

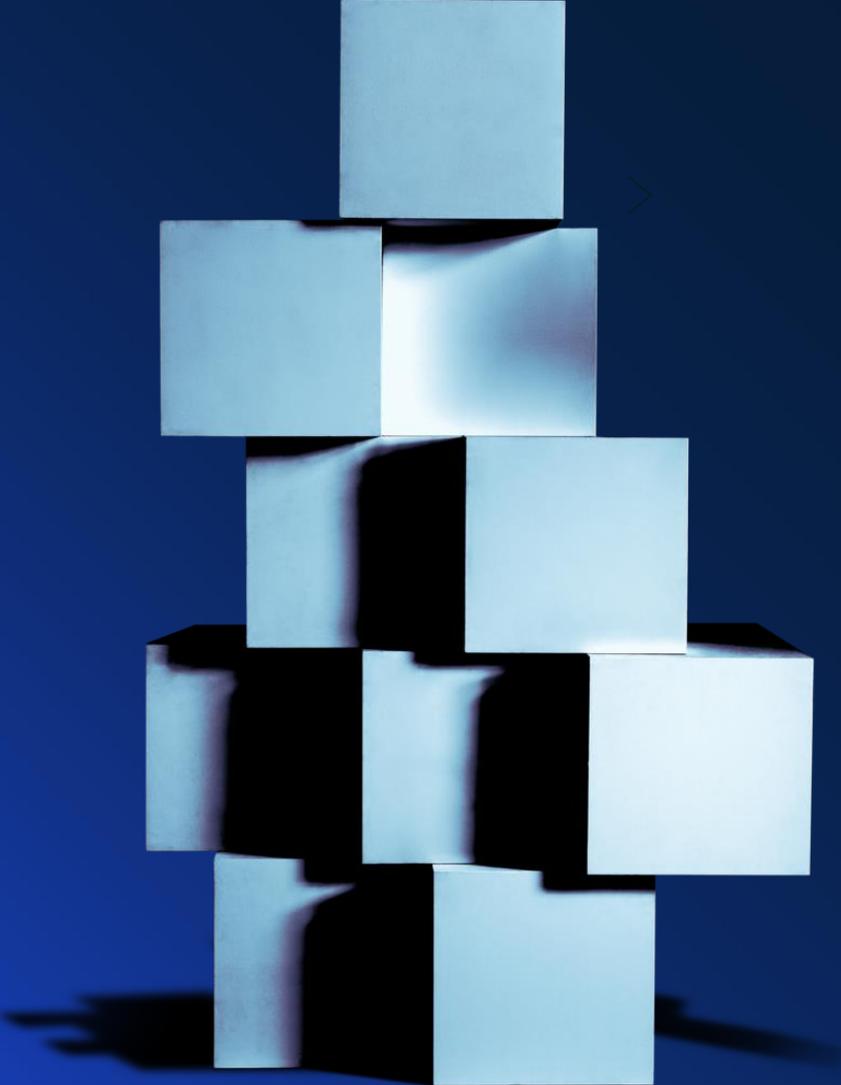
# Talent strategy: current trends and unlocks

Presentation document

June 2022



# Objectives for today's session



**Ground in macro trends impacting organizational talent and culture**

**Outline four unlocks to engage, support and retain employees**

## Two areas of potential insight

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- Deeper understanding of today's talent trends, which helps to shape conversations with customers
- Ideas for company-specific approaches to talent that would help you with your own staffing needs and growth

# Employees are reevaluating what they need and want

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## Unprecedented burnout

**75%** of US employees<sup>1</sup> report symptoms of burnout

**85%** report that their well-being has declined<sup>2</sup>

## Breaking of norms

**>40%** decrease expected in 'in-office' working hours going forward after the pandemic<sup>3</sup>

## Workforce inflection point

**70%** of employees<sup>4</sup> report that their sense of purpose is largely defined by work

1. Press searches; Web pages; Mental Health America Survey: Mental Health in the Workplace
2. HBR: 2021, Beyond Burnout by Jennifer Moss
3. McKinsey Quarterly 'It's time for leaders to get real about hybrid'
4. McKinsey Quarterly 'Help your employees find purpose—or watch them leave'



