Model

Effective talent retention strategies are focused on two key areas; how people feel and what work gives to them.

## 1) How people feel

Understanding how your people feel is developed through a **collective identity, a sense of belonging and a common purpose**. These are necessary for people's needs to be met and for establishing a connection between people and their organisation.

## 2) What work gives

Providing people with **good, rewarding and sustainable work that aids personal growth and development** is important for people to be challenged by their work and feel a sense of pride in what they do.

Meeting expectations around both of these areas is about managing the **give-get relationship with your people** by understanding what you need to give to your people, in order to get good, productive work in return<sup>9</sup>. This is a mutual relationship that requires balance. Striking this balance between how people feel and what work gives them is required for creating the optimal requirements for talent retention.

As you navigate the steps of the HSM Talent Retention Model, further action will be needed to consistently monitor the external and internal realities that are shifting work and experience.



# How people feel

Your people feel a range of emotions at work and have a complex connection of networks. By understanding the three core elements of how people feel at work, you can better respond to your people's needs.

The reasons people come to work everyday go beyond tangible benefits. People's intangible needs such as a collective identity, a sense of belonging and a common purpose are key for retention as they are difficult to replicate in other organisations.

As the pandemic shifted people's priorities and they spent more time at home, their relationships with friends and family became stronger, whilst connections at work became weaker<sup>10</sup>. Organisations who can recreate those connections at work will be better equipped at retaining their people.

Understanding how your people feel will increase people's connection to their organisation and reduce attrition. Considering these elements within the context of external situations will be important as social, political and economic contexts will impact people's identity, sense of belonging and purpose.



**Collective identity fosters belonging within a wider group.** When people build a collective identity together, they feel part of something bigger. Organisations show support by encouraging knowledge sharing and vulnerability, building common ground and creating open environments<sup>11</sup>.



**Having a sense of belonging builds safety for people.** Lacking a sense of belonging was a top reason for attrition<sup>12</sup>. Organisations foster belonging by building physical and psychological safety, treating people with respect and co-creating the environments for friendships to form<sup>13</sup>.



**Common purpose unites people in a shared sense of meaning.** People are facing a complex health and economic crisis and having a common purpose helps manage these realities. Purpose creates a sense of meaning for people, guiding how the organisation responds to each stakeholder<sup>14</sup>.



## Spotlight: The importance of friendship at work.

During the Talent Retention Masterclass, Clinical Professor of Psychiatry at Harvard Medical School, Robert Waldinger, discussed the importance of friendships and connection at work. Leaders traditionally may have seen friendships and socialising at work as a distraction, however, in a survey of 15 million workers, it was found that people who have a best friend at work are better at engaging customers, produce higher quality work, are happier and are less likely to leave their jobs<sup>15</sup>. Currently, only 30% of workers say they have this level of friendship at work. Research has shown a correlation between happiness and job performance, with happy employees more likely to perform well<sup>16</sup>.

# What work gives

People need challenging and exciting work to stay motivated and engaged. This is built around having a competitive reward and recognition process, ensuring a sustainable workload and offering personal development opportunities.

The traditional view is that people are motivated by financial compensation. Recent studies have shown that this may not be the case and focusing on financial rewards alone may be naïve<sup>17</sup>.

Understanding what work gives can be challenging as people's expectations are constantly changing. Your people now also have more information at their disposal regarding other opportunities available to them. People are feeling exhausted and anxious. You have an opportunity to simplify processes and get the most out of work by giving people the space they need to do the things that will make a difference in their role.

Providing good work to your people starts with your managers. According to research conducted by Gallup, 52% of people say that their manager could have done something to prevent them from leaving their job<sup>18</sup>.



**Tailored and competitive reward and recognition is critical.** People are not solely motivated by money anymore. Organisations are tailoring reward schemes to individual preferences, and highlighting individual unique talent that would be missed if they were to leave<sup>19</sup>.



