



WHITE PAPER

# How to Solve the Talent Crisis **with Talent Development**

A guide to increasing employee engagement, satisfaction, and retention



For HR and DEI (diversity, equity, and inclusion) leaders, learning and development professionals, and those who hire and manage people across a broad spectrum of professions, the talent landscape has shifted dramatically from 2019 to the present day.

In recent years, many companies operated in a paradox — simultaneously dealing with what has been characterized as “The Great Resignation” while also needing, in some cases, to lay off hundreds or thousands of employees. Companies are continuing to deal with increasing and intensified global competition while also facing looming economic challenges. In addition, as remote and hybrid work is still higher than the pre-pandemic norm, **employers are understandably challenged to balance budgets while attracting and retaining top talent.**



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# What Does the Talent Crisis Look Like Today?

The U.S. Chamber of Commerce describes today's labor force as "The Great Reshuffle." While quit rates are high, hiring rates are higher. Today's workers are transitioning to other jobs for a more favorable work-life balance and flexibility, an increase in compensation, or a strong company culture. This phenomenon is driven by several factors, including the shifting priorities of the workforce, the lasting impact of the pandemic, and the evolving expectations around work environments.

**By 2025, millennials will account for 75% of the global workforce, and 38% of Gen Z has already entered the workforce.** These two demographics have a higher-than-average tendency toward job hopping and career changes. They are seeking roles that align more closely with their personal values and professional aspirations.

But it's not just millennial (Gen Y) and Gen Z demographics that employers need to be focused on. Faced with talent challenges, **they're increasingly recognizing the value of their Gen X and Baby Boomer talent and seeking ways of retaining them beyond traditional retirement ages – or luring them back to the workforce in innovative ways, such as upskill training.**

Today's talent reflects the importance of soft skills, such as communication, adaptability, and emotional intelligence, prompting companies to invest more in upskilling and reskilling their workforce in these areas. Organizations are not only aiming to fill immediate vacancies but also to build a workforce that is resilient and adaptable to future challenges. By creating inclusive and diverse workplaces, companies hope to attract a broader talent pool and foster innovation. This comprehensive approach addresses the talent crisis by preparing for long-term success in an ever-changing labor market.



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## Talent Development Instead of Talent Replacement

“[Lowering employee turnover](#) is one of the best ways for HR leaders to make a tangible contribution to the bottom line and increase productivity at the same time,” says Beth Carvin, president and CEO of Nobscot Corporation, an employee turnover management software company.

The solution? **Talent development.** Rather than attempt to find, attract, and retain talent externally, **companies can double down on internal learning and development (L&D) efforts to grow, nurture, engage, and retain the staff they have.**

**Keep in mind that effective talent development isn't a cost. It's an investment.** Fail to provide employees with the development opportunities they crave and need to do their jobs effectively, and you risk losing them.

We all know that the cost of replacing an employee can be high, especially in today's hiring environment. [SHRM](#) reports that “direct replacement costs can reach as high as 50%-60% of an employee's annual salary, with total costs [associated with turnover] ranging from 90% to 200% of annual salary.” Examples include **turnover costs of \$102,000 for a journeyman machinist, \$133,000 for an HR manager at an automotive manufacturer, and \$150,000 for an accounting professional.**

