



# War for talent – time to change direction

## Key findings from KPMG’s HR Center of Excellence Survey

In the fifteen or so years since *The War for Talent*<sup>1</sup> changed how companies manage talent worldwide, HR approaches that overly focus on high performers have become deeply entrenched. Now, after the economic crisis, the war for talent appears to be back in full force – and companies that take a fresh look at their tactics stand to gain more competitive ground as a result.

In a recent global survey of Human Resources professionals undertaken by KPMG member firms worldwide, most respondents say that **addressing skills shortages** is a higher priority now than two years ago – and **will become critical** in the next two years.

Skill shortages appear likely to increase as **globalization** and **competitive pressures** take hold across sectors and industries and **improving economic conditions** spur employees to seek new jobs.

### Shifting battleground calls for new strategies

In KPMG’s survey, the majority of respondents agreed that **there is a new war for talent**, and **this war is different** than in the past.

Respondents to the KPMG questionnaire also stated that the most-often named root cause of talent and skills shortages is **generational**:

- Younger skilled workers seem less interested in traditional roles and see themselves as **free agents**, and management has been slow to respond
- The scarcity of people with **skills required for new emerging roles** is perceived as the most critical market shortage

### Is the War for Talent Different than in the Past?

**21%**

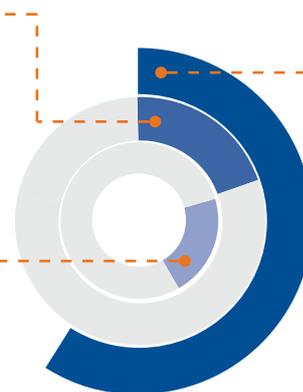
There **is** a new war for talent and it is **similar to those in the past**

**59%**

There **is** a new war for talent and this time it is **different than in the past**

**20%**

There **is no** new war for talent



Source: KPMG International, 2014

### War for talent – winners and losers

There is **little evidence** that typical ‘war for talent’ practices that focus on high performers actually contribute to improved business performance.

An **analysis** of the 106 original adopters of the ‘war for talent’ practices indicates that 15 years later such practices have not helped corporate survival and performance. **Only 25 percent**

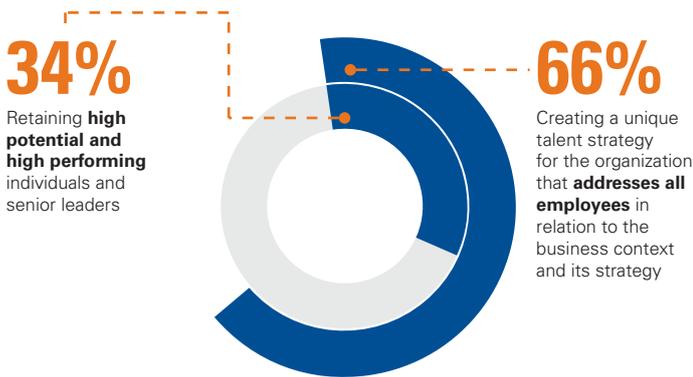
<sup>1</sup> Ed Michaels, Helen Handfield-Jones and Beth Axelrod, *The War for Talent* (Harvard Business School Press, 1997).

of the organizations can be said to be **performing well** in their market place. A third have disappeared entirely.<sup>2</sup>

KPMG's HR professionals agree that it is time to turn to **new, more holistic strategies** for managing talent:

- Two-thirds of survey respondents say it is more important to **address the talent needs of all employees**, in the context of the business and its strategy
- Just over half agree or strongly agree that **pursuing high potential talent** at the team's expense **puts the business at risk**

### What is More Important in Talent Management?



Source: KPMG International, 2014

### Top 3 ways to address talent shortages

Survey respondents say the top three strategic approaches to addressing talent skills and shortages are as follows:

1. **Enlist and empower management** in talent management – don't just leave it to HR

2. Focus on developing clear **career paths**

3. Take a **holistic approach** to talent management across the entire employee population

### Harness analytics to guide thinking and gauge success

**Non-financial benefits** of the sort offered by effective HR functions are difficult to quantify. But new technologies are enabling **robust data and analytics capabilities**, allowing HR functions to **evaluate and make evidence-based decisions** that positively impact the business.

Rather than following industry trends and adopting off-the-shelf solutions, companies should seek to:

- **Take a global** view of their talent
- **Develop distinct talent strategies** tailored to their products, markets and business goals
- **Engage in a more comprehensively planned approach** that measures the impact of their effort
- **Put powerful new data analysis capabilities to work** to gauge their performance and fine-tune their people practices
- **Monitor and measure their talent strategies** and adjust them to improve results, meet future needs and create opportunities for employees to contribute more value

<sup>2</sup>Survey by AM Azure of the organizations featured in The War For Talent analyzing 100 plus firms to evaluate current corporate performance in 2013

To find out more about the impact of these trends on your organization and potential strategies for response, please contact:

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