

AUGUST 2021

EXECUTIVE SUMMARY

TALENT4LIFE RESEARCH STUDY

TALENT MANAGEMENT AS STAFF
RETENTION APPROACH IN
EUROPE'S SMES



Talent4LIFE

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ABOUT TALENT4LIFE

The Talent4LIFE project aims to improve the development and retention of employees with a specific focus on employees aged 45 years+. The project is proposing to develop a talent management model comprising practical instruments and strategies for talent management-based staff retention within European businesses, particularly SMEs. Being an agile and adaptable company is paramount in order to be able to react to changes and hence address and overcome current and future challenges. This research report is the first result of the Talent4LIFE project, which will develop four products:

- Empirical Research Report
- Model handbook
- Development Plan
- Green Paper for Sustainability

Find out more about the Talent4LIFE project and its results at talent4life.eu.

This executive summary provides an overview of the key findings of the Talent4LIFE research report. It presents the results of the analysis on the current state of European companies regarding Talent Management (TM) based staff retention, focusing on employees aged 45 years+. To analyse this topic, six focus group sessions and an online survey, reaching 190 responses from six partner countries, were conducted.



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INTRODUCTION

A Talent Management System (TMS) is a comprehensive approach involving the whole organisation. In contrast to the conventional approach, which only focuses on developing the high performers (about 3-10% of an organisation's employees), an inclusive Talent Management System sees all employees as potential talents and acknowledges them as crucial for the business success. The below three pillars provide the basis for inclusive Talent Management underlying this research:

- the organisation's strategy, giving the direction,
- the corporate culture, paving the way, and
- HR practices, implementing personnel processes (Hehn 2016).

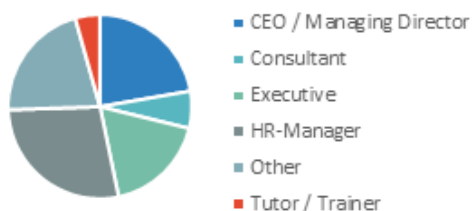


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RESULTS

Who took part?

Respondents' position in the company



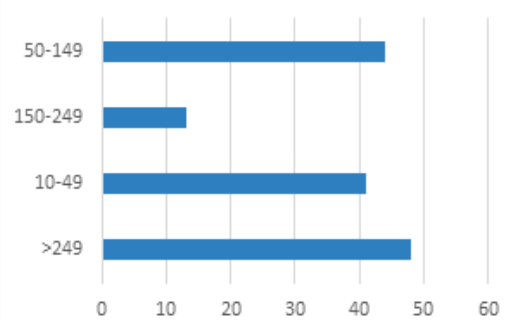
Most of the survey participants were HR-Managers (27.9%) or CEOs/Managing Directors (21.6%). Further representatives were managers (17.9%), consultants (6.32%) or Tutor/Trainer (4.21%). 22.1% were other kind of employees, who are not further defined.

The size of the participating organisations was classified by headcount and varied between 10 to more than 250 employees:

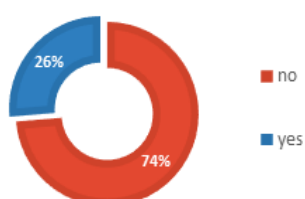
- 10-49 employees (44 participants)
- 50-149 employees (46 participants)
- 150-249 employees (13 participants) and
- More than 249 employees (49 participants).

Therefore, SMEs are represented with 103 and big companies with 49 participants, although not all companies indicated their size.

Company size



Do you have a Talent Management System?



Almost 3 out of 4 do not have a Talent Management System established.

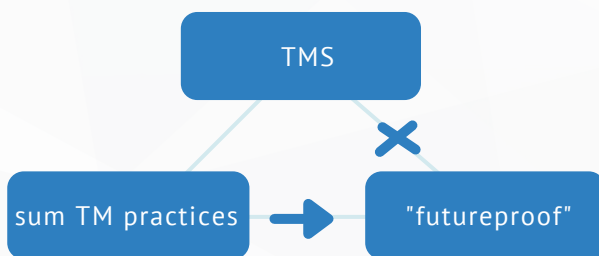


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SMES VS. LARGE COMPANIES

The more TM practices implemented, the better the company's futureproofness.

Large companies use more Talent Management practices than SMEs. They often offer job shadowing, social and diversity programmes, career planning, mentoring and coaching when compared with SMEs.



