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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

Comments

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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 millennial workers is critical as they now represent the dominant cohort in business and are quickly becoming the future leaders of business organizations.¹ 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 (*Appendix 1,2*); 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.

FOCUS ON CAREER DEVELOPMENT

Career advancement opportunities are a key driver of recruitment and retention, but particularly with future young, high potential employees.² Currently, only 28% of millennials regardless of their gender or geography feel that their organization is fully utilizing the skills they have to offer.³ 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.⁴ 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.⁵ 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.⁶ 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.⁷ 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.¹ 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.⁸ 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.⁹ 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.¹⁰ 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**.⁹ 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.⁹ 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.¹¹

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.¹²

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.

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Appendix 1

Figure 1. Top global drivers of attraction

	 Attraction drivers – employer view	 Attraction drivers – employee view
1	Career advancement opportunities	Base pay/Salary
2	Base pay/Salary	Job security
3	Reputation of the organization as a great place to work	Career advancement opportunities
4	Challenging work	Challenging work
5	Job security	Opportunities to learn new skills
6	Organization's mission, vision and values	Reputation of the organization as a great place to work
7	Opportunities to learn new skills	Health care and wellness benefits

Figure 2. Top global drivers of retention

	 Retention drivers – employer view	 Retention drivers – employee view
1	Career advancement opportunities	Base pay/Salary
2	Base pay/Salary	Career advancement opportunities
3	Relationship with supervisor/manager	Physical work environment
4	Ability to manage work-related stress	Job security
5	Opportunities to learn new skills	Ability to manage work-related stress
6	Flexible work arrangements	Relationship with supervisor/manager
7	Short-term incentives (e.g., annual bonus)	Trust/Confidence in senior leadership

“Under pressure to remain relevant, employers look to modernize the employee value proposition”, *Willis Towers Watson Global Findings Report for the 2016 Global Talent Management and Rewards and Global Workforce Studies*. Retrieved October 26, 2016, from <https://www.willistowerswatson.com/en/insights/2016/09/employers-look-to-modernize-the-employee-value-proposition>

Appendix 2

Figure 11: In most markets, work/life balance comes before career progression when evaluating job opportunities

Relative degree of importance (excluding salary)



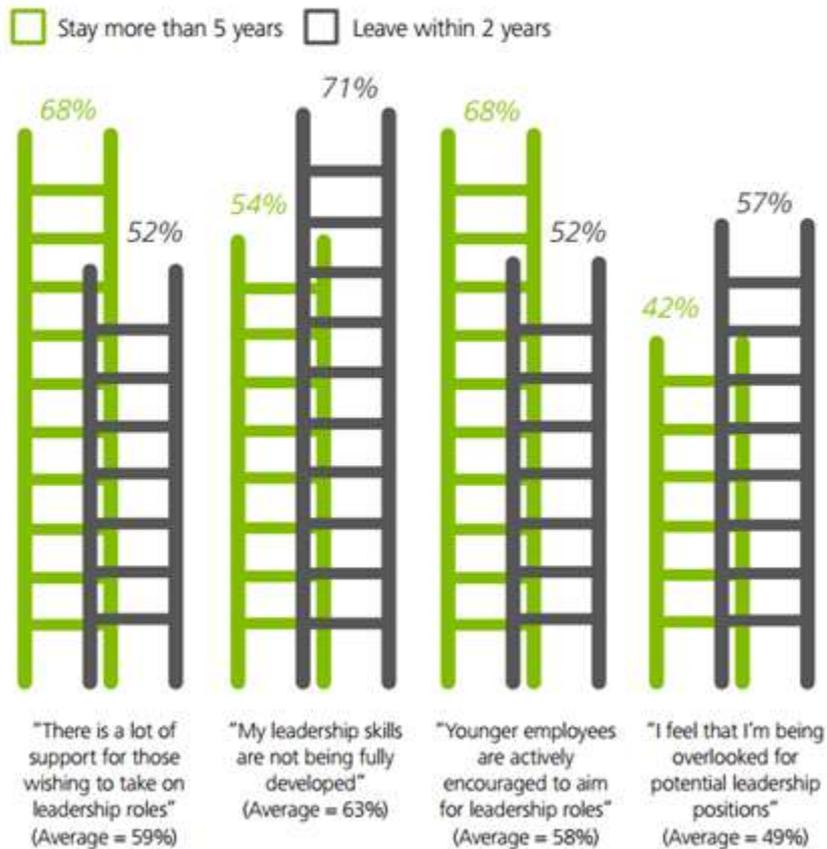
Q. For each of the following groups of four, please indicate what would be the strongest reason for choosing to work for an organization and what would be the weakest.

“Winning over the Next Generation of Leaders”, *The 2016 Deloitte Millennial Survey*. Retrieved October 26, 2016, from <https://www2.deloitte.com/content/dam/Deloitte/global/Documents/About-Deloitte/gx-millennial-survey-2016-exec-summary.pdf>

Appendix 3

Figure 3: Supporting leadership ambitions builds loyalty (yes really!)

Percentage agreeing with each statement



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?"

"Winning over the Next Generation of Leaders", *The 2016 Deloitte Millennial Survey*. Retrieved October 26, 2016, from <https://www2.deloitte.com/content/dam/Deloitte/global/Documents/About-Deloitte/gx-millennial-survey-2016-exec-summary.pdf>