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# HRBP Quarterly

A Magazine for HR Business Partners  
and Strategic HR Professionals

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# HRBP Quarterly

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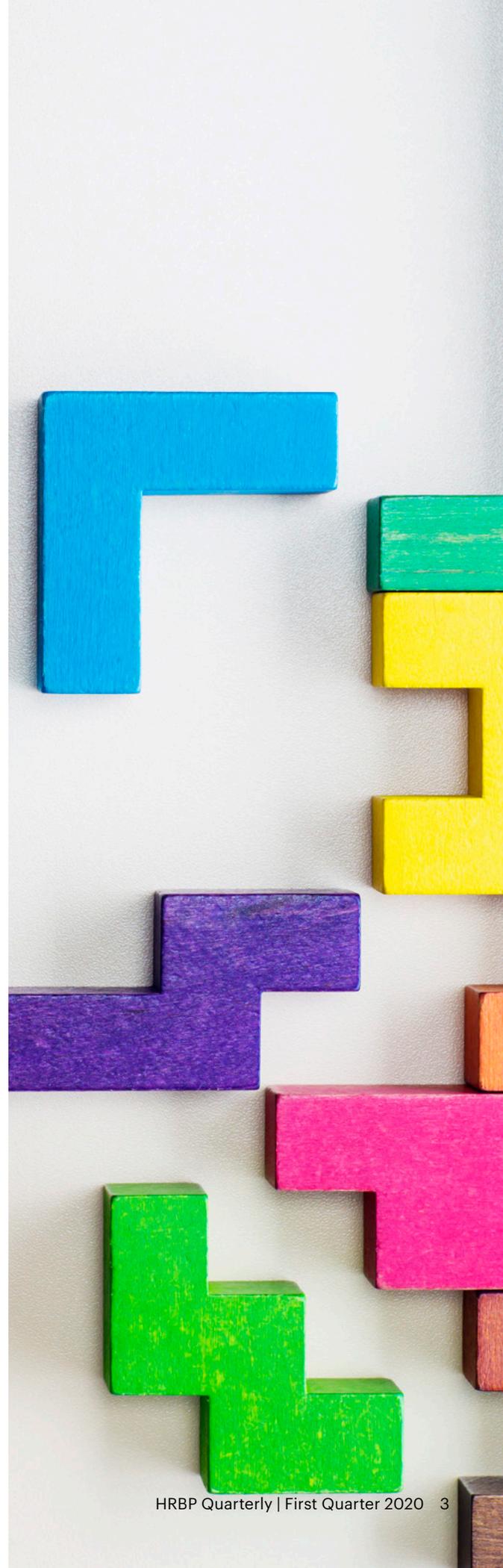
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# Letter From the Editor

With a hypercompetitive external labor market, growing employee career development expectations and rapidly evolving technologies, gaining a competitive edge in the market is more important than ever. Organizations must stay ahead of disruptions in addition to attracting and retaining the right talent to prepare for the future.

To help you face these challenges and meet ever-evolving business needs, this journal provides strategies for improving the employee experience, preparing for the rise and fall of economies and developing agile processes to thrive in the fast-changing business environment. We discuss how to treat employees as an investment rather than a cost, build a vibrant internal labor market to attract and retain critical talent and continue to prepare for the growth of AI and the expansion of job automation.

We hope you enjoy this issue!



# How HRBPs Can Enhance the Modern Employee Experience

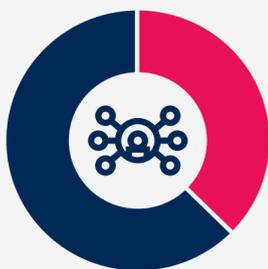
**Only 13% of employees are fully satisfied with their experience.<sup>1</sup>**

**But there are two approaches to improving employees' level of satisfaction with their experiences.**

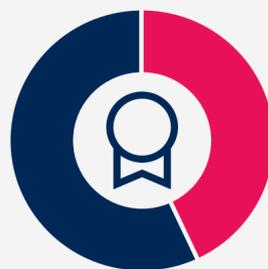


n = 2,848  
Source: 2019 Gartner Modern Employee Workforce Survey

**Organizations that effectively apply a shaping approach can achieve the following effects on employees<sup>2</sup>:**



n = 2,848  
Source: 2019 Gartner Modern Employee Workforce Survey



**However, only 24% of organizations today incorporate shaping into their overall employee experience approaches.**

n = 143 HR leaders  
Source: 2019 Modern Employee Experience HR Leader Survey

## HRBPs Should Focus on Three Aspects of a Shaping Approach<sup>3</sup>



**Shape expectations.** Work with business leaders in your client groups to calibrate employees expectations to your organization's values.



**Shape the day-to-day.** Identify the moments in your client groups' day-to-day workflows where you can empower employees to personalize their experiences.



**Shape the memory.** Work with business leaders in your client groups to manage employees' memories by reframing negative experiences and reinforcing positive experiences over time.

<sup>1</sup> Gartner's employee experience satisfaction measure incorporates employees' satisfaction with a set of experience characteristics (e.g., personalized, easy, seamless) and the relative importance of each.  
<sup>2</sup> Reported talent outcomes compare the maximum outcome difference for employees whose organizations are at a high level. The reported high-performance talent considering approach against the maximum outcome difference for employees whose organizations are at a high level. The reported high-performance talent outcome considers an employee's effectiveness at performing day-to-day work tasks as well as their effectiveness at enabling and improving colleagues' work.  
<sup>3</sup> A "shaping approach" is defined as organizations' effectiveness at managing employees' vision for their experiences, their feelings about their day-to-day experiences and their memories of their experiences.

# Getting Started With an HRBP Approach to Agile

By Caroline Ogawa



In this era of disruption, organizations are leaning on agile principles to remain among the disruptors rather than be disrupted. HR professionals must learn how to get started with agile, reframe agile-ready projects and extend agile experiments to give an organization its competitive edge.

Innovation is no longer a differentiator for progressive companies; it's a necessity for all organizations operating in today's uncertain and fast-changing environment. As new competitors enter the market — competitors not bogged down by rigid workflows — legacy organizations struggle to keep pace. In this era of disruption, an organization's ability to continuously improve and respond to environmental shifts is a basic requirement for relevancy. In other words, organizations must employ an “operational judo” and use their opponents' strengths against them — applying the same fast and responsive principles that have allowed new competitors to upend giants.

Agile workflows have been bubbling up as a way for organizations to regain and sustain competitiveness. Legacy organizations traditionally use static and predictable processes and place employees within rigid structures. This approach creates slow, unresponsive and inflexible organizations. To combat this, the technology industry pioneered agile design thinking, a theory based on continuous feedback and frequent iteration.

In stark opposition to legacy operating models, an agile framework continuously cycles through three phases: build, test and learn. Organizations and teams struggle to invest the minimal amount of time and effort needed to build a viable product, quickly test it and receive feedback. They then use that feedback to iterate and refine products to better meet customer needs and expectations.

To encourage and ensure customer centricity, agile approaches prioritize outcomes, meaning success is measured by the impact a project has on the business rather than extraneous metrics that only loosely relate to organizational success. In times of economic downturn, agile's emphasis on quick responsiveness and business outcomes can enable one organization to invest wisely and thrive while others may remain conservative and wither.

While most organizations will stall in Stages 1 or 2, the ideal process for agile adoption involves three stages overall:

- Getting started with agile
- Agile at maturity
- Agile mastery

## Getting Started With Agile: Pilot Projects

HRBP can apply agile principles to an entire organization, use them within individual teams or even confine them to individual workflows. Many of your current tasks would likely benefit from a more iterative and responsive process. However, as you begin to brainstorm potential projects with which to practice these principles, keep in mind that not all challenges are suitable for an agile approach.

## Elements of an Agile Project

In reviewing the elements of an agile project below, consider which of your tasks best fit these characteristics. Those will be the tasks most suitable for experimenting with agile pilot processes.

### Suitable Project Scope

To ensure the projects you select for agile pilot processes have an appropriate scope, consider the following:

- **Project characteristics** — Ideal projects for an agile approach tend to have uncertain elements that enable experimentation. They are not subject to regulatory restrictions and have a limited scope with limited spillover for confined and measurable impact.
- **Shareholder characteristics** — Shareholder relationships are always a critical component when working with the business, but they're especially important for agile project management. When assessing project stakeholders, it's important to seek those who are open-minded, judicious, experimental, decisive and risk-oriented.
- **Resourcing levels** — Appropriate projects should also carry a reasonable amount of resources to support a diverse team and enable flexibility and experimentation.

### Diverse Teams

Unsurprisingly, the project you choose to tackle with an agile approach will only be as successful as the team you bring together to support it. When assembling your team, strive for the following:

- **Relevant skills** — When choosing team members, prioritize those who bring skills relevant to the given goal. It's important to have specialized team members who can carry the project from end to end as opposed to generalists who need to seek external support.
- **End user team members** — Strive to include end user team members, meaning team members who will also serve as end users of the product you develop. This will provide a built-in feedback mechanism as you pare down ideas and prioritize efforts.

- **Strong managers** — All teams require strong leadership to manage and motivate them. In agile teams, however, equal weight should be placed on people management and product management. Look for experts in each.

### Shorter Cycles

Agile design principles are defined by short and focused work cycles. The following terms may help structure your agile pilot:

- **Minimum viable product (MVP)** — An MVP is a deliverable with just enough features — produced using the minimum required effort — that is still recognizable for end users to test and evaluate. Organizations use MVPs to test new ideas with a minimal investment of resources. If the idea flops, the team can easily move on without great loss.
- **Design sprints or hackathons** — Agile teams may employ sprints or hackathons — time-bound work sessions with clear deliverables — to keep pace and remain outcome-focused.
- **Scrum** — To enable the flexibility an agile approach requires, teams use short, 15-minute meetings to reorient around shared goals and outcomes and ensure the entire team is aligned properly.

### Fail-Fast Processes

As you begin experimenting with agile principles, the following criteria can help you focus on the build-test-learn cycle.

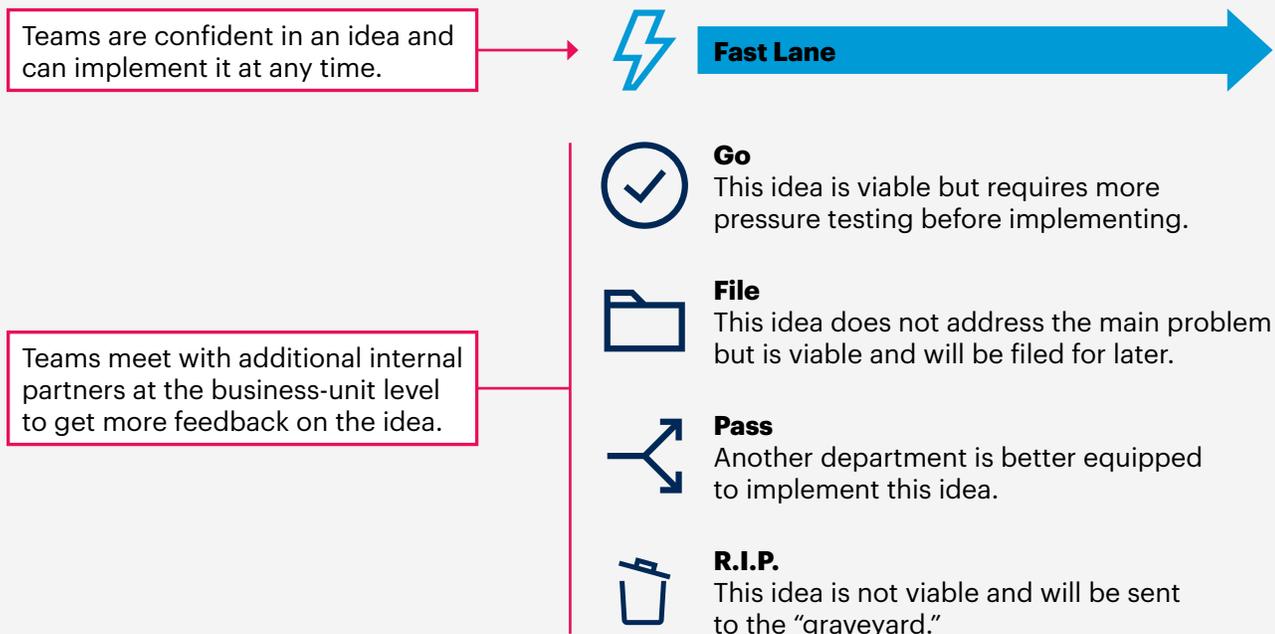
- **Experimentation** — Agile teams must enable experimentation with a risk-tolerant mindset to yield the ideas that will truly stretch traditional thinking.
- **Feedback** — To spot issues early, agile teams must incorporate frequent opportunities for feedback to test products in the real world and use those findings to improve MVP iterations.
- **Failure triggers** — It's as critical for teams to create markers for failure as it is to create markers for success. Guidelines for what constitutes a failure will enable teams to know when they should continue to press and when it's time to move on from an idea without overinvesting their time and resources.

### Case in Point: CSR

To formalize its failure triggers, CSR, a building materials company in Australia, introduced an evaluation process it calls the “stage gate framework” (see Figure 1). When evaluating proposed MVPs, CSR uses the stage gate framework to determine whether it will proceed with the project, file it for later use, pass it to another team or department, or terminate the idea.



