Executive Summary

Final Question

How do we retain diverse talent in today's environment?

Introduction

Talent is defined as individuals who possess specialized in-demand skills and knowledge for use in an organization. Talent also refers to individuals with high potential, who have the ability and inclination to systematically develop themselves to fill key roles within an organization.[1]

The **retention of valued talent** represents a major challenge for companies across industries and regions. Moreover, having a diverse talent without real inclusion inevitability results in missed opportunities because the talent no longer feels empowered to contribute and lead.[2] Thus, most organizations are looking at ways for employee retention to both attract and retain key diverse talent, as well as to reduce turnover and its related direct costs such as hiring and training and indirect costs such as the loss of specialized skills, organizational knowledge, and employees' networks with departing employees. The organizations must look at a targeted strategy along with a menu of retention practices to sustain competitive advantage.

Targeted strategy to drive retention of diverse talent

It is important to identify specific drivers of turnover in the organization to determine where the problem exists to develop highly relevant, and linked strategies to address the issue. To develop a targeted strategy, the **data** from the following sources can help (a) exit interviews, (b) post-exit surveys, (c) current-employee focus groups, (d) linkage research, (e) predictive turnover studies, and (f) qualitative studies.[3]

Equally important is to note that many employers overlook the power of **leveraging pre-existing mechanisms** such as segmenting data of engagement surveys by criteria such as gender, ethnicity, generation, geography, tenure, and role in the organization, thus missing out on opportunities to identify issues among smaller groups [4] and deploying customized surveys for employee resource groups to find out whether the company's value proposition is compelling enough around things most meaningful to those in these groups. [5]

Best practices to drive retention of diverse talent

The following practices in the employee lifecycle will be impactful in enabling organizations retention goals:

Recruitment: Multiple studies prove that presenting applicants with a *realistic job preview* (RJP) during the recruitment process has a positive effect on retention of the new hires.[6] [7] An RJP presents accurate information about the positive characteristics and potential challenges associated with the job besides clear performance expectations and talent management processes, thus helping new employees easily adjust and assimilate into the workplace.

Selection: Research shows that the selection process itself influences turnover and weighted application blank (WAB) questionnaire can be an excellent predictor of retention, yet they are not widely used by organizations. WAB uses answers of current and former employees to application questions on life experiences such as significant tenure on previous jobs, education experiences, leadership in career-related clubs, and early work experiences to empirically determine which items differentiate engaged employee verses job quitter. Items that differentiate are then weighted according to how strongly they influence the employee retention to be used during selection of future applicants.[8]

For example, Texas Instruments has a Fit Check Tool on their website that enables applicants to evaluate their own fit with an open position and with the company in terms of their education and work experience as well as their workplace values. (www.ti.com)

Onboarding: Onboarding new hires should be an organization's on-going talent strategy and not a single event as many new employees are not fully invested when they start a new job. As per research by SHRM, onboarding should last at least one year to ensure high retention.

Thus, the onboarding should go beyond the first day to have a first month check-in, another check-in between three and six months, and final check-in on completion of first year. This not only helps the new employee to understand the workplace culture, the role objectives, and role expectations but also allows the employer to establish a rapport with the employee and introducing the new employee's responsibilities to the entire team to prevent any potential resentment from existing team members.[9]

Employee Resource Groups: To create a sense of engagement, over 90 percent of Fortune 500 companies have incorporated employee resource groups (ERG), made up of employee volunteers from historically underrepresented workplace constituents such as people of color, differently abled, gays, lesbians, veterans and the like. These ERGs help increase retention by reducing social isolation and create a sense of belonging by connecting peers with similar interests. Furthermore, to ensure the success of the ERGs, senior executives are encouraged to get involved, thus increasing the networking connections for younger employees towards career advancement.[10]

For example, Bristol Myers Squibb (BMS) has taken the ERG concept further with its People and Business Resource Groups (PBRG) which functions like ERG but have a full-time lead business manager, a business plan, and an associated budget. BMS Veteran PBRG helped improve the company's military leave policy by seeking feedback from military reservists and then partnering with Total Rewards to come up with recommendations and implement the new policy. [11]

Supervision: Research supports that the quality of employees' relationships with their supervisors is an important driver of turnover which can be delineated around the quality of the exchanges, a fair treatment, and developmental guidance.[12] First, it is important to prepare managers to lead people and to develop effective relationships with their direct reports, by making them go through 'New Manager Trainings' that covers not only on their supervisory abilities but also talent retention. Second, is to incorporate team member retention as a metric into the company's evaluation and reward system for all managers. For example, Federal Express explicitly evaluates managers on retention metrics in their work groups. [13] Finally, if need be, check for personality conflicts or explore alternatives for valued employees to leave a supervisor without leaving the organization. [14]

Fair and Transparent Pay Program: Compensation and rewards offered by the employer plays a critical role in the inducements-contributions balance. There exists a large gap in perceptions of pay: 73 percent of employers say they pay their workers fairly, but only 36 percent of employees agree.[15] This gap between employer and employee opinions can be bridged with the adoption of pay transparency policies, as done by companies like Whole Foods.[16] Additionally, pay equity review should be conducted to pay colleagues equitably for their work towards establishing a more inclusive and equitable workplace such as done by Citi for all roles across offices.[17]

Conclusion

To successfully drive retention in a rapidly evolving talent landscape, a "one-size-fits-all" approach may not be successful. Therefore, HR must design for its specific organization and the unique industry it operates in through an extensive analysis, a thorough understanding of best practices, and the ability to put retention plans into action. Finally, companies should continuously learn and re-evaluate their engagement strategy to sustain their competitive advantage.

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