



Winning the War for Talent

The 'Total Talent Management' Approach



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Introduction

Forget the 'war for jobs' – the power has changed hands, and employers must brace, once again, for a 'war for talent'.

Economies and organisations have endured a grueling 18 months of pandemic-induced disruption and uncertainty. Fortunately, as we enter the final quarter of 2021, things are looking up in terms of talent acquisition. Employers are hiring once again and unemployment rates are falling. Only this time, candidates have the power.

Market trends, consumer demand and employee sentiment has evolved significantly since early 2020, before the pandemic; things aren't the same as they once were. This shift requires organisations to go back to the drawing board to rethink, redefine and rebuild their talent acquisition strategies, and ensure they are fit for today – and for the future.

Talent acquisition has matured over recent decades, but in order to navigate the intricacies of today's complicated employment landscape, organisations may consider adopting an emerging approach to win the talent war.

'Total talent management' is a solution to talent shortages that broadens the definition of talent and puts the employer brand at the forefront of hiring efforts.

THIS WHITEPAPER WILL DISCUSS:

- Current and evolving employer / employee sentiment
- Common talent acquisition challenges
- The disconnect between employer and employee expectations
- Total talent management: benefits and components

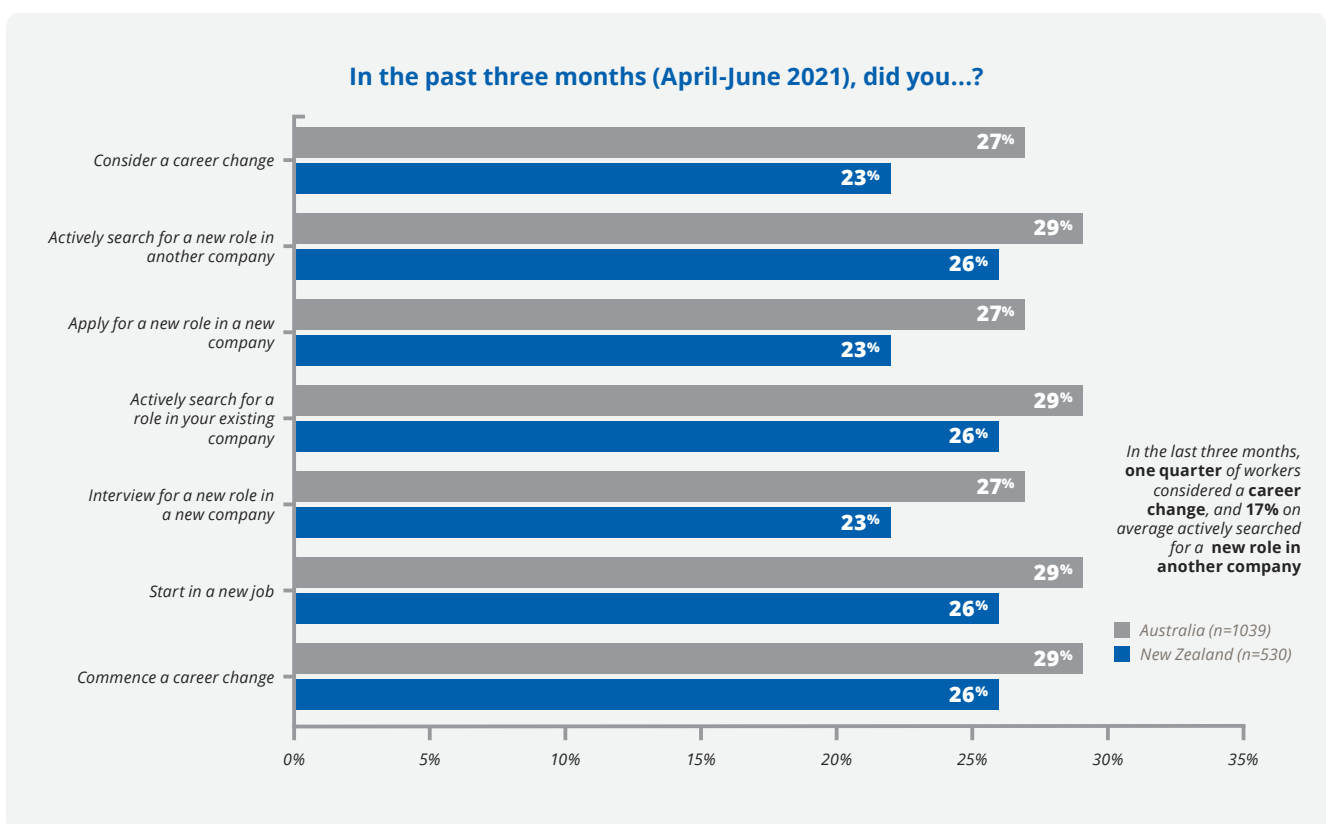
Employer vs. employee sentiment: The expectation divide

In this candidate-led market, employers must step up if they hope to attract, retain and nurture top talent.

