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LOSING NUMBERS

Through current recruitment challenges it is important for employers to manage staff to ensure their business is prepared for the future

Launching the report: Kevin Delany, former PwC HR Services partner & international HR consultant (left) and Mark Carter, HR services partner, PwC

WHILE IT MAY seem somewhat odd to consider recruitment challenges at a time of high and increasing unemployment that's precisely what companies should be doing now as they develop strategies to deal with the downturn. This is among the key findings of a new report from PricewaterhouseCoopers (PwC) which contends that many once-powerful employer brands will be unable to attract top talent in the coming decade.

The report, *Managing Tomorrow's People – how the downturn will change the future of work*, finds that pay and promotion freezes, changes to pension schemes, cuts in recruitment and slashed training budgets, combined with poor communication, are combining to erode the bonds of trust between some employers and their employees. In contrast, other organisations have excelled at doing more with less to reward, engage and develop their employees in an unstable employment landscape where many individuals view their career prospects as stagnant or diminishing.

These latter organisations are the ones that will thrive and emerge from the downturn in the best shape to recruit the top talent they require. "As the longer-term impact of people decisions taken during the downturn begin to be felt, the winners and losers of the war for talent are starting to reveal themselves," says Mark Carter, human resources services partner with PwC Ireland.

"Organisations which continued to focus on investment and employee engagement are emerging as clear leaders. Those who continued to offer their employees new opportunities and invested in their people pipeline have a competitive advantage."

In contrast, short-term reactive thinking has damaged some companies. "Other companies appear to have panicked and made decisions based on short-term considerations that will have long-term repercussions for their people pipeline and their future business success," says Carter. "For example, the suspension of recruiting new blood or implementing a redundancy programme which has resulted in key people leaving. Consequently, some employer brands will be damaged as a result of their people management decisions."

It is widely accepted that there will be a shortage of talent for tomorrow's world. The success or failure of reward and people strategies will have a decisive impact on which organisations become the successful brands and top employers of the next decade.

The PwC report, which is the third in the *Managing Tomorrow's People* series, looks back from 2020 and tells the story of how three fictitious organisations emerged from the current crisis – specifically in terms of their people strategies. The conclusion from all three scenarios is that as economies start to stabilise, organisations need to assess whether their people plans – which include the ways people are recruited, rewarded, retained, incentivised, trained and retired – are fit for the future.

The report envisages the emergence of three basic types of organisation in the new world. These are colour coded as blue, green and orange. In the blue world corporate is still king and companies in it embody big company capitalism and have invested in size, technology, the talent pipeline, strong leadership and sophisticated metric.

In the green world, unsurprisingly, sustainable business is seen as good business. Green companies will have a powerful social conscience intrinsic to the brand. Their focus is on sustainable and ethical business practice and a strong drive to minimise and mitigate risky business practices. Businesses in the orange world are fragmented with companies usually being small, lean and nimble, relying on an extensive network of suppliers. They have multiple clients and contracts and access a globally diverse workforce of freelancers or "team workers" on a supply and demand basis.

And the type of organisation a company is will matter greatly according to Carter. "As employees increasingly choose employers that fit their own priorities, ideals and lifestyles, businesses need to consider where they fit in terms of the financial and personal benefits they offer and whether or not this is how they want to be positioned in future. For employees, the future is likely to be a world where many different ways of working are on offer."

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"Most companies will be mainly one type with bits of the others," says Kevin Delany, international human resources consultant and former PwC HR Services partner. "If a company is large enough with a global footprint they can actually be all three.

For example, a major pharmaceutical firm can be blue for its treasury and regulatory functions because this is what the markets and the regulators expect. It can be orange for its research and development function because this will be the best for attracting the brightest and best researchers. It can be green for its customer interface as its products are delivering benefits to society."

This changed future has implications for Ireland. "One of Ireland's key attractions for foreign direct investors has been the strength of our workforce," says Carter.

"Irish businesses see expansion into new markets to make up for the lack of domestic demand as one of their biggest opportunities but this also gives rise to significant workforce mobility challenges. But the workforce of tomorrow will have different attitudes and expectations and it is important that Irish-based employers create the right conditions to motivate, develop, reward and retain key talent, whether they need them to work at home or abroad."