**Figure 1: CSR’s Stage Gate Framework**



Source: Adapted From CSR

## Agile at Maturity: Agile and the HRBP Role

In addition to tackling stand-alone pilot projects with an agile approach, organizations with agile maturity may take a more holistic approach and incorporate a process for continuous improvement into functionwide workflows. For HRBPs, that may mean tackling traditional processes such as performance management with a continuous approach.

The goal of performance management in a traditional model is to provide a retrospective evaluation of the workforce. In an agile approach, the goal is not only to look backward and rate the past but also to learn from employees’

experiences and improve the performance management process and the employee experience moving forward.

To increase agility in the performance management process, HRBPs must reframe the current process:

- Stop focusing on the past, and start focusing on the future.
- Stop calibration sessions, and start continuous feedback.
- Stop focusing on the individual, and start focusing on the team.
- Stop thinking in terms of time-bound projects, and start thinking in terms of ongoing processes.
- Stop recruiting for one role, and start partnering with the business to learn about its needs.

## **Agile Mastery: Agility at Scale**

Agility mastery will enable fast and responsive practices throughout an organization. At this level, HRBPs will not only deploy temporary agile pilots or institute agile processes within the HR function but also enable agility at an organizational level. Agile HR groups build and enable a flexible operating model — or, at the very least, work to actively reduce the friction within the structures, workflows and processes that can slow an organization.

In this environment, it's incumbent upon HRBPs to partner with relevant business units

and not only respond to their changing needs but also diagnose the external environment, predict necessary changes and enable those for the business.

## **Conclusion**

While there's no “right way” to approach agile, beginning with well-suited stand-alone projects will enable HRBPs to better serve client groups through relevant and responsive partnerships. Especially relevant in today's economic climate, HRBPs who can enable experimentation through wise investments and shed inefficiency will be the differentiators that propel an organization past a stagnant competitive landscape.



# HRBP Guide to “Winning in the Turns”

By Akshita Singla

This research helps HR professionals prepare for economic downturn by strengthening three pillars for winning in the turns: strategy, talent and cost.

Falling profitability is now an observable trend among large and small organizations in multiple industries. The labor market also remains very tight for some critical talent. Unemployment continued to dip throughout 2019, perhaps sinking to 3.50% by the end of the year.<sup>1</sup> These

trends and the nature of the economic business cycle present times of uncertainty for every organization. Uncertainty is a “turn,” a shift from the straightaway of momentum, and it affects how organizations plan and manage their activities, resources and capacities.

During the financial crisis of 2008 through 2010, leaders broke away from the competition and achieved efficient growth. A select few companies — just 60 of the largest publicly traded companies in the U.S. and Europe — ended up as “winners.” In these organizations, the executive team’s actions created the core strength required to win in the turns. For leaders to strengthen the core, HRBPs must push their business leaders and be strategic partners.

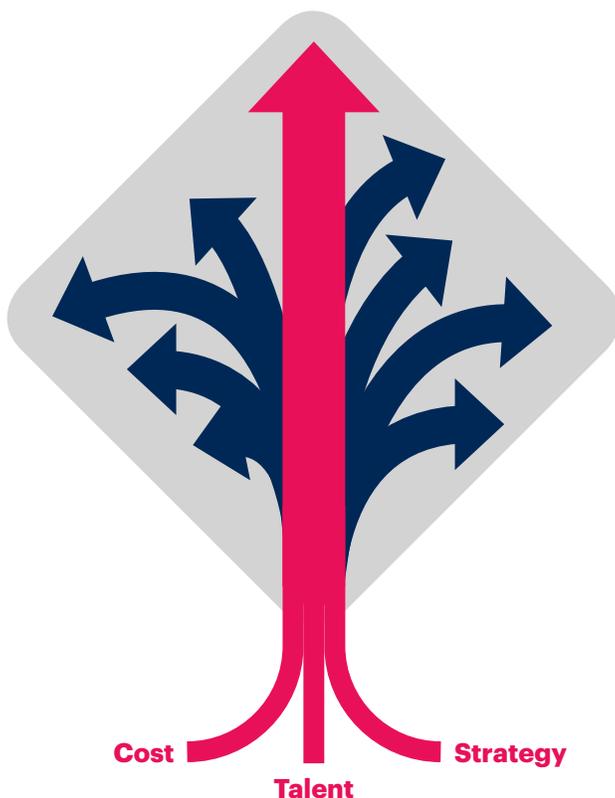
HRBPs must acquire information (business acumen) and work with leaders to understand business priorities and support them through three pillars (see Figure 1):

- Strategy — Preparing to act confidently amid uncertainty
- Talent — Positioning talent to sustain transformation progress
- Cost — Allocating resources and executing processes with discipline

## Strategy: Preparing to Act Confidently Amid Uncertainty

A strategy that is reviewed every three or five years will not work when the turns come quickly. Instead, HRBPs must work with business leaders to continually monitor the business context for changes and update business strategy whenever the environment shifts.

**Figure 1: Pillars for Winning in the Turns**



Source: Gartner

Most leaders consider a strategy to be something they should complete. Yet it could be advantageous to more quickly implement an initial version of the strategy using the data available at the time and then update it as you receive new information. In times of uncertainty, HRBPs must focus on:

- Building a dashboard with a set of early-warning talent indicators to predict the downturn — Increase your chances of quick and accurate prediction by drawing from multiple data sources, which mitigates the risk and influence of any single outlying indicator.
- Ensuring employees are best-positioned to respond effectively to an impending downturn — Gather information from leaders on changes in your strategy and challenges and the impact on employees.
- Proactively and transparently communicating with leaders — Share the results of the cross-functional dashboard, making leaders aware of potential downturns as early as possible and actively involving them in preparations.

## Talent: Positioning Talent to Sustain Transformation Progress

The turns are an opportunity to revamp your organization's playbook for hiring, development and performance management. While unemployment has plunged — especially in the U.S., where it is at its lowest rate in decades — the talent base has become dissatisfied.<sup>2</sup> Intent to stay and discretionary effort levels are at all-time lows. Yet companies need a highly engaged workforce to drive change and handle significant uncertainty.

A disengaged high performer is as likely to leave as colleagues who aren't high performers. In fact, this is a good time to identify struggling competitors and reach out to their high performers. When disruptions occur, motivated people want to be on a winning team. But, at the same time you're bringing in new high performers, you must hold on to the part of the workforce you'll need to scale up quickly as opportunities materialize. Instead of firing people you may need to rehire in a year, consider furloughs as a means to lower labor costs.

You can also help employees stay excited about innovation by forging social networks that help their breakthrough insights get noticed and implemented. Additionally, you might emphasize reskilling. Help employees see the personal advantages of continuous learning by connecting development to their daily work as well as their broader aspirations, and cultivate the capabilities that often matter most to the business, such as digital dexterity.<sup>3</sup> Employees with high levels of digital dexterity are quicker to launch, finish and achieve the outcomes they seek from digital initiatives.

Talent questions for HRBPs to consider include:

- What critical skills will we need to successfully take advantage of this turn, and how do we ensure we have those capabilities available?
- What roles can we automate to make room for those skills, and how do we manage that change?
- How do we train our leaders to manage teams differently as we push through the turn?
- Are we aligning performance goals and incentives with the behaviors we want employees to exhibit?

## Cost: Allocating Resources and Executing Processes With Discipline

During turns, organizations start cutting costs through practices such as laying off employees and reducing HR budgets. But HRBPs need to understand the cost implications for their

function and the organization as a whole. Generally, organizations respond to downturns by trimming their L&D budgets. In reality, however, they need to prepare employees for the future. Therefore, HRBPs should focus on cost optimization by focusing on long-term goals for their teams rather than cost cutting.

Cost questions HRBPs should ask leaders include:

- What budget constraints are you planning for in the next 12 months?
- What metrics do you need from HR to help you feel confident in your team-related decisions?
- Which existing resources and technologies can we better utilize by enabling employees?
- How much transparency would you want while communicating cost decisions to employees?

## Conclusion

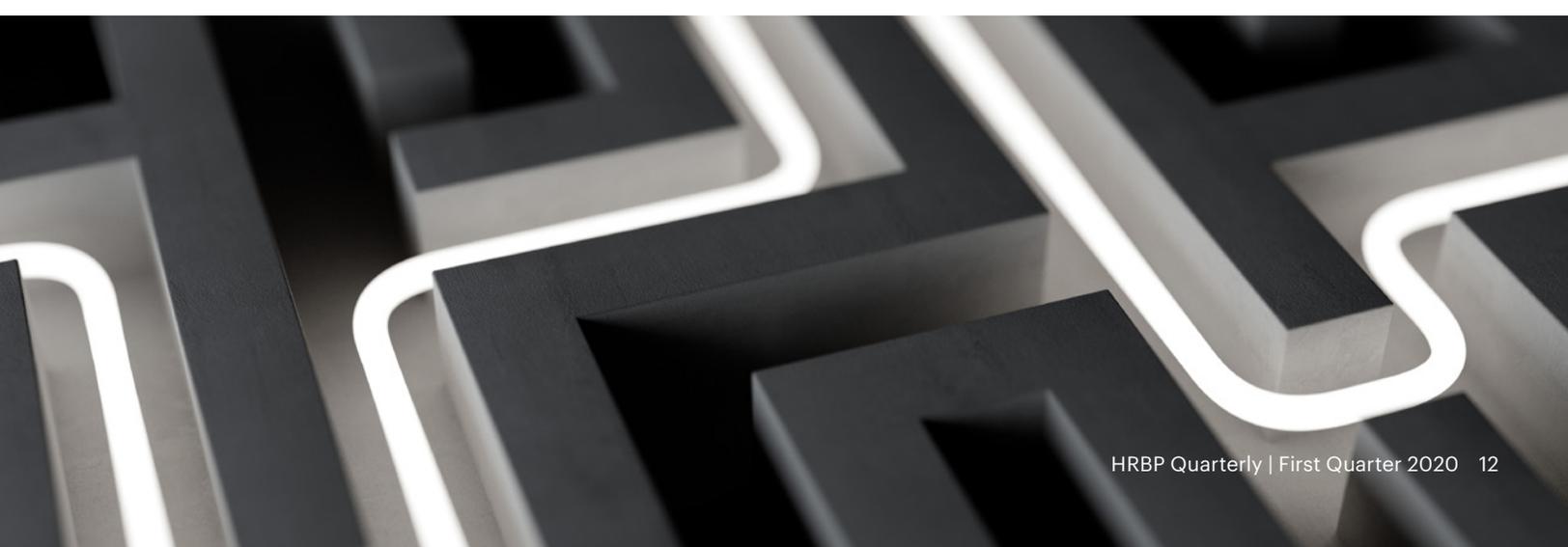
Most HR functions struggle to monitor the economic business cycle and anticipate economic uncertainty and downturns. As a result, HR can find itself reacting to downturns by making ad hoc cost cuts instead of anticipating and preparing for a business decline. Instead, HRBPs should focus on building their organizations' talent pipelines and predicting downturns ahead of time to build strong strategies.

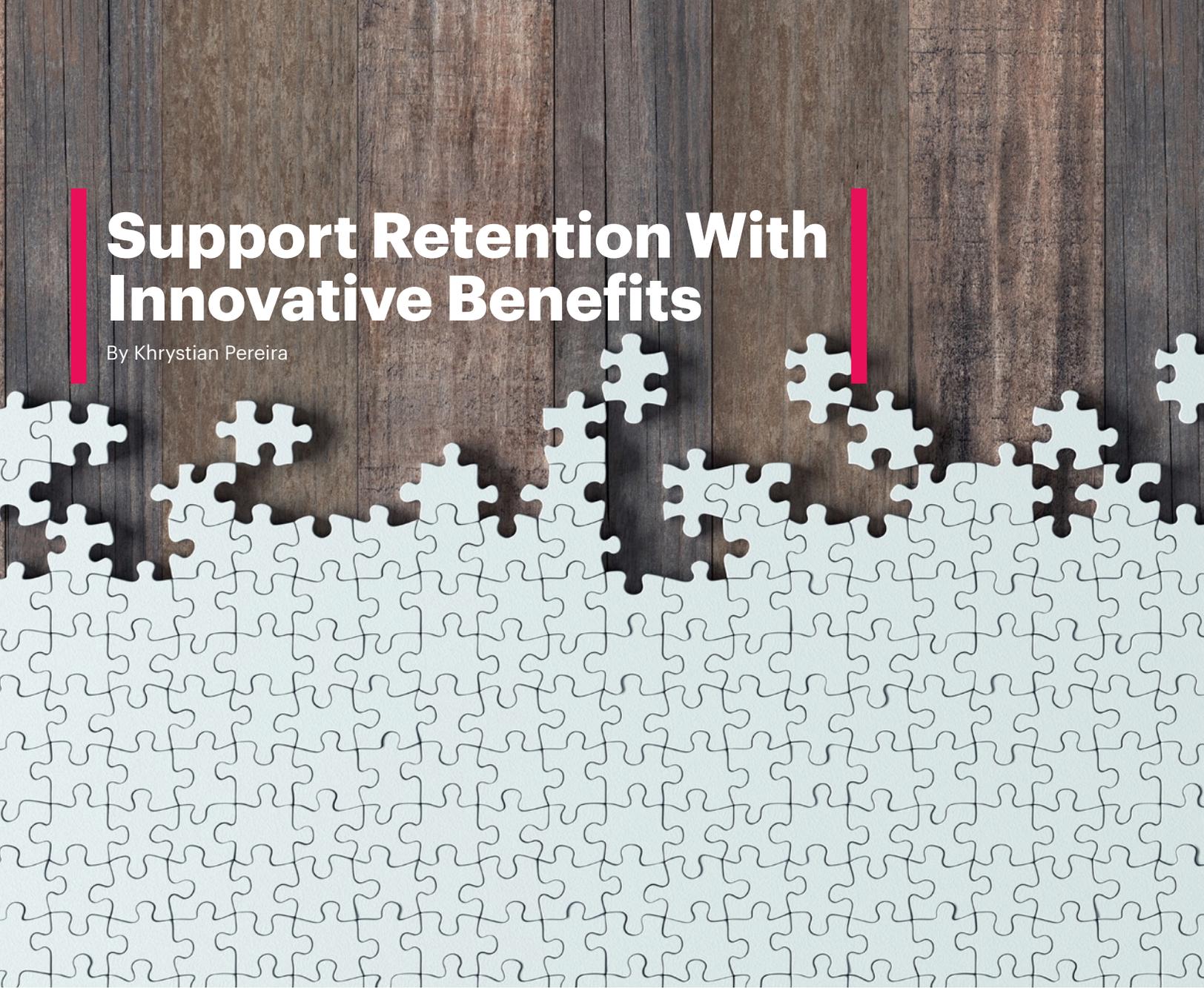
### Endnotes

<sup>1</sup> "Unemployment Rates and Earnings by Educational Attainment." U.S. Bureau of Labor Statistics

<sup>2</sup> Gartner (2019)

<sup>3</sup> Digital dexterity encompasses the ability and the ambition to build digital businesses as well as use data and technology, adapt to shifting requirements and make iterative progress.