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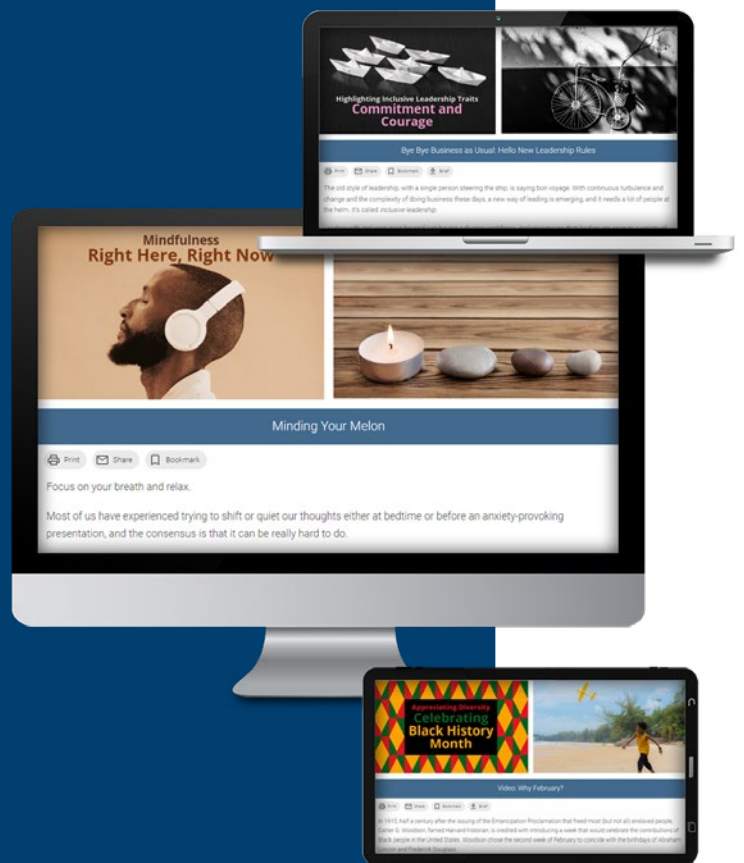
But these aren't the same L&D efforts that engage Gen X and the Baby Boomers. Gen Y and Gen Z employees have different desires than previous generations and, because of their status as digital natives, different expectations regarding how training and development opportunities are accessed and delivered. **Another fact to be cognitive of is the need to encourage Gen X and Baby Boomers to adapt to and accept this way of learning.**

Yes, addressing these changes may involve a shift, change, or even increased training budget allocations. But, when done effectively, those L&D investments will improve engagement, productivity, and retention.

Workplace priorities are changing — senior leaders and L&D professionals must be poised to address these changes.

### Talent Development Use Case:

Reed Smith, a global law firm with more than 30 offices, reaches and engages its dispersed workforce with HSI microlearning to offer ongoing, easily accessible development opportunities that fit seamlessly into the workday. The microlearning content provides a variety of topics employees want to engage with, such as leadership and mindfulness, as well as topics to help them boost productivity and performance. Reed Smith's learning leaders also package HSI lessons into shorter learning pathways around important awareness topics such as Women's History Month to help engage their people on their DEI journey.



# Shifting Priorities in the Workplace

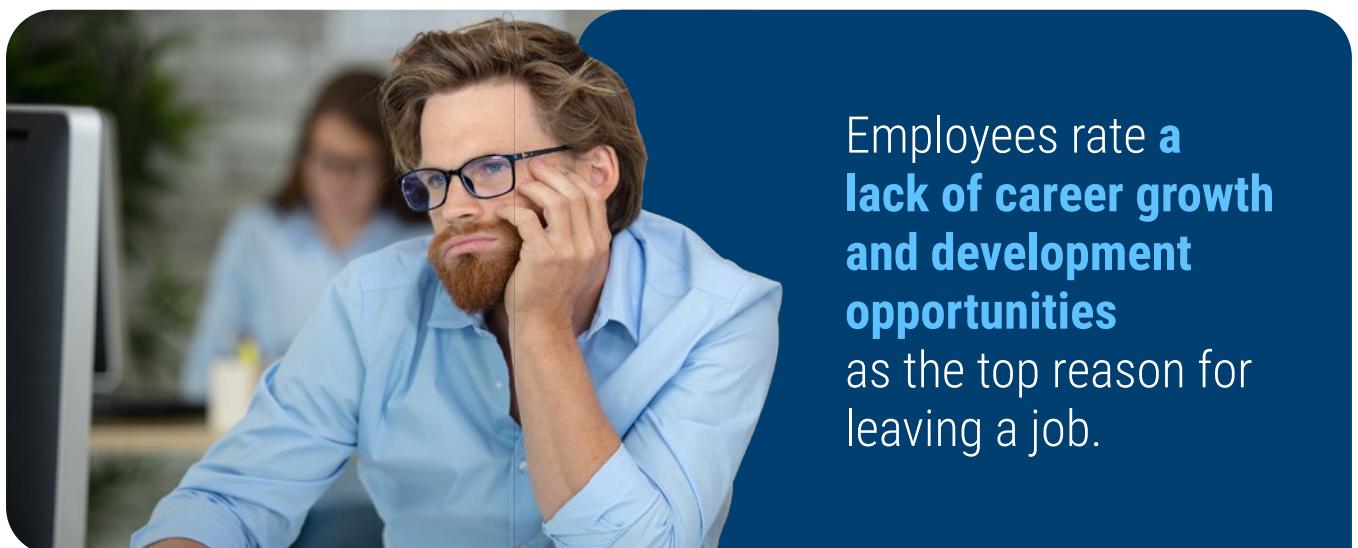
The pandemic and other environmental impacts prompted significant changes in workplace priorities — and not just in terms of where and how employees work.