**Work needs to promote sustainable high performance.** Good work requires intentionality around how work is delivered and a promotion of wellbeing. This involves reimagining work and performance and focusing on managing energy to drive sustainable high performance.



**Dynamic growth and development opportunities support personal development.** People may think the best way to progress and develop is to move onto another organisation. Investing in development as soon as new skills are emerging prepares people for the future<sup>20</sup>.



## Spotlight: The role of managers in talent retention.

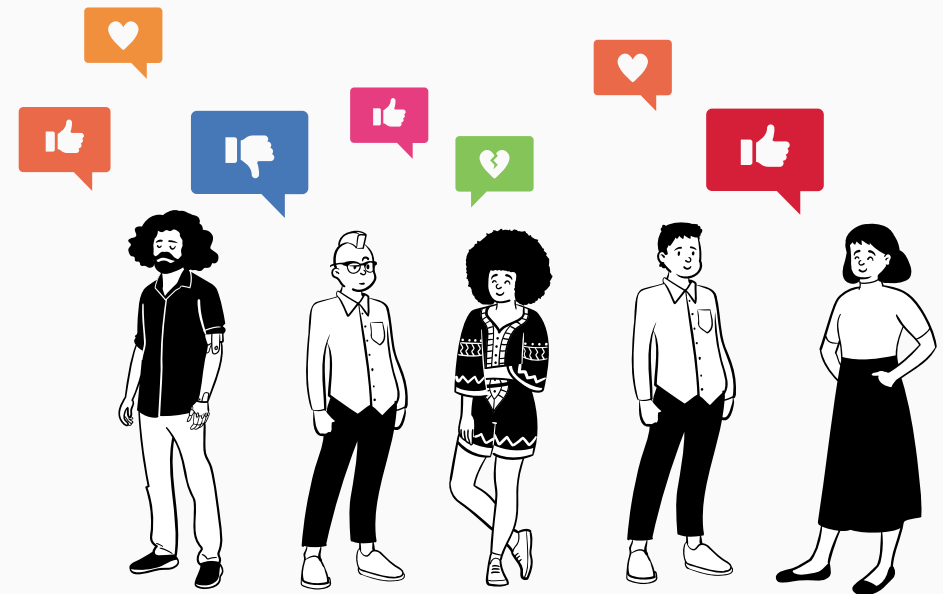
Managers are ultimately the golden thread for talent retention. Managers play an important role in delivering work that attracts and retains high performing people<sup>21</sup>.

They have the most frequent and impactful points of connection with their team to notice disconnection from work.

They are struggling to navigate the preferences and requirements in their teams.

Managers need clear guidance on how their role is changing and what is expected of them.

# Taking action towards talent retention



# Redesigning Talent Retention

**There is an opportunity now to drive real change around talent retention.** To deliver these six key elements, you will want to redesign your organisational approach to talent retention using Professor Lynda Gratton's four-step framework for redesigning work<sup>22</sup>. This is a cyclical process to be revisited regularly as the internal and external realities fluctuate and change for your people.

**Act and create** to make change stick and retain your people for the future.



**Understand** how your people feel and what work gives them to identify what matters most.

**Redesigning Talent Retention**



**Model and test** the reimagined future to create a future-fit organisation designed around your people and their needs.



**Reimagine** work and experience in order to meet expectations and find new ways of working.



# Understand your people and work

Understanding how people feel and what work gives them enables you to take the first step to co-create a new future with your people.

Looking at your organisation's collective identity, the friendships people form or the recognition that people seek is important for building an effective talent retention strategy. Only as you begin to understand these elements can you respond to your people correctly.

