HR executives at America’s major employers give a candid assessment of their work on the front lines of the War on Talent and how the rapid pace of innovation is changing their recruiting strategies, efforts to recruit Millennials and keep Baby Boomers productive in the workplace.

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Talent Sustainability Report

The CHRO View From the Front Lines of the War on Talent

Introduction

HR Policy Foundation is a non-profit organization dedicated to getting America educated, qualified and hired through the development of research, services and resources that better inform students, jobseekers, workers, educators and policy makers about the skills needed by large employers in today's rapidly changing workplaces. The Foundation is a supporting organization of HR Policy Association which represents Chief Human Resource Officers (CHROs) of large corporations. The Association includes more than 360 members representing over 20 million employees worldwide, and 10 million employees here in the U.S., which is over 9 percent of the U.S. private sector workforce.

The HR Policy Foundation under the leadership of Mara Swan Executive Vice President, Global Strategy and Talent at ManpowerGroup, spent the past year meeting with, listening to and surveying Chief Human Resource Officers (CHROs) of large companies to learn more about what is happening behind the scenes at major corporations as they face these challenges and struggle to attract, train and retain the talent that will help them stay competitive in the global economy. The Talent Sustainability Survey was conducted in September/October of 2014, with 109 large companies responding.

We have also brought together employers and community college presidents and leaders for several skills conferences to have a frank discussion about how employers and educators can work together to develop the skills of future and current workers who are prepared for success in the workplace.

Rapidly Changing Workforce Needs Require Rapidly Changing HR Departments

Technology is powering disruptive innovations in how products and services are sold and impacting what work is done, how work is done, where work is done, when work is done, who does the work and how products and services are sold. This rapid pace of change is further accelerating Chief Human Resource Officers' efforts to rethink many of their core activities and to reinvent how they support their business partners in finding, hiring, developing and retaining talented employees, known simply as "talent."

Nearly seven in ten (69 percent) CHROs reported in the survey that innovation and transformation are happening faster than normal with 28 percent of those CHROs saying the pace is the fastest they have ever experienced. As one CHRO put it, "In about the last 10 years the entire industry (IT) has changed dramatically, the skill set has changed dramatically, the go-to-market model has changed dramatically, the competitive nature of the market has changed dramatically, and the demands of the customer have changed even more dramatically."

The CHROs surveyed were clear that the speed of innovation and transformation is driving a greater need for top talent and the premium companies place on talent is driving a shift in HR departments. As one CHRO described it, "There is a complete overhaul of the HR function. HR used to be very administrative and transactional and manual and not a thought partner. That was when people were considered personnel and not talent. As we have shifted to more of a talent focus, we firmly believe developing the strongest team on the field is the role of HR. That means we have to be much more connected into the business dynamics, understand what the best teams on the field look like, we have to know how our competitors are organized and how competitors are compensating their team, where our teams are winning and where they are not."
As CHROs have become talent thought leaders within their companies, it has led to a wholesale restructuring of many longstanding policies and practices within HR including how they: search for new and better ways to project future talent needs; develop the leadership skills of company executives; keep workers' technology skills current; use social media to help attract and retain workers; change job structures and career paths to be more attractive to Millennials; help Baby Boomers stay productive as they get closer to retirement, and identify ways to use data analytics to make the best hires.

One especially passionate CHRO summed up what others said about the new hiring focus, "We are uncompromising in terms of the level of talent we will bring into the organization. I am constantly asked to lower the bar just so people can get a job filled and I just won't do it because I know that the difference between great talent and good talent can truly be game changing. Exceptional talent is worth waiting for."

That CHRO wasn't alone. CHROs were unanimous in their assessment that having the right talent is critical to their company's future success. Another CHRO said it this way, "Our challenge is: Will we have the talent that will give us the capability to grow? It won't be capital that will constrain us. It won't be the government relations issues that will constrain us. It's really going to be: do we have the talent to grow? And, how do we build that pipeline? How do we find and source that talent?"

Those are the questions driving CHROs of large companies. The following survey results shed additional light on the specific talent related struggles and challenges companies face.
Recruiting

In the War for Talent, Employers Say IT Professionals and Engineers Are the Most Competitive Positions For Which They Recruit; 82 Percent of Companies Also Report They Have a Core Recruiting Strategy and Actively Recruit Passive Mid-Career Talent Away From Other Companies

Companies are locked in a heated competition to attract and retain the top talent needed to stay competitive. Our survey asked about: their efforts to recruit recent graduates and mid-level employees, including the positions for which companies say the competition is most intense; and why companies feel they are most likely to lose out on that talent.