# Against this backdrop, we are seeing four major trends

1

**Attrition** – a different kind of attrition than we’ve ever seen and in massive amounts

2

**Optionality** – workers have many more options, including lucrative non-traditional careers

3

**Employees are looking for something different** – transactional factors like compensation are not differentiators

4

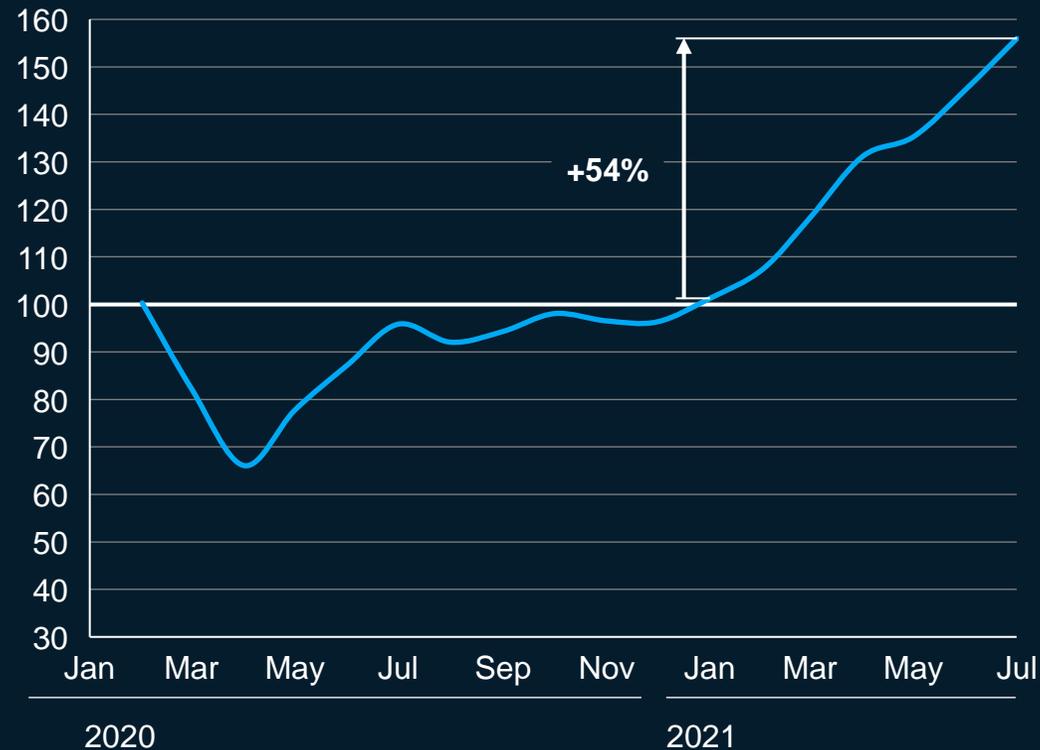
**Social capital is eroding**—connections across the workplace are deteriorating, with sharper drops for women and frontline workers

# 1: As job openings continue to rebound, mismatches between labor demand and supply are becoming more pronounced

**Job openings have risen 54% in 2021, well beyond pre-COVID-19 levels as economy bounces back**

**Job openings in US economy**

Data indexed, February 2020 = 100



**However, labor force is still ~1.6pp short of pre-COVID-19 levels**

**US civilian labor force participation rate, aged 16+**

Percent, through August 2021

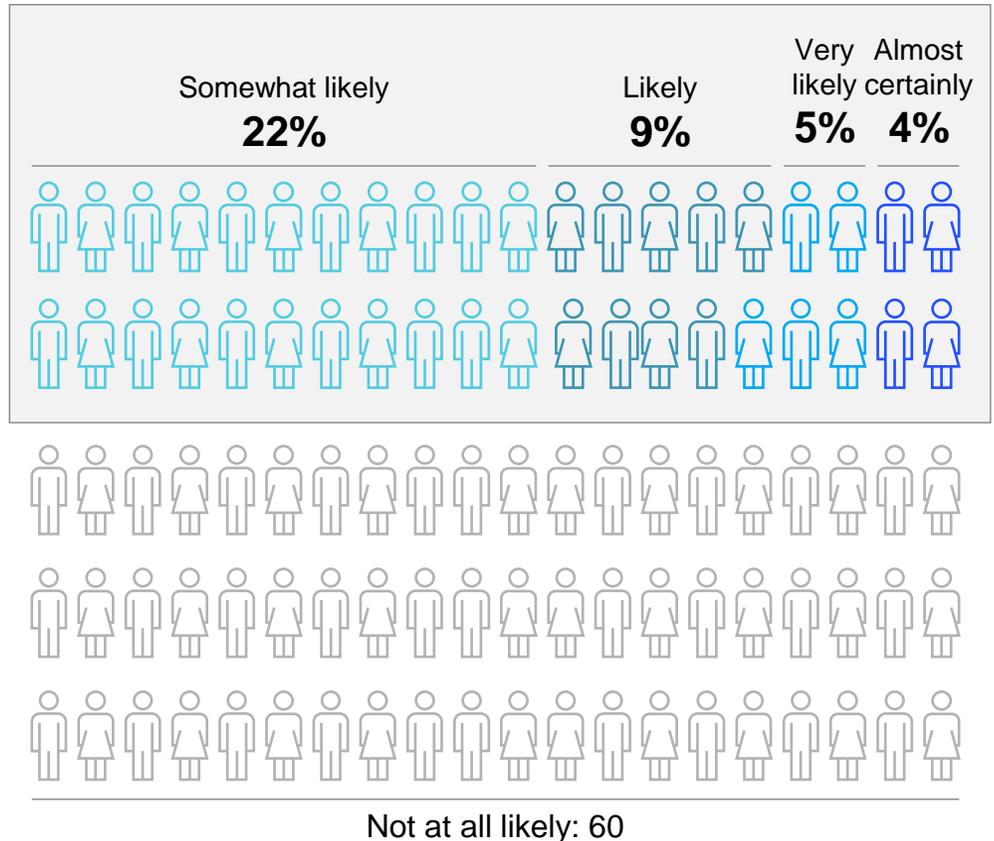


# 1: Employees are considering leaving...

Likelihood that employees will leave their current job in next 3 - 6 months, percent of respondents