The job markets in Australia and New Zealand are experiencing more movement than they have in a long time. The unemployment rate in Australia fell to 4.6% in July 2021¹, which is the lowest it's been in a decade, and in New Zealand it has plunged to 4%² – the biggest quarterly fall in 35 years. It is a sign organisations are ramping up their hiring efforts.

According to recent research into the sentiment of small to medium-sized businesses (SMBs) in Australia³, almost half (43%) of businesses have job roles they are looking to fill (as at August 2021).

On the other side of the talent coin, more employees are open to seeking new employment opportunities. ELMO's quarterly [Employee Sentiment Index](#), which surveys Australian and New Zealand workers about their wellbeing, productivity, and overall outlook, revealed some interesting insights. See the graph below.



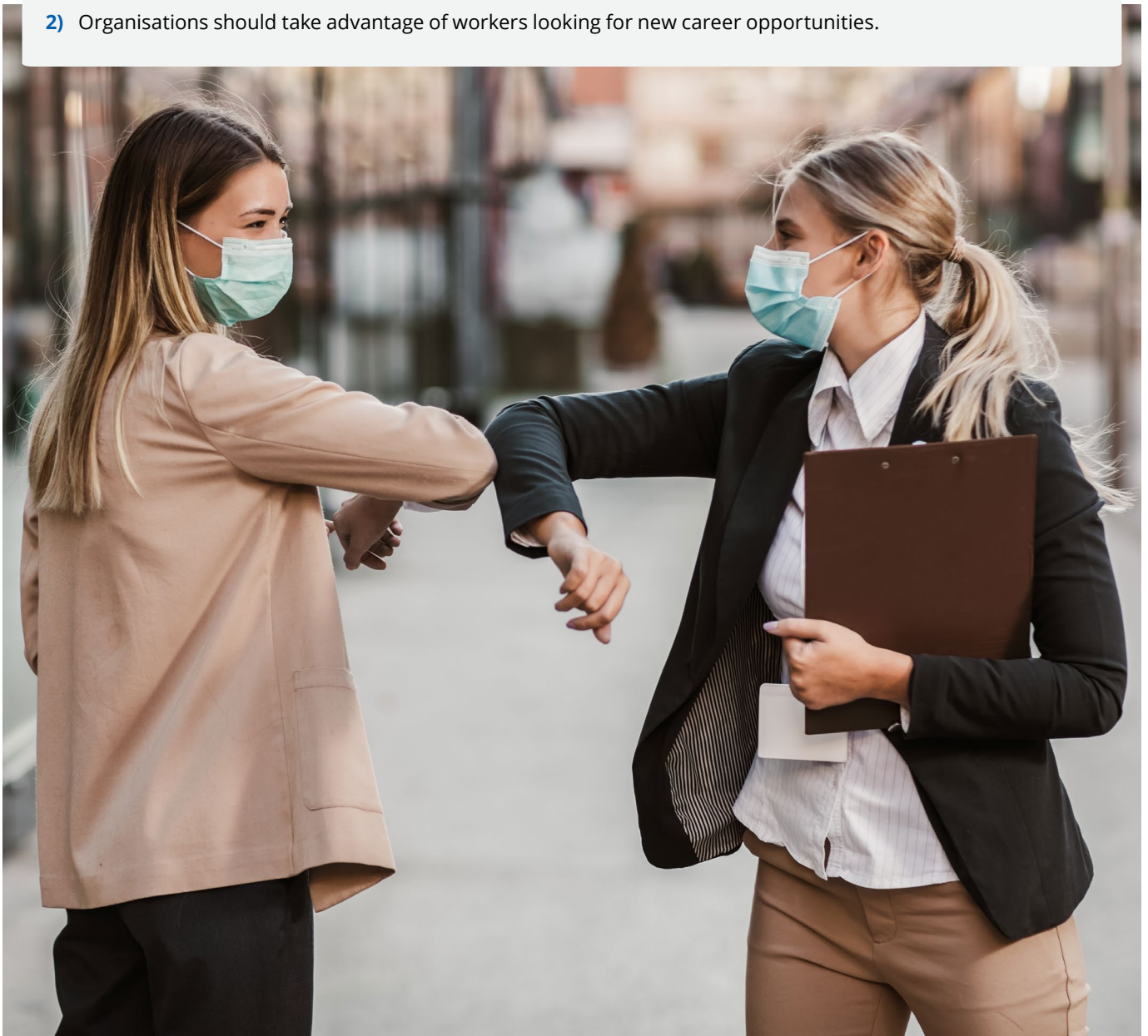
01. Australian Bureau of Statistics 02. Stats NZ 03. COVID-19 Small & Medium Enterprise Sentiment Tracker, ACA Research, Wave 30, August 2021

