



THE TALENT SHORTAGE 1: Two Solutions That Do NOT Burn Money
by Kathy Graham

Companies are likely wasting their money by offering raises/bonuses/higher starting salaries to existing and potential employees in hopes of stopping exits during The Great Resignation and securing talent in the worst U.S. labor shortage since World War II. It's having the same effect as if they are burning that money because unless the underlying disconnects are addressed, nothing is likely to change this situation for knowledge-intensive industries because:

- Baby Boomers are gone—30 million of them in the third quarter of 2020, which left a huge and unexpected gap in the skilled labor pool.
- In late 2021, U.S. birth rates dropped again from their already record low that was reached before the pandemic—now 44% of nonparents ages 18 – 49 say that it's unlikely they'll have any children AND 74% of parents in that same range say that they are unlikely to have any more children.
- The generations between those retiring and the incoming work force have basically disconnected from the traditional U.S. career trajectory. They were impacted by the Great Financial Crisis as they graduated, then they were hit by continuing changes in the structure of labor markets, and now the pandemic has given them even less desirable work environments.

There are four ways to fix underlying disconnects before burning any more money. In this article, the first two options are covered; in the next article, the final two choices are discussed. The first solution is:

1. Match the types of people hired to the type of corporate organizational structure.

There are two basic organizational schools of thought:

- Traditional corporation: an administrative structure based on clear, rational-legal system authority inherent in a hierarchy where individuals are expected (and assumed) to obey directives from superordinate positions.
- Modern corporation: a more fluid structure based on natural human relations system authority where there's individual ownership of responsibilities and an entrepreneurial approach among individuals that aligns more closely with individuals' myriad motivations and offers democratic decision-making, trust/friendship between leaders and workers, and a genuine concern about increasing workforce morale.

Whoa!!! Those are two different types of people who would work well (or not) in these organizations—hire the wrong one and you have turnover and culture clash. Fortunately, renowned educational psychologist Lee Cronbach (yes, of Cronbach's Alpha fame) has highlighted solutions, including Domino's stylistic research results that captured the persona differences between an:

- Achievement via Conformance personality—i.e., the achieving person who says, “I do well in meeting requirements others set for me”—would work best in a traditional company with leaders who “dominate” and “press for conformity.”
- Achievement via Independence personality—i.e., the achieving person who says, “I do good work when I can set tasks for myself”—would work best in a modern corporation with leaders who “press for independent work.” Interestingly, these independent performers are more innovative than conforming performers and are more innovative whether with traditional or modern leaders. Therefore, the “skunk works” innovation lab group within a traditional company is also a fit for independent achievers.

The second solution is:

2. Approach human capital as a strategic asset tied to the corporation’s unique strengths, goals, and culture.

Whether a traditional or modern corporation, there are two ways to approach human capital management—a proactive versus a reactive focus. The reactive focus is to hire individuals to fill manifesting specific needs. The proactive approach, called strategic human resource management (SHRM)*, looks at the current goals of the corporation—its vision statement, mission statement, organizational strategies—and proactively integrates those goals into the planning, hiring, and developing of current and future individuals’ job designs.

In other words, using the SHRM approach, one would find right at the top of each job design a section titled: IMPACT OF JOB ON COMPANY/ORGANIZATIONAL MISSION. Those jobs with high impact are marked key strategic jobs. These key strategic jobs always have an up-to-date: (1) person-in-place backup, (2) cognitive and tactical career growth plan, (3) monetary AND non-monetary motivational enrichments, and (4) double-check on job creep. Such proactive continual measures, that are adjusted as the corporation grows and its mission/goals change, will minimize: (1) emergency hiring for hiring sake, (2) undesirable turnover, (3) unexpected succession planning...and such proactivity actually turns a company’s human capital structure into a competitive advantage.

Using these two solutions will enable companies to retain their desired organizational structure and goals without unnecessary burning of money, even in a severe labor shortage situation.

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*Note that SHRM as used in this article is not the Society for Human Resource Management (SHRM).

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