career mobility survey finds big disconnects between US employers and workers on hiring, internal mobility, skills and economy

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By most accounts, the US economy and labor market are doing relatively well. At least according to the data. Despite weaker than expected hiring in October, more people are accepting jobs. Just a couple of weeks ago, the government reported that unemployment claims were at their lowest in more than a half century. The most recent edition of the Randstad RiseSmart Labor Market Barometer, which serves as a measure of labor market health, improved 0.8 points to 107.4, showing continued signs of recovery. The economy grew modestly in the third quarter and economists are anticipating overall annual growth of about 5.5%, the highest since 1984. This is despite supply chain issues, concerns over inflation and COVID-19 variants, and the record numbers of people quitting their jobs and looking (or not) for new ones. According to Fed chairman Jerome Powell, "The economy is expanding at its fastest pace in many years, carrying the promise of a return to maximum employment."

While economists of different stripes may disagree over whether the current economic issues and labor shortages are short-term hiccups or long-term problems, the Randstad RiseSmart Q3 Career Mobility Outlook report reveals big disconnects between employer and employee views. These chasms are evident not only in economic outlook, but also in attitudes on hiring, internal mobility and the availability of skilling and career development opportunities. These perspectives reveal far different sentiments compared with the Q2 Career Mobility Outlook report.

a tale of two economic outlooks – both cloudy

Despite the generally positive economic data, the challenges of dealing month after month with the many consequences of the pandemic appear to have left many feeling weary. In Q3, less than half of employers (49%) had a positive outlook on the US economy, 10 points lower than Q2 and two points lower than Q1. For employees, the outlook was far glummer, with less than 15% having a positive view, a sharp drop of 47% since Q2 and lower than it was in Q1. Interestingly, while employers' negative perception of the economy eased in Q3, employee's negative view skyrocketed to a new high. The report found similar discrepancies between large and small and midsize businesses (SMEs).

Interestingly, both employers and employees feel much better about their own sector, although there is still a large gap between the two groups. Overall, employers (72%) and employees (47%) have a positive outlook for their industry, although employer optimism increased slightly from Q2 while employee sentiment decreased 11%. It should come as no surprise that larger companies have a brighter outlook than smaller ones given their resources. The most confident employers are those in manufacturing, technology and healthcare.

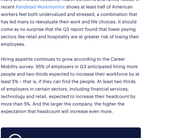
employer hiring is up but far fewer employees expect to change jobs

Of all our findings, this one was among the starkest: In Q3, 95% of employees anticipated hiring more people, but only 51% of employees expected to change roles either internally or externally. The latter represents a 20-point drop from a high of 80% in Q2.

Breaking it down even further, employer hiring outlook has climbed slowly but steadily all year, while employee outlook on job transition has plummeted in just one quarter, even though it is still somewhat higher than in Q1. In Q3, of the 51%, 30% of employees said they were likely to move to a new role internally, while even fewer (21%) anticipated finding a position with another employer. About 14% of employees actually changed jobs in Q3, down by more than half from the previous quarter. The numbers suggest that many people may be moderating their views on whether to make a switch. Certain industries, including manufacturing and technology, are more likely to experience internal job switching according to our survey. Additionally, people at national companies are likely to move to new roles internally (40%) while a quarter would opt for a fresh start with another employer.

People are still quitting their jobs in record numbers, however, as confirmed by the Bureau of Labor Statistics. The reasons are many and include flexibility, health concerns and family needs. A recent Randstad Workmonitor shows at least half of American workers feel both undervalued and stressed, a combination that has led many to reevaluate their work and life choices. It should come as no surprise that the Q3 report found that lower paying sectors like retail and hospitality are at greater risk of losing their employees.

Hiring appetite continues to grow according to the Career Mobility survey: 95% of employers in Q3 anticipated hiring more people and two-thirds expected to increase their workforce by at least 5% – that is, if they can find the people. At least two thirds of employees in certain sectors, including financial services, technology and retail, expected to increase their headcount by more than 5%. And the larger the company, the higher the expectation that headcount will increase even more.



employers and employees divided on internal mobility opportunities

With millions of unfilled job openings currently, most organizations understand that promoting internal mobility is the way forward to create agile, sustainable workforces and competitive businesses. Retraining, reskilling and upskilling – and providing internal opportunities – allow companies to retain cultural knowledge, establish an internal talent pipeline, promote well-being and engage their workforce. Internal mobility also lowers recruitment, onboarding and training costs associated with new hires. At Randstad RiseSmart, we have called this opportunity "the great retention." Others have referred to it as "the great re-engagement."

