

# **Meeting the Challenge of Knowledge Worker Shortages with Strategic Talent Management**

**Gloria Ferguson Pobst  
University of Georgia**

*Knowledge worker shortages are well documented and worsening in many nations. This paper explores the responses of Human Resource Organization Development (HROD) professionals regarding the issue. Findings of a content analysis of the talent management literature are presented with a focus on the research question: What talent management strategies will HROD scholars/practitioners adopt to address shortages of key knowledge workers? Recommendations include a keen focus on retention and development, as well as the need for more highly trained HROD professionals with a strategic focus to manage the increasingly complex challenges.*

## **INTRODUCTION**

Talent management becomes a critical Human Resources Organization Development (HROD) strategy as knowledge worker shortages are documented in many nations and a *war on talent* ensues (Abdullah, 2009; Cho & McLean, 2009; Doh, Smith, Stumpf & Tymon, 2011; Holland, Sheehan & De Cieri, 2007; McDonnell, 2011; Osman-Gani & Chan, 2009). The retiring Boomers are being replaced with a smaller talent pool of workers with a different mindset regarding *loyalty* to their employer (Abdullah, 2009). This paper will answer the question: What talent management strategies have HROD scholars/practitioners recommended to meet the challenge of knowledge worker shortages? The paper is the result of a content analysis of literature focused on talent management within the last seven years. The discussion begins with evidence of knowledge worker shortages, and then shares talent management strategies recommended in the literature. Next, it explores how talent management may affect the future of HROD, and in the conclusions section suggestions for future action are summarized.

## **KNOWLEDGE WORKER SHORTAGES**

The 76-million Americans in the Boomer generation, born between 1946 and 1964 (Aiman-Smith, Bergey, Cantwell & Doran, 2006), are becoming eligible for social security benefits at the rate of 10,000 per day (Galagan, 2010). The Boomers were followed by 41 million people born in Generation X between the years 1965 to 1983 (Aiman-Smith et al., 2006). The Echo Boomers born from 1984 to 2002 will be a substantial labor force, but it will be years before they will develop the substantial experience of the retiring Boomers (Aiman-Smith et al., 2006). This phenomenon is not restricted to America. A Boston Consulting Group study in 2003 estimated a worldwide skilled labor shortfall of 60 million workers by 2020, including a 17 million labor shortage in the U.S. (Holland et al., 2007).

A McKinsey research study in 1998 showed talent shortages a concern of 75 percent of top corporate management (Holland et al., 2007; Ashton & Morton, 2005). In addition to healthcare worker shortages (Heilmann, 2010; Osman-Gani & Chan, 2009) and science-related occupation shortages (Aiman-Smith et al., 2006), there is a general shortage of knowledge workers as the nature of work becomes more technically oriented and requires critical thinking (McDonnell, 2011). A good example of this more technically-oriented work is found in the manufacturing sector. In America, and other industrialized nations, manufacturing has evolved from low-skilled assembly lines to high tech processes including computers and robotics (Seeds, 2011).

## **TALENT MANAGEMENT STRATEGIES**

One definition of talent management is “anticipating the need for human capital, and then setting out a plan to meet it” (Cappelli, 2008, p. 1). Additionally, talent management includes the development of effective policies to ensure talent exists to support an organization’s overall objectives (Chhabra & Mishra, 2008). Several key strategies are identified in the literature—retention, development, recruitment, worker engagement and feedback, and mentorship. More details of each of these strategies are provided in the next sections.

### **Retention is Priority Number One**

A common theme among scholars regarding talent management strategies in general, and specifically for managing the forecasted knowledge worker shortage, is the emphasis on retention (Abdullah, 2009; Aiman-Smith et al., 2006; Ashton & Morton, 2005; Chhabra & Mishra, 2008; Strack, Baier, & Fahlander, 2008; Cho & McLean, 2009; Doh et al., 2011; Heilmann, 2010; Osman-Gani & Chan, 2009). Chhabra and Mishra (2008) recommended that organizations “move retention to number one priority and recruitment to number two” (p. 50). They reasoned recruitment is expensive and will become even more so as worker shortages intensify, especially for high-demand high-skill positions—referred to as *gold-collar* or *elite expertise* workers, including highly-skilled IT workers and engineers (Abdullah, 2009; Holland et al., 2007).