- The most competitive positions companies recruit for are engineers (26 percent), IT (17 percent) and sales (14 percent).
- Other highly competitive positions include managers, analysts, and specific STEM occupations such as oncologists, research scientists.
- Companies who lose out on hiring college graduates report they are most often unsuccessful if their geography (45 percent) and industry (40 percent) are seen as undesirable. These are seen as bigger obstacles than salary offers.
- Companies can also lose out on candidates if their hiring process is too slow, their brand isn't recognized as a leader, and there is no clearly defined career path within the company.
- CHROs report mid-career workers are most likely to leave a job to join their company because the company has a strong reputation (42 percent) and the workers are ready for a new challenge (26 percent).
Recruiting: The War for Talent

The increasing speed of innovation and transformation in the workplace is driving companies’ need for the top talent in order to stay competitive.

The Percent of Employers Who Identify These as the Most COMPETITIVE POSITIONS for which They Recruit

- **26%** Engineers
- **17%** IT Professionals
- **14%** Sales Professionals

Other highly competitive positions include: managers, analysts, and specific STEM occupations such as oncologists and research scientists.

Recruiting Strategy to Attract Talent from Others

82 percent of companies report they are actively seeking to recruit passive mid-career talent away from other companies.

Obstacles to Recruiting

- Geography 45%
- Industry 40%
- New Challenge 26%

Companies who lose out on hiring college graduates report they are most often unsuccessful if their geography and industry are seen as undesirable. These are seen as bigger obstacles than salary offers.

Reasons Workers JOIN ANOTHER COMPANY

CHROs report mid-career workers are most likely to leave a job to join their company because the company has a strong reputation and the workers are ready for a new challenge.

- Strong Reputation 42%

For more information on the HR Policy Foundation’s TALENT SUSTAINABILITY SURVEY please visit:

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Millennials In The Workplace

Employers Like Their Millennial Workers And Are Making Important Changes To Keep Them; Cite Great Contributions, But Say They Present Challenges As Well

According to our survey, more than two-thirds of employers report their Millennial workforce is above average or exceptional. Employers also report Millennials are making great contributions to the workplace including: technological skills; questioning the status quo; market knowledge; entrepreneurial spirit; and a drive to make a difference. Millennials are also having an important impact on the workplace as 85 percent of employers say they have changed company policies and programs to appeal to Millennials. In spite of their positive impact, employers are reporting that Millennials present some challenges as well.

To provide a more detailed breakdown of the data:

- More than two-thirds of employers report their Millennial workforce as being above average (59 percent) or exceptional (8 percent).
- Challenges Millennials present in the workplace include: their desire to change employers more frequently and, at least from a traditional perspective, often unrealistic expectations about career progression.
- 85 percent of companies report they have made changes to company policies and programs to be more appealing to Millennials. Those changes include revising their: on-boarding process (54 percent); internship program (50 percent); workplace policies (dress code, flex time, work from home) (45 percent); interviewing/hiring (39 percent); corporate social responsibility practices (34 percent); performance review process (29 percent); compensation packages (23 percent); savings/retirement benefits (20 percent).
- Employers report Millennials are all too often lacking some foundational or soft skills including; communications (40 percent); professionalism/work ethic (33 percent); leadership (29 percent); self-direction (22 percent); critical thinking/problem solving (20 percent).
- Employers are also trying some innovative strategies to speed the development of Millennials, including: developing influence leader programs, accelerated training programs; internal YouTube Channels; networking with senior managers; and mentorship programs.
Millennials in the Workplace

Talent Sustainability Survey of Chief Human Resource Officers of Large Companies

Employers are trying some INNOVATIVE STRATEGIES to speed the development of Millennials...

- Influence Leader Programs
- Accelerated Training Programs
- Internal YouTube Channels
- Networking with Senior Managers
- Mentorship Programs

Millennial Workforce is viewed as ABOVE AVERAGE

More than two-thirds of employers report their Millennial workforce as being above average or exceptional.