# Support Retention With Innovative Benefits

By Khrystian Pereira

HR professionals can help organizations enhance their EVPs by identifying what their client groups value and need. Traditionally, EVPs have focused on PTO, health benefits and retirement support; however, younger employees expect more innovative options to better fit their lifestyles.

In a competitive labor market, organizations must be strategic when attracting, hiring and retaining employees. Attractive employment value proposition (EVP) benefits are one way to do so. EVP is a set of attributes that the labor market and employees perceive as the value gained through employment with an organization. An effective EVP extends the organization's reach into the labor market and supports employee retention.

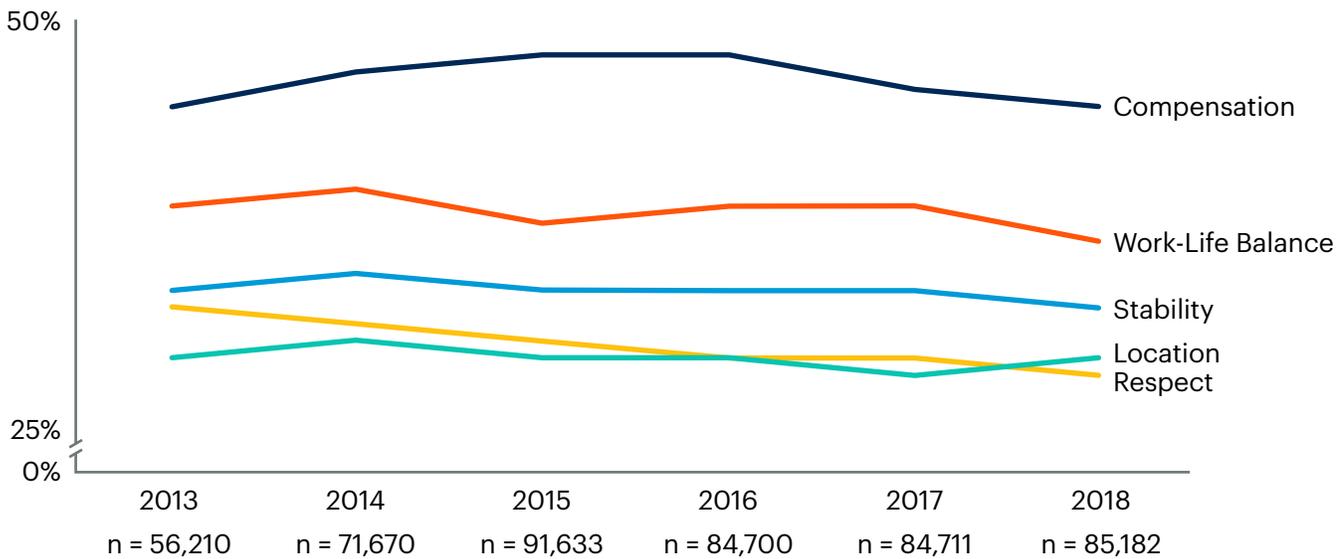
To keep up with the demands of younger generations, such as millennials and Gen Z, organizations must be creative when designing their EVPs. Such creativity helps them maintain a competitive edge and attract top talent. The U.S. Census Bureau projects there are nearly 73 million millennials in the U.S., and about

56 million of those are in the workforce.<sup>1</sup> This increase in the younger-generation workforce has caused benefits preferences to shift over the years. However, from 2013 through 2018, the top five EVP components have remained the same,

with compensation and work-life balance as the top drivers of attraction for candidates (see Figure 1). Future career opportunities has remained the top attrition driver over that same period (see Figure 2).

**Figure 1: Top Five Global EVP Attraction Drivers**

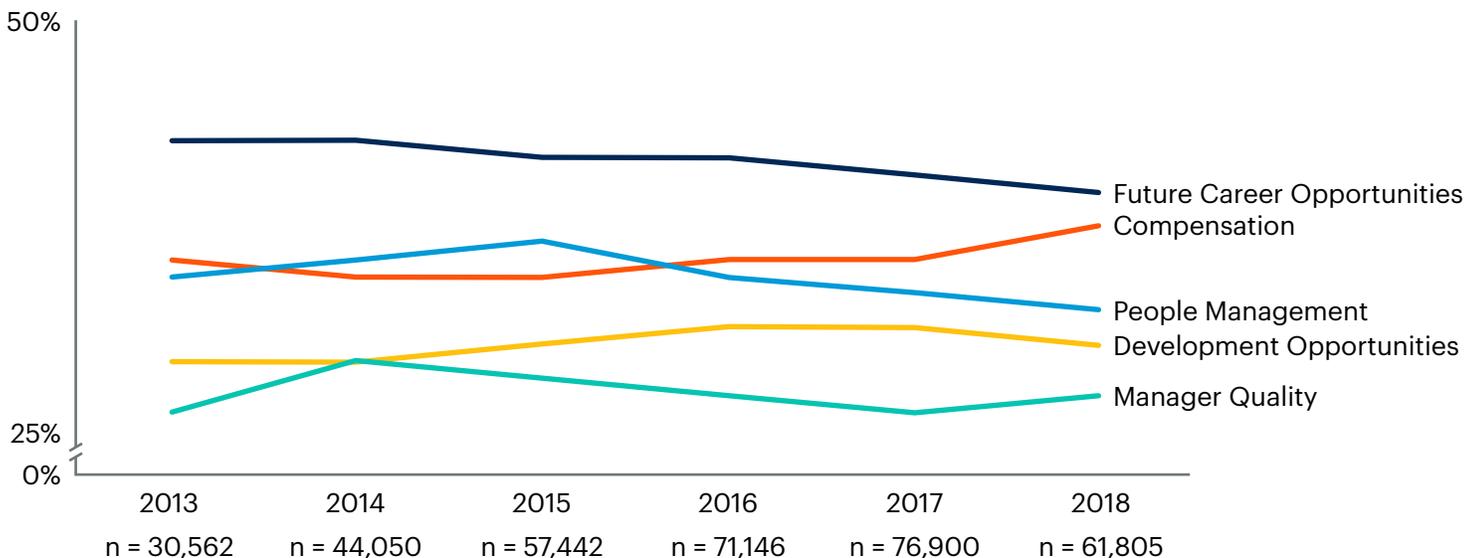
*Percentage of Respondents*



Source: 2013 through 2018 Gartner Global Labor Market Surveys

**Figure 2: Top Five Global EVP Attrition Drivers**

*Percentage of Respondents*



Source: 2013 through 2018 Gartner Unified Benchmark Platforms

By offering traditional benefits, such as health insurance, PTO, parental leave, retirement options and employee development, organizations can help relieve employee stress and empower their employees to be present and more productive at work. Health concerns, family commitments and financial stability are common causes of absenteeism. Of course, organizations cannot prevent employees or their families from getting ill, but they can support employee well-being by creating a healthy work environment.

Organizations offering a competitive benefits plan can improve employee satisfaction and morale while ultimately boosting employee engagement.

For example, offering employees flexible work arrangements can reduce the amount of work those employees have to miss due to external circumstances. If employees can work from home when it's convenient, they can take care of personal responsibilities while maintaining work productivity.

Strong benefits plans can set a company apart from its competitors and improve its

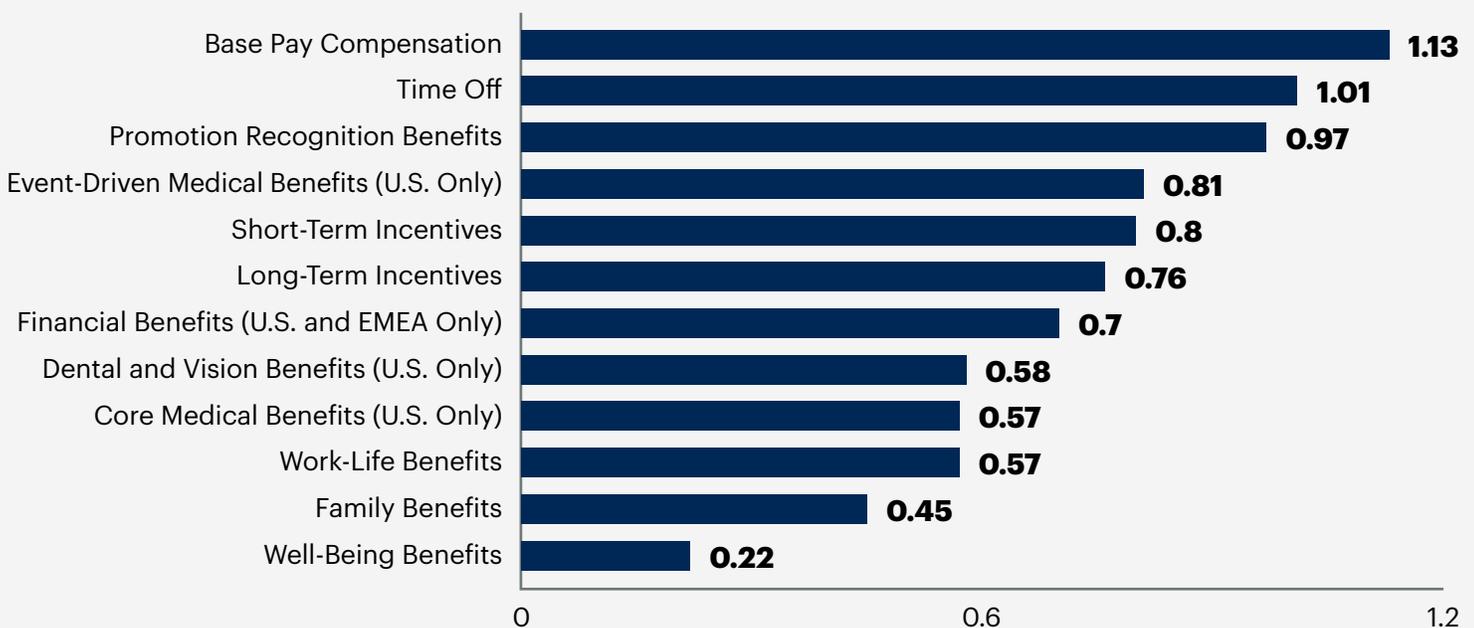
bottom line. By encouraging work-life balance, offering flexible work schedules and promoting professional development opportunities, organizations give their employees a reason to commit. Competitive salaries may attract candidates at first, but compensation in addition to great benefits will help retain them.

## The Benefits Employees Want

To develop an EVP that reflects what your employees value, listen to and survey your employees to gauge which benefits they most value and need. Figure 3 indicates employees' sensitivity to changes in benefits categories. A higher score indicates employees place more importance on that rewards category. Sensitivity scores are scaled to a baseline of 1.0, which equals employees' sensitivity to a change in base pay. Base pay and time off are the top attraction drivers, both exceeding the baseline. Well-being benefits, at only 0.22, hold the least interest for employees (see Figure 3).

**Figure 3: Employee Preferences for Benefits Programs**

*Sensitivity Score<sup>a</sup>*



n = 10,539

Source: 2019 Gartner Unified Benchmark Platform

<sup>a</sup> Scores indicate how sensitive employees are to changes in a category. A higher score indicates that employees place more importance on that rewards category. Sensitivity scores are scaled to a baseline of 1.0, which equals employees' sensitivity to a change in base pay.

HRBPs should be knowledgeable about their companies' benefits budgets and connect with the total rewards function to effectively recommend unique and innovative alternatives to their EVPs.

## Innovative Benefits

Innovative perks (nontraditional boutique benefits) increased in prevalence from 2016 through 2018, with two-thirds of organizations (67%) offering at least one in 2018 (see Figure 4). Innovative benefits have varying impact on employees' perceptions of an organization's EVP.

HRBPs should work with their total rewards functions to gauge whether these innovative perks can be useful in supporting talent retention. You may also find that some organizations provide alternative benefits types that can further attract and retain talent. Following is an overview of some of these benefits.

