

Workforce Competencies Employers Value Most: Findings from a Survey of St. Louis Area HR Professionals

Talent: The Future of Metro St. Louis in the Knowledge Economy – Supplemental Report

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Background

It was never easy, but talent management is especially challenging in today's turbulent economy. Although the Great Recession is technically behind us, uncertainty is still the only thing we know for certain about what lies ahead. How can companies ensure they have the right people with the right skills in the right jobs at just the right time when, as Wharton School professor Peter Cappelli points out, they "rarely know what they will be building five years out and what skills they will need to make that happen; they also don't know if the people they have in their pipelines are going to be around."ⁱ

The talent management challenge is not only about the future, however. It is also about the past.

- Many jobs were restructured or disappeared during the Recession, and the learning systems to bring existing employees up to date may not be in place.
- New candidates with the right skills mix may not be available in the current talent pool. In a poll conducted by the Society for Human Resource Management (SHRM) in the spring of 2010, 62 percent of companies that planned to conduct hiring during the year said that their new jobs would require different skill sets. Of these, "39 percent said that they expected to encounter some degree of difficulty in finding qualified individuals for these new positions."ⁱⁱ
- And even if the right people with the right skills are available, can we be sure we know who they are? The traditional academic credentials that assured employers of the capabilities of an applicant in the past are not as assuring as they once were. In-demand skill sets have changed more quickly than many of the credentials applicants bring to the table.

What *do* employers need today? What qualities are required in current and future employees? What competencies predict strong performance by both the individual and the firm? Where are the gaps? How can this information be communicated effectively to educators, workforce development professionals, career counselors, job seekers, and others who need to hear it?

These are the questions that prompted the survey described in this report.

A Difficult Fit: Talent Supply and Demand

Between 2007 and 2010, talent development consultants with the St. Louis Regional Chamber and Growth Association worked with more than 2,000 professionals who had lost their jobs due to the Great Recession. Many of the displaced individuals were well-educated, with Bachelor's and higher level degrees, and most of them identified as IT, engineering, science, and financial service professionals. Despite their backgrounds in technical fields important to the region's economic future, many of the professionals had a very difficult time finding new work.

The poor economy was a principal reason, of course: little hiring was taking place in the early years of the downturn. But the talent development consultants and their partners at the Missouri Career Centers sensed that the problem was more complex. Employers were looking for something beyond the college credentials, industry-recognized certifications, and experience that the transitioning professionals had to offer.

A review of the literature, enhanced by conversations with job seekers and hiring managers, helped to clarify the situation. For example, *Are They Really Ready to Work?*, a 2006 report that presented the results of a national survey of more than 400 employers, identified applied skills (as opposed to purely technical skills) as the skills employers needed most. This research was conducted by The Conference Board, Partnership for 21st Century Skills, Corporate Voices for Working Families, and the Society for Human Resource Management.

“On all educational levels,” they concluded, applied skills “trump basic knowledge and skills such as *Reading Comprehension and Mathematics*. In other words, while the ‘three R’s’ are still fundamental to any new workforce entrant’s ability to do the job, employers emphasize that applied skills like *Teamwork / Collaboration* and *Critical Thinking* are ‘very important’ to success at work.”ⁱⁱⁱ

Commentary in the *Journal of the Human Resource Planning Society* sheds additional light on this matter: “As work becomes more knowledge intense, and what does not require direct human involvement becomes automated, it is inevitable that the future of work will be characterized by increasing autonomy and discretion at all levels of the organization.... This creates new requirements for more people. Most specifically, it places a premium on: the ability to think and act systematically, as well as in more familiar and linear terms; a deep understanding of the organization’s total system of value creation and how every decision and action contributes to it; and, above all, the ability at all levels to exercise judgment. This last is a critical aspect of the future of work—the near ubiquitous need for judgment, and all of the critical thinking skills that underpin it; and, again, this will place new pressures and imperatives on both national educational systems and talent development.”^{iv}

The findings of local research are consistent with these national reports. In 2008 and again in 2010, the University of Missouri-St. Louis College of Business Administration conducted a survey of alumni working for companies across the regional economy. The results of their poll of more than 300 individuals prioritized the most critical skills necessary to achieve high individual performance and organizational goals as active listening, customer-orientation, critical / analytical thinking, oral communications, time management, and written communications.^v The UMSL survey report, *Skills Gap: The Ill-Prepared Workforce*, further identified a significant skills gap for six of the ten most highly rated attributes.

