



Talent Strategy Shift

A frank discussion of how your peers are addressing the challenges of the new talent landscape.

Learn what's working, what's not, and how leadership can navigate historic change.

A new era.

The historic disruption of the talent landscape demands that leaders adapt with new insights and new strategies. Those who do will position their organizations for long-term success – because these emerging challenges are not going away. Those who do not will fall behind.

As an employer community, our response should be urgent and innovative. If we can improve collectively by just 10%, we can improve the entire region's ability to attract, develop and retain talent. This will benefit not just employers, but individual workers, families, and our entire region's quality of life and economic competitiveness.

Employer Challenges

This document summarizes the most common challenges cited by West Michigan employers. We hear these concerns with remarkable consistency. That is why we are addressing them here, with insights and responses shared by West Michigan employers in five key areas:

- 1 Flexibility and Benefits
- 2 Keeping and Developing Your Current Workforce
- 3 Social Responsibility
- 4 Creating Purpose
- 5 Positioning Your Company in the Labor Market

At our spring 2022 CEO Council, we will hear insights on these topics from employers across our region. We will have frank discussions about what's working and what's not.

By drawing on the collective insights and experiences of West Michigan employers, we will position our region to solve the biggest challenges of the dynamic 21st century talent landscape.

Contents

Introduction	1
Know Your People	2
Employer Challenges, 4-13	
Flexibility and Benefits	4
Keeping and Developing Your Current Workforce	6
Social Responsibility	8
Creating Purpose	10
Positioning Your Company in the Labor Market	12

Know your people.

Developing effective strategies for the new talent landscape begins by knowing your workforce. Of course, every individual has unique motivations and ambitions that defy one-size-fits-all approaches. However, some generational trends are clear – and they are worth considering as part of overall strategies.

Generation X (1965-1980) values flexibility, as these workers usually have responsibilities for aging parents as well as their own children. However, they tend to emphasize financial stability over purpose, equity, or advancement. Generation X tends to be drawn toward traditional benefits, such as employer-sponsored healthcare and retirement options and competitive salaries, as well as greater autonomy at work. They are comfortable adapting to new technologies and respond favorably to digital and face-to-face communications.

Expectations:

- Flexible schedules, remote work
- 401K plan with matching benefits and retirement bonuses
- Tax-advantaged accounts (Flexible Spending, Health Savings, Health Reimbursement Arrangements)
- Student Loan Assistance programs (more for their children than themselves)
- Mortgage services

Millennials (1981-1996) value flexibility, purpose, opportunities for career progression, and customizable benefits. Like Gen Z, they tend to seek out transparent, inclusive organizations. They place a greater emphasis on equity and advancement than older generations but are likely dealing with financial burdens that come with homeownership and parenthood. Pets play a heightened role in Millennial households; benefits should reflect this untraditional family structure.

Expectations:

- Flexible schedules, remote work
- Customizable benefits, especially pet insurance and options for mental health
- Skill-structured career development programs
- Paid volunteer time off (VTO)
- On-site daycare or pet care
- Mortgage services

Gen Z (1997-2012) values workplace flexibility above all else. These workers are often drawn to transparent, inclusive, socially responsible organizations. They tend to seek out mentorships with senior staff and prefer to invest their energy into work they find meaningful. They're highly responsive to digital recruiting and hiring.

Expectations:

- Flexible schedules, remote work, and project-based learning
- Assistance with student debt
- Paid volunteer time off (VTO)
- Tuition reimbursement
- Mentorship training models
- Diverse representation in the workforce
- Programs and policies that contribute to inclusion and belonging
- Benefits that accommodate non-traditional family structures
- Employee assistance programs that support mental health

To attract and retain Generation X talent, employers should provide greater flexibility to promote work-life balance. Customizable benefits can empower workers to choose options that meet their life circumstances. Workers in this generation are highly independent and experienced. They prefer direct and honest feedback. Avoid micromanaging, provide opportunities for growth and networking, and respect their experiences.