Employees are also more committed than ever to diversity, equity, and inclusion, demanding a visible and tangible focus on DEI from their employers. In fact, [a commitment to DEI is rated as more important to millennials and Gen Z](#) than to previous generations.

## L&D Opportunities are a Priority for Today's Employees

Opportunities for learning, development, and professional growth have also become a priority for employees. In fact, according to [LinkedIn Learning's 2024 Workplace Learning Report](#), **7 in 10 people say learning improves their sense of connection to their organization and 8 in 10 say learning adds purpose to their work. And 53% of the Gen Z generation agreed that through learning, they can explore potential career paths at their company.**

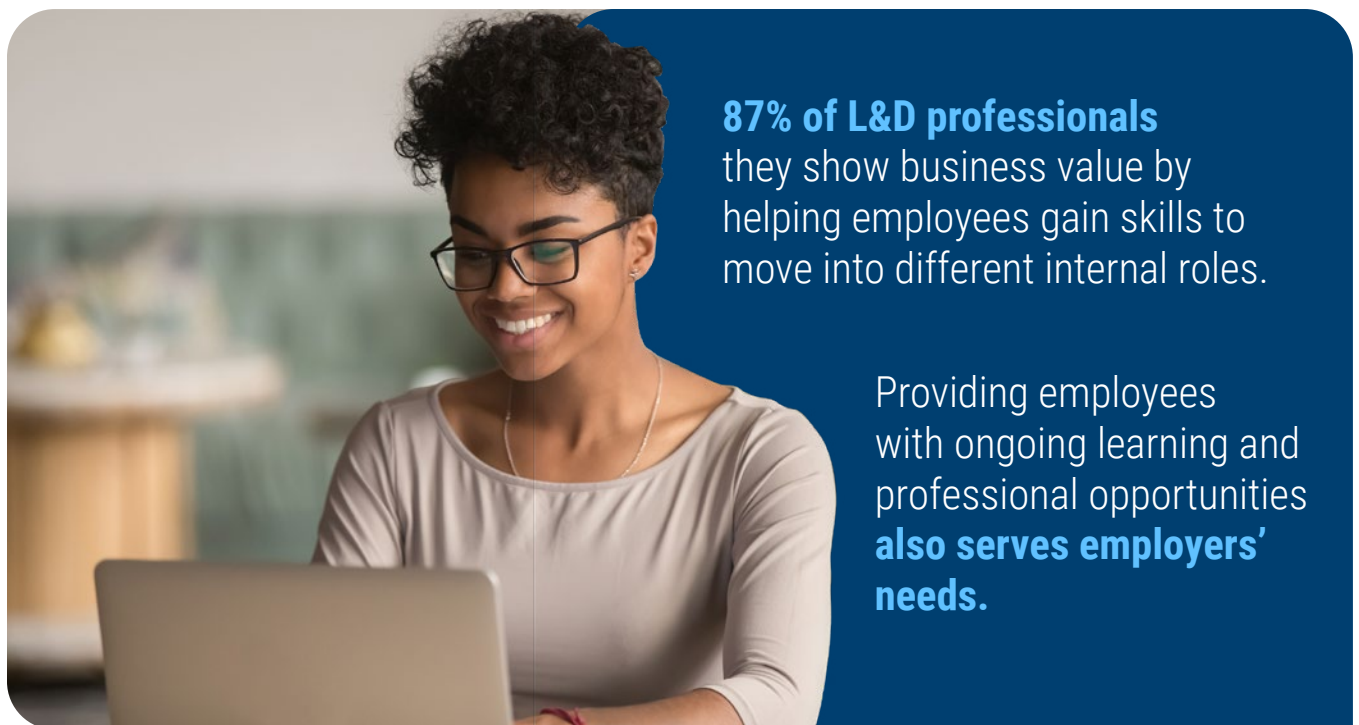
[McKinsey research](#) notes employee interest in development as a driver for turnover — employees rate a lack of career growth and development opportunities as the top reason for leaving a job. That same LinkedIn report also notes that **90% of organizations are concerned about employee retention and providing learning opportunities is the #1 retention strategy.**