A Partnership with the Human Resource Management Association

With work underway in 2011 to develop a comprehensive talent strategy for post-Recession St. Louis, the RCGA wished to know more about the competencies most in demand by area employers. Realizing that the best information would likely come from employers themselves, the RCGA approached the Human Resource Management Association of Greater St. Louis (HRMA) for assistance. The HRMA, an affiliate of the national Society for Human Resource Management (SHRM), is the largest membership organization of HR professionals in the St. Louis area.

HRMA leaders helped RCGA consultants craft a survey to be jointly implemented within the HRMA membership. The survey started with a draft list of six competencies that the RCGA believed to be among the most important, based on their review of other national and local research, workforce development literature, and experience with transitioning professionals in the current market. The six competencies were: post-secondary credentials, applied skills, people skills, motivation to keep up with changes in one's occupation, evidence of continuous learning, and an entrepreneurial attitude. Edits were made to the initial draft survey after consultation with the HRMA and, at their suggestion, with research staff at SHRM.

Survey Administration

The RCGA / HRMA survey was posted online and went live at the time of the April 2011 HRMA membership meeting, at which time the President of the HRMA and a representative of the RCGA's Talent Council announced the survey and encouraged members to participate. The survey was available online for a two-week period, from April 27 through May 11. During that time, 169 individuals from the HRMA's membership base of 250 completed the survey. As indicated in the following charts, the survey sample gathered the perspectives of HR professionals from firms of all sizes, and companies in a variety of economic sectors.

Respondents by Number of St. Louis Area Employees in their Firm

Number of Employees	Percentage
1 – 25	14.9%
26 – 100	20.9%
101 – 250	21.4%
251 – 1000	20.2%
1001 – 2000	8.3%
More than 2000	14.3%
Total	100.0%

Respondents by NAICS Sector

Number of Employees	Percentage
Manufacturing	17.9%
Healthcare & social assistance	16.1%
Professional, scientific, technical services	14.3%
Finance & insurance	9.5%
Educational services	8.3%
Retail trade	7.7%
Public administration	4.8%
Administrative, support	3.0%
Arts, entertainment, recreation	2.4%
Utilities	2.4%
Construction	2.4%
Management of companies, enterprises	2.4%
Wholesale trade	2.4%
Real estate, rental, leasing	2.4%
Miscellaneous	4.0%
Total	100.0%

Current Condition of the Economy

The survey asked the HR professionals to rate the current condition of the St. Louis metro economy. More than half (54.2 percent) said the economy is “slowly improving,” while another 25.6 percent characterized it as “improving.” Nearly one of every five respondents (18.5 percent) said the economy remains “weak.” Fewer than 2 percent called today’s economy “strong.”

Company Response to Economic Shifts and Uncertainties

The respondents were asked to identify the measures their company had used to respond to conditions of the economic downturn. Six activities were used ‘moderately’ or ‘extensively’ by at least one-third of all respondents. In rank order, they were:

- Increased expectations of employee productivity
- Linked employee performance more closely to the organization’s business goals
- Restructured work assignments
- Froze hiring
- Reorganized units or divisions
- Reduced size of workforce.

A Menu of Competencies Drawn from Earlier Research

The survey presented six workforce competencies, which had been drafted through the process described earlier. The HR professionals were asked to rate each competency as extremely important (5), very important (4), important (3), not very important (2), or not important (1). Further, the respondents were asked to rate a number of specific attributes or behaviors associated with each of the competencies. The results follow.

The Importance of Post-Secondary Credentials

In advance of the survey, the sponsors expected that ‘post-secondary credentials,’ the first competency on the list of six, would be rated the highest in importance by the respondents. In fact, it received the lowest average rating -- 3.49 on the 5-point scale. The HR professionals responding to the survey assigned slightly higher importance to such credentials “for the individual’s career” (3.59) than “for company performance” (3.39).

The highest ratings were given by HR staff in companies with more than 2000 employees: 3.92 in relationship to company performance, and 4.13 for the individual’s career.

When asked the relative importance of various post-secondary credentials, the respondents expressed the following preferences.

Four-year college degrees	3.69
Industry-recognized certifications	3.40
Master’s or Professional degrees	3.18
Two-year college degrees	2.61
College certificates	2.36

Nearly 57 percent of respondents rated four-year degrees as ‘extremely’ (5.0) and ‘very’ (4.0) important. Almost 43 percent gave the same ratings to industry-recognized certifications. The ‘important’ rating (3.0) was most frequently selected by respondents for every type of credential— with the exception of college certificates, which were rated as ‘not very important’ (2.0) by 40 percent .

