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Human Capital Management Report

Recruiting and Hiring the Talent of Tomorrow

Developing the next generation of leaders is the greatest challenge facing business today.

By 2025, Millennials will account for **75% of the global workforce.**²

Introduction

The human capital management lifecycle begins with recruiting and hiring talent. As more organizations make the connection between hiring the right people and achieving success, HR leaders are increasingly approaching recruitment and hiring as a crucial competitive differentiator. Facing a more competitive global business landscape, with available talent spread across multiple generations, the challenge to recruit and hire the best workforce for the job has never been higher.

Changing workforce demographics are creating skills gaps and putting added pressure on employers to source top talent. The role of technology and social media both inside and outside the workplace are altering how employers identify and communicate with job candidates. And the best talent isn't looking for just any job — top performers want to work for top-tier organizations that are perceived as employers of choice.

Business management knows that developing the next generation of corporate leaders is their greatest challenge. Other top challenges include creating a corporate culture that attracts the best employees to the organization, remaining competitive in the talent marketplace, and finding employees with the increasingly specialized skills the organization needs.¹

With employers looking for the talent of tomorrow in a global, multigenerational workforce, they must think about recruiting in new ways and work to leverage technology and sourcing strategies that improve recruitment and hiring. Human behavior may be unpredictable, but analytics can help companies make better hiring decisions to begin with. By identifying the right skills, competencies, behaviors, and tendencies you can ensure the best candidates are hired. And by streamlining the hiring process you can find that “needle in a haystack,” allowing you to compete more effectively in a tight talent pool.

Preparing for a five-generation workforce

Never before has the workforce had such a complex, diverse demographic makeup. As people live and work longer, more generations are working side by side. With everyone from recent college graduates to those long past the traditional retirement age of 65 working, companies are being challenged to build and maintain a productive, effective workforce.

One of the biggest shifts that's occurring in the workforce is the gradual retirement of the Baby Boom generation and the emergence of the Millennial, or Generation Y, demographic as the new majority. By 2025, Millennials will account for 75 percent of the global workforce.² While Generation X workers represent a key area of talent and leadership, they simply don't have the numbers to fill the skills gap that will be created by the retiring Baby Boomer generation. Further complicating the picture is the reality that Millennials don't stay at jobs as long as Baby Boomers. For example, the median tenure of workers ages 55 to 64 (10.4 years) was more than three times that of workers ages 25 to 34 years (3 years).³

¹ SHRM Workplace Forecast (May 2013), found at http://www.shrm.org/research/futureworkplacetrends/documents/13-0146%20workplace_forecast_full_fnl.pdf, at 7.

² Dan Schawbel, *74 of the Most Interesting Facts About the Millennial Generation* (June 25, 2013), found at <http://danschawbel.com/blog/74-of-the-most-interesting-facts-about-the-millennial-generation/>.

³ Bureau of Labor Statistics, *Employee Tenure Summary* (September 18, 2014), found at <http://www.bls.gov/news.release/tenure.nr0.htm>.

Transferring knowledge and skills is emerging as a challenge

Some organizations are ahead of the curve and already investing in creative strategies to offset these challenges. These include hiring retired employees as consultants or temporary workers, offering flexible work arrangements, and creating part-time positions to attract older workers. However, most companies are not prepared for the talent, leadership, and skills gaps that will result from Boomer retirements. A SHRM survey on the aging workforce revealed that while more than half the respondents have identified future workforce needs (58 percent) and potential skills gaps (52 percent) in the next one to two years, only 35 percent have turned their attention to the impact of workers aged 55+ leaving their organization over the same time period.⁴

By offering flexibility in the work environment, you can keep these valuable employees as part of your workforce so they can pass on valuable skills and knowledge to the next generation. Helping the Baby Boom generation stay engaged post-retirement as consultants can pay off for any organization.

Today's workforce is diverse, multigenerational

In creating a human capital management strategy, organizations today find themselves at a crossroads. As new generations of employees begin working, they will inevitably change the organizations they've joined. Each generation brings different values, perspectives, approaches, and work styles to their jobs and each has different expectations and experiences, which are often influenced by the technology to which they've become accustomed. Organizations must recognize and respond to these generational differences if they're going to attract the right talent.

Employee values play an important role

Throughout the recruitment and hiring process, organizations must consider what each generation values in a career. The evolution of the Baby Boomers' "live to work" philosophy gave way to Generation X and their "work to live" outlook, which is now being replaced by the Millennials' "work my way" viewpoint. Understanding what job factors are important to each group can help you hire the best talent for your company with customized job descriptions and a focus on what candidates are looking for.