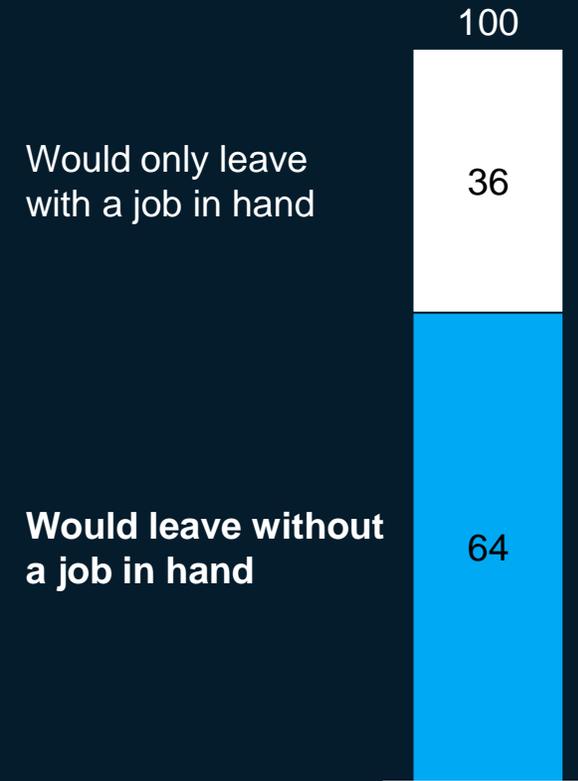
# 40%

of employees stated they are at least somewhat likely to quit in next 3 - 6 months



# ...often without new jobs lined up

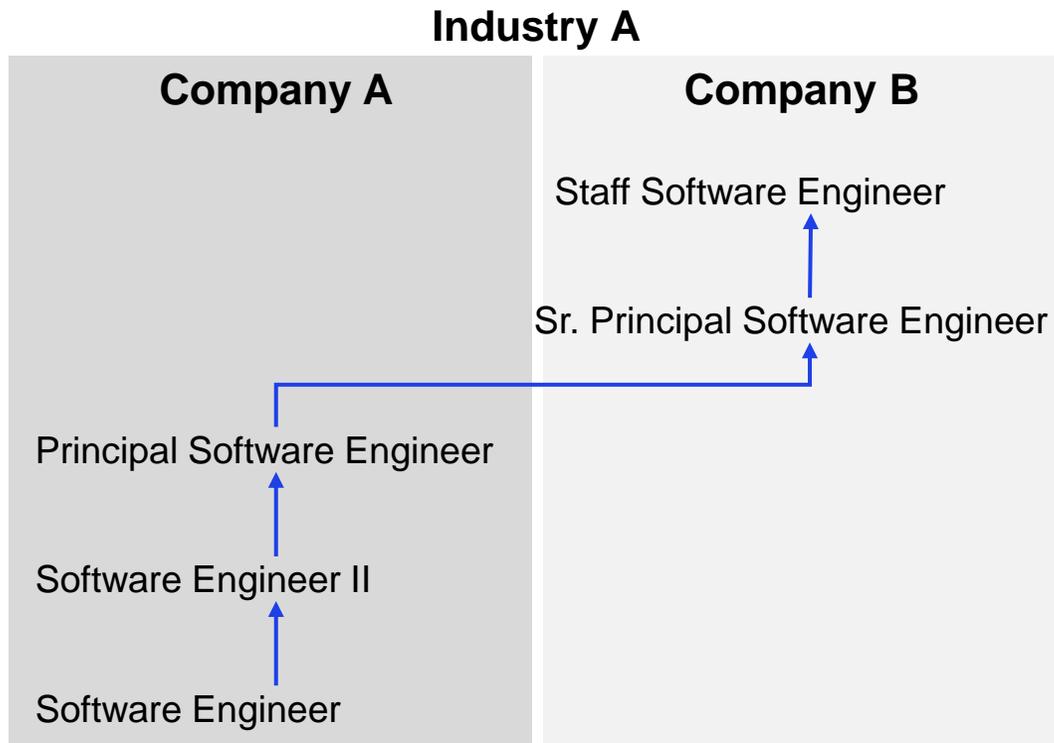
Nearly 2/3 of employees are at least 'somewhat likely' to quit within 3-6 months, percent of respondents