## Employers Also Benefit

Providing employees with ongoing learning and professional development opportunities also serves employers' needs. As technology, competition, and economic pressures change corporate strategies and drive new strategic objectives, upskilling and reskilling existing employees can be a cost-effective way to address talent gaps. It can also reduce the need to turn outside to seek new talent.

According to LinkedIn, **87% of L&D professionals say they show business value by helping employees gain skills to move into different internal roles.**



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# Reshaping the Employee Experience for the Modern Workforce

Many factors must be simultaneously managed to deliver a positive employee experience. **Company culture, leadership styles and effectiveness, employee well-being, and a culture of learning and inclusion all have a direct impact.**

## Employee Experience and Retention

**Employee experience is the key benchmark for employee retention.** Deliver a positive experience, and employees are more likely to stay with the company rather than seek opportunities with other employers. Fail to deliver, though, and you're likely to be faced with the prospect of turnover, lack of engagement, and reduced productivity.

[Gallup](#) indicated that in 2022 quiet quitters made up at least 50% of the workforce – maybe more. They characterized quiet quitters as those employees who “are not going above and beyond at work and just meeting their job description.”

Fast forward ... **now it's “The Great Reshuffle.” Workers are making job or career moves for a more favorable work-life balance and flexibility, an increase in compensation, or a strong company culture.** According to LinkedIn Career Expert Catherine Fisher, [85% of people in the U.S. are considering changing jobs.](#)

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## Employee Engagement Drives Talent Health

Employee engagement is the main driver of a company's "talent health." [McKinsey](#) explains that the employee experience "takes into account what people value in the broadest sense, acknowledging how life stage, personal circumstances, and even personality type make different propositions attractive for different people...the most motivating answer is rarely just to be paid more."

**Sure, money matters, and companies must be competitive with their pay and benefits packages, but employers increasingly see other things – like training and development, as we've seen – also matter.**

### What matters more than money?

[Pew Research Center](#) found that, contrary to popular wisdom, low pay wasn't the top reason employees leave. Pay and lack of opportunities were tied. Other studies from the Harris Poll, Global Talent Monitor, and the [U.S. Chamber of Commerce](#) have also found that a lack of opportunities for career development will lead to employee turnover.

**In fact, a growing number of employees are leaving not for another job but just because they're not getting the experience they have come to expect and, increasingly, demand.** They're choosing to exit the workplace entirely.

It's imperative that employers take steps to reshape the employee experience. Today's workers are motivated by career progress. They are setting career goals and have the strong desire to engage in learning. Effective talent development energizes employees to stay and grow with their current employer who is investing in their career.