Attracting the next generation of talent

The challenge of recruiting and hiring the best talent has shifted dramatically as a result of the multigenerational workforce, with technology and social media playing ever-larger roles. Leaders of top companies understand that creating a positive brand identity is as important in recruiting employees as it is in attracting customers. More so than in the past, organizations across industries are cultivating their employee culture and exploring new ways to attract talent among younger generations.

⁴ SHRM, *The Aging Workforce* (January 1, 2015), at 6, 12, found at <http://www.shrm.org/research/surveyfindings/articles/pages/shrm-state-of-older-workers-in-u.s.-organizations.aspx>.

55% of the RN workforce
is age 50 or older.

SKILLS GAPS ARE OCCURRING ACROSS INDUSTRIES

Insurance. The Bureau of Labor Statistics reports that nearly 50 percent of the insurance industry workforce is above the age of 45. Over the next 15 years, companies will be confronted with a growing skills gap as these older workers retire.⁵

Trucking. Trucking faces a double whammy, as drivers get older — average driver age is 49 — and retire, and new drivers aren't entering the field, instead opting for careers that allow them to be home at the end of the day. The American Trucking Association reports that there is a current shortage of 35,000 to 40,000 drivers. Trucking organizations are investing in new methods to attract drivers, such as radio ads, veteran hiring programs, driver school programs (where an individual works as a dock worker while they earn their CDL — often paid for by the organization). And many are also redoubling their retention efforts by increasing pay.⁶

Supply Chain: “Finding and keeping talent, specifically managers, has ranked as one of the most significant market challenges in each regional response over the past 20 years” reports the Annual 3PL CEO Survey. The survey also found that “to ensure a bright future, third-party logistics providers must be competitive across multiple dimensions when it comes to hiring, and they must try to understand what the new generation of employees are looking for in an employer.”⁷

Healthcare. According to a 2013 survey conducted by the National Council of State Boards of Nursing and The Forum of State Nursing Workforce Centers, 55 percent of the RN workforce is age 50 or older. The Health Resources and Services Administration projects that more than 1 million registered nurses will reach retirement age within the next 10 to 15 years.⁸

STEM. High-paying jobs in STEM fields (science, technology, engineering, math) continue to go unfilled in large numbers. A 2014 study found that there were more than four million job vacancies for computer workers and STEM positions were advertised twice as long as those in other fields.⁹ This shortage of STEM workers is leading companies to search globally for STEM talent, making a global talent acquisition strategy even more important.

Retail. When customers walk into a store with research under their belt and a smartphone in hand, retailers need to be prepared. Recent research suggests that “upskilling” and knowledge transfer of the older generations’ ever-important customer service skills with the technology inclinations of Millennials and Gen Z can help mitigate skills gaps for retailers.¹⁰

⁵ *How to Reach the Next Generation of Insurance Talent*, Insurance Journal (April 7, 2014), found at <http://www.insurancejournal.com/magazines/features/2014/04/07/325070.htm>.

⁶ David Morris, *There's a slow-rolling crisis in trucking labor — and it's costing everyone*, Fortune (May 18, 2015), found at <http://fortune.com/2015/05/18/trucking-labor-shortage/>.

⁷ Jeff Berman, *3PL CEOs are optimistic about growth prospects, according to annual survey*, Logistics Management (October 28, 2013), found at http://www.logisticsmgmt.com/article/3pl_ceos_are_optimistic_about_growth_prospects_according_to_annual_survey.

⁸ *Nursing Shortage*, American Association of Colleges of Nursing (April 24, 2014), found at <http://www.aacn.nche.edu/media-relations/fact-sheets/nursing-shortage>.

⁹ Jonathan Rothwell, *Short on STEM Talent*, U.S. News & World Report (September 15, 2014), found at <http://www.usnews.com/opinion/articles/2014/09/15/the-stem-worker-shortage-is-real>.

¹⁰ Clare McDonald, *Retail should invest in upskilling to close employee skills gaps*, Computerweekly.com (July 21, 2015), found at <http://www.computerweekly.com/news/4500250309/Retail-should-invest-in-upskilling-to-close-employee-skills-gaps>.