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Establishing an internal marketplace is a complex undertaking. A recent Bain & Company report showed that nearly two-thirds of a company's job openings could be filled internally with the right program in place. According to our Q3 survey, the percentage of employers who expect to fill roles internally remains elevated at 68%, which is higher than Q1 but represents somewhat of decline from the Q2 high.

Employers' internal hiring expectations have remained relatively steady over the first three quarters of 2021, changing only a few percentage points either way. For example, in Q3, 84% of employers planned to fill at least 10% of their vacancies internally, a decrease of two percent from Q2, although an increase from Q1 (75%). Among SMEs, the desire to hire from within more than doubled from last quarter.

While employers seem to be more interested in internal mobility, employee optimism is declining, and is in fact at its lowest level for the year. Employees became more pessimistic about their chances of job hopping internally: 43% in Q2 versus 52% in Q2. In fact, their sentiment was more optimistic in the first quarter (50%) than in the last one.

Why the pessimism? It's hard to know all the reasons but there is at least one key factor where there is a broad discrepancy between employers and employees that may be helping drive the disconnect: How receptive are managers to internal transitions?

manager openness to internal mobility at odds

Managers have tremendous influence on employees' job (and life) satisfaction, performance and empowerment. Global studies such as Deloitte's 2019 Human Capital Trends Survey found that manager resistance to internal mobility is a key roadblock to internal mobility, and research by the Institute for Corporate Productivity (i4cp) showed that high-performing organizations are twice as likely to focus on internal talent transition compared to low-performing businesses.

The Q3 Career Mobility report reveals a rift in the perspectives of HR versus employees. During 2021, employees have been optimistic about their managers' openness to having their team members pursue internal opportunities. In Q3, 79% of employers overall (and 84% of large employers) had a positive outlook. By comparison, it was 81% in Q2 and 73% in Q1. Employee sentiment, however, has tumbled. In Q3, just over 48% of employees believe their managers are open to their switching roles internally, even lower than in Q2 (51%) at the start of the economic recovery and a 13-point drop since Q2.

With this data in mind, the discrepancy should serve as a warning signal for individual organizations to further investigate their internal health.

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skills readiness – a bright spot

Having the right people with the right skills at the right time is top of mind for nearly all organizations. The pandemic and hybrid work environments have accelerated digitalization and the use of AI. Along with these changes have come a more pressing need to update both hard skills and soft skills.

How prepared are organizations and their employees? "Pretty well" according to both sides in the last survey. Three-quarters of organizations and 71% of workers believe they are ready with the skills to help their companies succeed. This percentage is even higher in select industries such as manufacturing, financial services and healthcare. These numbers shoot up for both sides among large companies and global employers. The story is not quite so bright for SMEs, however, where two-thirds feel their employees are prepared, a significant decline from Q2. Looking quarter over quarter, overall confidence in skills readiness among both HR and employees has decreased six percent but is nonetheless strong.

What skills are most needed? That turns out to be an area of ongoing disagreement, and the trends in Q3 reflect the same one's seen in earlier quarters. Both HR and employees view the top three skills categories as the most important: basic social and problem-solving skills, although a higher percentage of employees than employers see these as critical skills needed to succeed. The opposite is true for technical skills, which are seen as a little more important by employers versus workers.

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career development and skilling opportunities: where is the grass greener?

Multiple studies and surveys have shown the extreme importance of providing career development and skilling opportunities to employees. Retention, engagement and employer brand all improve when there are internal advancement pathways. While employees also want such things as flexibility, meaning and a sense of mental well-being in their work, they still value the chance to get ahead. The Work Institute's 2021 Mid-Year Retention Report showed that the most cited reason (21%) for why people left their roles was 'career' (i.e., opportunities for growth, achievement and security). A recent Gallup study showed that nearly half of American workers would switch jobs if offered skills training opportunities and two-thirds say employer-provided skilling is important when evaluating a new job.

According to the Q3 Career Mobility Report, 74% of employers think the grass is green internally when it comes to skilling and career development opportunities, while only 52% of employees would say the same. International employers have even more confidence, but their employees still trail by the same percent as employees overall. In some industries, such as financial services, the spread is even greater. Looking at the differences quarter to quarter, employers have remained relatively steady in their outlook, give or take a few percentage points. Employee sentiment has wobbled more and is five points below where it was in Q1.

As the workforce and employers continue to respond and react to the monumental swings and stresses of the past two years, it's entirely possible that the 'big disconnect' we see today could soften. Nonetheless, the survey results highlight the need for HR to dig deep to understand and mitigate the differences, both real and perceived.

To read the full Q3 Career Mobility Outlook report, download your complimentary copy here.

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published: 01 December 2021
tags: Advice for HR, HR Trends, Talent Acquisition, Engagement, and Retention

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