THE DATA SHOWED:

- Around one-quarter of workers considered a career change between April and June. This number is consistent with the results from the previous report, which charted employee sentiment from January to March.
- On average, 17% of workers actively searched for a new role in another company between April and June. Since March, this increased 3% amongst Australian workers and decreased 5% in New Zealand.
- 13% of Australians and 10% of New Zealanders applied for a new role in a new company between April and June.
- 6% of Australians and 9% of New Zealanders started in a new job between April and June.

Two key take-aways from this data are:

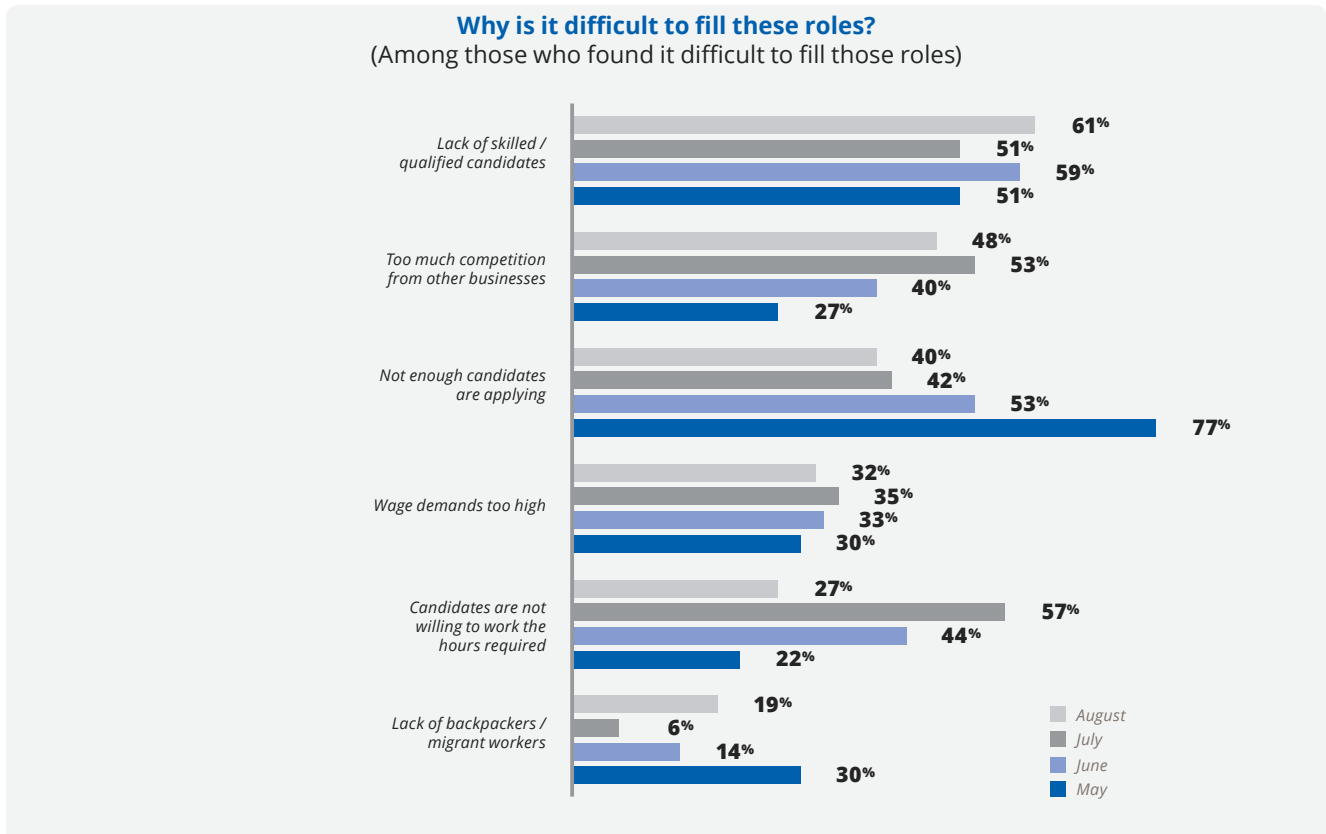
- 1) Workers will jump ship – or consider doing so – if they feel their employer cannot meet their needs.
- 2) Organisations should take advantage of workers looking for new career opportunities.