To attract and retain Millennial talent, employers should launch initiatives centered around equity and inclusion, provide flexibility and childcare options to promote work-life balance, and offer robust opportunities for professional development. Establishing clear career pathways, self-directed learning opportunities, and consistent feedback with managers can cultivate trust and loyalty while appealing to their desire for career progression.

To attract and retain Gen Z talent, employers should launch initiatives that reinforce the company's mission and employee roles in achieving goals. Allow opportunities for workers to have their voices heard. Use digital interactions or cutting-edge technology to provide easy access to information, resources, and a platform for two-way dialogue with leadership.



By being aware of generational expectations, employers can refine recruiting methods, messages, benefits and workplace practices to reflect the needs of workers of all ages.

Challenge

1

Flexibility and Benefits

How can employers provide the flexibility and benefits workers now expect, while maintaining fairness, equity, and strong social connections? How can employers encourage workers to return to the office without creating mistrust or resentment?

76%

of workers say they want their company to make work permanently flexible with respect to schedules and/or locations

44%

44% of workers say they know at least one person who has quit, or is planning to quit, because their employers are requiring them to return to the office

36%

36% of workers would choose flexible work arrangements over a pay raise

30%

of professionals say potential consequences to their professional growth and lack of trust from leadership would prevent them from using flexible work options

Today's workforce values and prioritizes the use of flexible work options – despite potential consequences to professional growth. In addition, women and people of color are more likely to prefer working from home. At the same time, benefit preferences overall are changing.

The pandemic triggered a dramatic shift in our relationship to work. Across all generations, employees are placing greater value on being able to choose how, where, and when they work. Employers who don't offer flexibility, or who force workers to return to the office, will face more turnover. The pandemic has also driven heightened demand for benefits that support the mental and financial wellness of employees and their families, with childcare being the most prominent area of focus.

As employers adapt to provide greater flexibility and customizable benefits, executives will need to address how they are managing fairness and equity.

The employee experience is increasingly varied. Targeted investments for segments of the workforce are critical to help maintain productivity, but will naturally exclude other segments. (For example, adding financial resources to support employees with children excludes employees without children.) Additionally, data shows that managers are more likely to promote employees who come into the office compared to those who don't – even though there is no sustained difference in performance – and women and people of color are more favorable toward working from home than white men. Without a plan, gender pay gaps will widen and the degree of diversity within leadership benches will weaken in remote and hybrid work environments.

Along with concerns of fairness and equity, another factor to consider with a shift to hybrid working arrangements is the potential for increased turnover.

The prevalence of remote work means many employees have no shortage of options if they want to leave their employer. Meanwhile, the nature of remote work means these workers lack the strong social and emotional connections to coworkers that would normally encourage them to stay longer. In this environment, it's likely turnover will remain elevated in the long run, even for hybrid arrangements where workers are expected to return to the office once a week.

Qs

Ask Your Organization:

- Do we leverage feedback from employees when determining which benefits to offer?
- Are employees allowed to choose from a vast array of options to find the combination of benefits that meet their unique situation and needs?
- Are all leaders trained to support employees' inclusion, training/upskilling, work-life balance, and overall health and well-being in remote settings?
- Do we have safeguards in place to ensure equal treatment between remote and in-person teams?

Qs



Ask Your Organization:

- Does each role have a clear path for advancement defined by skill qualifications?
- Do we maintain skill inventories to track employees' skillsets, proficiency levels, and when skills were attained or refreshed?
- Are managers equipped to discuss career advancement and support individual learning journeys?
- Is skill-building incorporated into our review process?

By promoting continued learning and development as part of its culture, a business can leverage the full potential of its existing workforce.

If employees are willing to learn and adapt quickly, employers can develop internal pipelines to not only address immediate reskilling needs, but also meet emerging skills gaps as they arise. This helps to boost employee engagement and retention, attract new talent, increase collaboration between departments and accelerate the adoption of new trends.

