HOW TO CONQUER THE 5 THINGS KEEPING HR UP AT NIGHT

Between the still-recovering economy, budget cutbacks, the advancing age and impending retirement of upper management, and an influx of talented and eager, if somewhat self-involved young employees, HR managers have a lot on their plates. Following are five of the biggest challenges keeping HR up at night, and what they can do to get back to sleep.

HOGAN

1 RECRUITING

In a SilkRoad survey of more than 850 HR professionals, 51% of respondents said finding people is one of their primary concerns. Fair enough, especially considering our research shows more than half of new employees fail – typically costing their employers more than 150% of their annual salaries. Why is that failure rate so high? Employers are looking for the wrong things in their candidates.

Success in any given job takes more than the right education, experience, or technical skills.

The U.S. Department of Labor conducted a survey examining what companies want from their employees. The report identified five critical workplace competencies:

1. Locating and allocating resources
2. Acquiring and interpreting information
3. Understanding complex systems
4. Technological literacy
5. Interpersonal skills

When it comes to the first four requirements, young employees are the most advanced generation to ever enter the workforce. However, the fifth competency, interpersonal skills, is where many young employees fall short. And that's a big problem.

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A study by Drs. Joyce Hogan and Kimberly Brinkmeyer showed that, of the total positions advertised over the course of a year, interpersonal skills were essential for 71% of jobs involving client contact, 78% of jobs requiring coworker interaction, 83% of the jobs involving subordinate interaction, and 84% of jobs requiring management interaction.

> Employability depends on three things: being able to do your job, being willing to work hard at your job, and being rewarding to deal with. Being rewarding to deal with is a reflection of your interpersonal skills – the more developed your interpersonal skills, the more rewarding it is to interact with you.

- Dr. Robert Hogan
Founder of Hogan Assessments

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"There is nothing more frustrating than investing in an employee who leaves the company," said Ryan Ross, VP of Global Alliances at Hogan.

Unfortunately, voluntary turnover is on the rise. A survey by Future Workplace showed that 91% of Millennials expected to stay at a job for fewer than three years, and, according to the Bureau of Labor Statistics, the average worker stays at his or her jobs for just 4.4 years. Job hopping isn't limited to Millennials, either – as the economy recovers and more positions become available, older workers are fleeing jobs at which they are unhappy.

"Engagement is absolutely the answer to employee retention, and the best way to engage your employees is to let them know you're invested in them," Ross said. "Tell them your plan for them within the organization and assign mentors and stretch roles; give them learning opportunities and engage a coach."

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Take a look at your leadership.

"Your employee engagement plan has to be more than perks," Ross said. **"People don't quit jobs, they quit their bosses.** More than anything, an employee's level of engagement is a reflection of how well he or she is being treated by his or her boss."

Good bosses foster a sense of loyalty among their employees. Ineffective leaders create disengagement. No matter how promising someone's career, he or she is unlikely to stick around if his or her boss is a jerk.

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3 MILLENNIALS

According to psychologists Jean Twenge and W. Keith Campbell, a survey of more than 37,000 college students showed that narcissistic personality traits rose as fast as obesity rates from the 1980s to the present.

Although some criticize the study as little more than kids-these-days moralizing, just the thought of an influx of arrogant, self-promoting Millennials to the workforce has HR up at night.

Well, you can rest a little easier – according to our research, a little narcissism may just be a good thing. Hogan researchers Dr. Jeff Foster and Dara Pickering examined the relationship between nearly 1,000 individuals' job performance and their scores on the Bold scale of the Hogan Development Survey, which measures narcissistic personality characteristics.

"Individuals who were less likely to display self-promoting behaviors were seen as dependable team players," Foster said. "Unfortunately, they are also unlikely to be considered for promotions. People who were more self-promoting were more likely to be seen as knowledgeable about their industry, excellent at taking initiative, managing their performance, and achieving results."

The key to dealing with narcissism in young employees is a healthy dose of self-awareness.

"If you provide employees with a realistic understanding of their strengths, weaknesses, and behavioral tendencies, they can harness the positive aspects of their narcissism and avoid taking it overboard," he said.

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4 SUCCESSION PLANNING

According to SilkRoad's survey, only **38%** of companies **are prepared** for the sudden retirement of a top executive. To avoid the rough transitions and rocky stock-market responses that played out in the headlines over the past few years, companies need to have a strong bench of employees ready to take over the corner office.

Unfortunately, identifying potential leaders is easier said than done. Organizations that rely on supervisor ratings end up with high-potential pools plagued by office politics. Even if supervisor ratings could be trusted, research shows that only **30%** of current high performers **could step into a leadership role**, and most employees (more than 90%) would have trouble at the next level.

So who has what it takes to lead your organization into the future? To understand what constitutes real potential, HR needs to redefine leadership.

4 SUCCESSION PLANNING

Successful leadership is the ability to build and maintain a team that can outperform the competition. And if leadership depends on the ability to build an effective team, then a good leader must be someone others are willing to follow. People look for four essential characteristics in leaders:

1 Integrity – People need to know that the person in charge won't take advantage of his or her position; that they won't lie, steal, play favorites, or betray subordinates.

2 Judgment – Most businesses fail as the result of bad decisions that are compounded by an unwillingness to evaluate the decisions and change direction.

3 Competence – Subordinates see leaders who lack business acumen as empty suits, and are unwilling to follow them.

4 Vision – Good leaders explain to their team the significance of their mission and how it fits into the larger scheme of things. This vision clarifies roles, goals, and the way forward, thereby facilitating team performance.

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HR wants a seat at the table.

Fifty-three percent of the survey's respondents were most concerned about developing an HR organization that acts strategically rather than tactically.

"The quality of a company's people – from individual contributors to middle managers to executives – is the most important deciding factor in that company's success," Ross said. "And the key to getting quality people in all of those levels is to put a system in place that stays relevant throughout the entire employee lifecycle."

"Unfortunately, what we see are HR systems developed ad-hoc; one set of tools for selection, another for middle managers, and another for high-level leadership development, and none of those systems communicate," he continued. "Last year, everyone was buzzing about big data. Companies found themselves sitting on hundreds of thousands of supervisor ratings, 360 feedback information, business results, anything you can imagine."

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5 HR's BUSINESS FUNCTION

The problem, Ross said, is that this information often comes from divergent systems, and therefore lacks context or common language. If HR wants to act strategically, it needs to consolidate those systems so that data can be viewed in context.

"With the right context, you can get a better understanding of who makes a successful employee at your organization, where your organizational strengths and weaknesses are, and what you need to give your leaders in order for them to succeed," Ross said.

That information adds value to the organization and gets HR a seat at the table.