

TAKING THE PULSE OF THE **WORKFORCE**

BY ERIC KRELL

IN THE 1967 FILM "THE GRADUATE," BUSINESSMAN MR. MCGUIRE DELIVERS PITHY CAREER ADVICE BY WHISPERING **"PLASTICS"** INTO THE EAR OF DUSTIN HOFFMAN'S MAIN CHARACTER. TODAY, MR. MCGUIRE MIGHT WHISPER **"INFORMATION TECHNOLOGY"** OR **"ACCOUNTING"** INTO A BUSINESS SCHOOL GRADUATE'S EAR. OR, HE MIGHT UTTER **"SOCIAL MEDIA"** OR **"ANALYTICS."** OR **"HEALTHCARE."** OR **"ANY SCIENCE, TECHNOLOGY, ENGINEERING AND MATHEMATICS (STEM) FIELD."** OR **"ETHICS,"** **"CREATIVE PROBLEM-SOLVING"** OR **"LEADERSHIP."**

Actually, **"ALL OF THE ABOVE AND EVEN MORE"** might be the best career advice anyone could dispense in 2012.

Just ask Scott Smith (BBA '89, MBA '90), senior vice president of human resources operations for AT&T.

"OUR PERFECT CANDIDATE," Smith reports, "is one who has the underlying technology foundation along with key self-directed leadership abilities such as collaboration, creativity, critical-thinking, communication and customer services skills."

PRECISION



SPECIALIST
THEN

SELF-DIRECTED

LEADERSHIP

COLLABORATION

CREATIVITY

CRITICAL-THINKING

COMMUNICATION

BUNDLED SKILLS



VERSATILE
NOW

Or, ask Pam Paglino (BBA '90), human resources manager of salaried personnel for Ford Motor Company. "STEM fields are extremely critical for my company and our country as a whole," Paglino explains. Technology represents a huge need at Ford, in research and development as well as in many other areas of the company, including on the plant floor. "Even with our hourly positions, we are looking for a much more technologically sophisticated and educated person," Paglino continues. "We have a number of PhDs on the plant floor." Yet, Ford and other companies want even more than technologically savvy applicants. **"WE'RE ALSO LOOKING FOR WHAT YOU MIGHT CALL 21ST CENTURY SKILLS — COLLABORATION, TEAMWORK, COMMUNICATIONS, PROBLEM-SOLVING, CREATIVE THINKING,"** Paglino asserts.

These requirements, combined with spending restraints caused by ongoing macroeconomic uncertainty make companies want to derive valuable returns on their talent investments, especially when that talent consists of new workforce entrants.

"In today's market, companies are far more educated about ensuring that they invest in job candidates who have very strong chances of succeeding in their culture and organization," observes Ken Buckley, director of Career Management for Baylor University's Hankamer School of Business Graduate Business Programs. "Companies have become much more astute in evaluating talent."

This type of opposing dynamic — companies spend less on recruiting efforts while expecting more from their recruiting investments — also characterizes the current occupational outlook:

ORGANIZATIONS CRAVE STEM SKILLS, yet they also want candidates with cultural intelligence, creative problem-solving talents, leadership skills and related abilities previous generations deemed "soft";

EMPLOYERS HAVE A PRESSING NEED to replace retiring baby boomers, but also want new workforce entrants to possess significant real-world experience;

CERTAIN STEM SKILLS (INCLUDING IT, ACCOUNTING, ENGINEERING) REMAIN IN HIGH DEMAND, yet employers say they prefer applicants with multiple, or "bundled" skill sets as opposed to specialists;

THE U.S. UNEMPLOYMENT RATE REMAINS HIGH (north of 8 percent), yet millions of jobs remain unfilled because employers cannot find qualified applicants.

HIGH UNEMPLOYMENT AND VACANT JOBS

The U.S. unemployment forecast looks cloudy on two fronts: it remains high but it also obscures a potentially bigger problem, a growing global STEM skills gap. The gap relates to demographics (i.e., retiring baby boomer employees in many industrialized countries) and globalization (i.e., fast-growing economies in Brazil, Russia, India and China — the BRIC countries — that have rapidly growing appetites for STEM skills and other professional capabilities).

"If you look at the job market, we really ran off a cliff a few years ago," Buckley notes. "College graduate hiring has picked up, and it's a much better market [for job-seekers] than it was a few years ago." Yet, most U.S. companies of any size contend with aging-workforce issues. "Companies recognize that, and they're looking to bring in college graduates," Buckley continues. Yet, these organizations remain highly selective because they have less to spend on recruiting and on training and development.

