Hampton Roads Workforce Report: Executive Summary of Challenges, Trends, and Opportunities for Human Resource Management

Presented by the Strome College of Business Department of Management and Hampton Roads Society for Human Resource Management
Friday, January 24, 2020
Sheraton Norfolk Waterside Hotel
Norfolk, VA 23510

Speakers:

**Ryan Klinger, PhD**
Associate Professor of Management, Old Dominion University
"Comprehensive Regional Workforce Analysis and Study: Strategic Recommendations for Organizations"

**Kathy Woollum**
Principal, Mercer
"The Evolving Employee Value Proposition for Strategic Organizations"

**Mark Buehlman**
Regional Program Manager, Virginia Values Veterans (V3)
"Solving Regional Workforce Challenges through V3"

**Bruce Christian**
Chairman, NB Handy Company
"How Human Resources is Navigating Today's Changing Workforce: A Distributor's Challenge"
IN FALL 2019, THE STROME COLLEGE OF BUSINESS AT OLD DOMINION UNIVERSITY (ODU) SURVEYED 414 INDIVIDUALS REGARDING THE HUMAN RESOURCES (HR) PRACTICES OFFERED BY REGIONAL ORGANIZATIONS AS WELL AS THE BENEFIT PREFERENCES OF TOMORROW’S WORKFORCE (GRADUATING ODU BUSINESS STUDENTS). KEY FINDINGS FROM THIS DATA COLLECTION ARE PRESENTED IN THIS EXECUTIVE SUMMARY WITH CONSIDERATION OF THE CURRENT HAMPTON ROADS ECONOMIC CONTEXT. ADDITIONALLY, WE MAP THESE FINDINGS ONTO NATIONAL TRENDS FROM THE SOCIETY OF HUMAN RESOURCE MANAGEMENT (SHRM) BENCHMARKING SURVEYS, WHERE POSSIBLE.

**Context**

While Hampton Roads has experienced 3 years of consecutive economic growth, our region is not immune to national economic challenges. The Virginian-Pilot reports that Hampton Roads organizations are facing labor shortages. Reasons for such shortages are complex. Similar to the nation, Hampton Roads boasts low unemployment rates (3% locally). Yet, paired with gaps in candidate skill sets (e.g., cyber security), regional brain drain, and a slowed population growth, regional organizations struggle to recruit high-quality candidates locally and nationally.

**Summary**

Findings can be summarized into three categories:

1. Organizational changes
2. Recruiting challenges
3. Benefits packages

**Organizational Changes.** Organizations regionally and nationally believe their workforce is going to grow. Regionally, organizations predict they will follow more hybrid employment models and most (51%) of regional HR managers are confident in their organization’s ability to navigate the changing nature of HR.

**Recruiting Challenges.** Only 14% of regional HR managers reported that the quality of candidates is increasing. The three skills where organizations reported the biggest gap between what they needed and what they were seeing in candidate pools were professionalism, critical thinking, and strategic planning.

**Benefits Packages.** Regional organizations appear to offer more benefits than organizations do nationally. However, many benefits identified as highly important to tomorrow’s workforce are infrequently offered by regional organizations.
DEMOGRAPHICS

ORGANIZATION TYPE

- Privately Owned For-Profit 36%
- Non-Profit 25%
- Government 18%
- Publically Owned For-Profit 17%

*4% reported “Other” or “Not Sure”

ORGANIZATION SIZE

- 25,000+ employees 10.1%
- 100–499 employees 26.3%
- 1–99 employees 33.3%
- 500–2,499 employees 20.2%
- 2,500–24,999 employees 10.1%

*1% reported "Not Sure"

MAJOR INDUSTRIES

- Professional, Scientific, Technical, or Financial Services 30%
- Manufacturing, Construction, Transportation and Warehousing, and Utilities 17%
- Retail Trade, Accommodation, and Food Services 12%
- Health Care and Social Assistance 10%
- Educational Services 9%
- Arts, Entertainment, and Recreation 6%
- Government Agencies 5%
- Other 14%

We sampled from three groups: Human Resource Managers, employed persons, and “Tomorrow’s Workforce.” In total, we gathered data from 414 participants. All responses were anonymous.

HR Subject Matter Experts

Sources:
- Hampton Roads SHRM
- Hampton Roads Chamber of Commerce
- Professional Networks

Questions Asked:
- What is the future of HR?
- Where are there gaps in skills?

Total = 92

Employees, Non-HR SMEs

Sources:
- Hampton Roads Chamber of Commerce
- Professional Networks

Questions Asked:
- What benefits are offered by your organization?

Total = 78

Tomorrow’s Workforce

Sources:
- Graduating Old Dominion University Students

Questions Asked:
- What benefits would you find attractive on the job market?

Total = 244

HAMPTON ROADS WORKFORCE TRENDS

PAGE 04
Spotlight #1: What are the biggest changes HR managers anticipate in the region?

58% of HR managers regionally and nationally predict their organization will grow over the next 10 years.

32% of regional HR managers anticipate greater use of hybrid employment models in the future.

51% of regional HR managers report feeling "confident" or "very confident" in managing changing nature of HR.

Such changes in organizational size and employment models will require modifications of the HR function. However, regionally, more than half of the sample (53%) reported that their HR function (generally seen as more transactional and administrative) will not change, compared to only 29% of the national sample.
Spotlight #2: What are the biggest challenges HR managers anticipate in the near future?