Employees across all generations are increasingly drawn to organizations that offer opportunities for growth and internal advancement. These workers demonstrate greater loyalty to those who invest in their development.

One study found that companies in which employees weren't engaged in learning were twice as likely to lose employees before those workers reach their third year of tenure. Training investments are attractive to job seekers and generate a hefty return for employers: It can cost up to six times as much to hire externally versus hiring and promoting from within.

Amid globalization and the rise of automation, the e-commerce boom and the remote work revolution, employers and employees alike have more pressure than ever before to keep their skills current.

Some industry giants made huge investments in upskilling long before the pandemic. Amazon, for instance, has invested \$700 million into reskilling and upskilling programs, and Mastercard has been running its own retraining program since 2016 to gain a competitive advantage over startups. Now all organizations must rise to the occasion to retain their workers by providing them the opportunity to achieve professional and personal growth. It's no longer enough to simply offer funding for training and development. Successful strategies include structural and organizational supports. Career pathways must be visible, and employees must understand exactly which skills are needed to advance. Skill building and coaching should be integrated in the performance review process.

Challenge

2

Keeping and Developing Your Current Workforce

Is it easier for employees to find internal opportunities than external ones? Are leaders recognized and rewarded for internal mobility? Are learning and development programs and pathways designed around skills or credentials?



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Hiring new workers can be >2 times as expensive as upskilling and reskilling existing employees

Employees who move into new jobs internally are **3.5x** more likely to be engaged employees than those who remain in their current jobs

Challenge

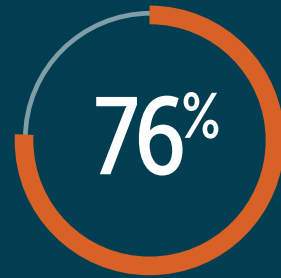
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Social Responsibility

Has the organization clearly articulated a set of goals and standards to the public? Does it have a social responsibility policy in place? Is there a way to remain politically neutral and cater to the growing desire for social responsibility prevalent among employees and consumers? How can organizations measure their social impact?



3 in 4
Millennials say they would take a **pay cut** to work for a responsible company



76% of Millennials consider a company's social and environmental commitments when deciding where to work; 64% won't take a job if a potential employer doesn't have strong corporate social responsibility (CSR) practices

68%

of employees would consider quitting their current job and working with an organization with a stronger viewpoint on the social issues that matter most to them

Politics, culture, and social debate have fully permeated the workplace. Three-fourths of workers now expect their employers to take a stance on topics that may have nothing to do with their employer.

As organizations strive to create more inclusive and productive work environments, employees have been asked to bring their whole selves to work. This is a departure from the traditional mindset of leaving personal perspectives at home. The vanishing division between professional and personal lives has driven more employees to evaluate whether their organization's values reflect their own.

More than ever before, workers want to know what their employer stands for and how they're working to make the world a better place.

The next big challenge for executives is to determine how their organizations relate to their employees, communities, and their roles in society pertaining to political or social issues of the day. You don't need to have a position on everything, but you do have to stand for something.

The changing nature of work and increased demand for socially, politically, and environmentally conscious organizations is creating conflict in the workplace. Workers want to see genuine stances and actions to address issues like human rights, labor standards, and environmental protection.

A Gartner 2020 survey found employee engagement can drop by one-third when employees are disappointed with their employer's stance on the societal and political debates of the day. Forty-four percent have actively avoided coworkers because of their political beliefs. Younger workers are especially critical in assessing marketing and social media. Thus, attempts to publicize opinions may come off as inauthentic and calculated, which could hurt talent attraction and retention.

Qs



Ask Your Organization:

- Do we leverage feedback from our employees to determine which issues matter most to them?
- Do we have goals and measurements in place related to social impact?
- Is our social impact clearly articulated to our employees and the public?