Companies also are spending less on compensation. For the third year in a row, U.S. employees can expect median pay increases of 3.0 percent in 2013, according to a Hay Group survey. This is well below the 4.0 percent increases seen from 2005 to 2008, and if this trend continues, it could significantly (and negatively) affect many employees' long-term earning potential.

Given a growing global STEM skills gap, companies do appear willing to pay more for certain skills, such as IT, accounting and higher-end healthcare skills, according to U.S. Bureau of Labor Statics projections.

"Today, many high-paying STEM jobs in our industry and others go unfilled as candidates lack necessary technical skills, training or post-secondary degrees," Smith notes. "With millions unemployed, this skills gap is alarming." For the U.S. to

continue to operate as the innovation engine of the world, Smith adds, **"WE NEED A STEADY STREAM OF STEM STUDENTS GRADUATING FROM OUR COLLEGES AND UNIVERSITIES."**

In addition to the strong and growing need for STEM skills, employers contend with other talent-management challenges. The 2008-2009 global financial crisis depleted many retirement accounts, forcing employees in the baby boom generation to delay retirement until the balances in their defined contribution plans (i.e., 401(k)s) regain their pre-crisis levels. This development has also allowed many employers to avoid, for now, having to replace large swaths of their workforces. "One of our PhDs here likens the demographics dynamic to a python swallowing an elephant," says Paglino. "The baby boomer portion of the workforce remains an elephant, albeit one that is taking longer to move down the python than most labor and talent experts anticipated."

U.S. COMPANIES WILL SOON DEAL WITH AN ELEPHANT-SIZED HOLE IN THEIR WORKFORCE, JUST AS OTHER INDUSTRIAL COUNTRIES WITH SIMILAR DEMOGRAPHIC SITUATIONS, LIKE JAPAN AND GERMANY, ALREADY CONFRONT. TO ADDRESS THIS GAP, COMPANIES CAN EITHER HIRE EXPERIENCED WORKERS AT A RELATIVELY HIGH COST OR HIRE NEW WORKFORCE ENTRANTS AND LESS EXPERIENCED EMPLOYEES AT A LOWER COST AND THEN SPEND MONEY TO TRAIN AND DEVELOP THEM.

"Many companies have gone through cost-reductions and staffing cuts, so they have fewer resources to train new [and less experienced] employees," Paglino continues. "It's much easier to go out and buy experience, but that approach perpetuates the demographic crunch. When all of these experienced, highly skilled people walk out the door 10 years or even five years from now, will that cost the company more than investing in less experienced employees?"

WHICH IS MORE COST EFFECTIVE FOR THE COMPANY?

HIRE LESS EXPERIENCED WORKERS BUT SPEND \$\$\$ ON TRAINING...

OR

SPEND \$\$\$ ON HIRING MORE EXPERIENCED WORKERS



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CHANGING WORKFORCE DEMOGRAPHICS

Ford and other companies that invest in new workforce entrants still want to get the biggest bang for their talent buck. That means hiring new workforce entrants who possess enough experience and qualities to help keep training and development budgets lean. Jeff Lupinacci, global director of human resources at Kimberly-Clark International, says cultural intelligence and creative thinking represent valuable qualities across all disciplines and industries.

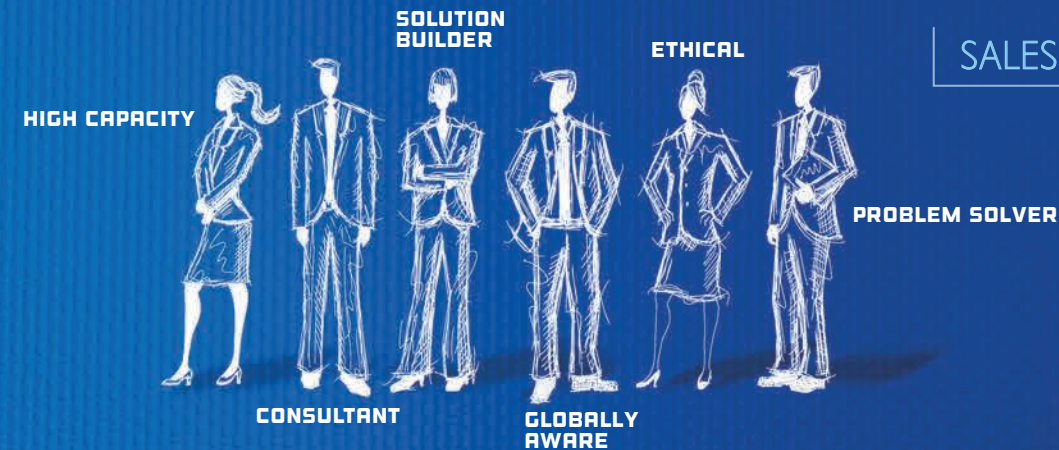
"ARE YOU ABLE TO ASSOCIATE WITH PEOPLE FROM DIFFERENT CULTURES?" Lupinacci asks. **"ARE YOU ABLE TO UNDERSTAND THE CONTEXT OF WHERE THEY MAY BE COMING FROM AND BE ABLE TO INTERACT WITH THEM APPROPRIATELY?"** AS BUSINESSES BECOME MORE GLOBAL, **THESE SKILLS BECOME MORE IMPORTANT."**