## 2: Employees are seeking a broader range of career options

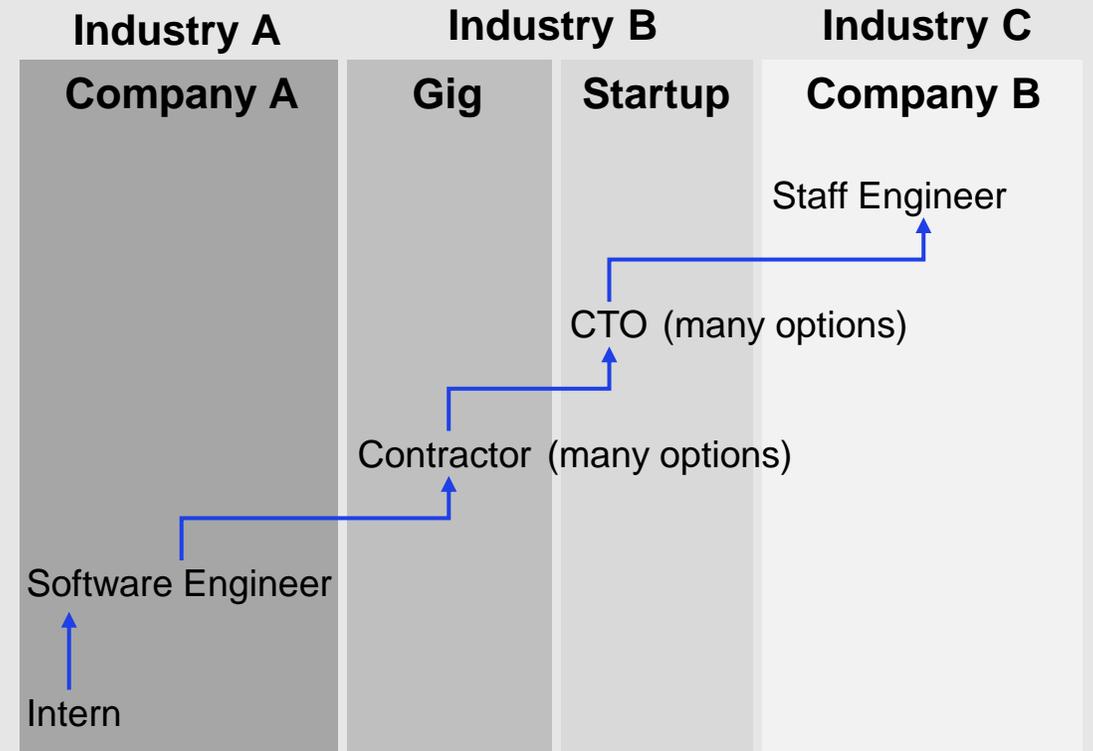
### → Traditional career trajectory

Illustrative



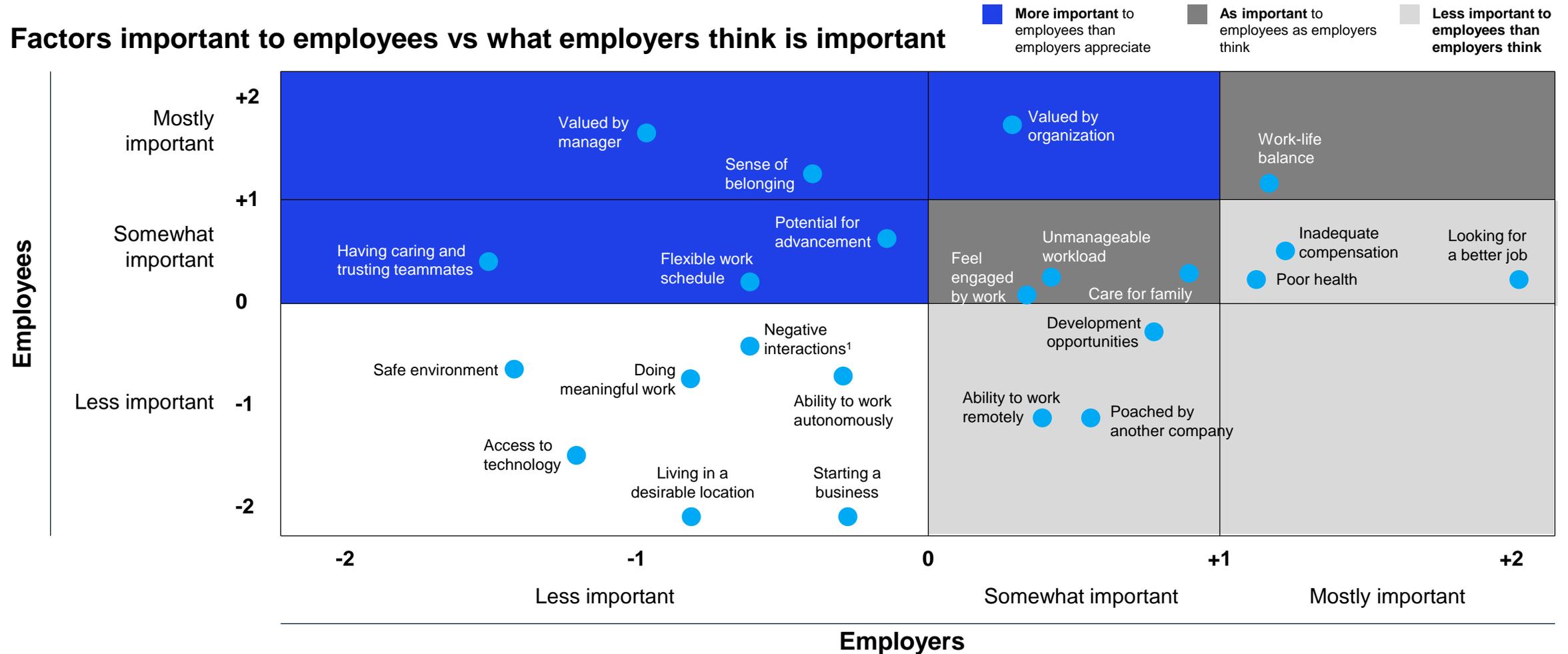
### → Modern career “optionality”

Illustrative



# 3: Because employers do not fully understand *why* employees are leaving, they are struggling to stem the tide of attrition

Factors important to employees vs what employers think is important



Note: Standardized scores are reported for both employee and employer perspectives. Employees were asked to respond to the following questions To what extent did the following factors impact your decision to leave your last job? (Not at all, slightly, moderately, very much, extremely); employers were asked to respond to the following question: Why do you think employees are choosing to leave your organization now? (select all that apply)

