

NEWS

Talent war: A reality or just a myth?

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Predictions of a "talent war" continue to appear in global consulting firms' studies, industry research papers and in various media. I myself researched and wrote about this impending crisis a few years ago in another publication.

The hypothesis is this: By approximately 2015 there will be a huge war for talent among employers in North America, driven by a number of factors including a declining birth rate, the mass retirement of the baby boom generation (born between 1946 and 1964), and employment growth. This will manifest in the U.S. as a shortage of workers in the tens of millions, which will impact Canadian organizations as well.

Here's what global management consulting firm McKinsey & Company has to say: "In 15 years, there will be 15 per cent fewer Americans in the 35 - to 45-year-old range than there are now. At the same time, the U.S. economy is likely to grow at a rate of 3 per cent to 4 per cent per year. So over that period, the demand for bright, talented 35- to 45-year-olds will increase by, say, 25 per cent, and the supply will be going down by 15 per cent. That sets the stage for a talent war."

The crisis is not limited to North America. Other countries that have a post World War II baby boom generation are also concerned about staying ahead of the anticipated talent management competition. Consulting giant, Hewitt Associates in London reports having surveyed senior HR professionals at nearly 140 organizations in 2006 - they published their findings in HR Landscapes: Defining the Future Path of Talent Management.

Asked how they believe economic, demographic, and technological developments will affect the workplace and how they are responding to this changing

landscape, 92 per cent of the respondents believe that the situation will get progressively worse.

Every major consulting firm, HR organization and business medium has contemplated the imminent talent war, often in very ominous terms. As if the dire predictions weren't enough, some experts' comments seem to create downright panic. In a comprehensive Feb. '07 report by the HRPAO entitled 'Canada's War for Talent,' Richard Florida, author of 'The Flight of the Creative Class' is quoted on the subject of global competition for talent. He says: "More than the war on terror or anything else, the competitive threat is by far one of the gravest threats that has ever faced the U.S." But wait a minute... this just in.

Statistics Canada in their August 2007 issue of 'Perspectives on Labour and

Income' reported: "the non-exodus of older workers may be dampening the threat of a sudden and severe labour shortage."

Apparently baby boomers are not jumping on the 'Freedom 55' bandwagon in the numbers that were anticipated. Stats Can says that the employment rates among 55 to 64 year-olds are higher in every province than ever before. Older workers are staying at work longer than they did a decade ago. In the 55-64 age group, 59 per cent are still working, compared with 50 per cent a decade ago. Overall, the average age of retirement in Canada has risen from a low in 1998 of 60.9 to 61.5 in 2006. These trends are expected to continue.

A recent BMO/Ipsos Reid study asked baby boomers about working after the traditional retirement age, and 58 per cent plan to continue to work for an employer in some capacity, while 50 per cent expect to spend some time working for themselves or for a family business. Many existing (and one might assume future) entrepreneurs have no intention of retiring. In the BMO study, 18 per cent of men, and 12 per cent of women plan to "work until they die."

If the average age of a Canadian baby boomer today is 52 and has an average life expectancy of approximately 80, then based on the BMO study, it would seem that many both employed and self employed, will continue working for between 10 and 15 years, albeit on a part time basis. So perhaps the mass exodus from the workforce is not happening as anticipated. Mississauga Mayor McCallion is a shining example of the valuable contribution that those over 65 can continue to make.

As for an anticipated decline in births, the U.S. birth rate has been steady in the past 3 years at about 14 births per 1,000 (the same rate as in 1975), after a rise in the '80s and

'90s (due to baby boomers having children). And according to Stats Can, births in Canada have actually risen in the past four years from 330,523 to 352,848, while the birth rate per 1,000 seems to be holding steady at about 10.5. Although the birth rate is not at replacement levels in North America, (and hasn't been for decades) it does not seem to be declining dramatically either.

To top up our non-replacement birth levels, we tend to look to immigration. In Canada, immigration from Asia has grown exponentially in the past decade, most notably from China and India. Through immigration Asian countries will continue to be key contributors to our population and our employee base.

I am not a statistician, a demographer or a futurist. But I wonder whether the panic around the so-called war for talent is overblown - not unlike Y2K. Not that I think the issues of attraction and retention should be ignored. Building great talent can be a differentiating factor, turning a good business into a great business. What I am suggesting, though, is that perhaps we are becoming victims to some fear mongering that happens to conveniently serve those who are putting it out there. Will there really be an out-and-out war for talent, the magnitude of which will be a greater threat than terrorism and compromise our global competitive capabilities? Maybe. Maybe not. Time will tell.

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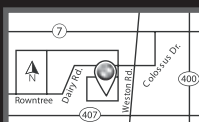
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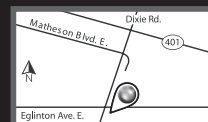


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