Lupinacci says he and his team evaluate how innovative candidates may be, regardless of whether they work in research and development, human resources or manufacturing operations. "We need people who can keep pushing new ideas as they address problems and opportunities," he adds.

Of all the organizational functions affected by the exit of baby boomers from the workforce, the sales function is likely to experience the greatest impact. Sales is the most people-intensive part of most businesses, and its evolution — which recently has accelerated thanks to the widespread embrace of business systems such as customer relationship management (CRM) and sales force automation (SFA) as well as social media — paralleled the working lifecycle of the baby boomer generation.

RETIRING BABY BOOMER

NEW WORKFORCE



"WE ARE APPROACHING THE LARGEST TURNOVER IN THE SALES PROFESSION IN THE HISTORY OF THIS COUNTRY," says Hankamer's Andrea Dixon, associate professor and holder of the Frank M. and Floy Smith Holloway Professorship in Marketing. Dixon is also executive director of the Keller Center for Research and the Center for Professional Selling, which administers the Professional Selling major, a highly experiential program with seven courses designed to address the rigors of selling in a post-CRM business realm where social-media-

equipped customers have much more information and power. **"TODAY'S SALES PROFESSIONALS HAVE THE SKILLS AND CAPACITY TO HELP CONSULT AND BUILD SOLUTIONS FOR A COMPANY AT A MORE STRATEGIC LEVEL,"** DIXON NOTES. **"IT'S NO LONGER A MATTER OF JUST SELLING A PRODUCT. THIS REQUIRES STUDENTS LEAVING CAMPUS WHO ARE DIFFERENTIALLY PREPARED AS PROBLEM SOLVERS, AND WHO CAN ENGAGE ACROSS ALL LEVELS OF AN ORGANIZATION VIA THEIR SOPHISTICATED BUSINESS ACUMEN."**

Problem-solving abilities figure prominently in the influx of military veterans transitioning into the civilian workforce. More companies are creating recruiting and on-boarding programs designed to tap military-veteran talent. These endeavors give companies access to an under-utilized talent pool; the unemployment rate among veterans returning from Afghanistan and Iraq is roughly 25 percent higher than the overall unemployment rate in the U.S.

"WE'VE HIRED A LOT OF VETERANS IN THE MANUFACTURING WORLD BECAUSE THEY WALK IN THE DOOR WITH LEADERSHIP SKILLS AND OTHER QUALITIES THAT YOU CAN'T NECESSARILY LEARN ON A COLLEGE CAMPUS," says Paglino, who notes that Ford has a long history of hiring military veterans. "It is a school-of-hard-knocks experience."

AT&T created a site (www.att.jobs/military) devoted to recruiting veterans while assisting them with the transition from military service to the civilian workforce. Smith points to numerous benefits achieved by military veterans, including access to leadership and team-building skills, a diverse talent pool and professionals who tend to manage adversity well, understand health and safety standards, and operate efficiently under pressure.



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IMPLICATIONS ON **WORKFORCE** ENTRANTS

GIVEN THE COMPREHENSIVE DEMANDS OF EMPLOYERS SEEKING NEW WORKFORCE ENTRANTS, RECENT GRADUATES SHOULD CONSIDER THE FOLLOWING STEPS WHEN PREPARING TO ENTER, OR RE-ENTER, THE WORKFORCE:

1. GET EXPERIENCE.

"With our on-campus recruiting, we try to find people who have had really practical, good, hands-on experiences, either through internships, summer jobs or other activities while they are in school," Paglino says. **"WE ARE LOOKING FOR PEOPLE WHO HAVE EXPERIENCE SO THEY CAN HIT THE GROUND RUNNING AND NOT REQUIRE AS MUCH UP-SKILLING AND TRAINING TIME."** Baylor University's associate director of Career Services Kevin Nall notes that students with internship experience on their resumes can command a 20 percent higher starting salary compared to a recent graduate without internship experience who lands the same job. "Overall," he adds, "the most important thing students can do to be competitive within the job search is to have some kind of internship experience on their resume." Hankamer's approach to internships, a required component at the graduate level (as are a pair of career development classes), **"IS NOT ABOUT HOW TO PERFORM CERTAIN TASKS,"** Buckley emphasizes. **"IT'S ABOUT HOW TO DEAL WITH AMBIGUITY, HOW TO SET YOURSELF APART, HOW TO GET COMFORTABLE WITH CHANGE AND HOW TO DEVELOP A WORK ETHIC."**