## Wellness Subsidies

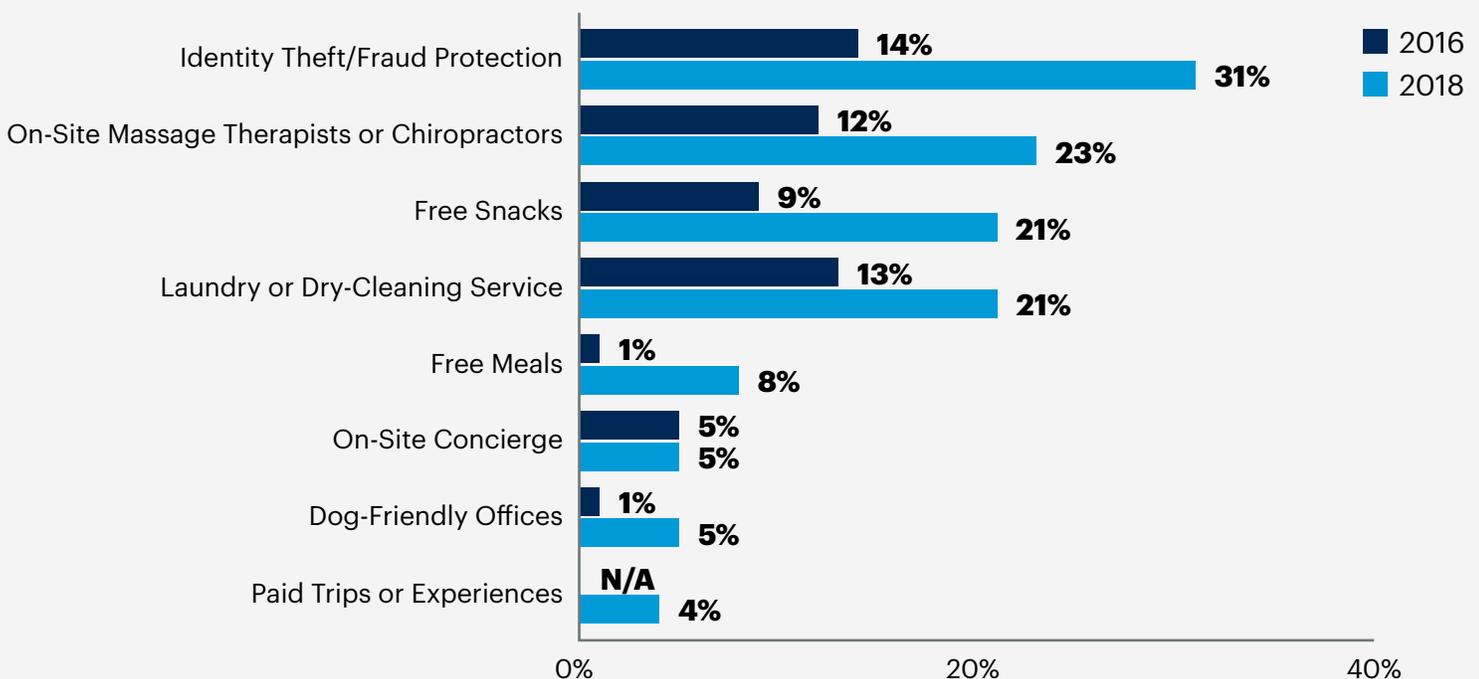
While health insurance remains vitally important to members of a younger workforce, organizations that support maintaining a healthy mind and body can be more competitive in the labor market. Wellness programs can help create a culture of health and boost your employees' productivity and engagement. Examples of wellness subsidies include activities that promote good health, such as IncentFit, on-site gyms or gym memberships.

## Mental Health Insurance

Today, most people in the U.S. have insurance, but their coverage does not include mental or emotional support. Nearly one in five adults has a mental health condition but lacks access to mental healthcare.<sup>2</sup> According to the Patient Health Questionnaire-9 (PHQ-9), which evaluates the degree of depression severity, employees who are struggling with mental health are less engaged at work, and their productivity can

**Figure 4: Prevalence of Innovative Perks**

Percentage of Organizations



n = 97 (2016); 90 (2018)

Source: 2016 Gartner Remote Work and Innovative Perks Quick Poll; 2018 Gartner Comprehensive Benefits Benchmarking Survey

drop by nearly 2% for every one-point increase in their questionnaire scores.<sup>3</sup> HRBPs can help their organizations support employees by providing employees with resources and information to manage their mental health.

## Flexible Work Environment

Having a flexible work schedule and telecommuting options is a growing expectation among millennials. About 34% of millennials have left a job because the organization did not have work flexibility.<sup>4</sup> Progressive organizations remain competitive by providing alternative work schedule options to help employees achieve a better work-life balance. Organizations that allow employees to make their own schedules or telecommute, while still maintaining an expectation of high performance, can see an increase in their attraction and retention of a high-quality workforce.<sup>5</sup>

## College Tuition Repayment

In 2018, nearly 69% of college students took out student loans and graduated with an average of \$29,800 in debt.<sup>6</sup> Most millennials pay a significant amount toward student loan debt each month, and organizations that provide student loan assistance can support their employees by lessening some of that burden. Organizations with this benefit type typically agree to pay a portion of employees' student loan debt each month. Companies pay these amounts directly to the financial institution that holds employees' loans.

## Other Trending Benefits

Organizations are not all required to have an identical EVP. In fact, it may be advantageous to develop a unique EVP to stand out in the labor market. Developing an EVP that supports your employees' needs will be one way to attract and retain quality talent. Benefits such as puppy parental leave, home services, paid birthdays, holiday time off, company discounts and free food and beverages are increasing in popularity.

When deciding which benefits to offer your employees, consider these important steps:

- Take the time to speak with all stakeholders and make a plan.
- Assess the needs of your current employees, and customize your benefits plan.
- Encourage your organization to align its benefits offerings with its long-term goals.
- Educate your employees on the components of their current EVP so your organization does not waste money on unused benefits. Cost-effective options are available if your organization is willing to be creative and stand out with the benefits it offers.

### Endnotes

<sup>1</sup> "Millennials Are the Largest Generation in the U.S. Labor Force," Pew Research Center

<sup>2</sup> "The State of Mental Health in America," Mental Health America

<sup>3</sup> "How to Include Mental Health in Your Employee Engagement Strategy," Engagement Multiplier

<sup>4</sup> "FlexJobs Survey: Millennials More Interested in Travel, Work Flexibility Than Gen X, Baby Boomers," FlexJobs

<sup>5</sup> "The Who, What, When, Why, and How of Employee Benefits," Paymedia

<sup>6</sup> "A Look at the Shocking Student Loan Debt Statistics for 2019," Student Loan Hero





# Stop Training Managers on Feedback, and Start Training Employees

By Abhilasha Gupta

As organizations shift to a continuous performance management model, managers are expected to deliver frequent and high-quality feedback. This article helps HR professionals implement effective feedback processes by training employees to seek feedback instead of training managers to give feedback.

Only 38% of HR leaders believe their performance management (PM) systems keep pace with the business's needs.<sup>1</sup> To address this

issue, some organizations shift away from the typical episodic, once-a-year approach to PM in favor of a more continuous model. Continuous PM allows employees to update their goals and gain feedback as their own needs and the business's needs evolve.

Many HR leaders reasonably anticipate that shifting to continuous PM will require much more from managers. Instead of giving feedback once or twice a year, managers will be expected to deliver high-quality feedback more frequently. To ease the anticipated burden on managers, organizations often invest in manager training. The rationale behind this strategy is simple: Give managers the right tools so they can make light work of giving feedback. That way, managers will deliver feedback not only more efficiently but also more effectively.

But as more companies struggle to make continuous PM work, the question arises, is manager training the most effective way to jump-start continuous PM? We argue that it is not. The most significant barrier to continuous PM is not

managers' capacity for or effectiveness at giving feedback. Rather, it's employees' motivation and effectiveness in seeking feedback. Instead of investing in those who are delivering feedback, HR should reprioritize its investments to focus on feedback recipients (see Figure 1).

## Many Barriers to Implementing Manager Feedback

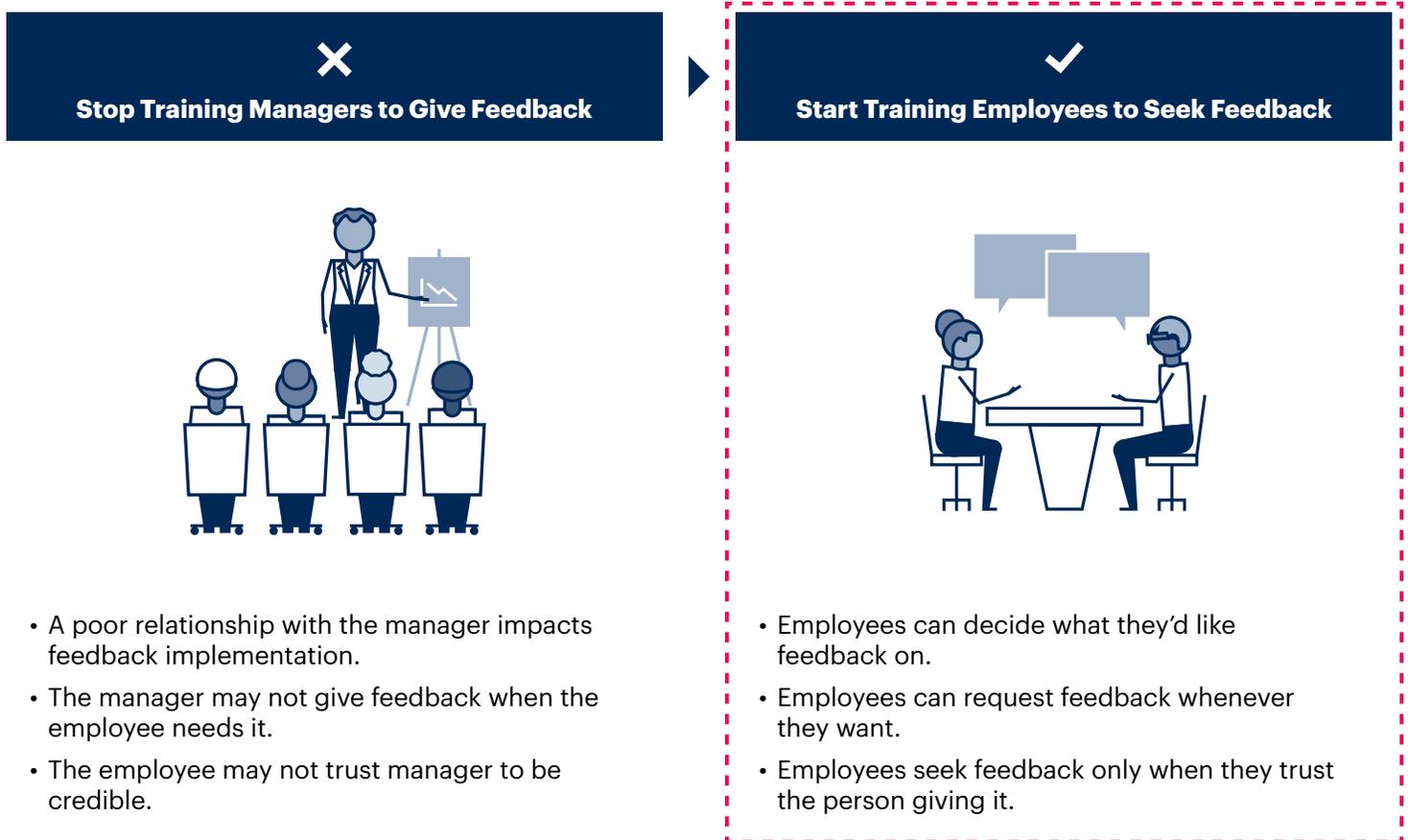
Imagine HR's investment in training managers how to give feedback has paid off. Managers are significantly more efficient and effective

at giving feedback. What happens next? What are the odds that employees will implement their good feedback?

As it turns out, those odds are still not very good. Even if managers perfect the art of giving feedback, there is little assurance employees will implement it. In fact, studies document a host of factors that limit the impact of manager feedback.<sup>2</sup> With all these impediments to overcome, it is no wonder that, overall, meta-analyses show feedback has minimal positive impact — and in some cases even minimal negative impact — on employee performance.<sup>3</sup>

Following is an overview of six barriers to the implementation of manager feedback.

**Figure 1: A Better Method for Implementing Continuous PM**



Training managers to give feedback doesn't ensure employees will implement that feedback.

Source: Gartner

## 1. Poor Relationships Between Managers and Direct Reports

One of the most significant barriers to feedback implementation is a low-quality relationship between the manager and the direct report. Employees are far more likely to accept and act on feedback from managers with whom they share high-quality relationships. These findings can be attributed to a key element of such relationships: trust. Employees will more readily accept and implement feedback from a source they trust.<sup>4</sup>

## 2. Low Manager Credibility

Another factor influencing employees' receptivity to feedback is manager credibility. While credibility is often determined by managers' relationships with their direct reports, an important — yet overlooked — source of credibility is managers' technical expertise. As the nature of work and the skills that businesses rely on change rapidly, managers are increasingly likely to supervise employees whose skill sets and expertise differ from their own. Without shared expertise with their managers, employees are less likely to judge their managers' feedback to be credible.

