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Unprepared employers face three "recruit and replace" phases

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The economic recovery will hit employers "like a tsunami", says human capital consultant Anthony Sork. Employers acting too late to stop the exodus of their workers must focus on attaching and on-boarding their replacement recruits.

It might not be politically correct to talk in terms of earth quakes and tsunamis in a context other than natural disasters, he notes, but at the risk of offending some people he uses a tsunami metaphor to describe "what is about to happen in the employment market".

"If we think in terms of normal tidal movements being essentially caused by the gravitational pull of the moon and liken this to the pre-GFC market, where employer-of-choice initiatives and career progression opportunities were the major 'pulling' force influencing the mobility of employees, what we are about to experience is the equivalent of a tsunami or at least a tidal surge of very large proportions."

The GFC, says Sork, the managing director of Sork HC, has been the equivalent of a quake that shocked the global employment market, rapidly reducing employment opportunities and placing many businesses into panic mode. "The subsequent management behaviour within these organisations (aggressive, coercive, directive - leveraging fear and insecurity to drive short-term performance) has been the displacement wave that has been travelling for the last 18 months to reach our shores."

Economic forces have essentially held back the normal levels of mobility and employees have been staying with their employers out of necessity (driven by security rather than desire), he says. The additional impact of fear-based management and leadership behaviour means "the power behind the desire to move on has been building considerably".

The effect of this will be like a large wave hitting the return of market confidence and the growth of employment opportunities, Sork says. "Rather than the normal calm tidal shift, there will be a surge of employee mobility driven by the desire to leave their existing employer (the 'push' phenomenon)."

This will leave many organisations "essentially immobilised because of the talent exodus they will suffer", he says. "It is virtually too late to stop this happening now as the damage caused by aggressive leadership and management behaviour has been done."

The phenomenon will intensify as those same organisations - in rushing to fill vacancies - will enhance their employment opportunities in ways that ultimately disappoint new recruits. Sork says this represents "phase one" of a three-phase process.

"We are starting to see the signs of this phase appear right now," he says, noting that the Olivier Job Index is reporting demand for staff up by as much as 19 per cent for some specialist positions. He predicts "frenetic [hiring] activity" will begin within the next few months, with a pause over the Christmas break although job ad levels will remain significantly higher than usual during this period.

Recruitment industry unprepared for upturn

Sork notes that in previous recovery cycles the recruitment industry was reasonably well positioned to capitalise on the surge in demand for staff, but this time around it moved quickly to reduce its workforce and "many [agencies] are now going to be left short of consultants".

He expects that, as a result, the industry won't benefit from the recovery to the extent it has in previous cycles, partly because technological developments - including job boards and social media - give employers greater direct access to talent "and to a much higher volume than we have seen before".

Attaching and on-boarding success unlikely

Phase two will occur "as the wave retreats", Sork says. "A high proportion of employees who were running away from their GFC employer in phase one will have made decisions that were not fully considered. The key motivator in their decision making will have been to 'get away from here'."

Their new employers, he predicts, "will likely do what is historically a poor job of attaching and on-boarding [them], particularly given the market pressure to have them up and running and producing as quickly as possible. The combination of accepting a job that does not meet the two key sets of criteria - 'what I want' and 'what I don't want' - coupled with poor attachment will lead to many of these employees realising that they have made a rash and poor decision".

It is very likely these employees will look to move again, he says. "Employers will also realise the impact that their poor hiring, attachment and on-boarding has had, as their businesses see high levels of fall-outs in the first six months [post-hire]. They will likely realise that their managers need to focus on managing the business and outsourcing will again become the preferred option for a while. **Attachment and on-boarding will remain the critical differentiator in whether organisations will be able to break the recruit and replace cycle that will challenge many.**"

"Pull" forces return

Phase three, Sork says, will see the employment market begin to stabilise again and the return of the normal "pull" forces.

"This is a far more pleasant environment for both employers and employees. The way organisations invest in their human capital will dominate the strength of 'pull' force they generate. It is important to note that those employers that have maintained a focus and investment in their people during the GFC will be far more protected and will achieve this phase faster than others."

Those employers that have maintained a commitment to their people, he says, will experience less attrition in phase one, and will be better placed to secure top talent and minimise the impact of phase two.

"Key to moving to this phase and then ensuring you are creating a culture that is engaging and achieves sustainable high performance is leadership and management behaviour," he says. "Organisations that invest in the behavioural impact of their leaders and managers will position themselves as constructive cultures and achieve employer-of-choice brand value."

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