Above Average 59%
Exceptional 8%

MAKING CONTRIBUTIONS to the Workplace

Employers report Millennials are making great contributions to the workplace through their: technological skills; questioning of the status quo; market knowledge; entrepreneurial spirit; and drive to make a difference.

Changes to Company POLICIES & PROGRAMS

85 percent of companies report they have made changes to company policies and programs to be more appealing to Millennials.

- On-Boarding Process 54%
- Internship Programs 50%
- Workplace Policies 45%

Millennials Also Presenting CHALLENGES

Millennials are presenting some challenges as well, such as: a lack of loyalty; unrealistic expectations about career progression; and perceived lack of a work ethic.

Foundational & Soft SKILLS

Percent of employers who say their new college graduates generally lack these skills:

- Communications 40%
- Work Ethic 33%
- Leadership 29%
Baby-Boomers in the Workforce

Nearly one-quarter of employers could lose up to half of their workforce in the next five years due to a "Silver Tsunami" of Baby Boomer retirements; employers praise the great contributions of the Baby Boomer generation, but cite challenges resulting from some who remain in the workforce.

Employers are preparing for a "Silver Tsunami" as the Baby Boomer generation retires. Our survey reveals the massive extent of those retirements; the contributions Baby Boomers are now making; how companies are trying to transfer knowledge from Baby Boomers to the younger workers; how employers are trying to accommodate Baby Boomers in the workplace; and how employers are helping Baby Boomers ease the transition to retirement.

- Nearly one in four employers report between 26 and 50 percent of their workforce will be eligible to retire in the next 5 years. Another 48 percent of employers report between 11 and 25 percent of their workers will be eligible. Three percent report more than 50 percent will be eligible for retirement within five years.

- Companies report the Baby Boomer employees are making tremendous contributions in the workplace and cite their deep knowledge, expertise and work ethic as key attributes that are critical to the success of their companies.

- Companies are trying a number of innovative practices to help transfer knowledge from Baby Boomers to younger workers including: creating generation meetings for information exchanges, hosting more company events between younger and older employees, using older workers as faculty in leadership development programs, establishing more mentoring relationships, and apprenticeship programs.

- Although Baby Boomers are making great contributions to the workplace, they are presenting some challenges as well as they near retirement. Those challenges include: effectively managing younger workers, keeping up with technological change and embracing change in general, lack of social media skills, and becoming "blockers" to those beneath them in the organization.

- Just over half of companies report they are making accommodations to Baby Boomers as they near retirement including: revising some workplace policies (31 percent); transitioning them to part-time positions (22 percent); revising their savings/retirement benefits (17 percent); and helping them find meaningful engagement in the community (16 percent).

- Only 12 percent of employers report they have implemented a specific phased retirement plan to keep Baby Boomers working for their company in a more limited capacity.

- Companies are helping Baby Boomers keep working part-time, transitioning them to jobs in the community, or helping them transition to education and training opportunities where they can help train the next generation of workers.
Baby Boomers in the Workforce

Talent Sustainability Survey of Chief Human Resource Officers of Large Companies

CONTRIBUTIONS to the WORKPLACE

Employers report the Baby Boomers are making tremendous contributions in the workplace and cite these key attributes that are critical to the success of their companies.

- Knowledge
- Expertise
- Work Ethic
- Client Relationships
- Leadership Skills
- Experience

Nearly one-quarter of employers could LOSE UP TO HALF of their workforce in the next 5 years

Employers are preparing for a “silver tsunami” as the Baby Boomer generation retires.

- 25% Loss: 26% - 50%
- 48% Loss: 11% - 25%
- 3% More Than 50%

Baby Boomers also PRESENT CHALLENGES as they near retirement

Challenges include: effectively managing younger workers, keeping up with technological change and embracing change in general, lack of social media skills, and becoming “blockers” to those beneath them in the organization.

TRANSFERRING KNOWLEDGE to younger workers

Employers are trying a number of innovative practices to help transfer knowledge from Baby Boomers to younger workers.

- Leadership Development Programs
- Apprenticeship Programs
- Hosting Company Events
- Information Exchanges
- Mentorship Programs

Employers report they are MAKING ACCOMMODATIONS to Baby Boomers

- 31% Revising Workplace Policies
- 22% Transitioning to Part-Time Positions
- 17% Revising Retirement Benefits
- 16% Help with Community Engagement

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Future Implications

The CHROs shared some incredibly valuable insights with us—both informally and in our survey—about the future search for talent and what it means for educators, employers and policy makers.