Only 40% of regional HR managers reported feeling "confident" or "very confident" they can handle challenges presented by the changing workforce. Maintaining a competitive compensation and benefits package was noted as the top challenge both regionally and nationally.

**TOP HUMAN CAPITAL CHALLENGES**

<table>
<thead>
<tr>
<th>Challenge</th>
<th>National</th>
<th>Regional</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maintaining a Competitive Compensation &amp; Benefits Package</td>
<td>53%</td>
<td>58%</td>
</tr>
<tr>
<td>Finding Employees with Increasingly Specialized Skill</td>
<td>24%</td>
<td>33%</td>
</tr>
<tr>
<td>Maintaining High Levels of Employee Engagement</td>
<td>30%</td>
<td>38%</td>
</tr>
<tr>
<td>Retaining Highest-Performing Employees</td>
<td>26%</td>
<td>29%</td>
</tr>
<tr>
<td>Developing the Next Generation of Leaders/Remaining Competitive in the Talent Marketplace</td>
<td>31%</td>
<td>27%</td>
</tr>
</tbody>
</table>
While more than half of respondents (55%) reported feeling "confident" or "very confident" with their organization's ability to handle recruitment and selection challenges, they also noted issues with finding suitable candidates.

HR managers regionally and nationally appear to struggle finding candidates with the right skills, but regional HR managers report more talent competition and trouble providing a competitive salary and benefits package.

82% of respondents reported difficulty recruiting quality candidates over the past 12 months.

14% of respondents reported the quality of candidates was increasing.

**TOP REASONS ORGANIZATIONS STRUGGLE TO HIRE SUITABLE CANDIDATES**

- Candidates Do not Have the Right Technical or Soft Skills: Regional 68%, National 65%
- Competition from Other Employers: Regional 55%, National 43%
- Salaries & Benefits are not Competitive for the Market: Regional 46%, National 32%
- Low Number of Applications or a Lack of Interest in the Organization: Regional 36%, National 33%
- Candidates do not Have the Needed Work Experience: Regional 32%, National 36%
Spotlight #4: What skills are lacking in tomorrow's leaders?

All skills surveyed were less prevalent than regional HR managers desired. The two skills with the largest gap were professionalism and critical thinking, which were also rated as the most important skills for employees to have. However, there was a relatively smaller gap for technical skills and digital skills (not shown). Participants indicated the importance (1 = least important to 5 = most important) and prevalence (1 = least prevalent to 5 = most prevalent) of all skills. The gaps between importance and prevalence are illustrated in the chart below.

### LARGEST SKILL GAPS

<table>
<thead>
<tr>
<th>Skill</th>
<th>Importance</th>
<th>Prevalence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professionalism</td>
<td>4.71</td>
<td>3.44</td>
</tr>
<tr>
<td>Critical Thinking</td>
<td>4.49</td>
<td>3.31</td>
</tr>
<tr>
<td>Strategic Planning</td>
<td>3.94</td>
<td>3.10</td>
</tr>
<tr>
<td>Analytical and Quantitative</td>
<td>4.17</td>
<td>3.33</td>
</tr>
<tr>
<td>Teamwork</td>
<td>4.60</td>
<td>3.76</td>
</tr>
</tbody>
</table>
Broadly speaking, organizations in Hampton Roads appear to be "ahead of the curve" on benefits. Out of the 157 benefits included in the survey, 124 benefits were offered *more* frequently in regional organizations than in organizations nationally.

### Spotlight #5: How do regional benefits packages compare to national benchmarks?

Broadly speaking, organizations in Hampton Roads appear to be "ahead of the curve" on benefits. Out of the 157 benefits included in the survey, 124 benefits were offered *more* frequently in regional organizations than in organizations nationally.

#### BENEFITS OFFERED MORE FREQUENTLY

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Regional</th>
<th>National</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retirement Planning</td>
<td>85%</td>
<td>57%</td>
</tr>
<tr>
<td>Legal Assistance / Services</td>
<td>64%</td>
<td>32%</td>
</tr>
<tr>
<td>Tobacco Cessation Programs</td>
<td>63%</td>
<td>39%</td>
</tr>
<tr>
<td>Non-retirement Financial Advice</td>
<td>60%</td>
<td>36%</td>
</tr>
<tr>
<td>Formal Mentoring Programs</td>
<td>44%</td>
<td>23%</td>
</tr>
</tbody>
</table>

#### BENEFITS OFFERED LESS FREQUENTLY

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Regional</th>
<th>National</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elder Care Leave Above Federal / State FMLA</td>
<td>6%</td>
<td>13%</td>
</tr>
<tr>
<td>Family Leave Above Federal / State FMLA</td>
<td>12%</td>
<td>22%</td>
</tr>
<tr>
<td>Take your Child to Work Day</td>
<td>12%</td>
<td>20%</td>
</tr>
<tr>
<td>In-Vitro Fertilization</td>
<td>13%</td>
<td>19%</td>
</tr>
<tr>
<td>Onsite Fitness Center or Classes</td>
<td>16%</td>
<td>29%</td>
</tr>
</tbody>
</table>
Spotlight #6: How do regional benefits packages compare to "what tomorrow's workforce" desires?

There appear to be several opportunities where organizations can create more competitive benefits packages. For example, although 91% of tomorrow's workforce says that student loan repayment assistance is important, only 12% of regional organizations in our sample reported offering this benefit.
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