This problem is only compounded by the fact that a significant percentage of employees — a whopping 82% — also believe their managers lack insight into their work.<sup>5</sup> Without relevant technical expertise or insight into employees' work, there is little chance managers' feedback will gain enough credibility to be well-received and implemented by employees. And manager feedback training likely won't be enough to close this credibility gap.

## 3. Employees' Performance Goal Orientation

Personality traits also play a key role in determining employees' receptivity to and use of manager feedback. Employees' goal orientation — their patterns of interpreting and responding to achievement challenges — reliably predicts their reactions to manager feedback.

Overall, there are two types of goal orientation: mastery and performance. Employees who have a mastery goal orientation tend to focus on developing competence and gaining new skills, while employees with performance

goal orientation are more concerned with demonstrating superiority over others. Not surprisingly, research shows that employees with a performance goal orientation are less likely to be receptive to manager feedback — especially if that feedback is negative.<sup>6</sup>

## 4. Dissimilarity Between Managers and Their Direct Reports

Another key consideration is dissimilarity between managers and direct reports. As the workforce becomes increasingly diverse, managers are more likely to supervise employees with demographic characteristics (e.g., race, gender) that differ from their own. Dissimilarity between managers and direct reports can also decrease the likelihood that employees will implement manager feedback.<sup>7</sup> Employees often discount feedback from dissimilar managers because they judge those managers' feedback to be less self-relevant or even biased.

## 5. Lack of Timeliness

Another key barrier to implementing manager feedback is lack of timeliness.<sup>5</sup> Feedback is much more likely to be implemented if managers give it at the precise time employees need it.<sup>8</sup> Getting feedback on how to resolve a problem or challenge after the fact is clearly less helpful than accessing that feedback in the moment it can be acted on.

With larger teams and low insight into employees' work, managers often struggle to give timely feedback, which creates a barrier to having their feedback implemented by their direct reports.

## 6. Employee Performance

Employee performance is a final critical predictor of how employees will receive manager feedback. Even if low-performing employees are receptive to manager feedback, they may lack the prerequisite knowledge or skills to implement it.<sup>9</sup> On the other end of the spectrum, high-performing employees also tend to underutilize manager feedback — not because they lack the skill to implement it but because they are more selective in judging which feedback to put into practice.<sup>10</sup> Their track records of stellar performance leave many high performers believing they already have the right formula for success.

## Benefits of Feedback Seeking Outweigh Perceived Costs

There are many benefits to be gained by equipping employees with feedback-seeking skills,<sup>11</sup> so why aren't more organizations doing so? Some may worry that if employees are in the driver's seat they may only seek feedback from people they like and avoid sources of negative feedback. They fear that, as a result, employees will get only sugar-coated feedback, not the constructive feedback they really need to improve.

It is true that employees may get more positive than negative feedback from sources with whom they have high-quality relationships. But this positively skewed ratio is not as problematic as conventional wisdom might suggest. In fact, research suggests this may be the ratio employees need to perform better. Employees are more responsive and more likely to implement positive feedback on what

they are doing right than negative feedback on what they are doing wrong.<sup>8</sup> Negative feedback often comes with a higher risk than many assume; rather than giving employees the drive and insight to boost performance, a focus on negative or corrective feedback can diminish employees' self-esteem, sense of self-efficacy and confidence, thereby impeding performance.

## Empowering Employees to Be Feedback Seekers

Empowering employees to seek feedback helps them own and drive conversations with their managers. This approach helps put employee needs at the center of feedback conversations and thus increases the likelihood of employees implementing the feedback they asked for. It also helps HR professionals establish a positive-feedback-driven culture that improves manager-employee relationships and helps affirm to employees that they are moving in the right direction.

Employees are more responsive and more likely to implement positive feedback on what they are doing right than negative feedback on what they are doing wrong.



## Make Feedback Conversations Employee-Initiated

When employees initiate and drive the feedback agenda, they are more likely to act on the feedback they receive. Consistent with this logic, companies such as BPX Energy are giving employees ownership of feedback conversations. Employees not only determine when performance conversations happen but also are empowered with the tools and

frameworks to drive the agenda so it aligns with their needs.

BPX Energy’s agenda template leads off with good news, then quickly transitions to a review of team and individual priorities. Employees then have an opportunity to discuss emerging or hot topics as well as anything else on their minds. Interestingly, BPX Energy also includes a field for employees to record the feedback they receive based on either work products or personal interactions (see Figure 2).

**Figure 2: BPX Energy’s Conversation Guide for Employee-Owned Check-ins**

**SHARE SOME GOOD NEWS!** (Share a project or assignment that you’re pleased about and is going well for you [e.g. positive feedback, a project that’s ahead of schedule, etc.])

- 
- 
- 

**My MITs (Most Important Things to talk about)**

Team Priorities	Individual Priorities	Other Key Activities
•	•	•
•	•	•
•	•	•

**Any “Hot” Items on the Horizon?**

- 
- 
- 

**What Else Is on My Mind? (Work Related or Personal Items)**

- 
- 
- 

**Overall, How Am I Doing? (Discuss How Your Performance Is Trending Against Your Priorities)**

Out In Front	On Target	Falling A Bit Behind	Developing Concerns
			

**What Feedback Did I Receive? (Based Upon Work Products or Personal Interactions)**

Source: BPX Energy (Formerly BP’s Lower 48 Business)

# Guide Employees on How to Receive Feedback

To make feedback useful for employees, it is essential to teach them how to “analyze” the feedback properly. Figure 3 shows the different stages of receiving feedback and guidance on how employees can approach each stage.

## Conclusion

To ensure employees get the feedback they need to learn and grow, HRBPs must look beyond their current focus on training managers to deliver feedback. Without creating employee demand for feedback, investments in manager training will yield little return. HRBPs should shift their focus from managers to employees, empowering employees to proactively seek and access the feedback they need from those most qualified to provide it.

## Endnotes

- <sup>1</sup> 2019 Gartner Performance Management Benchmarking Survey
- <sup>2</sup> N. Chawla, J.J. Dahling and A. Gabriel. “Feedback Dynamics Are Critical to Improving Performance Management Systems.” *Industrial and Organizational Psychology*. 2016.
- <sup>3</sup> A.N. Kluger, and A. DeNisi. “The Effects of Feedback Interventions on Performance: A Historical Review, a Meta-Analysis, and a Preliminary Feedback Intervention Theory.” *Psychological Bulletin*. 1996.
- <sup>4</sup> L.A. Steelman and K.A. Rutkowski. “Moderators of Employee Reactions to Negative Feedback.” *Journal of Managerial Psychology*. 2004.
- <sup>5</sup> 2017 Gartner Manager Effectiveness Survey; n = 7,309 employees
- <sup>6</sup> D. VandeWalle, W.L. Cron and J.J. Slocum. “The Role of Goal Orientation Following Performance Feedback.” *Journal of Applied Psychology*. 2001.
- <sup>7</sup> A.M. Ryan, S. Brutus, G.J. Greguras and M.D. Hakel. “Receptivity to Assessment-Based Feedback for Management Development.” *Journal of Management Development*. 2000.
- <sup>8</sup> J. Hattie and H. Timperley. “The Power of Feedback. Review of Educational Research.” 2007.
- <sup>9</sup> J. Kruger and D. Dunning. “Unskilled and Unaware of It: How Difficulties in Recognizing One’s Own Incompetence Lead to Inflated Self-Assessments.” *Journal of Personality and Social Psychology*. 1999
- <sup>10</sup> P.G. Audia and E.A. Locke. “Benefiting From Negative Feedback.” *Human Resource, Management Review*. 2003.
- <sup>11</sup> B.G. Whitaker, J.J. Dahling and P. Levy. “The Development of a Feedback Environment and Role Clarity Model of Job Performance.” *Journal of Management*. 2007.

**Figure 3: Guidance for Receiving Feedback**

Stage	Employee Guidance	HRBP Guidance
<b>React</b>	<ul style="list-style-type: none"> <li>• Be aware of and manage emotional reaction to the feedback.</li> <li>• Listen to the feedback, and ask questions to ensure you understand the manager’s views and expectations.</li> <li>• Take time to absorb and think about what has been said.</li> </ul>	<ul style="list-style-type: none"> <li>• Enable employees to prepare and ask clarifying questions while receiving feedback to ensure they have understood the feedback properly.</li> <li>• Share templates to help employees document the feedback discussion and possible action steps.</li> </ul>
<b>Reflect</b>	<ul style="list-style-type: none"> <li>• Be honest with yourself about your performance, and be open-minded about the feedback.</li> <li>• Take some time for your emotions to calm down, if necessary.</li> <li>• Ask for specific examples to understand the feedback — for example, “What would you have preferred me to do?” or, “How could I do it differently next time?”</li> </ul>	Encourage employees to reflect on the feedback they’ve received and schedule follow-up discussions with their managers to discuss their thoughts regarding the feedback.
<b>Respond</b>	<ul style="list-style-type: none"> <li>• Respectfully communicate if you agree with and support what your manager is saying with facts or alternative views.</li> <li>• Focus on the future, and give suggestions for improvement. Respectfully negotiate and agree to any next steps to address issues raised in the feedback.</li> <li>• Ensure you understand the next steps and are committed and able to implement what you have agreed to.</li> </ul>	Help employees act on the feedback they received by ensuring they work on the follow-up action items discussed with their managers.

Source: “The Art of Feedback: Giving, Seeking and Receiving Feedback,” ACT Government

# HR in a VR World

By Royce Brosseau



As investment in virtual reality continues to grow around the world and in many industries, HR professionals need to understand the benefits it provides and where implementing it can enable organizations to perform better.

## Introduction

Virtual reality (VR) is growing at an explosive pace. By 2022, 70% of enterprises will be experimenting with immersive technologies for consumer and enterprise use, but only 15% will have deployed to production.<sup>1</sup>

As organizations look to implement VR and augmented reality, HR is a great place to begin given its wide reach and influence throughout the organization. Within HR, particular subfunctions stand to benefit the most, such as learning and development (L&D), diversity and inclusion (D&I) and recruiting.

## VR in L&D

VR can simulate real-world situations in a controlled and replicable setting, which lends itself well to L&D training processes. This means organizations can train employees in an environment with little risk, and employees can have multiple repetitions at any time to meet their learning needs.

While this isn't a new phenomenon, it is growing in popularity due to its benefits to organizations. For example, pilots have been training on flight simulators (an early use of VR) for decades, and everyone would agree that this use certainly benefits pilots and the passengers on their flights. Now, VR's use as a training tool has expanded beyond pilots as organizations begin to implement VR training opportunities for employees.

VR presents an on-demand and realistic training experience that allows HR professionals to implement more effective training sessions with more convenience for HR and employees. VR training sessions are particularly helpful to train employees on situations or tasks that could have negative outcomes if not completed correctly. For example, doctors can practice performing surgery, and call center employees can get repetitions on calls without ever having to interface with a customer.

With VR training, employees can quickly apply their lessons to real-life situations, since they have already practiced numerous times.

## VR in Recruiting

VR can simulate realistic situations for recruiting as well. While traditional recruiting methods require interviews and assessments to happen later in the recruiting process, due to the capacity of hiring managers and HR professionals, using VR to perform similar screenings earlier can have a multitude of benefits. For example:

- VR alleviates much of the burden on hiring managers to facilitate skills-based interviews, as it can simulate any situation hiring managers would have to face in order to evaluate candidates.
- With VR, each candidate will be tested using the same experience, making the hiring process less susceptible to human bias.

## VR in D&I

With the increasing popularity of flexible work arrangements, organizations can use VR to enable seamless communication among employees who are not colocated. Unlike traditional virtual methods, such as voice and even video conferencing, VR can make every participant truly feel like they are in a room together regardless of their actual locations. With VR, gone are the days of having to ensure an employee who isn't in the room can see what was just written on a whiteboard or shown on a projector. VR can enable better collaboration and more substantial interaction between employees in different locations. HR professionals can use this technology to ensure remote employees do not feel as though their contributions or visibility

in the organization are any less than an employee who is in the physical office.

Role-related skills development is one L&D area that benefits from VR, but VR can deliver an effective and impactful training experience in other areas as well. One such area is anti-harassment training. HR professionals can develop VR training to allow employees to experience different situations where harassment might be at play. Employees can better understand these situations and learn to react appropriately should these situations manifest in the workplace.

Additionally, it is becoming more common to put leaders through “in my shoes” training in which they experience bias during an interview or performance conversation. VR can be a great facilitator for these trainings. For example, DDI Labs created a training that puts senior leaders in the shoes of an interviewee so they can understand what bias looks like from the other person's perspective.<sup>2</sup>

## Conclusion

VR has the potential to drastically rewrite the work landscape, and HR professionals will be at the forefront of much of its implementation. VR can significantly improve the quality of training, enable bias mitigation in candidate screening and interviewing, and ensure remote employees with flexible work arrangements can still achieve high performance and inclusion. VR is coming, whether we like it or not, but given all the benefits it presents, it should be a powerful tool for strategic HR professionals in continuing to transform and improve their HR functions.

### Endnotes

<sup>1</sup> Gartner (2018)

<sup>2</sup> “Can Virtual Reality Teach Executives What It Feels Like to Be Excluded?” Fortune

VR has the potential to drastically rewrite the work landscape, and HR professionals will be at the forefront of much of its implementation.