Elite-expertise workers have less interest in traditional “life-long employment and job security” (Abdullah, 2009, p. 14). Holland et al. (2007) described how these workers are keenly interested in keeping their skills sharp and having challenging projects on which to work. The high demand for these workers continues to bid up their salaries, making them a challenging group to attract, retain, and manage. However, having these workers on staff can make the difference between the organization maintaining its competitive advantage, or not. Abdullah (2009) recommended the need for further study of this elite group to find more effective and cost-effective strategies to ensure HROD professionals are able to provide appropriate staff for their firms.

A retention strategy for elite-expertise workers and other high-performing workers is to “re-recruit top performers before they get a better offer” (Chhabra & Mishra, 2008, p. 51). Re-recruitment includes having regular discussions with top performers to remind them of their value, future opportunities in the firm, and solicit their feedback. This could also be considered part of an engagement and feedback strategy which will be described in a later section.

### **Talent Development**

Data from the US Department of Labor and Merck showed “investing in staff is far less expensive than replacing them, which is estimated to cost about one-and-a-half years of a departing staffer’s annual salary” (Chhabra & Mishra, 2008, p. 50). The IT Industry’s success in India and South Korea has been attributed to the wealth of its human capital resulting from a corporate strategy of training and growing employees (Cho & McLean, 2009). The Infosys 2008 annual report stated “Our core corporate assets walk out every evening. It is our duty to make sure that these assets return the next morning, mentally and physically enthusiastic and energetic” (Cho & McLean, 2009, p. 321). Chhabra and Mishra (2008) identified several options for developing talent such as “stretch assignments, cross-unit projects, job

rotations, publications, patents” (p. 54). They noted the importance of supervisors explicitly asking workers what motivates them, and what growth opportunities individual workers seek, since the meaning of motivation and growth opportunities is unique to each individual. Research has shown if a firm develops a reputation for developing workers and ensuring their long-term *employability*, that firm will be able to attract more talented people (Cho & McLean, 2009). McDonnell (2011) suggested that workers be offered an incentive for lateral moves which provide growth for the employee and greater depth of social capital for the firm.

### **Recruitment**

A corporate leader summarized his belief in attracting the best workers in this way:

We believe that we can do with people who do not have experience in a particular role, but we cannot do with people who do not have basic competence... We firmly believe the smarter our people, the better our organization will perform. So we surround ourselves with high performing people! (Doh et al., 2011, p. 37)

Senior management’s job has been summarized as having to continuously refine the employee value proposition by knowing “why a smart, energetic, ambitious individual would want to come and work with the particular team/organization rather than the team next door” (Chhabra & Mishra, 2008, p. 54). Retaining the best includes managing poor performers since poor performance hurts morale and breeds more weak performance (Chhabra & Mishra, 2008). Through well-planned and implemented retention and development strategies, a company will develop a reputation as being an employer-of-choice (Abdullah, 2009), which then helps the firm recruit new employees. A firm with a good reputation will have an easier time recruiting elite-expertise workers as well—the elite-expertise worker may return to the firm after having worked at another firm, and may refer fellow elite-expertise workers to the firm (Abdullah, 2009; Holland et al., 2007).

### **Worker Engagement and Feedback**

A study conducted by Towers Perrin in 2008 regarding employee engagement and retention showed that senior management’s ability to communicate genuine interest in workers was the top driver of worker engagement (Doh et al., 2011). The same research found more-engaged workers were more likely to stay with the company, and firms with more-highly-engaged workers outperformed firms with less-engaged employees in operating income, net income growth and earnings per share (Doh et al., 2011).