Common talent acquisition challenges

Although it is positive that workers feel secure enough in their industry and the economy to seek new employment, it doesn't mean organisations are achieving their talent acquisition goals. In fact, many are hitting roadblocks and are failing to attract the talent needed to address key skills gaps.

The research into the sentiment of SMBs³ found that those who are actively hiring found it hard to fill roles. The graph below illustrates the factors attributed to this hardship.



As the graph shows, a major reason why SMBs are finding it hard to fill roles is because there is a lack of skilled / qualified candidates, according to more than six in 10 respondents (61%) in August. This is followed by 'too much competition from other businesses' (48%), and then by 'not enough candidates applying' (40%).

In July, over half (57%) of SMBs said the reason why they couldn't fill roles is because candidates are not willing to work the hours required (which has decreased to 27% in August, possibly due to uncertainty as a result of lockdowns). This is significant: on the one hand, it could suggest that employers' expectations of workers have increased since the pandemic. More likely, though, it suggests that employees' needs have evolved in relation to the type of employment they wish to undertake, and that organisations are unwilling to adjust or cater their offerings to suit today's workforce. Organisations will not attract this new cohort of workers into their ranks if they have not softened their rigid stance on employment. We will explore this more in-depth later in this whitepaper.

Also notable from this data is that 19% of SMBs recognised a shortage of overseas talent as a key contributor to the skills gap. This percentage has increased steadily month-on-month from December 2020. Despite its ranking on the graph, 'lack of backpackers / migrant workers' should not be made light of. Australia and New Zealand are experiencing huge overseas labour shortages as a result of halted immigration, border closures and lack of government support for temporary overseas workers and international students. It was reported in June that fewer than 40,000 working holiday makers remain in Australia, down from a usual 150,000, many of whom would be active in regional Australia.⁴ There has also been a 99% decrease in the number of people arriving in Australia on a temporary skilled visa from June 2019 to June 2021.⁵

^{04.} "Farmers need backpackers, but backpackers might not need farmers after visa changes", ABC News, 1 July 2021 ^{05.} Overseas Travel Statistics, Provisional, ABS, June 2021

In New Zealand, the hospitality industry is crippled by a skills shortage. Under normal circumstances, approximately 30% of the industry is made up of those on temporary work visas, and in some cases that figure is closer to 60%. Yet, it has been predicted that 15% of the workforce on employer assisted visas could be lost if their work permits are not extended.⁶

With competition for talent rife, it's no surprise organisations are fishing in shallow talent pools.

Working hours: A disconnect between employer and employee

As mentioned earlier, a major reason why organisations cannot fill position vacancies is because candidates are not willing to work the hours required.³

So, how many hours do workers want to work?

Last year, KPMG predicted that as the Australian and New Zealand economies rebuild, businesses will be cautious when filling skills gaps because of fluctuating consumer demand. As a result, there would be a rising demand for gig workers (i.e. independent, non-permanent workers), and organisations would operate in a 'gig economy'.



There is a rising demand for gig workers, and a 'gig economy' is on the horizon.

Key definitions

GIG WORKER:

A gig worker is a broad term to describe any independent worker, including contingent and freelance workers. Gig workers work in a non-permanent capacity, rather than as an employee. Read more about gig workers, including differences between gig workers and employees, at the [Fair Work Australia](#) website or the [Employment New Zealand](#) website.

CONTINGENT WORKER:

A contingent worker is someone who undertakes work for an organisation but is employed by a third-party company, such as a recruitment or staffing agency. The third-party company will act as the intermediary between the worker and the company: they will post the job listings, source the workers, connect a worker with an organisation, bill the organisation, and pay the worker.

FREELANCER:

Freelancers (aka independent contractors) manage their own work. They work independently to find work, pitch to win jobs, sign contracts, track hours worked and bill clients. They are typically not eligible for any leave (e.g. sick pay) and must pay their own taxes.

CONTRACTOR:

Contractors are like freelancers in how they operate and manage working relationships. The only difference is that a contractor tends to be hired for a longer period, whereas a freelancer may work irregularly or on an ad-hoc basis.

