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Workforce



Moving on Up

Why High-Growth Companies
Should Embrace Internal Mobility to
Support Recruitment and Retention



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Executive Summary

Companies across various industries are shifting their business models and looking to expand globally, increase headcount, launch new products, and enter new markets in a short period of time. The pandemic introduced new pressures and challenges, and companies had to adjust overnight. If 2021 was a year for rethinking strategies around talent, 2022 and beyond are years for rebuilding and growth.

According to this study conducted in 2022, one in two companies identify as a high-growth company, which includes any organization that is performing better, or expected to perform better, than its industry or the market as a whole. These high-growth companies face unique challenges and opportunities when attracting, engaging, and retaining talent. And, while growth and expansion may present new experiences, employees sometimes feel overwhelmed with change and may look elsewhere. In a world where the employee comes first, companies that do not meet employees' needs effectively will lose them during periods of rapid expansion.

As a result, internal mobility has become a strategic priority for high-growth organizations focused on talent strategies.

According to this study:

- ✓ 82% of high-growth companies have lost talent due to lack of career development opportunities
- ✓ 83% of high-growth companies have increased the number of hires, compared to 41% of all others
- ✓ 50% of high-growth companies have increased the number of internal hires, compared to 32% of all others

The movement of talent into new positions is not a new trend. Companies have been hyper-focused on internal mobility and career progression at various periods of uncertainty. When hiring slows down or turnover spikes, internal mobility becomes the go-to strategy. But today, companies have shifted their responsibilities, strategies, and technology adoption. Internal mobility is no longer an isolated activity or a quick fix during a time of transition. It is a critical part of any talent strategy, and the intersection between employee experience and business growth.

Maintaining a commitment to talent through rapid growth takes careful preparation and planning. Companies must carefully consider their process and culture for providing opportunities before investing in the right technology.

This report takes a close look at high-growth organizations in different regions and highlights the challenges, strategies, and technology enablers that impact their internal mobility efforts. This report will help answer the following questions:

- ✓ What are the key drivers for investing in internal mobility?
- ✓ What roadblocks do high-growth companies face when implementing internal mobility?
- ✓ Which talent strategies should high-growth companies consider?
- ✓ What role does technology play in improving internal mobility efforts?
- ✓ What are the differences among high-growth companies in APAC, EMEA, and North America?
- ✓ How can high-growth companies measure the impact of internal mobility?

Research Methodology

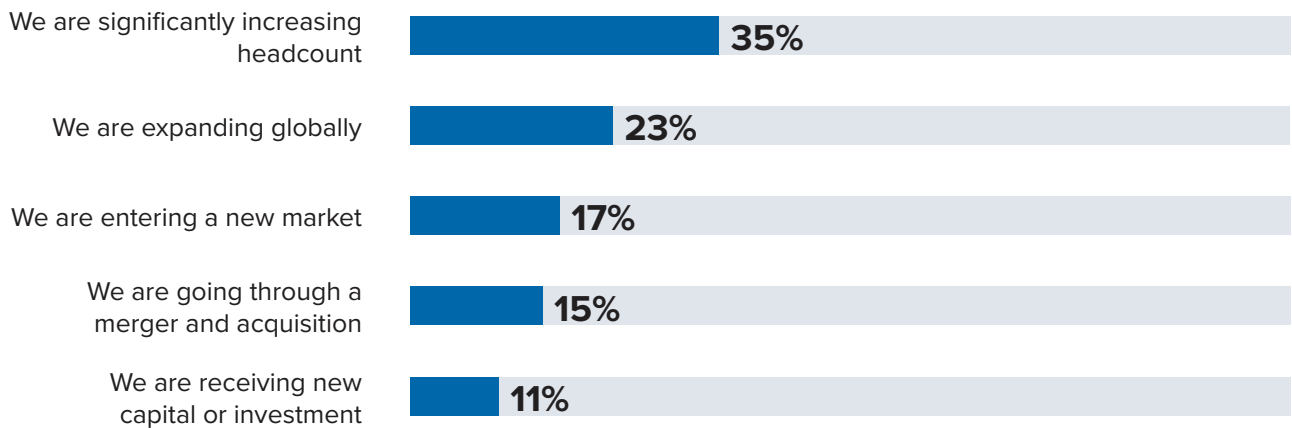
A Closer Look at High Growth

In the past, “high growth” was defined simply by an increase in revenue. Today, the definition has expanded to include any organization increasing or expanding over the next year. The pandemic played a major role in this transformation. Companies that pushed pause and halted operations over the past two years are now accelerating their growth and recovering at a rapid pace. Global companies are pursuing high-growth goals as well. **According to this study, 80% of companies in APAC are in high-growth mode compared to 50% of companies in EMEA and 48% of companies in North America.** Companies in APAC are entering new markets or expanding into new regions this year and, as a result, are facing new pressures and challenges.

According to this study, companies have several business priorities that

influence high-growth today, including an increase in headcount, global expansion, new market opportunities, and mergers and acquisitions (Figure 1). Over the past year, the pandemic pushed companies to operate in entirely new ways, sometimes creating new lines of business or rethinking existing strategies.

Figure 1 **Business priorities impacting high growth.**



The most significant focus for high-growth organizations is an increase in headcount. According to this study, these companies are 2x more likely to increase the number of hires this year. Talent is the most important factor in the success. It impacts all other priorities, including an organization’s ability to expand globally, enter new markets, and achieve a successful exit. Unfortunately, for many of these companies, the pressure to move quickly makes recruiting and retaining talent a challenge, especially in a labor shortage.