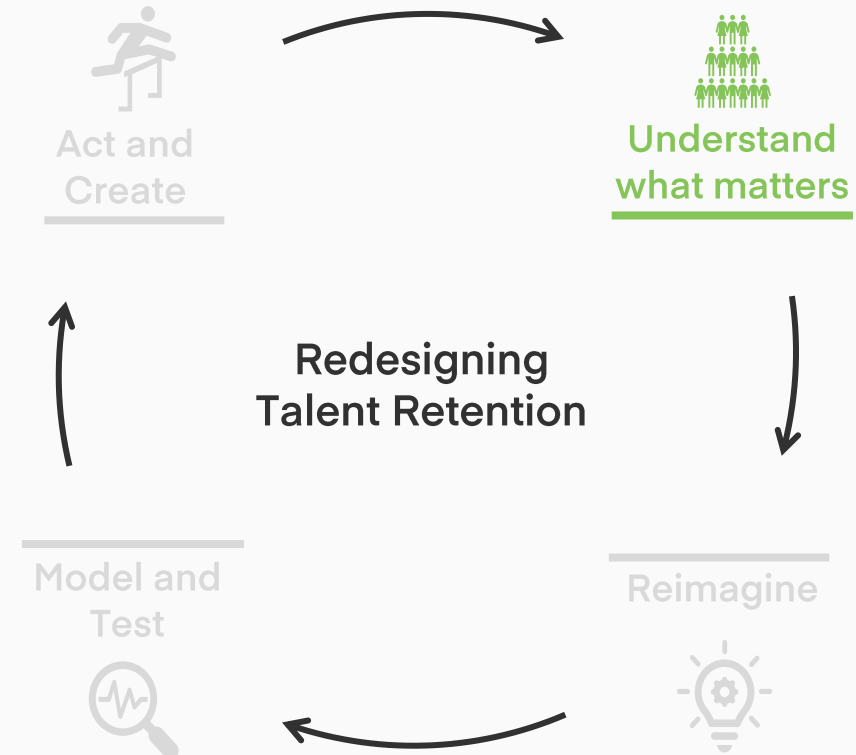
You told us of the new ways you are listening to and understanding your people in your organisation, including using predictive analysis and AI to collect data to identify potential leavers. IBM have been using technology to understand the key causes of attrition and take the necessary steps for retention.

## + Using AI to understand those at risk of leaving at IBM.



IBM's talent strategy involves using AI to predict attrition.

- Their AI system accurately predicts 95% of the time if people want to leave.
- Leaders can take preventative action to halt this from happening.
- It saved the organisation over \$300 million in reduced recruitment costs<sup>23</sup>.



# Reimagine work and experiences

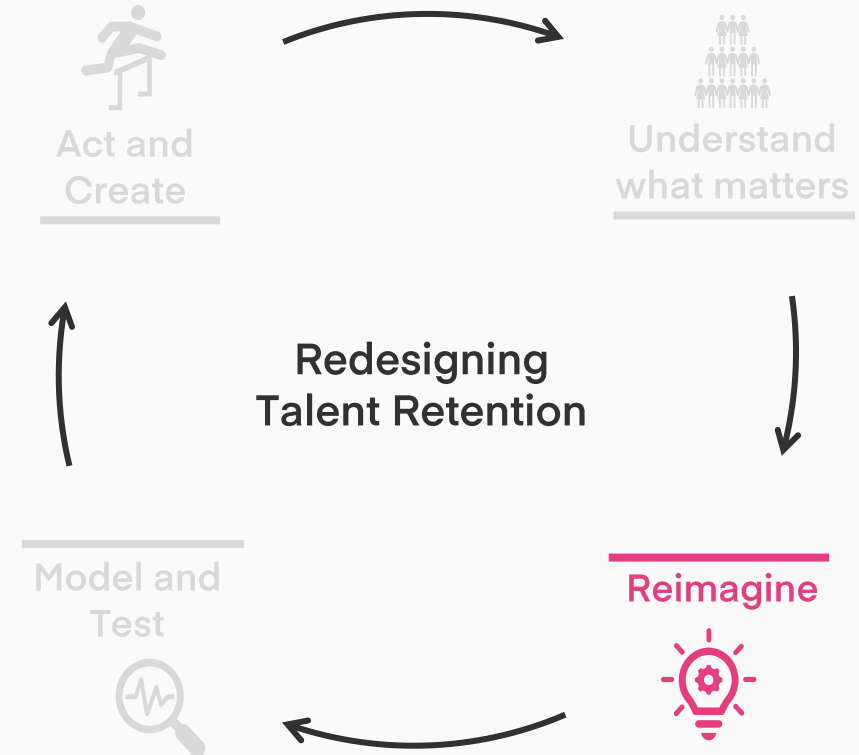
Reimagining how you deliver work and experiences to your people is the second step for building a unique, bespoke approach to talent retention.

