

Developing Talent: How Career Opportunities Drive Business Performance

By Melvin Scales



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The case for developing talent has always been clear: if an organization is to achieve its primary objectives, it must align talent with strategy by developing a workforce with the necessary capabilities. Now, new research by Right Management has revealed an additional key advantage to providing employees with career development opportunities. Career development not only equips employees to perform, but also inspires them to perform. It motivates them to make the most of the skills and capabilities they acquire. In a study of organizational effectiveness involving more than 28,000 employees in 10 business sectors and 15 countries worldwide, we found that providing career development opportunities has a marked positive impact on employee engagement and a range of other factors directly related to organizational performance.

Engagement is Essential to Business Success

Employee engagement is a highly significant business performance issue. Employees can have all the skills and talent in the world, but if their job and organization fail to engage them, they are unlikely to put their skills and talent to the best and fullest use. A large and growing body of research has linked engagement to retention, productivity and, ultimately, organizational performance. Organizations that fail to engage their employees fully will never perform at their best. In fact, they risk losing their most talented employees, their ability to respond quickly and flexibly to changing market conditions, and their competitive edge.

Engagement Levels are Low and Getting Lower

Alarming, workforce engagement levels worldwide are low and perhaps even falling. Of the 28,000 employees we surveyed in our study, only 34% reported being fully engaged by their job and organization. While U.S. respondents reported somewhat higher levels of engagement, those fully engaged amounted to only 44%, significantly less than half of the number surveyed. Our research is remarkably consistent with a recent study by The Conference Board on job satisfaction, a primary factor of engagement. The Conference Board found that only 45% of U.S. employees are satisfied with their jobs.

This finding adds to a set of job satisfaction data that The Conference Board has been keeping since 1987. What this set shows is that job satisfaction has fallen by 16% in last two decades, with about a quarter of that decline (nearly 4%) occurring in 2008 alone. If the state of job satisfaction in the United States is indicative of the state of job engagement, engagement levels, clearly, are not only low, but getting lower.

A Retention Crisis Looms

As we might expect, signs that some organizations are facing increasing difficulties retaining talent accompany this trend. In a recent poll of more than 900 workers across North America, Right Management found that a remarkable 60% of respondents “plan to pursue new job opportunities as the economy improves in 2010.” A further 21% indicated that they are considering making such a move and are actively networking as a result. Only 13% said they intended to stay. Our results are largely consistent with the findings of the Herman Group, which in its “Herman Trend Alert: 2010 Workforce/Workplace Forecast” reports that “54 percent of today’s employees are ready to jump, as soon as the economy improves.” Even if

only a fraction of these employees follow through on their stated intentions, many organizations may well be facing a retention crisis.

Career Development Helps Meet the Challenges

Offering career development opportunities is no magic bullet for the challenges posed by engagement. Engagement is a complex issue requiring action on many fronts. Yet, as our study of organizational effectiveness shows, learning and development initiatives can make a significant contribution to meeting the challenge.

In our study, more than 28,000 respondents indicated their level of agreement with 100 different statements grouped according to 11 major topics related to organizational effectiveness. We then tested for statistically significant (i.e. greater-than-chance) relationships between favorable responses to the statement “There are career opportunities for me at my organization”—an item belonging to the learning and development topic—and favorable responses to statements addressing engagement and other key topics.

Our analysis found that organizations providing career development opportunities are:

- ◆ Six times more likely to engage their employees than organizations that do not
- ◆ Better than four times less likely to lose talent in the next year than organizations that do not
- ◆ Almost 2.5 times more likely to be productive than organizations that do not

Our findings show a connection between providing career opportunities and all the links of what we might call the performance chain. Career opportunities drive engagement, which, in turn, drives retention and productivity. We also found that organizations judged to be best performers are almost three times more likely to provide career development opportunities than those judged to be below-average performers. Best performers recognize that providing such opportunities works.

Career development not only builds skills and capabilities that can help organizations achieve their strategic goals, but also addresses the motivators driving employees to put their skills and capabilities to optimal use. Employees are looking for challenge in their jobs. They want to contribute meaningfully to their organization’s success. By equipping employees to find greater challenge and meaning in their work, career development promotes engagement and enhances the performance of the individual and the organization alike.

Best Practice Recommendations

1. Implement key career development measures to drive performance.

Our advice on how best to provide employees with learning and development opportunities begins with our organizational effectiveness study. Among the 100 statements comprising our survey, we tested for drivers not only of engagement, but also of career development. Encouraging employees to take ownership of their work, providing development focused on

helping them do their job well, and showing them how they can progress in their organization emerged as the top three learning and development drivers. Other top drivers included investing in learning and development, providing performance incentives, preparing people to move into jobs when they become available, and facilitating discussions about career development.

On the basis of these drivers, we recommend four key career development measures:

1. Demonstrate your commitment to employees by preferring to develop from within versus hiring from the outside
2. Ensure that your investment in learning and development is meaningful
3. Provide employees with incentives to develop by showing them how they can progress
4. Empower your employees—make them partners in their own development

2. Create a workforce development plan based on skills and needs inventory.

To avoid having to hire externally, organizations must create a comprehensive workforce development plan based on a careful skills and needs inventory. To help empower employees and show them how they can progress in their careers, immediate managers must engage them in regular career discussions. At present, our research shows, a surprising 37% of employees never engage in career discussions with their managers, while a further 29% do so only once a year.

3. Employees must play an active role in their managing their careers.

For their part, employees must play an active role in charting a course for their careers. With guidance and support from their organization, they must explore their own desires and aptitudes, the needs and priorities of the organization and the career options available to them.

Conclusion

Working together, organizations and their employees can meet common goals through career development. Career development ensures work remains challenging and meaningful. It aligns the skills and capabilities of the employee with the business strategy of the organization, satisfying the need of employees to make a difference and contribute to the organization's success. It drives engagement, productivity and performance.

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