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For Immediate Release

As Baby Boomers Reach Retirement and Companies Face a Labor Shortage, Developing Current Employees Should Be the Answer

Research Shows Employee Development Has Positive Return on Investment

(Alexandria, Va., June 6, 2005)—Despite a predicted labor shortage and the anticipated retirement of millions of working Baby Boomers, many companies assign employee development opportunities only on an informal basis according to the *Society for Human Resource Management (SHRM)/Catalyst 2005 Employee Development Survey Report*. In response to these findings, organizations may find it necessary to move toward formally assigning training programs as part of a structured employee development process to develop current employees.

In terms of the actual development methods used, the study found that training programs, such as generic and cross-functional training, top the list of training methods most organizations use. The survey also showed a minority of companies use formal methods of employee development, including succession planning, job rotation, and career mentoring programs. This survey polled a random sample of 248 human resource (HR) professionals to identify the employee development methods used by their organizations.

In addition to seeking new talent to replace the flood of retirees expected in the next few years, organizations must develop their current employees to avoid the loss of organizational knowledge and experience from those retiring.

“Many employers feel that the knowledge, experience, and skills employees acquire in their day-to-day tasks is sufficient for developing talent,” said Debra Cohen, SPHR, Chief Knowledge Officer of SHRM. “However, with so many key employees positioned to retire in the near future, companies need to take formal steps to ensure smooth transitions and business continuity. When the talent and knowledge of retiring workers walks out the door, every organization needs to make sure they have others ready to fill the gaps.”

The survey found good reason for companies to invest in employee development programs. Although few organizations measure the return on investment of employee development programs, of those that do, almost all show a positive ROI. Despite this, the majority of organizations do not invest in formal practices, programs, or methods meant to address employee development.

With the growing presence of women and minorities at all levels in organizations, there is also need to specifically focus development efforts on these groups. The study showed, for example, that representation of women and minorities in managerial positions decreases significantly, as the level of management increases.

“What we see is the business case for developing the talents and leadership of women and minorities, including people of color, which will become even more important in the years ahead,” said Paulette R. Gerkovich, Catalyst Senior Director of Research. “For example, Catalyst research shows that companies with a higher-than-average representation of women in top management significantly outperform companies with lower-than-average representation. Companies will find ways to develop talent across all lines because it’s simply good business and smart to do.”

Media note: For a full copy of the report, please contact Jen Jorgensen at 703-535-6356.

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About SHRM

The Society for Human Resource Management (SHRM) is the world’s largest association devoted to human resource management. Representing more than 190,000 individual members, the Society’s mission is both to serve human resource management professionals and to advance the profession. Founded in 1948, SHRM currently has more than 500 affiliated chapters within the United States and members in more than 100 countries. Visit SHRM online at www.shrm.org.

About Catalyst

Catalyst is the leading research and advisory organization working with businesses and the professions to build inclusive environments and expand opportunities for women at work. As an independent, nonprofit membership organization, Catalyst conducts research on all aspects of women’s career advancement and provides strategic and web-based consulting services globally. With the support and confidence of member corporations and firms, Catalyst remains connected to business and its changing needs. In addition, Catalyst honors exemplary business initiatives that promote women’s leadership with the annual Catalyst Award. With offices in New York, San Jose, and Toronto, Catalyst is consistently ranked No. 1 among U.S. nonprofits focused on women’s issues by The American Institute of Philanthropy. For more information, please visit www.catalystwomen.org.