There may be significant trade offs to make as you redesign talent, which is why it is important to reimagine before moving to action. There are two waves of reimagining taking place. First mover organisations are reimagining ways of working, contracts they offer to their people and the place they create for their people. Social pioneers, are reimagining themselves, their work lives and the opportunities available to them. Unilever have been offering flexibility and freedom to their people by changing contract types available and moving away from traditional expectations of work.

## + Reimagining employee contracts at Unilever.

U-Work gives people the freedom and flexibility associated with contract roles with the security and benefits typically linked to permanent roles. This more flexible way of working brings many benefits.

- It allows employees manage their own time.
- It enables people to travel or study without sacrificing their jobs.
- Managers have access to skilled people, familiar with Unilever processes<sup>24</sup>.



# Model and test the new future

## Model and test to gather data and trial new methods for retaining talent.

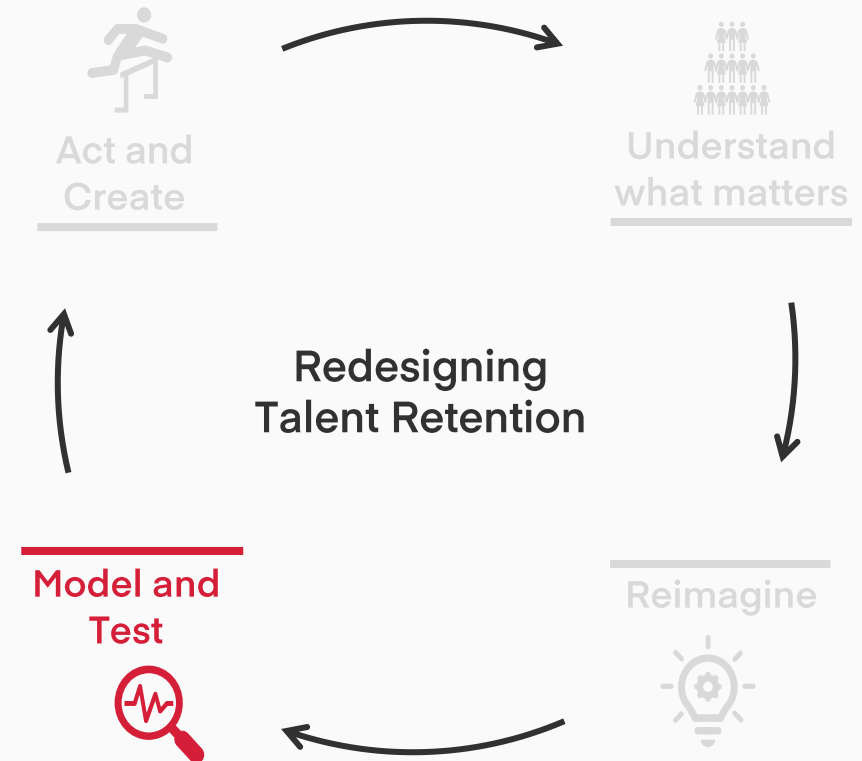
It is important to gather data during the model and test phase to understand what actions will have the most impact. But there are also further tensions to navigate. Firstly, promoting fairness through equitable experiences and providing flexibility based on individual needs. Secondly, embracing innovation whilst driving efficiency and simplicity. And finally, responding to your people and being comfortable with change.