1. Includes clients, customers, patients, and students

# 4: Employees are feeling less connected now than ever before

*Since the onset of COVID-19...*



Of employees reported that their **network has grown**

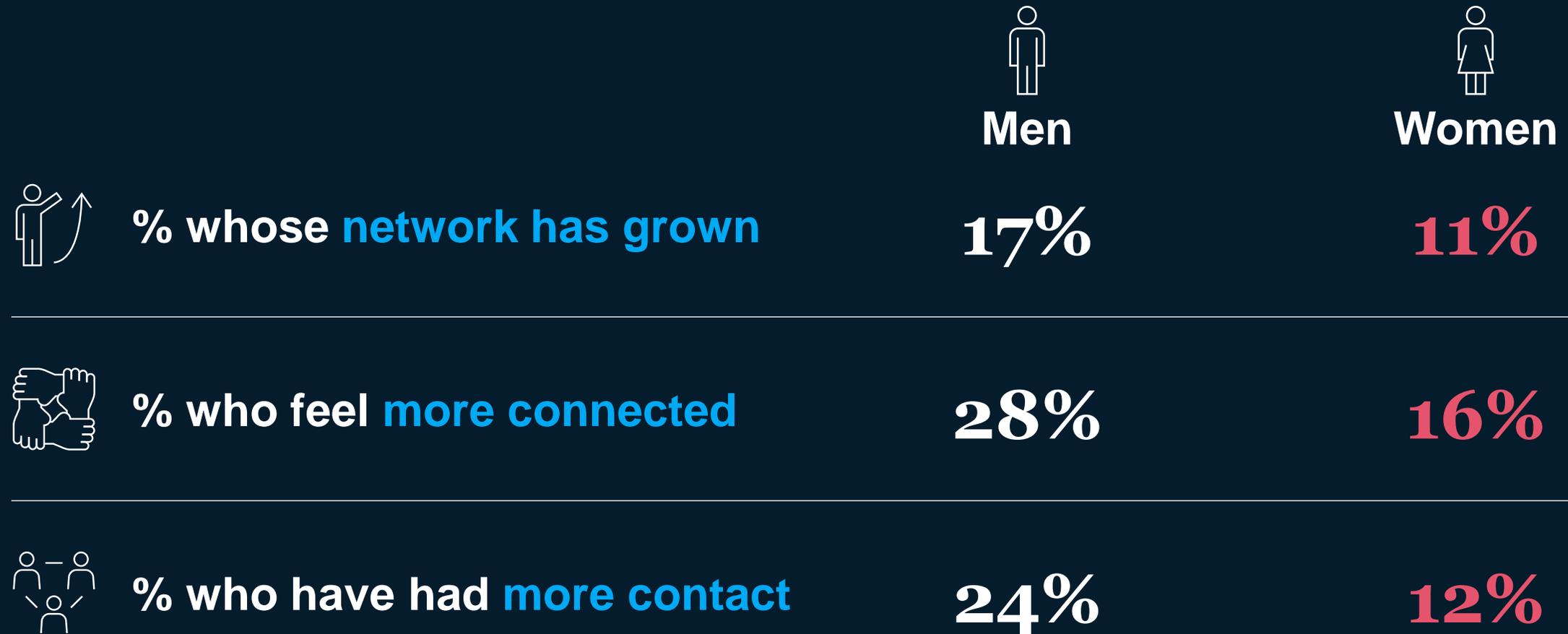


Of employees **feel more connected** with people in their network



Of employees have had **more contact** with people external to their company network

## 4: This lack of connection is amplified for women



# 4: Connections amongst frontline workers have similarly decreased

|  | <br>Senior<br>leaders | <br>Middle<br>managers | <br>Frontline |
|--|--|---|--|
|  % whose network has grown     | 27%  | 14%   | 7%   |
|  % who feel more connected     | 45%  | 22%   | 9%   |
|  % who have had more contact | 37%  | 19%   | 5%   |

# Four unlocks to engage, support and retain employees

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**Re-invest in the role of the manager in supporting employees day-to-day**



**Help employees find their purpose and link it to the company's**



**Go beyond diversity to focus on equity and inclusion**



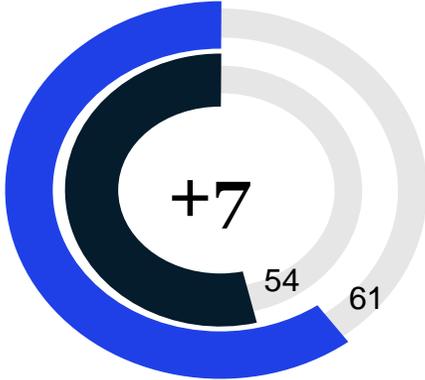
**Prioritize the strengthening of workplace culture and social capital**

# 1: Managers play an indispensable role supporting employees; female managers more consistently take critical actions to do so

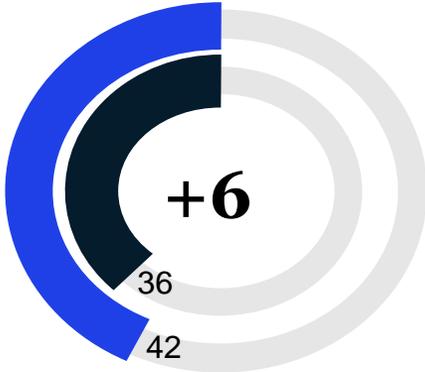
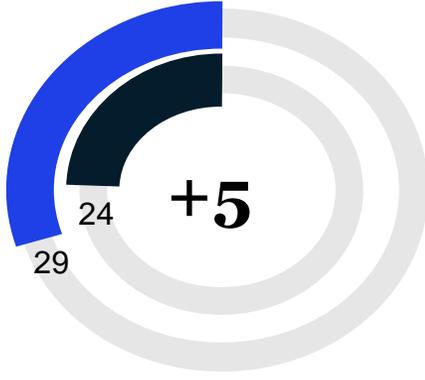
% who say their manager consistently took this action...