# Using Internal Mobility to Retain Talent

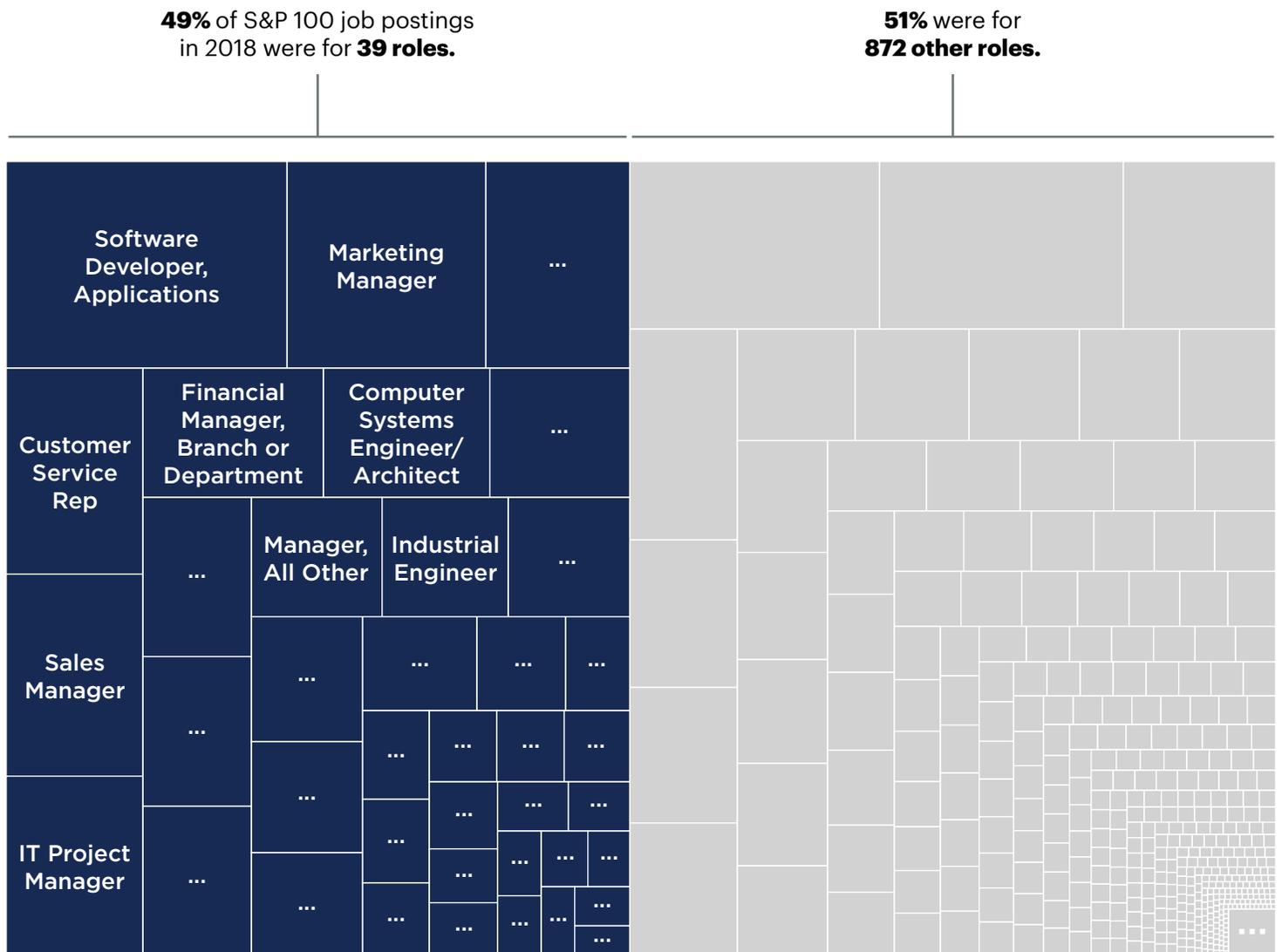
By Hailey Bebel

As external talent becomes harder and more expensive to recruit and current employees feel dissatisfied in their roles, HR professionals must shift their focus internally to retain talent. It is more critical than ever to support internal mobility to retain talent and meet the business's needs.

It is therefore more difficult than ever for organizations to find and recruit necessary talent for critical roles.

The labor market currently faces a talent crisis. Unemployment in the U.S. is at 3.5% and dropping steadily, and our research shows that current job demand focuses heavily on only a handful of critical roles (see Figure 1).<sup>1,2</sup> It is therefore more difficult than ever for organizations to find and recruit necessary talent for critical roles.

**Figure 1: Breakdown of All S&P 100 Job Postings in 2018 by Role**



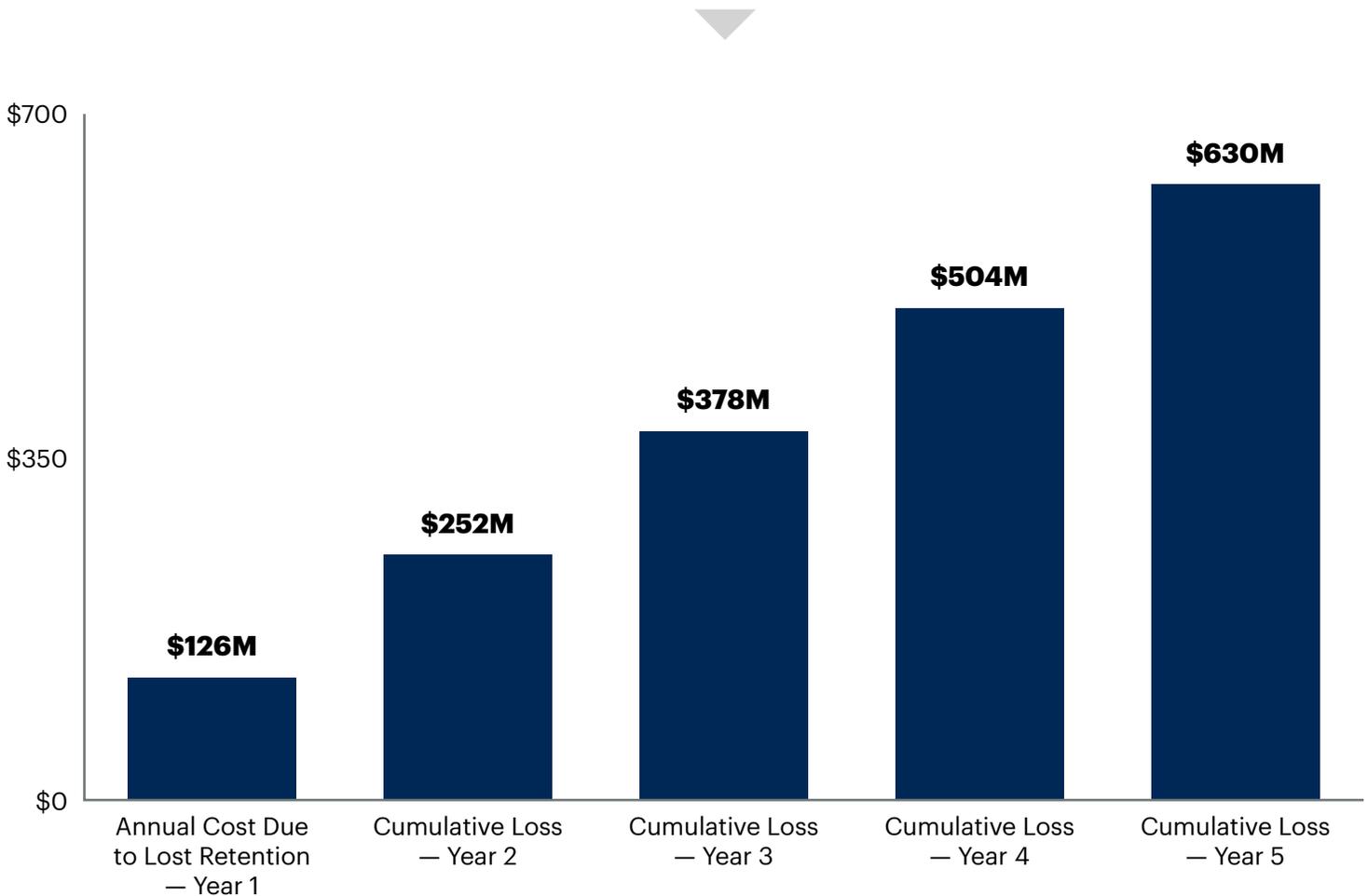
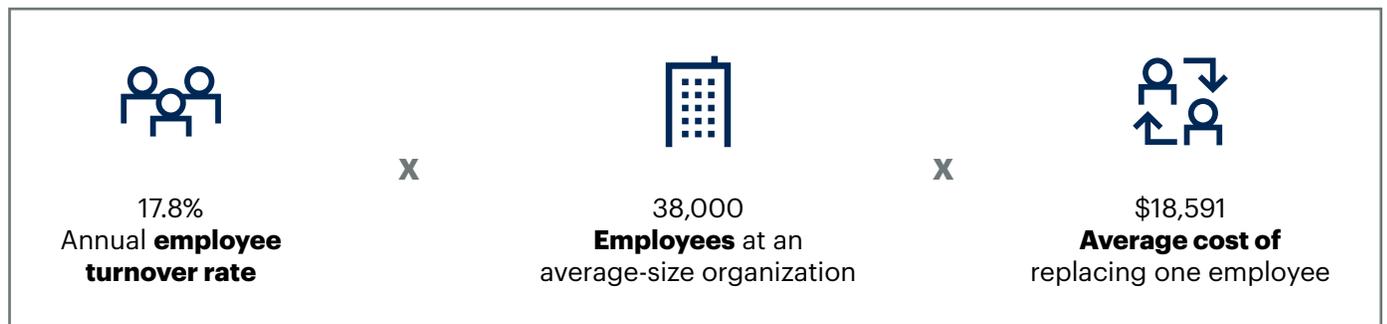
n = 2,472,114 job postings

Source: Gartner TalentNeuron

Note: Only 402 of the 872 roles are represented on the right side of the graphic due to space constraints.

For HRBPs, it is critical to not only help their organizations retain talent, due to the tight labor market, but also support the organization and limit turnover to avoid the associated costs of losing and hiring talent. Our research shows the average cost of turnover is \$18,591 per employee.<sup>3</sup> Combined with the global median annual turnover rate of 17.8%, the cost adds up to \$126 million for an organization in one year due to turnover alone (see Figure 2).

**Figure 2: Annual Projected Costs of Turnover**



n = 665 organizations

Source: 2018 Gartner Annual Turnover Benchmarking Survey

Employees cite dissatisfaction in a current role as one of the top reasons when they decide to leave an organization.<sup>4</sup> Often, a primary reason for employee dissatisfaction is the lack of future career opportunities at their current organizations (41% of employees cite this reason); only 30% of employees agree they have a clear career growth path at their current organizations (Figure 3).

With all these factors at play, how can HRBPs support their organizations and limit turnover? How can they limit sole reliance on external recruiting to meet business needs while helping dissatisfied employees find valuable development opportunities? To meet these needs, HRBPs should promote and help cultivate a vibrant internal labor market that supports talent mobility.

**Internal talent mobility** comprises employee movements from one role to another or to the same role in a different department or group. This mobility may be lateral (to a position at the same job level) or diagonal (to a position at a higher job level). Internal talent mobility has many benefits along with not having to recruit externally and avoiding the costs associated with attrition.

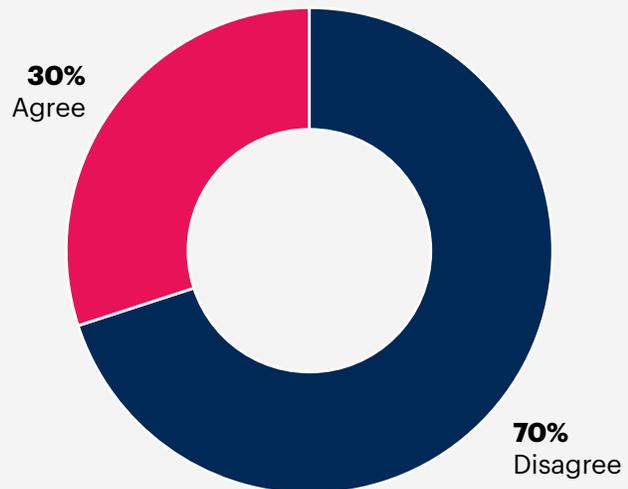
## Benefits of Internal Talent Mobility

Organizations that successfully increase overall awareness of internal mobility and gain manager support for it improve their employees' career satisfaction.<sup>5</sup> They are also better able to develop the skills they need for the future by encouraging employees to share the organizational knowledge and skills gained through internal lateral and diagonal moves. These advantages help such organizations improve their short- and long-term talent quality.

Short-term benefits of internal talent mobility include:

- Employee familiarity with the organization and its operations
- Increased likelihood that employees fit into and are satisfied with the organization's culture

**Figure 3: Percentage of Employees Who Agree They Have Clear Career Growth Path at Their Current Organizations**



n = 10,035 employees  
Source: 1Q19 Gartner Global Labor Market Survey

- Increased collaboration as employees increase their networks by meeting more people from other business units
- An ability to maintain knowledge in-house to fill any knowledge gaps left by the role transitions
- Injection of necessary skill sets into teams that originally lacked them, such as moving a marketing specialist to a research role to help manage branding

Long-term benefits include:

- Employees' ability to build broader and more diverse skill sets through increased exposure to various business operations
- The positive influence of employees' improved skills on overall business performance and results
- Expanded employee networks, which lead to greater long-term collaboration throughout the organization
- Increased loyalty and engagement among employees
- Cost and time savings due to decreases in overall hiring costs and onboarding time

## Strategies for Overcoming Four Common Challenges

Internal mobility's many benefits make it a critical part of any organization; however, HRBPs should be aware of four potential challenges in building an effective internal labor market.