When push comes to shove, if the employee experience isn't contributing to employee well-being, employees will:

- Become disengaged
- Quietly quit or rage apply
- Leave

# Talent Development's Effect on the Employee Experience

72% of men do not believe their education effectively prepared them for the workplace, according to the [2023 EdAssist by Bright Horizons Education Index](#). That's not necessarily the fault of educational institutions. When you think about the rapid pace of change and, particularly, the impacts of technology and globalization on today's workforce, it's not surprising that schools find it challenging to prepare students to meet employers' demands. The skills needed are rapidly evolving.

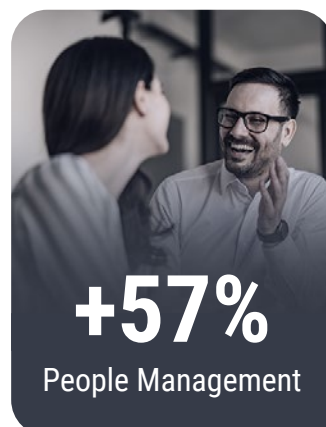
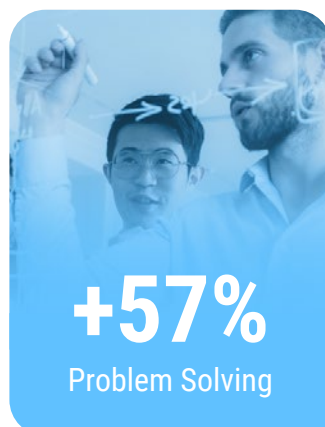
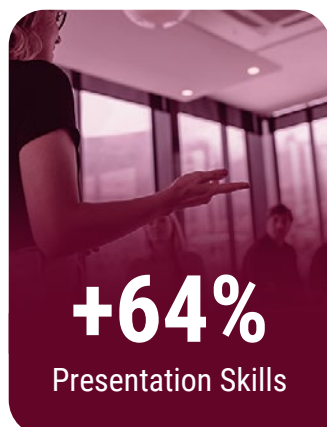
## The Value of Soft Skills is on the Rise

**Soft skills are more critical now than ever in today's workforce.** Emotional intelligence, resilience, communication, and the ability to manage change have emerged as essential employee skills during the pandemic. And in a world that continues to face massive changes and challenges, these skills will be required in the future.

**LinkedIn Learning's report found 91% of L&D pros agree that soft skills (human skills) are increasingly important.**

But talent development of all kinds — for both [hard and soft skills](#) — must be delivered to meet employees' needs, wherever and whenever they have those needs.

The report noted these soft skills had the highest year-over-year growth rates from October 2022 to October 2023 among L&D professionals globally:



## The Need for Flexible, Accessible L&D

That need for flexibility and better accessibility to L&D became abundantly clear during the pandemic as companies scrambled to meet the onboarding, training, and development needs of employees working in remote or hybrid settings. This need continues regardless of whether someone is physically in the office or not.

[RedThread Research's 2022 Report](#) on learning equity shows that it's more effective when learning is more diverse, equitable, and inclusive.

The importance of building equity in the L&D ecosystem has become abundantly clear. **To effectively develop and retain employees, everyone must have access to ongoing learning and growth opportunities.**

Those learning opportunities should also be integrally tied to your culture initiatives – DEI, employee well-being, or your culture goals. **Today's learning opportunities need to offer a combination of both [hard- and soft-skill training](#) that supports company culture and objectives, as well as employee needs and preferences.**



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## “Selling” what you have to offer

Employees won't access — or value — your L&D offerings if you don't communicate effectively. **Make it abundantly clear to employees exactly how your L&D offerings will improve the employee experience.** You can take a page from your marketing team here, using marketing communication best practices to position and promote learning opportunities in ways that resonate with employees to increase participation and learning outcomes.

Integrate your messaging into the places employees are already hanging out. (Hint: this may not be your LMS.) Consider how you might more effectively push messaging — and learning opportunities themselves — through channels like Slack, MS Teams, email, ERGs, etc.