84% of Millennials believe that helping to **make a positive difference** in the world is more important than professional recognition.¹¹

Younger workers are increasingly attracted to social enterprises — businesses that further a social purpose in a financially responsible way. In fact, 84 percent of Millennials believe that helping to make a positive difference in the world is more important than professional recognition.¹¹

How a human capital management strategy can help

So how do you navigate through the current talent crisis? How do you find employees with the right skills, talents, and potential for growth? How can you ensure your company is sought out by top candidates? How can you develop and retain the next generation of leadership? And how can you scale your hiring and recruitment efforts to meet global demands, attracting top talent across generational, location, and cultural boundaries? We've identified three key strategies.

Three things organizations can do to recruit and hire a multigenerational workforce

1. Become an employer of choice.

Impressions matter. A candidate's perception of you could be formed long before they consider working for your organization. Perhaps your brand is a household name; perhaps they are a customer of yours; perhaps they have a friend, family member, or former colleague who works for you. They may also have heard negative stories (compliance issues, harassment suits, class actions) or positive ones (community involvement, charitable activities) on the news that have impacted your brand and influenced whether you are perceived as an employer of choice. Pay attention to these issues and assign staff to monitor reviews about your corporate culture on social sites such as LinkedIn, job site reviews, and Glassdoor. Today's talent is more nuanced than ever before — Millennials aren't simply looking for a company to retire and earn a pension with. They're more likely to be looking for a company to help them reach both personal and professional development goals.

Technology can help you create a recruitment and hiring environment that supports your employer of choice brand. Some important features to look for include:

- Enhanced applicant experience: Allow candidates to apply via mobile devices, in their language of choice, at multiple locations, and receive automated communications and visibility into the recruitment process
- Customize job descriptions to make them come to life — using video, for example — and highlight flexible work arrangements and job features that will appeal to different candidates, such as remote work, international travel, virtual teams, development programs, and training opportunities
- Optimize communication throughout the hiring process for improved candidate visibility and experience
- Leverage social networks and external opportunities to help employees and customers reinforce your brand and culture

¹¹ Schawbel, *74 of the Most Interesting Facts About the Millennial Generation*.

Social media and technology are changing the way businesses recruit workers.

Hiring is expensive, so you want to be sure you're making decisions that **reduce turnover** and **support organizational goals.**

2. Make your hiring process more efficient

Recruiters are busier than ever — receiving an average of 250 resumes for each corporate job opening.¹² Improving the efficiency of your hiring process eases the demand on managers and ensures that good candidates don't get lost in the process. Assessments help weed out unqualified candidates and get to the short list of best-fit candidates so that hiring managers and recruiters spend their time efficiently. Alerts, notifications, and automated workflows make the process easier and more efficient. Additional features of an effective hiring solution include:

- Assessments for fit and competencies to answer baseline questions: can you perform a certain job, do you have specific certifications, are you willing to travel, can you work weekends, etc.
- Seamless integration on a unified platform with HR and time and attendance for faster, simplified onboarding
- Automated workflows to manage interviews and scheduling, communication with candidates, alerts and notifications, help to streamline processes across dispersed operations
- Robust onboarding to deliver a consistent approach and experience for new hires, paperless process
- The ability to leverage reports, such as time-to-hire dashboard to see where bottlenecks occur and which positions, hiring managers, and divisions require additional attention

3. Find that perfect match

Talent shortages, retirement, and turnover all add to your organization's hiring burden. Hiring is expensive, so you want to be sure you're making decisions that reduce turnover and support organizational goals. Paying attention to your company brand and culture allows you to engage with customers and communities as you network and build relationships with potential employees before they begin the application process. Technology can help you find the right fit for your company.

- Sourcing analytics to identify quality hires. Technology can provide valuable insight into which job boards, universities, and trade schools generate the best applicants, helping you tailor recruitment investments to the sites that yield the best results.
- Workforce analytics can identify top performers, assess which skills you have on the bench, explore how employees can be reassigned to fill gaps or new roles based on their skills and competencies, and replicate a successful employee persona to use when evaluating prospective talent.

¹² Dr. John Sullivan, *Why You Can't Get a Job*, ERE Recruiting (May 20, 2013), found at <http://www.ere-media.com/ere/why-you-cant-get-a-job-recruiting-explained-by-the-numbers/>.

Conclusion

Recruiting and hiring is the first step in implementing an effective human capital management strategy. Leveraging technology to automate, streamline, and improve your recruiting and hiring efforts will help you meet the challenges of a multigenerational workforce. With the right talent in place, focus shifts to managing, engaging, developing and retaining, and offboarding.