

Survey Predicts Management Pipeline Shortfall

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Human resource executives anticipate a shortfall in the management pipeline before the end of the decade, according to global consulting and training firm Novations Group, which surveyed 2,900 senior HR professionals.

The HR executives' concern is prompted by several factors, said Paul Terry, director of consulting services for Novations. "There's an imminent leadership crisis at many major organizations. They have less management bench strength than at any time in memory, and the leadership deficit will probably get worse before it gets better," Terry said. "In terms of management development, the full impact of recession-related cutbacks has yet to be felt."

During the weak business environment of the past three years, companies encouraged early retirements, reduced outside recruitment, downsized at all levels and cut back leadership development programs, Terry said. "Traditionally, these programs created the pool of future leaders and were devoted to self-assessment, professional fulfillment, identifying personal values, discovering what one's good at and how this all fits with one's career. These development efforts played a key role in helping people contribute in better and more leveraged ways and in retaining talent. By contrast, most of training that went on during the recession was skills-based learning: whatever was immediately applicable on the job or focused on a specific objective."

On top of program cutbacks, HR executives acknowledge that many employees are restless and likely to seek new opportunities as the job market improves, Terry said. In fact, 44 percent of HR executives fear their organizations may experience an employee exodus as conditions improve, according to the Novations survey.

The leadership crisis is worsened by a drain of professionally-trained women, Terry added. "More women are opting to leave the corporate setting and hang out their own shingle. Nearly half of the MBA grads today are women and about two-thirds aren't choosing corporate America. This too reduces the pool of qualified candidates that would otherwise be in the management pipeline."

"HR departments also can't ignore U.S. population trends," Terry said. "By the end of the decade there will be 20 percent fewer employees in the 35- to 44-year-old age group, which is where managers come from. Put it all together and it's a kind of perfect storm in the making, creating leadership crisis that will be hard to avoid."

The Novations survey also found that just one-third of HR executives report that they have an effective leadership development program in place. "Confronted with these realities nearly half of HR departments (45 percent) plan to step up their leadership development efforts," Terry said.

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