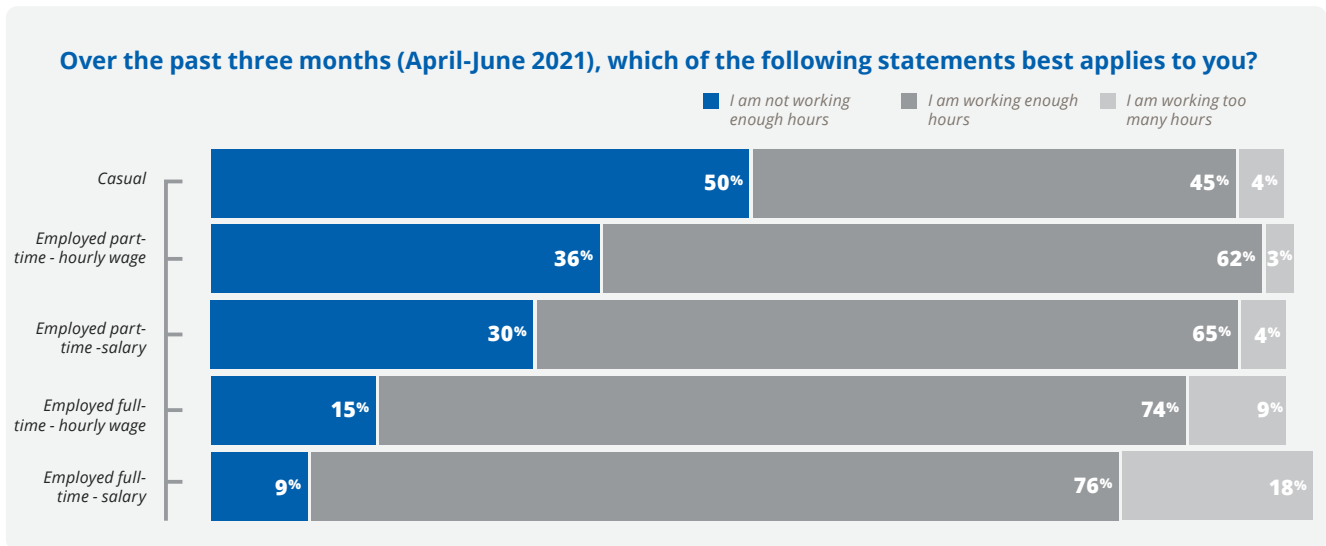
CASUAL WORKER:

A casual worker is employed by an organisation on a short-term or temporary basis, with an understanding that there is no guarantee of regular work – unlike part-time and full-time employees who have set hours each week.

^{06.} "NZ restaurants turn out lights in protest over crippling skill shortage", HRD, 18 June 2021 ^{07.} "Rise of the gig worker in the robot century", KPMG

However, while we know businesses are struggling to fill position vacancies, it doesn't seem as though gig workers – especially casual workers – are being utilised. In fact, there is a desire among casual workers for more work.

ELMO's [Employee Sentiment Index](#) showed that there's a disconnect between the number of hours that people want to work versus what employers are offering. See below.



The graph shows the median response from Australian and New Zealand workers over the period April to June 2021, regarding hours worked. It paints a clear picture: In general, casual and part-time workers feel they are not working enough hours.

In fact, half (50%) of casual workers feel they did not work enough hours between April to June this year. This suggests employers are not broadening their acquisition strategies and perhaps have an inflexible stance on the type of worker who can effectively fill a role. This is something we already know from the SMB COVID-19 sentiment tracker: One of the biggest reasons why businesses are finding it hard to fill roles is because candidates are not willing to work the hours employers expect of them.

On the other end of the employment spectrum, the majority (75%) of full-time workers feel they are working at maximum capacity in terms of hours, and one in five (18%) of full-time employees on a salary feel they are working too many hours. It's important that employers recognise workers who are overworked so that workforce burnout is avoided.

It's clear there is a need to readdress position vacancies and redeploy talent across a mix of permanent and non-permanent workers in a strategic way. Fortunately, there is a solution: Total talent management.



Casual workers are not working enough hours; full-time workers are working too many hours.

Total talent management: What, why and how?

Total talent management isn't a new concept, but it is an emerging one. Over recent years, it has gained momentum.