For Educators

- Employers are reducing the number of colleges from which they recruit, focusing on a smaller number of schools with which they can have closer relationships and greater influence over curriculum and program design. This is coming at a time when policy makers at all levels are looking at expanding the data colleges might have to report on the outcomes of graduates. As employment outcomes data becomes available, schools that don't want to work closely with employers could soon find themselves losing out on prospective students who consider post graduation employment their top priority.

- While many colleges endeavor to teach students the most recent information and help them develop the latest technical skills, they must also develop their students' critical foundational skills such as communications, collaboration and teamwork that can often mean the difference between success and failure in the workplace. Technical skills and foundational skills are not an either/or choice. Students must graduate with both.

- More employers are shifting their training from off-site, in-person, classroom training sessions, to individualized, just in time learning in small modules that workers can receive in place. Colleges that hope to be the lifelong learning provider of choice for employers must adapt their instructional delivery methods to meet this new reality.

For Employers

- As companies go to source their human capital, it isn't always clear what competencies they will need three to five years down the road due to rapid innovation in technology, the rise of cyber security threats, changing customer needs and purchasing preferences, the growth of social media and the increasing use of data analytics for marketing and managing. With things changing so quickly, sometimes there simply isn't universal agreement by the company leaders on where the company is headed. That means employers are going to have to work with educators to find new models for how to keep courses and curriculum current to ensure students graduate with the skills in demand by employers.

- Likewise, employers are going to have to step up their own education and training efforts to help their current employees keep their skills up to date as the pace of innovation and transformation continue to accelerate. This too is going to require employers and educators to reimagine their partnerships and find faster and more productive ways to train and educate employees. It is in employers' best interest to invest in the training and development of their employees and to create a lifelong learning environment.

- Many employers provide generous tuition reimbursement programs that reward workers for furthering their education. While some employers report these programs are oversubscribed, others report take-up rates as low as one percent. Employers cannot be satisfied with these low take-up rates. Companies need to work with employees to identify the barriers to accessing these funds and then work with colleges and universities to find ways to remove obstacles that stand in the way of these funds being fully utilized.
For Policy Makers

• Employers struggle to hire enough qualified skilled trades workers and technicians in part because high schools are not offering enough classes that teach these skills. As Congress looks to reauthorize the Carl D. Perkins Career and Technical Education Act, they need to do everything in their power to expand the availability and effectiveness of these programs so more students can have the opportunity to participate in CTE classes that prepare them for successful careers.

• In these times of rapidly evolving skill needs and occupations, it is critical that high school students receive more adequate career counseling that objectively helps them weigh education and career options. That includes a better understanding of which college majors lead to which careers so as students select a major, they better understand the doors that will be opened and those that will be closed with any particular degree or certificate. It also means helping students understand there are good jobs in industries such as health care, IT, and energy that don't require a four year degree. The H.R. Policy Foundation has brought large employers together to create a career advice website jobipedia.org where hiring representatives from large employers provide personalized career advice for free. Employers are stepping up through services such as jobipedia.org to provide quality of career advice to help career counselors do their jobs. Likewise, policy makers also need to do all they can as they reauthorize No Child Left Behind and the Higher Education act to improve the quality and quantity of career counseling students receive in high school and college.

For Students and Jobseekers

• One of the themes that ran through nearly every interview and survey response was the extent to which our workplaces and our world are connected. CHROs spoke of how frequently their managers are now supervising employees in other locations (if not other countries) and how critical it is now for work teams or divisions that rarely ever spoke in the past to work together now on important projects. Collaboration and teamwork are essential foundational skills nearly every employee needs in order to have a successful career. Team based decision making is a model used in most workplaces today, so in addition to the skills students learn in school, they also need to be learning how to listen, engage in respectful dialogue, and compromise.

• The importance of lifelong learning is nothing new. By now, everyone should understand how important it is to the growth of their career. However, a year speaking with CHRO's really underscored what a "career destabilizer" it is when workers stop learning and growing. As one CHRO put it, "Success is less about specific technical skills. Because the minute you have a technical skill, its obsolete. It is more about learning agility and knowledge that skills need to evolve."