You told us that change fatigue, overwhelm and lack of data are challenges around the model and test phase. Through effective delivery of model and test, you can address these challenges by being transparent with your people about the journey.

### Spotlight: Retaining Black Talent.

During the Talent Retention Masterclass, Roselyn Cason-Marcus spoke about her role as Black Talent Retention lead at McKinsey and the new ways they are retaining their people. Roselyn outlined how;

1. Sponsorship programmes are critical for advocating for individuals and advancing their careers.
2. Internal mobility, or rotation and renewal, retains people by helping them advance their career in a new role, either internally or externally.
3. *"You can have the wrong job in the right company, but you can't have the right job in the wrong company"*. Supporting people to leave fosters good relations and creates space for returning in the future. Ensuring your organisation has a multicultural approach to retention provides choice to people in their careers that they may not have had before.



# Act and create to make change stick

## Act and create to support embedding change at all levels across the organisation.

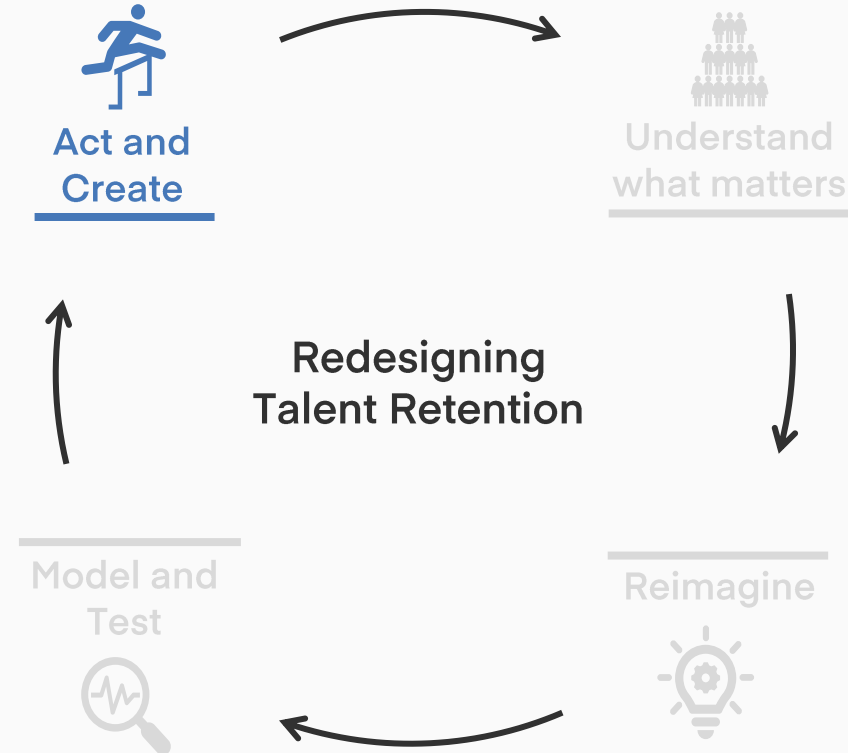
The redesign of talent retention is fundamentally about the need to act and create, and people play a key role in this. Leaders set the north star to develop goals and principles to frame the redesign. Managers are the thread that connects people and work, whilst employees own change and demonstrate the desired behaviours across the organisation.

Following the four steps gives a thoughtful, data-led approach to talent retention. As the relationship with your people continues to flux, you can renegotiate a new deal with your people that supports retaining top talent for the long run.

### + Identifying the skills that HR leaders will need in the future.

As you Act and Create, HR leaders will require new skills. During the Talent Retention Masterclass, you identified a number of future skills for leaders.

Emotional Intelligence    Communication    Resilience  
 Storytelling    Data analytics    Influencing  
 Negotiation    Change management    Stakeholder management  
 Design Thinking    Built trust  
 Listening    Critical thinking    Innovation



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