### Challenge 1: No Net Increase in Filled Positions

Internal mobility initiatives create opportunities for employees to transition to positions that are better-suited to their interests and skill sets, but they create vacancies elsewhere in the organization. Leaders often focus on the lack of net increase in filled positions rather than appreciating the benefits of employees building their business knowledge, increasing their networks and developing their skills.

#### Strategy for Success

Work with hiring managers to use and fill junior positions strategically given that they are easier and less expensive to fill with external hires than more senior positions. Work with hiring managers to prioritize the internal promotions or lateral moves of junior staff to give them experiences and education that may be key to their long-term success.

### Challenge 2: Perceived Internal Skills Gaps

Organizations may hesitate to rely solely on internal mobility to meet skills needs if they perceive that internal mobility alone is insufficient to fill their current skills gaps. In this scenario, leaders and managers are more likely to believe the skills they need exist outside the organization, causing them to hire externally. In reality, while organizations must sometimes source talent externally, the necessary capabilities often exist internally and are underutilized, or they could be taught to the current employee base.

#### Strategy for Success

Work with managers to reevaluate internal talent in their client groups so they can access unrecognized potential and current skills among employees. Or, help managers identify employees they can train in order to develop desired capabilities. Work with managers to define

the skills necessary for open positions and then conduct career conversations with employees at similar or lower levels. Use these conversations to identify the employee's future career goals and current skill set. Focus on what opportunities the employee would like to have in the organization to better identify the internal positions that fit best.

### Challenge 3: Manager Resistance and Employee Discomfort

It is common for managers to resist internal mobility. In fact, only 37% of managers encourage their direct reports to seek internal job opportunities, even though managers also report regretting external hires 10% more than internal hires.<sup>6,7</sup> This hesitancy stems from managers not wanting to lose key members of their teams or be accused of stealing talent from another team. Managers may see their team members moving to different teams in the organization as a negative. But internal mobility can help managers find new general and specialized talent that is more suited to their teams, and it keeps key talent in the organization who may have otherwise left.

For their part, employees are often afraid to tell their managers about desired or intended internal moves, and their fear is only exacerbated when managers resist internal mobility. This fear, combined with the perception that lateral moves are a step back that stalls career progression or resets it altogether, creates employee discomfort toward internal movements.

#### Strategy for Success

Work with leaders to separate the responsibility for managing employees' performance and career development in their current roles and the responsibility for managing employees' long-term careers into two roles. Introduce the idea of a manager once removed (MOR), who is responsible for thinking about talent at the organizational level. Managers will oversee employees' performance and development in their current roles, and MORs will be responsible for conducting organizational reviews and brokering internal moves throughout the organization. This structure will help prevent manager resistance from impeding internal moves and settle employees' fears about approaching their managers.

HRBPs should also work with leadership to encourage lateral moves by promoting growth-based careers. Prioritize experiences over promotions, and communicate the benefits of doing so to employees.

To foster a growth-based career culture that prioritizes experiences over promotions, create career partnerships for employees. Design careers around experiences, motivate employees with increased employability, push internal opportunities and create a talent brokerage for managers to share talent. Creating career partnerships not only reduces employee hesitance about lateral moves but also triples organizations' effectiveness at increasing career satisfaction.<sup>5</sup>

## Challenge 4: Lack of Employee Awareness

Employees are often unaware of internal mobility opportunities at their organizations. While they are constantly looking to grow their careers and wallets, only 30% of employees agree they have a clear path to do so at their current organizations.<sup>8</sup> In addition, only 19% of employees indicate they can easily find and apply for attractive internal jobs.<sup>9</sup> And of the employees who have managed to successfully move internally:<sup>9</sup>

- 32% heard about the job from a friend, colleague or other employee (not recruiters)
- 28% heard about the job from their managers
- 13% saw the job on an internal career portal
- 9% saw the job on an external site
- 8% were actually contacted by a recruiter
- 10% heard about the job at an information session or an event hosted by their organizations, or saw the job posted on an external career portal

Because internal mobility processes are often nonexistent or not transparent, it is difficult for employees to build their awareness of these opportunities and pursue them.

### Strategy for Success

When strategizing how to create employee awareness of internal mobility opportunities, HRBPs should use one or a combination of the following proposed solutions. These solutions fall into two general categories: applying external recruiting processes internally and fostering a culture that promotes internal mobility.

### Apply external recruiting processes internally:

- **Create an internal referral program.** Promote internal moves by rewarding employees and managers who have made successful referrals once candidates have been in their new roles for a predetermined amount of time.
- **Hold internal job fairs or information sessions.** Partner with hiring managers and recruiters to identify key roles that have many open positions or require an infusion of new skills and talent. Work to identify the skills and experiences necessary for those targeted positions to effectively market these sessions to the most appropriate internal talent level.
- **Post open positions on internal portals before posting them externally.**<sup>10</sup> Make internal opportunities more accessible to the broader workforce and proactively share internal postings by compiling and distributing a weekly email to employees. HRBPs can also work with managers to create customized emails based on employee interests or skill sets. To maximize their effectiveness, time emails around turnover spikes or other organizational changes that may prompt employees to leave.
- **Source data internally.** Provide recruiters and hiring managers with internal data you are sourcing from employees, such as employees' education and skill sets. This way, recruiters and hiring managers will be better-positioned to recruit from the current employee base to fill open positions.



## Foster a culture that promotes internal mobility:

- **Provide guidance on navigating internal career portals.** To help employees find and apply for jobs that match their interests via internal career portals, HRBPs should provide a step-by-step guide on navigating the portals and consult with HR leaders on their accessibility. For example, improve search functionality by categorizing job postings by function, level or skill set. If your organization does not have an official internal dashboard where opportunities are posted, broker employee development by pushing employees toward internal partnership and development opportunities.
- **Notify managers about open positions, and encourage them to promote internal moves.** Keep managers updated on internal openings throughout the business, and encourage them to share internal opportunities when they have identified attrition risks. Work to gather data on internal fill rates, and compare it to data from other teams to show managers the value of internal mobility.
- **Review and provide guidance on internal mobility restrictions.** Organizations may have internal mobility restrictions in place. For example, employees might have to be in their roles for a predetermined amount of time before they can make an internal move. HRBPs should review these rules and either consult with leaders on updating them or provide guidance to employees who express interest in moving internally.

## Conclusion

As the external labor market tightens and employees' career satisfaction decreases, organizations must shift their focus and leverage their internal labor markets to better support the business. While internal mobility initiatives can face several challenges, HRBPs can use multiple strategies to help their organizations overcome them. By doing these things and focusing on the internal labor market, organizations can expect to decrease attrition and its associated costs and increase overall employee satisfaction.

## Endnotes

- <sup>1</sup> "National Employment Monthly Update," National Conference of State Legislatures
- <sup>2</sup> Gartner TalentNeuron
- <sup>3</sup> 2018 Gartner Annual Turnover Benchmarking Survey
- <sup>4</sup> Gartner (2018)
- <sup>5</sup> 2015 Gartner Careers Employee Survey
- <sup>6</sup> 2018 Gartner Shifting Skills Survey
- <sup>7</sup> 2018 Gartner Recruiting Efficiency Survey for Managers
- <sup>8</sup> 1Q19 Gartner Global Labor Market Survey
- <sup>9</sup> 2Q19 Gartner Global Labor Market Survey
- <sup>10</sup> Please consult with your legal counsel on the legality of posting jobs internally before posting them externally, as some organizations may require external posting first.



# Treating Employees as Strategic Assets With MIT's Zeynep Ton

By Stessy Mezeu

Conventional wisdom holds that maintaining low labor costs is necessary to keep prices low and revenues high. In a Talent Angle podcast interview, Zeynep Ton urges businesses and HR professionals to reframe their view of employees from costs to investments by implementing her “good jobs strategy.”

Zeynep Ton is an adjunct associate professor in the operations management group at MIT Sloan School of Management and the author of “The Good Jobs Strategy: How the Smartest Companies Invest in Employees to Lower Costs and Boost Profits.”



## Introduction

Much can go wrong if employees are not properly trained, not effectively motivated or in perennially short-staffed office environments. These working conditions are likely to impede companies’ operational efficiency, which in turn may lead

to losses in sales, productivity and profits. At the root of these issues lies how companies view, and accordingly incentivize, their employees. So argues Zeynep Ton, adjunct associate professor in operations management at MIT's Sloan School of Management, in an interview recently featured on Gartner's Talent Angle podcast. Ton is also the author of "The Good Jobs Strategy: How the Smartest Companies Invest in Employees to Lower Cost and Boost Profits."

Ton's theory is a product of her work in supply chain management. While researching inventory issues plaguing retail stores, she observed that the source of many operational problems was shortsighted labor practices, including minimal training and chronic understaffing. As Ton sees it, these issues are the logical result of prioritizing short-term cost-cutting goals at the expense of long-term performance and viewing people as one of many business costs to minimize.

## Signs of Operational Inefficiency

According to Ton, companies where people are regarded as interchangeable parts are likely to find themselves in self-inflicted cycles of operational inefficiency. She cites retail stores as an example where performance management systems can incentivize ill-advised practices, often resulting in inefficiencies. For example, some stores offered "so many products in similar categories, [often] on promotion at different times, [which required employees] to spend time creating the displays rather than learning the product." Because they were unable to become familiar with and differentiate between products, employees found it difficult to truly add value to customers' in-store experiences.

Another challenge Ton encountered in retail locations was chronic understaffing. Store managers were often tasked with minimizing payroll as a percentage of sales. However, several variables can materially affect this figure — many of which fall outside the control of these managers. Two of the few variables in managers' control are payroll and benefits costs, so managers often attempt to minimize labor costs by relying on fewer workers. This negatively affects the customer experience, as fewer employees are available to serve customers.

## Implementing Ton's "Good Jobs Strategy"

For businesses looking to thrive in today's competitive and fast-moving environment, Ton recommends implementing the "good jobs strategy." Though her research focuses primarily on the retail industry, she argues there are practical lessons for businesses in all industries and sectors, remarking "even in extremely competitive industries, where profit margins are low, investing in people is a good business [practice] if complemented with operational excellence." Organizations should therefore ensure they have operational excellence in order to create the proper conditions for employees to thrive.

As Ton sees it, a good job requires meeting not only employees' basic needs but also their higher needs, which enable employee engagement and motivation. Basic needs include adequate pay and benefits, stable schedules career development and safety and security. In contrast, learning and personal growth, belonging, achievement and recognition are categorized as higher needs.

Organizations can use the following three strategies to create the conditions necessary to meet higher as well as basic needs.

### 1. Develop a Clear and Strategic Focus

It's important for companies to establish clear and simple areas of strategic importance, which can then trickle down to frontline employees. Ton uses Mud Bay, a retailer for dog and cat products, as an example of a company that successfully implemented the good jobs strategy. Mud Bay identified its strategic focus: to advise customers on products and offer high-quality products for lower prices. To meet this standard, it simplified its product offerings so employees were more knowledgeable about available products.

To support these efforts, HRBPs work with employees and managers to set effective goals and hold individuals accountable for their specific targets. HRBPs can also ensure employees have better insight into how their individual goals support broader business priorities.

## 2. Standardize and Empower

Ton also recommends that companies automate small tasks and processes to give workers more flexibility in making decisions that can't easily be automated. Striking a balance between standardization and empowerment can be difficult, but it is critical to employee satisfaction. Of note, employees should be “involved in creating and improving these standards, [a process that] creates alignment without crushing dignity.”

HRBPs can discuss roles with their business leaders as automation becomes increasingly embedded in business operations. They can discuss approaches to structuring or restructuring departments, elevating vacant roles and/or recruiting different talent, and developing current employees to respond to the changing nature of work.

## 3. Cross-Train, and Operate With Slack

It's important to have employees who can perform varying tasks because this creates an agile workforce and leads to increased job satisfaction. Cross-training workers to perform customer and noncustomer facing tasks makes it easier to shift capacity in response to external factors. Ton also points out that “companies that excel operationally staff their [workplaces] with more hours of labor than the expected workload.”

Ton calls this practice “operating with slack,” which companies can use as a cost-reduction strategy — generally after simplifying and focusing their strategies, standardizing

their processes, and properly training and empowering their employees. Such an environment enables managers to better respond to fluctuating customer needs and empowers employees to identify improvement opportunities and potentially use them to reduce costs.

