Fall 2016

What are Key Emerging, Employee-Facing Trends in HR that will be Influential in Attracting and Retaining Future Top Talent?

Caitlin Stroup
Cornell University

Helen Zheng
Cornell University

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What are Key Emerging, Employee-Facing Trends in HR that will be Influential in Attracting and Retaining Future Top Talent?

Abstract
A clear understanding of millennial workers is critical as they now represent the dominant cohort in business and are quickly becoming the future leaders of business organizations. Future millennial talent at the core largely mirrors the greater employee population in their desire for competitive compensation, work/life balance, and career advancement opportunities; however, HR implementation of these offerings can greatly affect recruitment and retention results of millennial talent. Among the many recent HR innovations, we believe that customizing career development and building a culture of transparency will be influential in differentiating organizational attraction and retention strategy in future years to come.

Keywords
human resources, top talent, retention, attracting talent, retaining top talent, millennials, generation Y, HR innovation, innovation, recruitment, hyper-personalization, talent strategy, early career development conversations, performance management, feedback, talent management, career lattice, career ladder, flexible culture, culture, performance, boundaryless career, career path, development opportunities, cross functional, stretch assignment, transparency, social media, pay transparency, best practice, compensation, boundaryless communication, emerging trends, future of work

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Suggested Citation

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EXECUTIVE SUMMARY

RESEARCH QUESTION
What are key emerging, employee-facing trends in HR that will be influential in attracting and retaining future top talent?

INTRODUCTION
A clear understanding of millenial workers is critical as they now represent the dominant cohort in business and are quickly becoming the future leaders of business organizations. Future millenial talent at the core largely mirrors the greater employee population in their desire for competitive compensation, work/life balance, and career advancement opportunities (Appendix 1,2); however, HR implementation of these offerings can greatly affect recruitment and retention results of millenial talent. Among the many recent HR innovations, we believe that customizing career development and building a culture of transparency will be influential in differentiating organizational attraction and retention strategy in future years to come.

FOCUS ON CAREER DEVELOPMENT
Career advancement opportunities are a key driver of recruitment and retention, but particularly with future young, high potential employees. Currently, only 28% of millennials regardless of their gender or geography feel that their organization is fully utilizing the skills they have to offer. This desire to be utilized and make meaningful work contributions translates directly into organizational loyalty; Higher perceptions of development offerings, particularly leadership opportunities, are strongly correlated with intentions to stay with an organization (Appendix 3). As organizations seek to differentiate their career development offerings to attract future talent as well as build loyalty for retention, an influential trend will be hyper-personalization of talent strategy to tailor to individual employee needs and desires. This employee centric, holistic approach to development includes actions such as:

1. Customize early career development conversations to understand young employee’s goals and aspirations. Early performance management feedback conversations offer strong signals to young employees about their potential to grow within the organization. Managers should be fully equipped to handle these conversations and guided to:
   - Ensure employees know available career paths;
   - Share tools and resources to assist in determining career goals (workshops, books, videos, online tools, assessments, etc.);
   - Demonstrate real commitment to supporting the employee’s goals.

2. Shift organizational mindset from a career ladder to a career lattice. Strict career ladders (perceived or actual) can stifle employees who may want to explore or may benefit from different career opportunities. Shifting to a career lattice, which encourages sideways as well as upwards moves, may be most effective when:
   - Flexible culture embraces any movement (up, sideways, or down) as successful;
   - Organization allows for faster or slower career progression with particular attention placed on accelerated career paths for high potential, interested employees;
   - Performance is evaluated in outcomes rather than just time spent at work or in a role.

3. Embrace the “boundaryless career”—one unconfined to a single organization or career path—to the organization's advantage by promoting the concept of one company with multiple careers. Highlight intentional development opportunities like cross functional, international, and stretch assignments for interested (potential and actual) employees.

CREATE A CULTURE OF TRANSPARENCY
Millennials are living in a world of vast transparency. Their common, daily practice of tweeting, texting, and emailing creates a non-stop exchange of information and opinions that translates into an
expectation of wanting more, even faster on the job. In addition, today’s young professionals have strong opinions on what they should know about their workplaces and will ask questions to discover the answers. If they feel manipulated by their managers, underestimated by senior workers, or unfulfilled with their daily tasks, they’ll simply leave in search of another job. It is important for a company to create a culture of transparency including their approach to pay and leadership communication to attract and retain these future leaders.

Transparency in Pay
There exists a large gap in perceptions of pay: 73 percent of employers say they pay their workers fairly, but only 36 percent of employees agree. This gap between employer and employee opinions can be bridged with the adoption of pay transparency policies. There are already many cases where pay transparency exists, such as at companies like Whole Foods, union contracts, executives’ pay, professional athletes, entertainers, etc. as well as technological changes making it easier to find such information (Glassdoor, etc.). It is also a common practice on Wall Street to discuss and compare bonuses with colleagues. All of this leads people to believe that total pay confidentiality will be impossible to maintain, especially as there are young employees entering the workforce in greater numbers demanding such information. HR professionals need to prepare and consider ways to use transparency to their advantage for what will almost certainly emerge.

Best Practice:
Transparency doesn’t necessarily mean posting everyone’s salary on the wall. This approach might fit some cultures but not others. There’s a spectrum of pay transparency and a huge amount of value of moving your organization up the transparency spectrum by sharing some of the mechanics and philosophy around compensation. This includes explaining what data sets you use to benchmark employees’ positions and how you know that the data is updated and credible. HR can work to explain salary structures and pay philosophy openly, and specifically when using ranges and grades, explaining where and why employees fall along those ranges. However, companies should fully consider employee feedback and overall organizational receptiveness to mitigate possible conflicts when implementing a shift to pay transparency.

Transparency in Leadership
Transparency in organizational strategy, goals, processes, etc. is a key factor for creating trust within the employment relationship. This trust in leadership is both a critical retention and employee job satisfaction factor. Companies that communicate effectively and transparently are much more likely to create trust, improve employee job satisfaction, and retain top talent. In fact, nearly all (95%) of surveyed employees who strongly trust their corporate leadership reported that managers do an effective job communicating their company’s future plans.

Best Practice:
Millennials desire organization-wide, boundaryless communication between and among departments. Leaders must consider ways to enable integrated communication across functions to enhance innovative thinking and networking possibilities. This could consist of anything from communication platforms to office design and establishing organizational events to transform the corporate culture to be more transparent, open and increase the communication flow overall.

CONCLUSIONS AND RECOMMENDATIONS
While the future is impossible to fully predict, we believe that customized, accessible career development offerings as well as organizational transparency will be influential, lasting HR trends heavily impacting the recruitment and retention of talent. These selected HR processes represent innovative ways to deliver on some of the core desires of top talent: competitive compensation and career advancement opportunities. As both the nature of work and employment relationships continue to rapidly change, it is important for the HR function to look to future trends; however, even more crucial, is focusing on own organizational strategy, goals, and culture when deciding to adopt emerging trends.
Citations


Figure 3: Supporting leadership ambitions builds loyalty (yes really!)
Percentage agreeing with each statement

- Stay more than 5 years
- Leave within 2 years

68%  71%  68%  57%

52%  54%  52%  42%

“There is a lot of support for those wishing to take on leadership roles”  
(Average = 59%)

“My leadership skills are not being fully developed”  
(Average = 63%)

“Younger employees are actively encouraged to aim for leadership roles”  
(Average = 58%)

“I feel that I’m being overlooked for potential leadership positions”  
(Average = 49%)

Q. “Thinking about the support your organization offers you in regards to taking on leadership positions, to what extent do you agree or disagree with the following statements?”