**In short, make it easy for employees to both learn about and participate in L&D offerings.**

That's the best way to ensure your L&D efforts drive a positive employee experience. Your employees want to be invested in your company for the long term and want to feel their company invests in them. Your L&D initiative is one great way to make that happen

### Talent Development Use Case:

In 2023, **HSI's clients experienced a 75% average engagement rate.** Successfully engaging corporate employees in developing their people and helping to drive organizational and cultural initiatives is a milestone.

Companies like Airbnb, Liberty Mutual, and Benjamin Moore achieve strong engagement with HSI's flexible and frictionless delivery methods. Employees can easily “bump into” and access the learning through email, QR codes, internal communication channels, and more.



## Pay Special Attention to Your Leaders' L&D Needs

Your leaders — current and future — need to be equipped with the knowledge, skills, and competencies to lead and engage their employees effectively. Their success in doing so drives your success and a positive employee experience!

**Leaders directly influence the employee experience, from day-to-day decisions to monumental ones like promotions and reviews.** They need to know how to lead inclusively, with enough digital savvy to manage virtual and hybrid teams. They also need to lead with a holistic view of employees' well-being and mental health needs.

In fact, [LinkedIn's 2023 Workplace Learning Report](#) points to a gap in this area, with only **35% of employees saying they were encouraged by their managers to learn in the past six months and only 26% reporting their organization challenged them to learn new skills.**

Don't overlook or undervalue the importance of modernizing [leadership development](#) to make it consumable for your busy and future leaders.



# How Talent Development Differs for the Modern Workforce

Talent development looks different today. That goes for leadership talent development, frontline employee development, and everything in between. There is a wide range of differences in employee needs based on the industry, the company they work for, the type of work they do, and personal preferences.

## Workers in Different Roles — and Places — Have Different Needs

Frontline and retail workers, knowledge workers, healthcare workers, hybrid or fully remote teams — **all of these different types of employees need to have their unique needs addressed.** Some within the same organization! Consider, for instance, a large retailer with employees working directly with customers and knowledge workers engaged in marketing, finance, and other activities, along with employees who may be in hybrid or remote settings.

**Employees shouldn't have to be sitting at a desk with a laptop to access professional development or learn the skills needed to succeed today and in the future.**

Your talent development programs should meet your employees where they are — wherever and whenever they are — with learning and growth opportunities that match their needs, are relevant, are easily consumable, and seamlessly accommodate their workflows.



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## Those Needs are Continually Changing

Today's workers also have learning needs that continually evolve as internal and external expectations and demands shift. **Having the ability to quickly pivot L&D focus based on the needs employees have now and in the future can help position your company to attract and retain top talent and keep that talent on board, engaged, and energized.**

Improving the way you approach learning and development can help you solve the talent crisis, while also reaping the benefits of a skilled workforce prepared to address the new challenges they're facing today – and the ones they'll be facing tomorrow.

In 2024,  
LinkedIn tells  
us, there will  
be five top  
areas of focus  
for L&D:

1. Aligning learning programs to business goals
2. Upskilling employees
3. Creating a culture of learning
4. Helping employees develop their careers (up from #9 in 2023)
5. Improving employee retention

The employee experience is evolving. Your organization should adopt strategies to help employees feel connected and strengthen engagement. Create a modern experience with learning that is relevant for today's organizations to fuel team development and dialogue.

**We can help. Learn more.**

### About HSI



HSI is your single-source partner for EHS, Compliance, and Professional Development solutions. HSI provides integrated e-learning content, training solutions, and cloud-based software designed to enable your business to improve safety, operations, and employee development. Across all industries, HSI helps safety managers, and technical employees, human resources, first responders, and operational leaders train and develop their workforce, keep workers safe, and meet regulatory and operational compliance requirements. HSI's focus is on training, software, and services for safety and compliance, workforce development, industrial skills, and emergency care. HSI is a unique partner that offers a suite of cloud-based software solutions including learning management, safety management, chemical SDS management, and more, integrated with content and training so businesses can not only monitor and manage multiple workflows in one system, but train employees via one partner.

For more information, visit [hsi.com](https://www.hsi.com)