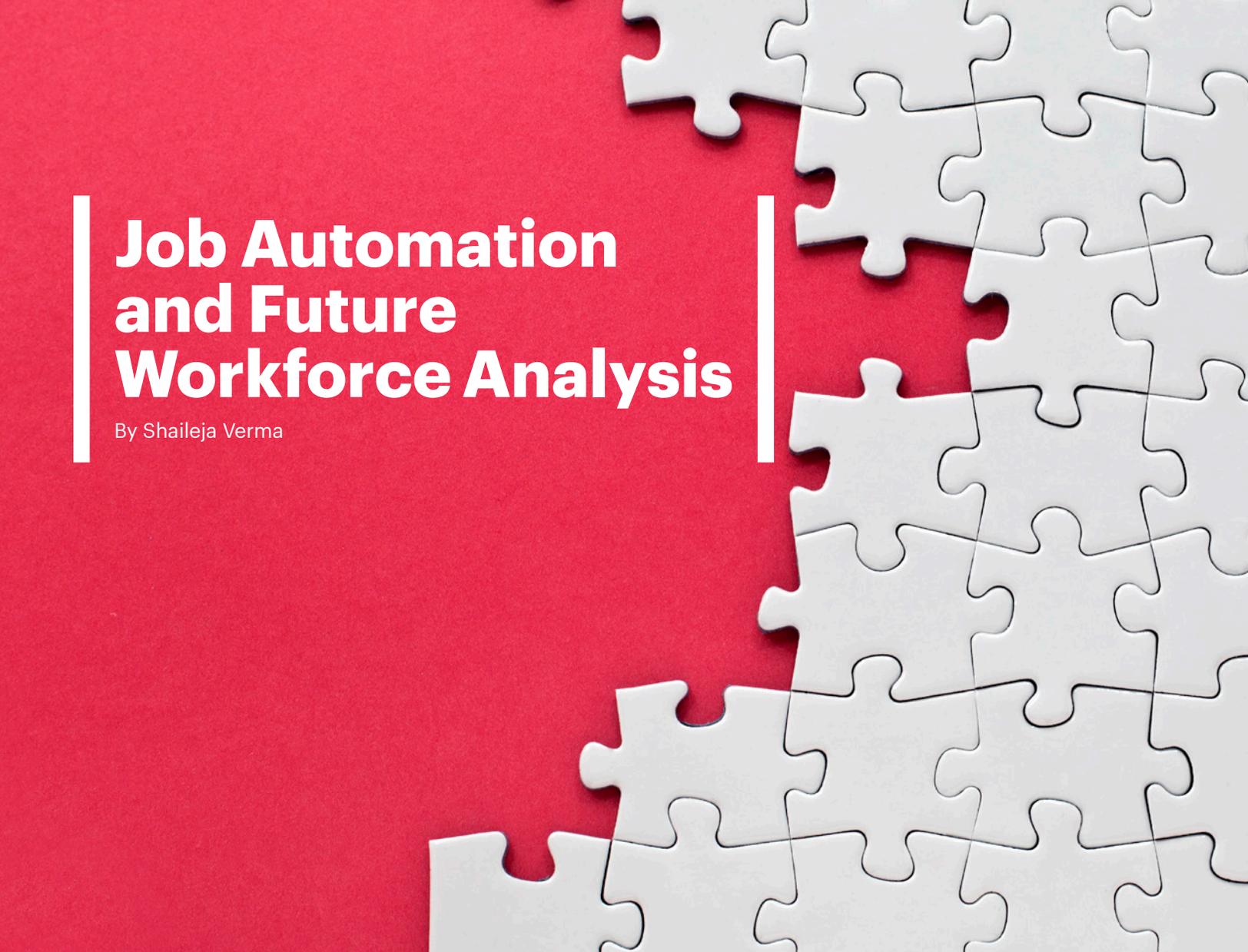
HRBPs can play a role in:

- Identifying departments with complementary skills that can be cross-trained
- Facilitating the connections between management groups to gain buy-in for cross-training
- Monitoring the success of cross-training initiatives

## Conclusion

It's increasingly important for business executives and managers to unlock their employees' potential as strategic assets. According to Ton, subscribing to the good jobs strategy will help organizations do just that. As companies consider how to attain — or, in some cases, maintain — high levels of retention and empowerment, they should keep employee needs in mind. “If you enable conditions so that [employees] can thrive in front of customers, they are able to solve customers' needs, to drive improvements, to create more value for the customer, [which, in turn, provides these workers with] a sense of achievement, meaning and belonging in their work.” Failure to meet these needs will likely stall efforts in establishing operational excellence and ultimately hurt profits.





# Job Automation and Future Workforce Analysis

By Shaileja Verma

AI has the potential to replace human labor in many industries and occupations. As a result, HR professionals must identify the roles that stand to gain the most from job automation to identify needed changes in the organization's workforce planning.

The technology-driven business environment in which organizations operate is filled with optimism for the future and opportunities to continue to make business processes more efficient and effective. However, it also presents challenges. As technological advancements increase human productivity and improve lives, they also increase job automation — eliminating tasks currently completed by humans. This development has piqued global interest with both worry and excitement.

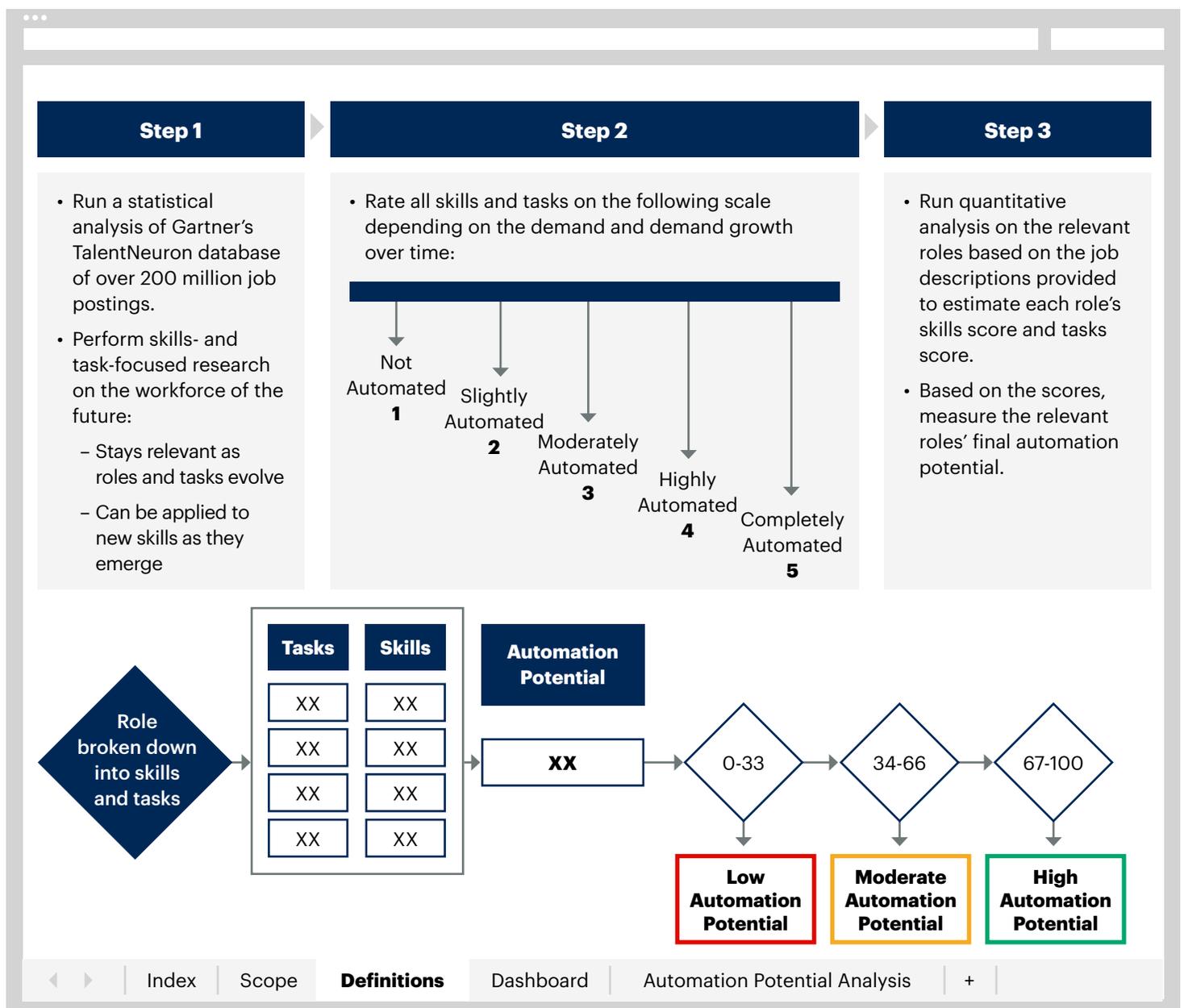
To best support business leaders, HRBPs need the skills and data to make informed choices for long-term workforce planning

forecasts that meet the organization's future needs. HRBPs' planning and research can help business leaders anticipate which facets of the business automation will likely affect and how organizations' workforce landscapes and client groups will change. Considering the pace and magnitude of technological advancement,

conducting a potential automation study in conjunction with periodic discussions with business leaders will give HR teams an accurate roadmap for workforce planning.

To assess the workforce's job automation potential, HRBPs can take the following steps (see Figure 1):

**Figure 1: Methodology for Assessing the Impact of Job Automation**

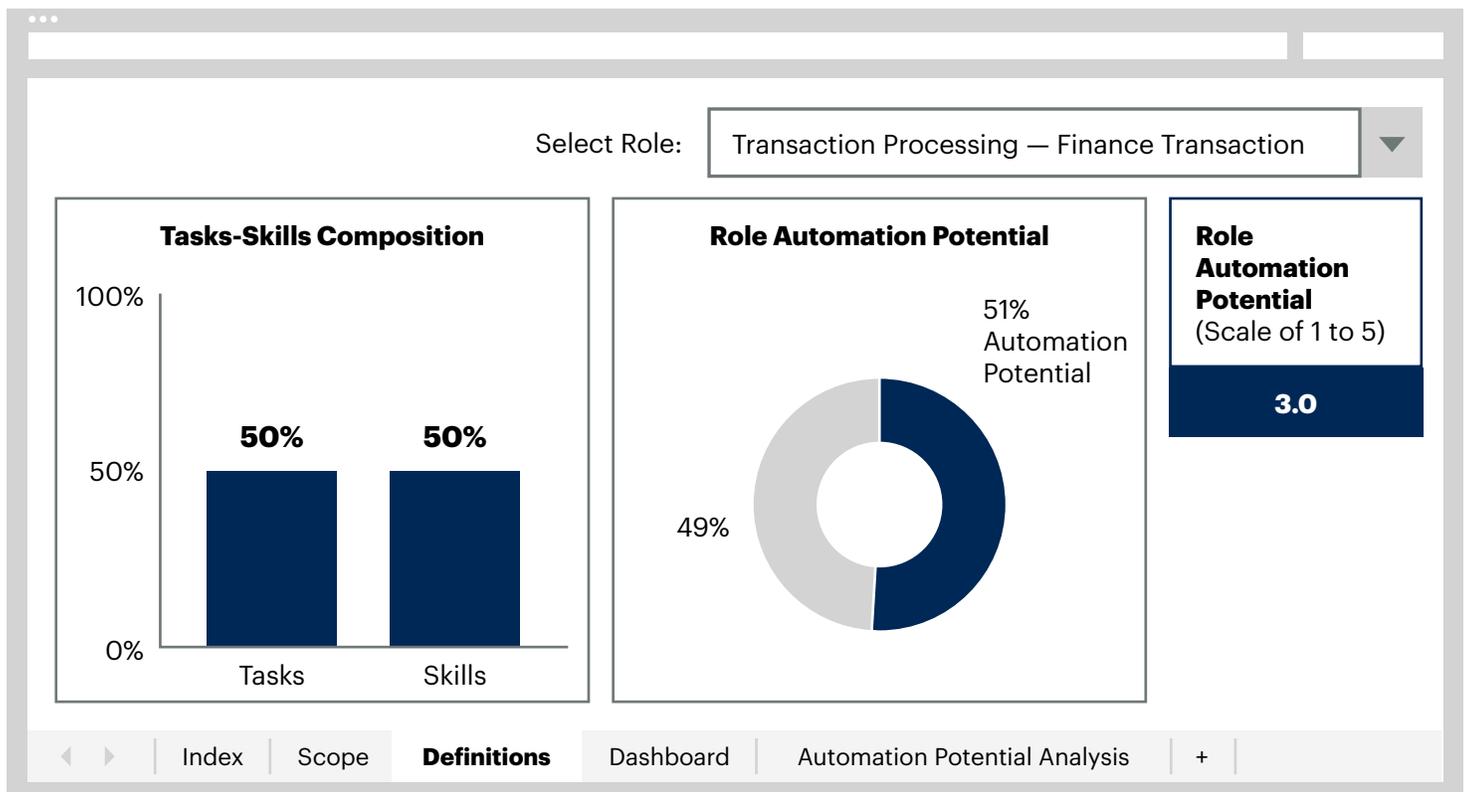


Source: Gartner

1. Work with business leaders to identify critical functions and the roles within them that require the least amount of human interaction and have the most potential for automation
2. List the tasks performed by each identified role and the skills required to execute each task.
3. Conduct research and discussions to rate the tasks and skills to understand each role's automation potential:
  - Score tasks based on the magnitude of social intervention required, and score skills based on the magnitude of technology required.
  - Use a scale of 1 to 5, where 1 indicates the lowest potential and 5 indicates the highest potential.
4. For each role, evaluate the overall job automation score as a combination of the task and skills scores, (Multiply the two scores.)
  - Based on the overall automation scores, categorize each role as having high, medium or low automation potential (see Figure 2).
4. Plan for the job roles that have high to medium automation potential. Planning may involve upgrading the current workforce's skills, upgrading the technology in business processes, or realigning or scaling down the workforce.

Automation and artificial intelligence will likely impact many, if not most, businesses in the future. To keep your organization ahead of these changes, conducting a job automation impact analysis is imperative for today's HRBPs.

**Figure 2: Dashboard for Job Automation Analysis**  
Illustrative



Source: Gartner