Engaging with older workers is a key strategy in managing knowledge worker shortages (Stam, 2009; Strack et al., 2008). Older workers provide key experience and, contrary to persistent assumptions, are often more productive than their younger counterparts (Stam, 2009). The best of both worlds can be achieved through mentoring—when older workers share their experience and younger workers share their more up-to-date technical skills in an inter-generational learning network (Stam, 2009). Engaging with older workers increases the likelihood of retaining them as long as possible, as well as having access to those older workers in a freelance capacity after they have retired (Strack et al., 2008; Stam, 2009).

Another key group of workers firms cannot afford to ignore is women. Shapiro, Ingols, Blake-Beard and O’Neill (2009) surveyed 389 women attending a women’s leadership conference. Their findings showed that “women have become career self-agents, deciding when, where and how many hours to work” (p. 54). Of course, it is not just women who are seeking flexible work arrangements. All workers today, especially younger generation workers, are seeking more balance in their lives (Shapiro et al., 2009). Shapiro et al. (2009) noted several organizations who are leading the transformation of the workplace (p. 55):

- Best Buy and Deloitte & Touche USA LLP are working on cultures that focus on productivity, not face time.
- IBM has created a program called “Six Flexibility Principles” to address employee and business needs.

- Capital One Financial Corporation has established a culture they call “Future of Work” (FOW) which enables its employees to work virtually.
- SC Johnson & Sons has a “no meetings policy” on two Fridays per month to lessen the need for workers to take work home over the weekend.

Another crucial element of talent management is feedback systems. Chhabra and Mishra (2008) clarified this is more than performance feedback from supervisor to employee. It also includes systematic, continuous feedback from employees regarding the many aspects of the organization, such as corporate culture, the work environment, training programs offered, compensation package, supervision and overall communication.

### **Mentorship**

Data from the Center for Creative Leadership showed that mentoring programs increased retention in 77 percent of companies surveyed. The research of Aiman-Smith et al. (2006) showed of those employees not receiving mentoring, about one-third looked for another job within one year of starting employment. As previously indicated, mentorship is an effective way of engaging with highly-skilled older workers and helping the firm retain that knowledge by transferring it to less experienced employees in a systematic way. Therefore, mentorship can be an extremely valuable element of any talent management program, providing a benefit for the new worker, the older worker, and the company overall.

### **EFFECTS OF TALENT MANAGEMENT ON THE FUTURE OF HROD**

Sosbe (2007) predicted that talent management will become a broad function integrating training and development and all human resource operations. He cited a research study conducted by the American Society for Training & Development (ASTD) and Brandon Hall Research in which 60 percent of the 340 HR leaders responding to the online poll stated they believed training and HR operations were converging in their firms, and 90 percent felt the trend will continue. A quote from Scotty King, former director of global learning and development for CitiGroup provides evidence of this convergence:

Human resources at Citi are all about talent. We are a company whose product is the creativity and expertise of our people, so we really do view learning as part of the manufacturing process of the product that we offer. Learning needs to be a strategic lever for our business leaders. (Sosbe, 2007, p. 38)

So, how will HROD keep pace with these changes? HROD professionals must constantly review their own skills sets and develop personal career development plans to remain relevant in the fast-changing world (Osman-Gani & Chan, 2009). Areas of weakness found among HROD professionals include strategy formulation, partnering/consulting skills, financial, project management, cross-functional experiences, and general understanding of business (Osman-Gani & Chan, 2009). Peter Cappelli (2008) would add that HROD leaders need to become familiar with just-in-time manufacturing principles and develop a talent-on-demand system. Cappelli’s proposal includes four principles: (1) “make and buy to manage risk,” meaning develop talent and plan on recruiting any shortfall; (2) “adapt to the uncertainty in talent demand” by streamlining development programs; (3) “improve the return on investment in developing employees” by asking employees to invest in themselves, and also staying in touch with former employees to possibly bring them back; and (4) “preserve the investment by balancing employee-employer interests” by involving employees in advancement decisions (Cappelli, 2008, p. 78).

