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ECONOMY

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The global economy, still reeling from the pandemic, is now gearing up for the impending recession. Despite a relatively stable situation now, key economic indicators are flashing yellow. As the recession calls are getting louder, employers must not only look at recession-proofing their business to make the organization economically resistant but also look at recession-proofing the workforce.

The US economy is likely to tip into recession in 2023. TD Securities predicted that the odds of the U.S. economy falling into recession by next year are greater than 50%. At the same time, the U.S. Bureau of Labor Statistics in their JOLTS report pointed out that the job openings plunged in June 2022 to their lowest level since September 2021. Ahead of a potential recession in the U.S. economy, a large slew of companies is devising job cuts, planning hiring freezes and rescinding job offers. Despite mounting recession fears, an intriguing part is that the workers are still shifting to better jobs, lured by factors like higher pay, flexibility and growth. Robert Half's Job Optimism Survey of more than 2,400 professionals, which tracks worker sentiment on current and future career prospects, finds that 41% of respondents are currently looking or planning to look for a new role.

So how can organizations convert the great resignation into great retention?

The answer is by treating their employees like "customers". This is integral as the customer experience starts with the employees. Organizations that treat their workforce exactly as they treat their best customers are more likely to build a solid talent pipeline that can weather any storm and become an "iconic" or "destination employer" – renowned for their abilities to attract, engage and retain the best talent in the industry. As the rumblings of a recession increase, organizations must inculcate long-term solutions to win the war for talent and jump on the bandwagon to become the employer of choice.

More stay interviews

Fear of a looming recession, runaway inflation, shifting culture expectations and availability of hybrid arrangements continue to fuel the rise in employee attrition rates. The cost of attrition is extremely high. According to a recent report by Gallup, replacing an existing employee can cost an organization one-half to two times the employee's annual salary. Thus, organizations are seeking new ways to build rapport with each employee and bind their best talent. Stay interviews can help organizations gauge current employees' sentiments and identify any red flags seeking serious attention. Few leading organizations have already started conducting stay interviews to encourage employees to speak up and jot down aspects that may push them to make an exit. This may go a long way toward igniting employee morale as these interviews help organizations obtain a clear picture of their unique goals and aspirations and get employees to stay longer.

Make work-from-anywhere work

With a potential recession approaching, organizations need to rethink how they can cultivate a "human-centered" workplace, keep their hybrid and remote employees engaged and trim down on expenses. A Gartner survey revealed that 52% of employees feel that flexible work policies will impact whether they stay at their organizations. In fact, 16% of employees are willing to quit their current job if required to work fully on-site. Hence, organizations must brace themselves for a new future of work and leverage the advantages of work-from-anywhere. Organizations that are investing in building an agile and resilient digital infrastructure will be able to create intelligent workspaces, enable remote collaboration and deliver superior employee experiences – anywhere, anytime and on any device.

Total rewards

As organizations navigate the dangerous shoals of recession, a key part of their strategy should be to holistically rethink their total rewards philosophy. Total rewards – the combination of compensation, benefits, well-being, performance recognition and career development – plays a pivotal role in attracting, engaging and retaining top talent. It includes everything that the employee perceives to be of value in their employment relationship. For instance, an employee would not be just looking for a promotion which solely means moving up the organizational hierarchy but overall development. They would want to deepen their industry knowledge, be a mentor to young minds and even have a stake in company policies, procedures and decisions. Thus, building and maintaining a total rewards system can help organizations demonstrate to their employees that they care about their complete wellness and want them to flourish in their life.

Flexible talent deployment – win-win for organizations & employees

During a recession, optimum resource utilization can significantly impact the bottom line. By establishing a robust talent deployment model, organizations can allocate and deploy talent into areas where it is needed the most. They can employ capability mapping to evaluate which capabilities are most valuable to them, where they need to invest in skill upgrading, and how they can accelerate the development of new capabilities. This can help organizations manage the full talent life cycle, drive cost efficiency gains and convert their employees into ultimate powerhouses. This also gives employees the opportunity to work on diverse projects, master a new skill or a technology and safeguard their position even during times of economic distress. Such employees are likely to be more present and productive and stay attuned to the ever shifting needs of the organization and their customers.

Great reflection

As employees continue to become more aware, they expect organizations to engage on contentious issues of fairness and equity and uplift their spirits even during fallouts like the recession. It has become pertinent for the new generation of leaders to build a culture that enables great Employee Experience, empowers employees to make critical decisions and take on new challenges, and rewards them for their contributions. By adapting to the new rhythm of the redefined workplace, employers have an opportunity to make their organizations “irresistible” and build a team of empowered, creative and enthusiastic employees.

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