2. CONTINUALLY TRACK JOB-GROWTH TRENDS.

In addition to her work instructing Hankamer students on the latest IT skills and concepts, associate professor of Management Information Systems (MIS) Hope Koch also runs a scholarship program with her husband that awards \$500,000 a year to high school students in her hometown of Cameron, Texas. Recently, Koch added a requirement for those scholarship applicants: they have to scrutinize the U.S. Bureau of Labor Statistics *Occupational Outlook Handbook* and identify a profession with a promising jobs outlook. "It's sort of like Maslow's hierarchy of needs," Koch notes. **"YOU HAVE TO MEET YOUR BASIC NEEDS, AND ONCE THOSE ARE MET, YOU CAN START PURSUING JOBS AND RESPONSIBILITIES THAT ARE MORE INTERESTING TO YOU."** Koch also emphasizes that many of the job areas with rosy growth prospects, like IT and accounting, also are much more interesting and creative in practice than they might initially appear.

3. BUNDLE YOUR SKILL SETS.

As Paglino, Lupinacci and other HR leaders assert, employers want new entrants to have it all: top-notch classroom education *and* real-world experience; STEM skills *and* sharp team-building capabilities; risk-taking savvy *and* ethical mettle. Alas, the trend toward flatter organizational structures, virtual reporting relationships and declining training and development budgets means that employers also are less likely to devote time and money to help employees develop new skill sets. As a result, notes Dixon, **"THE TALENT COMING OUT OF UNIVERSITIES TODAY HAS TO BE FOCUSED ON SELF-DEVELOPMENT. THE EMPLOYER OF THE FUTURE IS LOOKING TO BUY BUNDLES OF SKILLS. A GENERAL DEGREE WILL NOT GET YOU A JOB IN THE FUTURE – I'll stake my job on that. It's the bundled skills that will get you a job, and that generally comes from the experiential development you get while earning your degree."**

4. BRAND YOURSELF.

GAINING EXPERIENCE REPRESENTS ONLY PART OF THE PROCESS; JOB APPLICANTS ALSO MUST BE ABLE TO ARTICULATE THAT EXPERIENCE – quickly, engagingly and in a way that resonates with their audience (i.e., a job interviewer). "A lot of students have great experience, but their resume sometimes reads like a laundry list of tasks they did on an internship, as if they're regurgitating the job descriptions," Nall notes. "You have to be able to articulate the value that you can add to an organization. That's critical." And this isn't just at Baylor; one of the world's top accounting and advisory firms, PricewaterhouseCoopers, publishes a five-step personal brand workbook as part of a Personal Brand Week initiative designed to help graduates more effectively articulate their value.

5. ABOVE ALL, BE ETHICAL.

Given the recent spate of corporate scandals (e.g., rate-rigging, excessive risk-taking in the financial services realm, money laundering and more), personal integrity represents an increasingly valuable organizational asset. These scandals have highlighted the need for companies to exhibit more principled performance, especially in the "language of business," notes Anthony Herrera, lecturer and director of Internships and Career Development for the department of Accounting in the Hankamer School of Business. "Ethics is the foundation of our profession. If accountants don't have ethical standards, our entire industry falls apart."

Lupinacci observes that companies feel the same way about nearly every other profession. He sees more organizations incorporating the same type of ethics-related questioning into the applicant-screening process that Kimberly-Clark has long used. **"MORE COMPANIES PLACE A HIGH VALUE ON FINDING GRADUATES WHO ARE TRUSTWORTHY AND WHO HAVE A MORAL MINDSET,"** he notes. "Ten or even five years ago, many companies would not have thought to include ethical considerations in the hiring process." Not that ethics weren't important back then, he adds, but recent instances of unethical organizational behavior have helped demonstrate to all companies how important it is to hire employees with the right set of values.

TO ATTRACT THE ATTENTION OF INCREASINGLY DISCERNING RECRUITERS, NEW GRADUATES NEED TO DEVELOP THE RIGHT SET OF SKILLS AND VALUES. And it's no longer a secret that there is no pithy formula for developing this bundled skill set. **"WE ARE NOW LOOKING FOR SO MUCH, ALL IN ONE PERSON,"** Paglino adds.