The survey sponsors engaged business leaders in a follow-up discussion about these findings. The business leaders were consistent in their response: a college degree is “the ticket to get in the door” to a good job; it is foundational. But it is not an adequate guarantee that the bearer has the desired skills.

Five Workforce Competencies with the Highest Ratings

Each of the five remaining competencies received an overall rating between 3.6 and 4.5 on the five-point scale of importance. The chart that follows provides the ratings and indicates the percentage of total respondents who designated them as “extremely” or “very” important.

**Five Competencies Employers Value Most
Rankings from a Survey of HR Professionals in the St. Louis Area, 2011**

Competency	Identifying as "extremely" or "very" important	Rating average (5 is extremely important, 1 is not important)
<p>People skills</p> <ul style="list-style-type: none"> • Ethical behavior • Customer orientation • Teamwork / collaboration • Oral communication • Active listening • Leadership • Written communication • Understanding company culture • Ability to work in multi-generational environment • Cross-cultural understanding / savvy 	89.0%	4.50
<p>Motivation to keep up with changes in one's occupation</p> <ul style="list-style-type: none"> • Positive attitude—enthusiastic for new opportunities • Committed and will 'go the extra mile' • Engaged as a leader as well as team player • Loves what they do • Initiates ideas for improving personal efficiency • Suggests new ways to align own job with evolving company goals • Brings new knowledge about the changing nature of work into the organization • Makes time to give back, involved in the community • Evidences commitment to career advancement • Regularly reads books, journals, blogs relevant to occupation 	87.1%	4.36

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<p>Applied skills</p> <ul style="list-style-type: none"> • Problem-solving • Strategic thinking / planning • Critical / analytical thinking • Decision-making • Prioritization / focus • Project execution • Project management • Process improvement • Business case development 	<p>68.1%</p>	<p>3.92</p>
<p>Ongoing learning and skill development</p> <ul style="list-style-type: none"> • Initiates formal learning objectives as part of employee development plan • Participates in classroom-style training in the workplace • Pursues professional development credits • Participates in online learning offered by employer 	<p>63.5%</p>	<p>3.88</p>
<p>Entrepreneurial attitude</p> <ul style="list-style-type: none"> • Manages company resources as if they were their own • Willing to go 'outside my job description' with new approaches to get the job done • Demonstrates a passion for problem-solving • Initiates ideas to improve business operations • Is resilient when failure occurs • Exhibits self-confidence in putting forward new ideas • Is willing to assume risk in trying new approaches • Suggests new ventures consistent with business goals and strategy 	<p>47.6%</p>	<p>3.55</p>

Making Use of the Survey Results

The St. Louis RCGA has incorporated the results of this survey into its talent strategy for the St. Louis metropolitan area, *Talent: The Future of Metro St. Louis in the Knowledge Economy*. The competencies are expressed in the new “Regional Framework for Talent Development” that serves as the basis for future action. This framework provides a shared point of reference for educators, workforce development specialists, career counselors, employers, students, and members of the workforce to collaborate in ensuring that St. Louis has a great workforce, at once:

- 1) prepared to work
- 2) equipped to perform, and
- 3) positioned to advance.

After all, in the words of recent reporting in *Time* magazine: “In the future, more will be expected of employees than just ‘doing your job.’ ... We will see a more flexible, more freelance, more collaborative, and far less secure work world.... Companies will be looking for people who can help them solve problems before they even happen, identify opportunities that are barely visible on the horizon. This extends from workers on the shop floor to software developers in the IT department to contract energy monitors, and more.”^{vi}

The priorities expressed in this survey of HR professionals will help St. Louis get ready.

ⁱ Peter Cappelli. “‘Talent on Demand’: Applying Supply Chain Management to People,” Knowledge@Wharton. University of Pennsylvania. February 20, 2008

ⁱⁱ Society for Human Resource Management. “SHRM Poll: Post-recession hiring.” March 2010. Retrieved from www.shrm.org

ⁱⁱⁱ The Conference Board, Partnership for 21st Century Skills, Corporate Voices for Working Families, Society for Human Resource Management. *Are They Really Ready to Work? Employers’ Perspectives on the Basic Knowledge and Applied Skills of New Entrants to the 21st Century U.S. Workforce*. 2006.

^{iv} Eamonn Kelly. “Work in the 21st Century: Changing Our Mindsets.” *People & Strategy, The Journal of the Human Resource Planning Society*. Volume 31, Issue 4. 2008

^v University of Missouri - St. Louis, College of Business Administration, *Skills Gap: The Ill-Prepared Workforce*, August 2010.

^{vi} Special series on “The Future of Work.” *Time*. May 25, 2009.