Total talent management is a holistic approach to workforce management, looking at the way workers are sourced, hired, managed and engaged. It is a solution to talent shortages that considers 'total' talent – that is, not only full-time, permanent staff, but part-timers, gig workers, contingent workers, contractors, freelancers and casuals. It means organisations match projects and jobs to skills – regardless of the employment status of each employee – in order to meet organisational needs.

Historically, permanent workers have been considered to be the top tier of workforce planning; employee headcount traditionally consists exclusively of permanent workers when planning for full-scale operations. Conversely, the contingent workforce has traditionally been treated as a procurement function or a siloed HR exercise, rarely prioritised in talent management activities. However, considering only one category of talent (i.e. permanent workers) is not conducive to operational agility and will not win the talent war.

Total talent management, a definition:

"When permanent and non-permanent workforces are no longer managed separately, employers can focus on attracting, engaging and retaining the right person with the right skills. Regardless of how they need to be employed."⁸

Talent acquisition professionals have considered total talent management to be a mature approach to modelling talent acquisition. While SMBs have traditionally handled talent acquisition in-house or perhaps with the assistance of one or two external recruitment agencies, in larger organisations, talent acquisition has a richer history.

It has evolved through service-level agreements (SLAs) with preferred suppliers and master vendors, allowing organisations to maintain the quality of their talent pipelines with trusted partners. From there, recruitment process outsourcing (RPO) facilitated streamlined and sophisticated processes that valued user experience and compliance, and managed service providers (MSP) offered, for the first time, a smart solution to the management of contingent workers.

Fast forward to today and total talent management is an innovative solution suitable for organisations of any size. It combines the best elements of both RPO and MSP, where organisations can manage both permanent and contingent workers in one talent ecosystem.

Total talent management: 5 key benefits

What are some of the benefits of taking a total talent management approach to talent acquisition?

1) RETURN ON INVESTMENT

The world has changed since the pandemic, and organisations need to evolve with the times. In fact, antiquated approaches to talent acquisition will miss out on groups of highly skilled workers. Driving talent acquisition with strategic intent can yield impressive return on investment (ROI), and a good place to start is to broaden the definition of talent and capitalise on the rising trend of gig workers. Engaging staff on an 'as-needed' basis to help with specific projects or during certain busy times of year can result in significant cost savings.

⁰⁸. Manpower UK

2) PRODUCTIVITY

A total talent management approach allows organisations to better utilise their talent pools to make more strategic workforce decisions. Considering all talent – both permanent and non-permanent – and allocating the right talent / skills to the right project / business requirement will eliminate the need to upskill and train existing workers, therefore increasing overall productivity.

3) PERFORMANCE

A total talent management approach helps a business to become proactive rather than reactive when it comes to talent acquisition. Having an engaged and diverse talent pool enables businesses to respond quickly to business and consumer demands, enhancing agility, resilience and performance.

4) ENGAGEMENT

ELMO's [Employee Sentiment Index](#) found that most permanent workers feel they are working at capacity, and one in five workers feel they are working too many hours. This poses a major engagement issue. Deploying a total talent management approach means that organisations can recruit gig workers as and when they are needed, alleviating permanent workers of added pressure on-top of their day-to-day activities. The result is better staff satisfaction and engagement.

5) COLLABORATE ON OVERLAPPING PROGRAMS

HR has long been perceived as an administrative function, responsible for employee record keeping and 'hiring and firing'. Today, HR is not just operational, it is strategic. Adopting a total talent management approach will likely require a significant overhaul of existing talent acquisition and talent management practices. However, it's clear the talent landscape has changed; it's time to assimilate innovative talent management practices into the new era. Doing so will ensure HR is viewed within the corporate hierarchy as being forward-thinking, with an eye on the future of work.

How does total talent management benefit workers?

Importantly, total talent management is also beneficial for workers, as it creates opportunities for flexible employment.

A Deloitte Millennial Study⁹ looked at the working preferences of millennials and Gen Z workers. It found that when choosing an organisation to work for, flexibility was among the top three items on the younger workers' wish lists. Half of millennials and 44% of Gen Z workers identified this as "very important". While the word 'flexibility' covers where and when work is undertaken, it also covers how people are employed, whether that be full-time, part-time, casual, contract, or anything in between.

The study also looked at the rise of the 'gig economy' and found that seven in 10 millennials who are members of senior management teams or on boards would consider taking on short-term contracts or freelance work as an alternative to full-time employment. Of millennials occupying junior roles, this number is 57%. Furthermore, Gallup referred to millennials as "the job-hopping generation" when it reported that six in 10 were open to new job opportunities.¹⁰

It's important to remember that these workers are not the 'future' – they are very much the present. Therefore, it's crucial that younger workers' expectations and preferences for work (namely their proclivity to short-term contract roles) should be considered by employers when mapping out talent acquisition strategies.