### **CONCLUSIONS**

Organizations of all types need to assess their basic staffing issues and ask what their organizations will look like a decade from now if they do nothing (Aiman-Smith et al., 2006). It is imperative that firms

assess their risk sooner rather than later since “many companies will realize that they must undertake a monumental, multiyear change-management program” (Strack et al., 2008, p. 128). Cappelli (2008) proclaimed “every talent management process in use today was developed half a century ago. It’s time for a new model” (p. 74). He proposed his “talent-on-demand” framework was such a model and one which deals with today’s ever increasing uncertainty. The literature shows proactive leadership and strategic planning are paramount to managing knowledge worker shortages. And, a key element of any strategic plan must be talent management—retention, developing talent, recruiting the best and re-recruiting them to ensure they stay, engaging with workers by providing and being receptive to feedback, and developing mentorship programs. Now is the time for talent management to take top priority in organizations across the globe to ensure strategic goals and customers’ needs are met, both of which will ensure the continuing operations of those organizations.

## REFERENCES

- Abdullah, H. (2009, Summer). Major challenges to the effective management of human resource training and development activities. *Journal of International Social Research*, 2(8), 11-25.
- Aiman-Smith, L., Bergey, P., Cantwell, A. R., & Doran, M. (2006, July-August). The coming knowledge and capability shortage. *Research Technology Management*, 49(4), 15.
- Ashton, C., & Morton, L. (2005, July-August). Managing talent for competitive advantage: Taking a systemic approach to talent management. *Strategic HR Review*, 4(5), 28-31.
- Cappelli, P. (2008). Talent management for the twenty-first century. *Harvard Business Review*, 86(3), 74-81.
- Chhabra, N. L., & Mishra, A. (2008). Talent management and employer branding: Retention battle strategies. *ICFAI Journal of Management Research*, 7(11), 50-61.
- Cho, Y., & McLean, G. N. (2009, July). Leading Asian countries’ HRD practices in the IT industry: A comparative study of South Korea and India. *Human Resource Development International*, 12(3), 313-331.
- Doh, J. P., Smith, R. R., Stumpf, S. A. & Tymon, Jr., W. G. (2011). Pride and professionals: Retaining talent in emerging economies. *Journal of Business Strategy*, 32(5), 35-42.
- Galagan, P. (2010). Bridging the skills gap: New factors compound the growing skills Shortage. *T+D*, 64(2), 44-49.
- Heilmann, P. (2010). To have and to hold: Personnel shortage in a Finnish healthcare organization. *Scandinavian Journal of Public Health*, 38, 518-523.
- Holland, P., Sheehan, C. & De Cieri, H. (2007, September). Attracting and retaining talent: Exploring human resources development trends in Australia. *Human Resource Development International*, 10(3), 247-262.
- McDonnell, A. (2011). Still fighting the “war for talent”? Bridging the science versus practice gap. *Journal of Business & Psychology*, 26(2), 169-173.
- Osman-Gani, A. M., & Chan, T. H. (2009, February). Trends and challenges of developing human capital in Singapore: An analysis of current practices and future potentials. *Human Resource Development International*, 12(1), 47-68.
- Seeds, D. (2011). Scouting for talent: What the shortage in skilled manufacturing workers means to a hungry industry. *Smart Business St. Louis*, 4(7), 6-9.
- Shapiro, M. M., Ingols, C. C., Blake-Beard, S. S., & O’Neill, R. R. (2009). Canaries in the mine shaft: Women signaling a new career model. *People and Strategy*, 32(3), 52-59.
- Sosbe, T. (2007). Synergizing HR and training. *T+D*, 61(6), 36-40.
- Stam, C. (2009). Knowledge and the ageing employee: A research agenda. *Proceedings of the European Conference On Intellectual Capital*, 435-441.
- Strack, R., Baier, J., & Fahlander, A. (2008). Managing demographic risk. *Harvard Business Review*, 86(2), 119-128.