Qs



Ask Your Organization:

- Are our goals and values aligned with societal good and articulated clearly in our employer brand?
- Do we bring authenticity, transparency, and accountability to all we do?
- Are employees informed of all the initiatives we engage in and the impact their work has on the community?
- How has our purpose evolved over time? Have we recently reevaluated our core DNA?

One trend prominent among Generation Z and Millennial workers is the expectation that a professional life should carry purpose and contribute to the betterment of society. This isn't a new concept, but the pandemic empowered job seekers to reassess what's important to them and whether their current role can satisfy their desire to make an impact.

According to a recent survey by the Society for Human Resource Management, 63% of workers under 35 believe the primary purpose of businesses should be to improve society, rather than to generate profit. In essence, the modern worker desires a work life that reflects their values. They want their employer to help them express those values — and they're willing to take pay cuts for meaningful, purpose-driven employment.

Organizations genuinely committed to serving their communities typically employ workers who are more loyal, satisfied, and engaged in their work.

Purpose-driven organizations experience less turnover and have an easier time attracting new talent, because their workers are more than twice as likely to recommend their company to others. However, businesses don't enjoy these benefits unless community investment is done well. Dabbling in donations won't influence employees. The commitment to creating social value must be authentic, driven by leadership, and visible internally and externally.

Challenge

4

Creating Purpose

How do employers create meaningful, purpose-driven work that reflects the values of their organization and connects profit to purpose? Can organizations bring authenticity to purpose if their brands aren't rooted in societal good? Does purpose need to be built into the fabric of the organization if it's communicated effectively?

89%

of executives believe a strong sense of collective purpose drives employee satisfaction; 84% say it can affect an organization's ability to transform, and 80% say it helps increase customer loyalty

Purpose-driven companies have

40%

HIGHER LEVELS of workforce retention than their competitors



70%


of employees say they define their purpose through their work

Challenge

5

Positioning Your Company in the Labor Market

How do employers position themselves in the digital era, where former employees have multiple platforms to share their negative experiences? (For an example, see TikTok trends about bad employers.) How much transparency is enough?



95%
of candidates identify a company's reputation as a key consideration when exploring new career opportunities



PAY INCREASE
Companies with a poor employer brand must offer a *minimum* of a 10% pay increase to lure top talent



69% of candidates would reject an offer from a company with a bad reputation, even if they were unemployed

Managing and influencing your reputation among job seekers, employees, and community members is critical to establishing and maintaining a robust and attractive company culture and work environment.

Efforts to build a brand around flexibility and benefits, upskilling and retraining, social responsibility, and purpose are only as effective as they are visible, and your organization's values must be entrenched within each effort. For example, if career pathways aren't visible and employees don't know which programs to pursue to advance within the organization, will investments in upskilling yield any returns? The answer is likely no, and job seekers will be further dissuaded if this was listed as a perk on job postings. Communications must be continuous and catered to internal and external audiences, but they also need to be genuine.

In the digital era, when job seekers have ready access to employee feedback and company ratings, it's even more difficult for employers to position themselves as a great place to work in the face of negative online reviews.

When deciding where to apply, 86% of job seekers are likely to research company reviews and ratings. Rather than relying on what the company says, prospective workers in the modern age want to learn about the culture and work environment from current employees. They assess organizational values by analyzing actions, not the website. Executives need to think critically about how they plan to position their organizations in an authentic manner, and how they will leverage current employees as brand ambassadors in their efforts to stand out in the increasingly competitive war for talent.

Qs



Ask Your Organization:

- Is our employee value proposition communicated clearly to targeted audiences across various channels?
- Do we actually engage and interact with job seekers, or do we simply provide them with information?
- Do we have an ambassador program in place to allow employees to speak about our employer brand online and at career fairs and hiring events?
- Do we offer messaging guidelines to help employees speak about our brand in public and with potential referrals?



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