7 in 10
millennials prefer
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permanent roles.

⁰⁹. 2018 Deloitte Millennial Survey ¹⁰. "Millennials: The job-hopping generation", Gallup, 2019



The components of total talent management

Two major components of total talent management are workforce planning and the employer brand. Let's look at each in more depth.

Workforce planning

Good workforce management starts with careful workforce planning, which is about ensuring talent composition is aligned with and facilitates the business plan. In the context of total talent management, workforce planning is about integrating all talent into one talent ecosystem. This affords full visibility of talent, rather than having disparate systems, processes, spreadsheets etc. for different worker categories. The result is a smarter acquisition strategy, better alignment with the talent needs of the business, streamlined operations, better HR resource spend and increased productivity.

A MODERN APPROACH TO WORKFORCE PLANNING

Workforce planning where permanent workers are concerned is typically a meticulous and rigorous process. It involves several steps, some of which are shared with the more general concept of workforce management, which typically covers the entire employee lifecycle, from hire to retire.

Workforce planning involves analysing the current composition of the workforce, identifying the talent / skills gaps, determining whether to hire external talent or develop internal talent, and redeploying talent to meet changing organisational needs. Then comes activities like headcount approval, candidate pipeline nurturing, candidate sourcing, interviewing, onboarding, performance reviews, learning and development, succession planning, etc.

The same level of focus is usually not given to the gig workforce – after budget is approved, gig workers tend to be hired quickly, but there is less emphasis on key employee touchpoints, such as onboarding, engagement, learning and performance management. This can make it difficult to ensure compliance and controls, as workforce data is distributed and siloed instead of being consolidated in one place. It's therefore impossible to effectively measure things like productivity and outcome across all workers. A total talent management approach requires alignment across HR, finance and procurement to establish a bird's-eye view of the workforce.

INCREASED JOB-SHARING OPPORTUNITIES

Total talent management also creates opportunities for job-sharing. This approach is not traditionally favoured, as many organisations identify one position per permanent, full-time employee. However, workers' preferences for work have evolved, so employers may benefit from broadening their talent search to include workers who are looking for non-permanent or part-time work.

FLEXIBLE / REMOTE WORKING IS A RETENTION DRIVER

According to ELMO's [Employee Sentiment Index](#), flexible / remote working is a top priority for employees in 2021. Since the beginning of the pandemic, many organisations have experienced great success operating remotely, and for many employees, productivity increased. With proof that remote working can succeed if well facilitated, employees now expect a degree of flexibility in their work, both today and into the future. Organisations must be open-minded and understanding when it comes to flexible / remote work, or they will risk losing candidates in all employment categories.

BROADER, MORE DIVERSE TALENT POOLS

An important aspect of 'total' talent planning is to geographically broaden candidate and talent pools. With many organisations now operating at least partially remotely and offering employees greater opportunities for flexibility, there is potential for hiring managers to expand their talent pool to consider candidates who are geographically dispersed.

Having access to previously untapped talent pools is an exciting prospect. It means organisations aren't limited to the candidates that are nearby but can widen their search to include people all over the state, country, or world to find people with the right skills and experience. What's more, this flexible approach also appeals to a broader cross-section of society and may attract those who do not necessarily desire full-time work, such as parents with young children, those with carer responsibilities, mature age workers, and people with a disability.



Flexible / remote working is a top priority for employees.



Employer brand

An employer brand is, by definition, how an organisation promotes itself to attract, recruit and retain desirable professionals. It relates to popularity and reputation from the perspective of both prospective and existing employees. Being an 'employer of choice' is a sign of organisational health because it suggests employees are supported, connected and given opportunities to grow. Today, this is especially important.

A key to a strong employer brand is a well-defined employee value proposition (EVP), which outlines company values, mission and culture, and what it can offer employees in return for their skills. Essentially, an EVP is a company's unique selling point (USP). The aim is to cultivate trust and empathy throughout the entire lifecycle through communication and transparency.

Enhancing an employer brand requires external recognition and employee advocacy through social media channels and career sites. After all, prospective candidates are more likely to trust employee sentiment than company leaders. As such, many organisations leverage their own employees for testimonials and case studies to attract talent.

WHY IS THE EMPLOYER BRAND IMPORTANT WITHIN TOTAL TALENT MANAGEMENT?