■ Employees with women managers ■ Employees with men managers

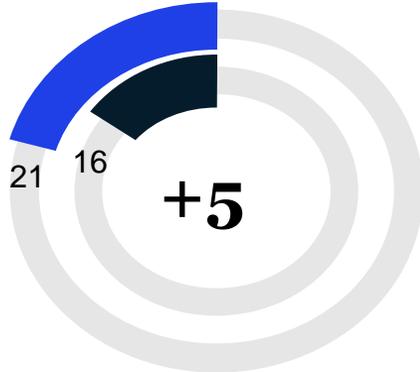
Checked in on overall **well-being**



Helped navigate **work/life challenges**



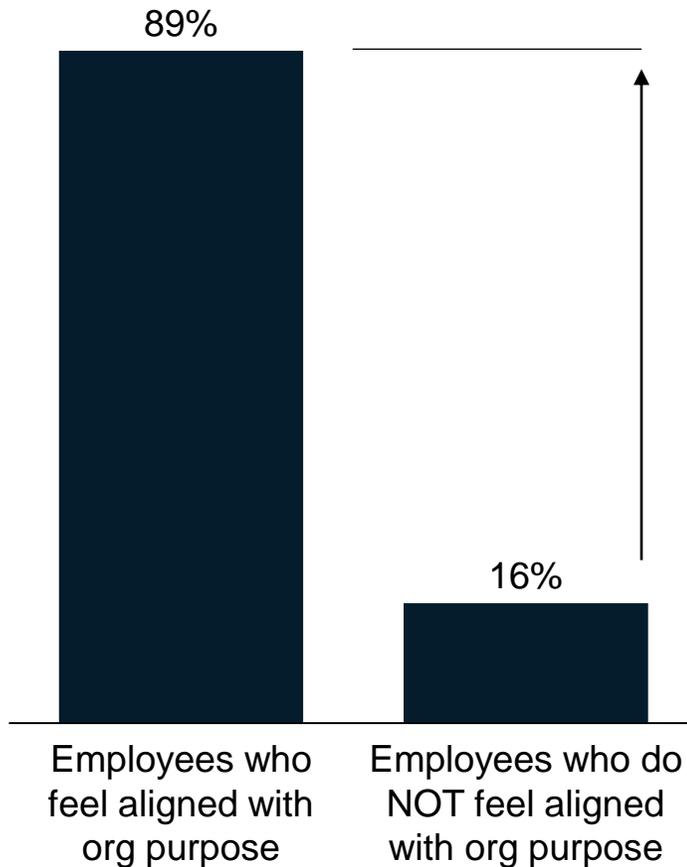
Worked to ensure **workload** was manageable (e.g., shifted priorities or deadlines)



Helped take actions to prevent or manage **burnout**

# 2: Aligning the organization's purpose with individuals' sense of purpose is critical to driving employee life and work outcomes

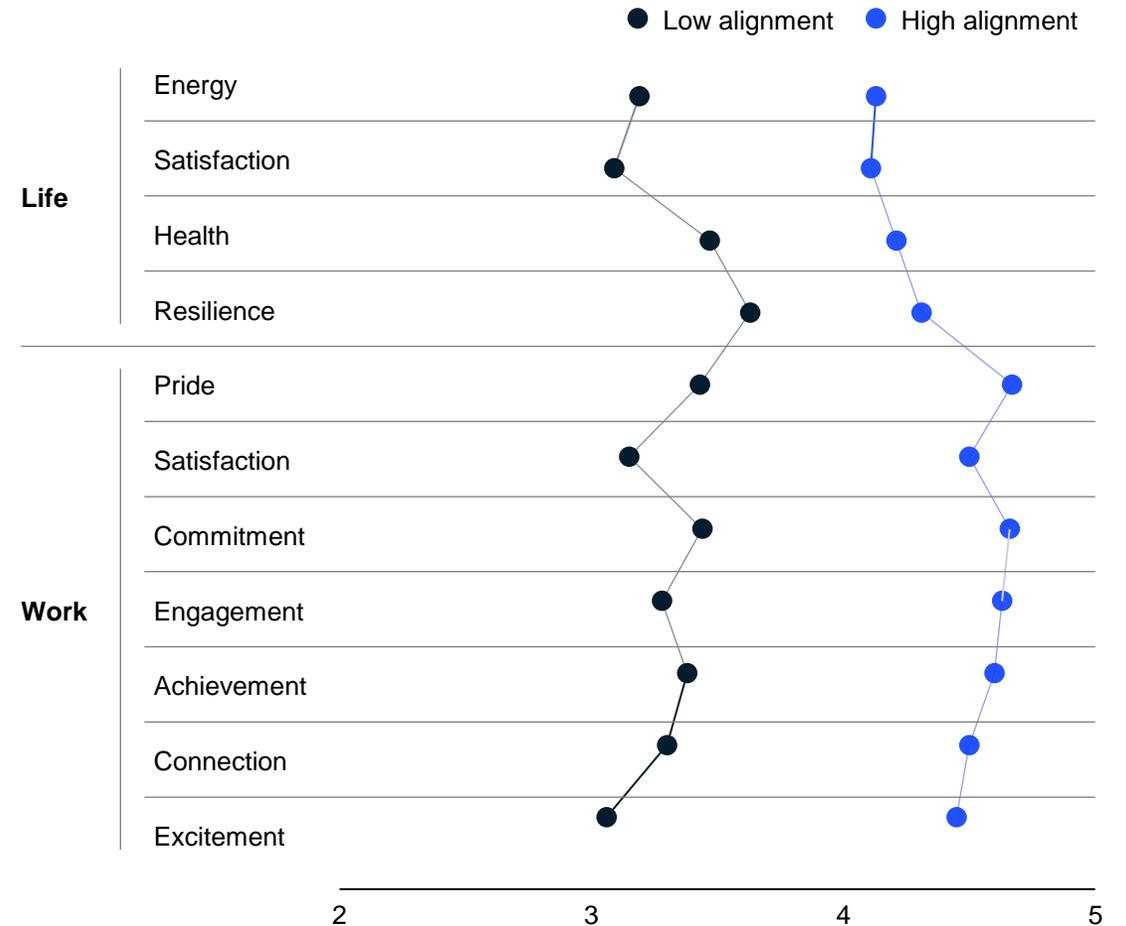
Employees whose purpose is fulfilled by work  
% agreeing