When conducting two third variable controls including company size, TMS, “futureproof” index and the sum of the TM practices reveal that the future proofness of a company measured through the index does not depend on having a Talent Management System or the company size; but rather on their capacity to implement Talent Management practices.

The more TM practices implemented, the better the company's future proofness. Within SMEs, this lack of TM practices points to the need for action amongst SMEs in terms of Talent Management and staff retention.

SMEs...

- Tend to have no Talent Management System
- Use fewer Talent Management practices
- Are less futureproof
- Rate their development strategies for their staff 45 years+ less favourable than large companies, and
- Use fewer digital tools



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EMPLOYEE DEVELOPMENT



- More than 1/3 do not capture their employees' skills and competences
- More than 1/3 do not make personal development plans for all its employees
- In most companies, older workers 45 years+ are not a target group for employee development and retention activities at all
- The more managers are given structures and processes for employee appraisals and feedback between employee and managers, the better their “futureproof” score

DIGITAL TOOLS

The most commonly used digital tools, independent of company size, are for collaboration or communication (63.2%) as well as working time control (54.7%). The least common digital tools are for skill management, employee development planning/career management and online onboarding.

Large companies have more digital tools and are specifically more likely to have a recruiting software/applicant tracking system; to carry out online onboarding; use digital tools for employee development; career planning and management; and performance management.



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GENERATIONAL DIFFERENCES

A high turnover of staff is perceived especially among those up to 29 year olds. The age group 30-44 years is ascribed the best characteristics: they are highly motivated, willing to constantly learn and grow and have goal-centric tendencies, whereas employees 45 years+ are attributed with a strong work ethic, but are not at all perceived as willing to constantly learn and grow and open to try out new things.

As an interpretation of the results, the companies are challenged to provide a work environment to foster exchange and positive characteristics between employees. A mutual exchange and positive work environment could motivate younger generations and therefore reduce staff turnover. Furthermore, it enables a sharing of positive characteristics of the 30-44 year olds to older and younger age groups to improve employee motivation and willingness to learn and grow.

There is a big chance for companies when actively bringing in the generation 45+. This could enable active knowledge transfer between employees within the company on the one hand since employees 45+ have a wealth of experience and retain them on the other hand through giving them responsibility and showing appreciation. A constant effort to develop and retain employees of all ages would lead to a powerful workforce providing the base for an adaptable, agile company.



CONCLUSION

WHAT ARE THE CHALLENGES?

"Data suggests that large companies are more futureproof than SMEs."

This research made a significant contribution to the state of the art within European companies regarding Talent Management, staff retention and staff development by investigating the companies' point of view.

The differences between SMEs and large companies could be confirmed: bigger companies are more futureproofed than SMEs. They tend to have a Talent Management System, use more digital tools, and implement more Talent Management implemented. The more Talent Management practices that a company implements the higher the score achieved on the mean-index "futureproof" measuring the future proofness of the companies.



Furthermore, the research showed that there is in fact a significant need in terms of staff development and retention with SMEs pointing out the need for structured employee development. Training is a very common practice at 82% but many organisations do not capture the skills or competences of their employees and do not make personal development plans. Employee development is more than a series of training; it is crucial to capture the skills and competences of employees in order to match the needs of employees and employers and consequently develop employees properly.

Employees 45 years+ are not a special target group within companies when it comes to development and retention activities. Hardly any company sees a challenge in attracting and recruiting employees aged 45 years+, but they do face the challenge of finding qualified and at the same time motivated staff. This result emphasizes the importance of involving employees of all ages and particularly those 45years+ actively in companies and bringing in their skills and knowledge to overcome the lack of skilled workers. Especially in regard to the predicted demographic changes, it is crucial to involve staff of all ages to not only foster exchange of knowledge and experience but also mitigate the impact of the lack of skilled workforce on companies. Actively including staff 45 years+ in a company's Talent Management System is therefore a viable path towards becoming a futureproof company.

ABBREVIATIONS

TM	Talent Management
TMS	Talent Management System
HR	Human Resources

REFERENCES

Hehn, S. v. (2016). *Systematisches Talent Management: Kompetenzen strategisch einsetzen* (2., überarbeitete Auflage). Schäffer-Poeschel Verlag; ProQuest EbookCentral.



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