First, it's important to note that an increase in gig work results in lower job and financial security than full-time, permanent work, simply due to its temporary nature. This has the potential to impact employee satisfaction and retention for both worker groups (permanent and non-permanent workers) especially if they are siloed.

To enhance employee satisfaction and retention, employers must ensure all workers feel part of the team, and that they are included in the culture, the training and the social aspects of an organisation. The key to making this work is to ensure a consistent and unified employer brand and EVP across all job categories, and a consistent employee experience (EX). It's no good if permanent workers have a good experience with their employer, if gig workers have a poor experience.

All organisations have an employer brand, but many direct it towards permanent talent. However, in this candidate-led market where workers are dictating their needs and expectations, businesses should ensure their employer brand is inclusive in order to attract talent from a range of employment categories.

FOCUSING ON THE EX

It's important for employers to consider the EX for all employees, regardless of how they are engaged by the organisation.

The EX is loosely defined as all the touchpoints an employee has with their employer during their tenure. A positive EX creates happy employees, and happy employees are more engaged, have higher job satisfaction and are more productive – all factors that have a positive impact on a business's bottom line.

During COVID-19, the importance of the EX increased, as employees leaned on their employers more than ever to address their basic needs of safety, stability, and security. Employee wellbeing has been prioritised, technology capabilities have increased, and employers are seeking feedback from employees. Rather than being reserved for permanent workers, employers should extend these privileges to non-permanent workers, too.

A good EX is one that nurtures employees from the beginning to the end of their employment journey, but for gig workers this isn't a linear process. Organisations will need to nurture gig workers regardless of whether they are actively working to ensure they can engage them – and their network – for work again and again.



The employer brand and employee experience (EX) must talk to non-permanent workers, as well as permanent workers.



Final thoughts

Adopting a total talent management approach may seem radical. In fact, full adoption may be a far-flung dream, or even impossible, for many organisations. However, it does contain some important lessons and the seeds of best practice people management for all employers.

Total talent management encourages HR and talent acquisition teams to take a critical look their existing processes – not just in terms of recruitment, but in the entire employee lifecycle – to find gaps in their talent acquisition strategy. Could you be doing more to attract and retain top talent? Is your pipeline reserved exclusively for workers looking for permanent positions? Could you broaden your definition of 'talent' to fill skills gaps quickly? Are your workers happy with the hours they work – is there a way to increase their productivity and overall satisfaction?

The crux of total talent management is ensuring better alignment between the needs and wants of candidates and workers with the talent needs of the organisation, which means evolving with – and not resisting – the new era of work. The result? A fighting chance to win the war for talent.



The role of HR technology

[ELMO Recruitment](#) helps organisations to streamline the hiring process and provide a seamless candidate experience. Better yet, it integrates with other ELMO solutions such as [ELMO Onboarding](#), so that consistency, accuracy and professionalism is not compromised.

With the help of technology, organisations can reduce the time-to-hire and cost-per-hire, meaning they can quickly address skills gaps to build organisational capability and address industry demands. By streamlining these critical transactional elements of hiring, HR can focus on the big picture: strategic talent acquisition.

ELMO Recruitment: Key functionality

- End-to-end automated recruitment process from job requisition to job acceptance
- Ability to post to external job boards and internal career portals, pre-set posting rules, and track costs
- Create a careers webpage, customisable with corporate branding
- Ability to create talent pools by integration with external job boards and social media
- Ability to match job criteria to candidates, and rank candidates
- Streamlined requisition workflows and authorisations, configurable to each organisation
- Offer approval and contract generation processes
- Email and/or SMS notifications
- Interview scheduling and guides

ELMO Onboarding: Key functionality

- Configurable workflows and approval processes, with ability to assign tasks to stakeholders
- New employee onboarding checklist
- Personalised onboarding portal for new hires including customised content, welcome videos and other content, team member introductions
- eLearning course allocations
- New employee onboarding status updates to managers tracked in real-time with the ability to send reminders to key stakeholders
- Configurable electronic forms, document upload facility and integration with ELMO Payroll and other third-party payroll systems

How ELMO can help

ELMO Software (ASX:ELO) is a cloud-based solution that helps thousands of organisations across Australia, New Zealand and the United Kingdom to effectively manage their people, process and pay. ELMO solutions span the entire employee lifecycle from 'hire to retire'. They can be used together or stand-alone, and are configurable according to an organisation's unique processes and workflows. Automate and streamline your operations to reduce costs, increase efficiency and bolster productivity. For further information:

Contact us