**5.5X**

Employees are 5.5X more likely to say they are fulfilling their purpose at work if their purpose is aligned with that of their organization's

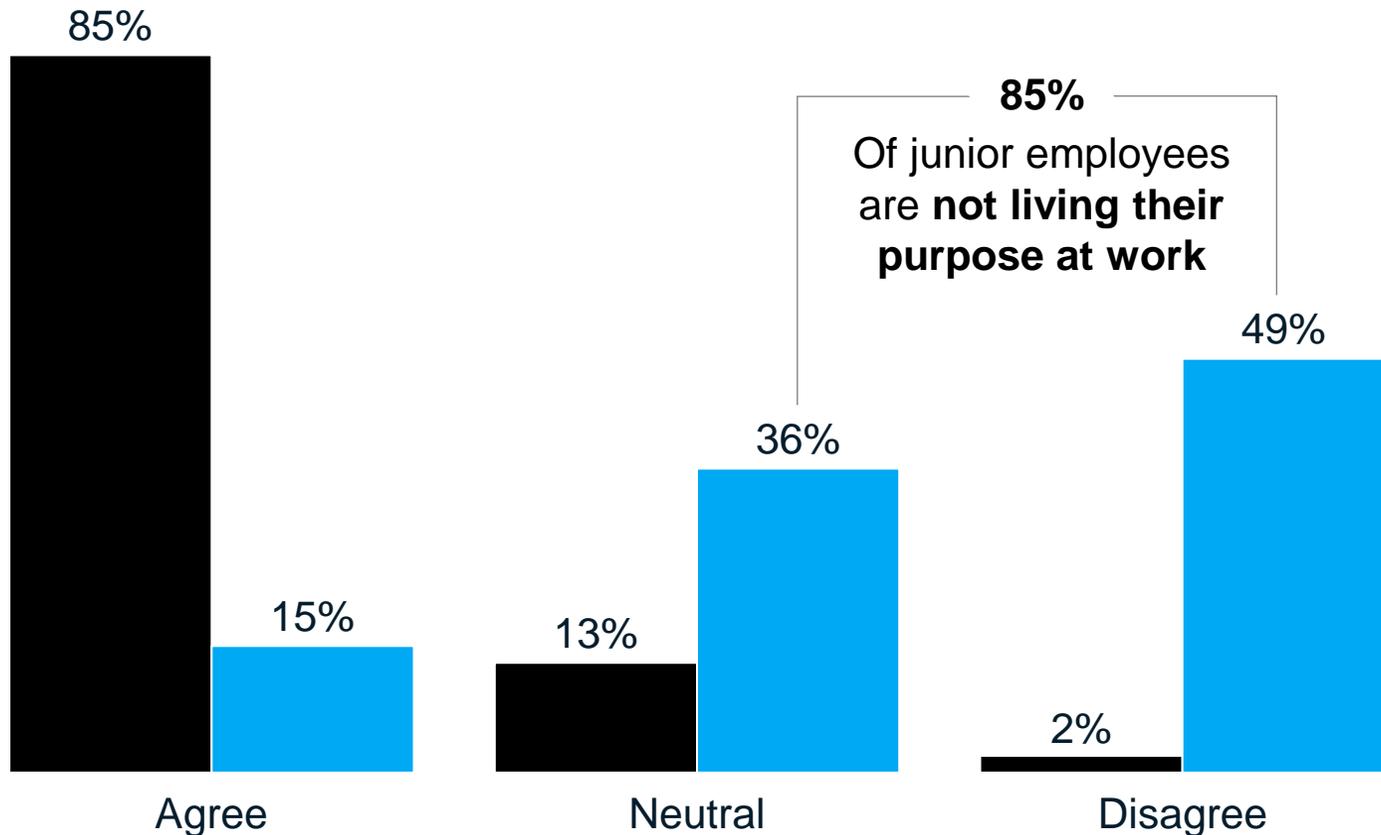
Across the board, employees whose purpose aligns with their org's purpose have better work and life outcomes



## 2: “Purpose gap” between upper mgmt. and junior employees is a call to action

■ Executives & Upper Management ■ Frontline Management & Employees

### Ability to live purpose at work, by role<sup>1</sup>



Source: McKinsey Individual Purpose survey, August 2020 (n = 1021)

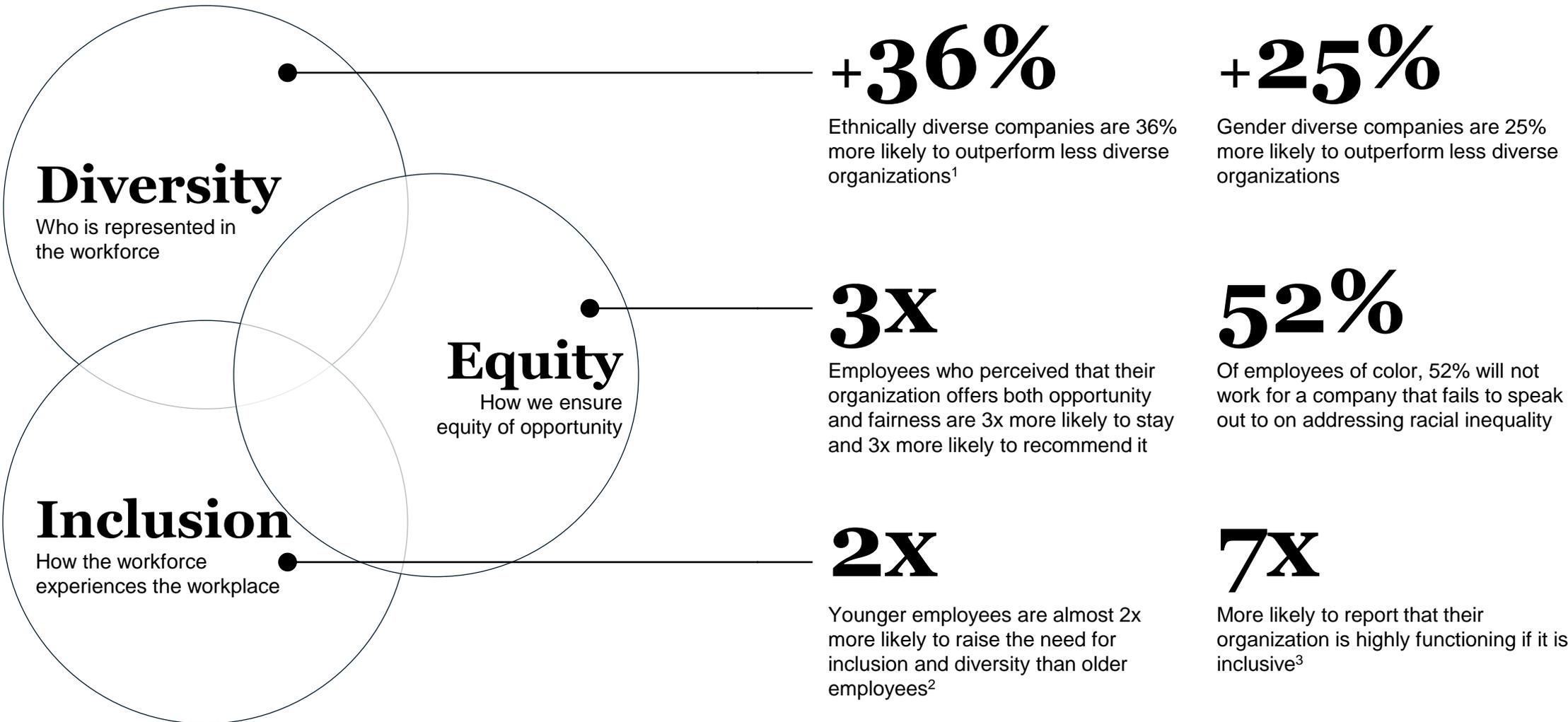
### Junior employees are

**10X** less likely to have an employer provide opportunities to reflect on their individual purpose

**9X** less likely to have a manager foster opportunities to work on purposeful projects

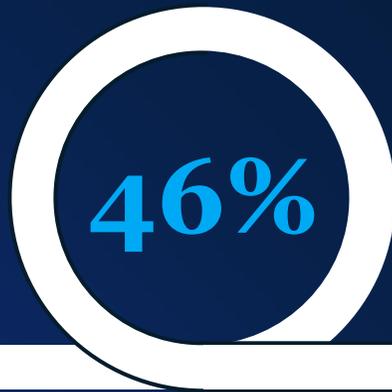
**3X** less likely to see a clear connection between their work and the org's purpose

# 3: A diverse, equitable and inclusive workforce is no longer an option, but a necessity to navigate the future of work

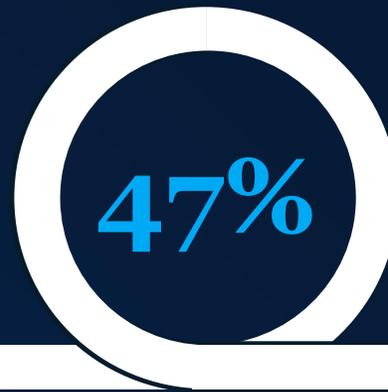


1. Ethnicity defined as all non-white ethnicities. In the US, also includes Hispanic/Latino of any race  
2. Compares employees in middle-management under age of 30 to employees in middle-management between ages 50-60  
3. McKinsey Org Practice inclusion assessment validation research

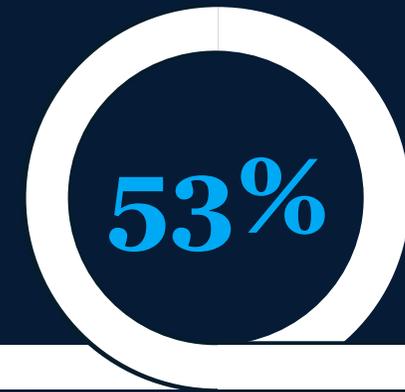
## 4: Employees report having the capabilities to build social capital



**Believe building their professional network is part of their job**



**Report having time to build or maintain their network**



**Know how to build and maintain their network**

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## Summary: what should organizations do to prepare for the future of work?



### 01 Find your true starting point

Identify the critical roles that are responsible for driving outsized value  
Set those roles up for success by de-risking the talent in the roles (e.g., through succession plans, talent investments) and ensuring the organization is setup to support those roles (e.g., through governance, resource allocation)

### 02 Make skill-building a way of life

Define the skillset and expectations for critical roles  
Create foundational learning programs for key skill pools (e.g., digital), as well as customized programs for developing high-potential talent in critical roles

### 03 Take an ecosystem view

Engage partners (e.g., leadership, local ecosystem, tech enablement partnerships) to create an ecosystem to successfully manage, operationalize, and scale reskilling programs  
Emphasize the role of the manager in sustaining culture and social capital and in driving accountability, especially in hybrid work contexts