As high-growth companies look ahead, speed has become the new currency for the future of work. It is the common characteristic among all high-growth companies, regardless of their priorities. Companies want to see results, and business success is measured by their ability to adjust to change. As a result, HR and talent acquisition leaders face pressure to adopt new strategies and technology overnight. While this focus on speed has created opportunities, it has also presented challenges in attracting, engaging, and retaining talent. High-growth companies must carefully balance their focus on speed with their focus on talent.

A Talent-First Market

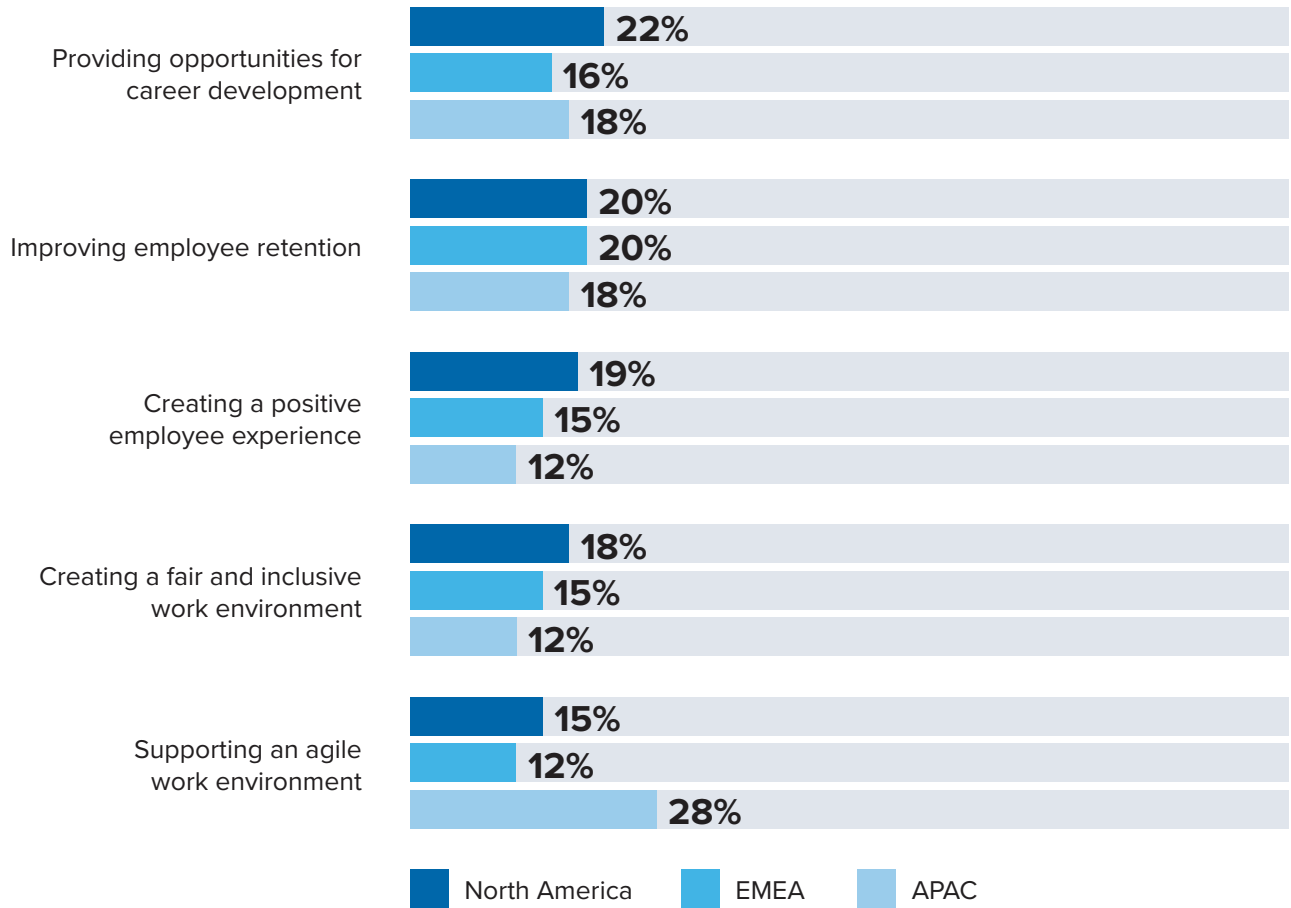
Companies are facing a talent crisis, and the rate of turnover is not slowing down. Today's market is an employee-driven market, thanks to the labor shortage and the Great Resignation. The power has shifted and employees now have greater demands, expectations, and influence over their employers.

And, even though most companies understand and recognize this shift, they still struggle to engage and retain talent. This study found the following:

- ✓ **Turnover:** In 2021, 50% of companies stated that they had higher turnover. This year, 59% of companies have higher turnover, including high-growth organizations. Turnover is not only experienced in high-volume or hourly industries, but in financial services, technology, and manufacturing. Employees have more options today and as companies adjust to high-growth goals, employees are feeling compelled to look at other opportunities.
- ✓ **Burnout:** Nearly 73% of companies believe that employee burnout has increased this year (a slight increase from 70% last year). With labor shortages and the pandemic, employees are being tasked to do more with less. They are feeling overworked and underappreciated.
- ✓ **Remote Work:** Among the high-growth companies in this study, 65% have a remote or hybrid work model today. These companies have to think about different ways to engage their workforce and support longer hours and the increased workload that often accompanies remote work.

Companies today are facing the realities of an employee-first labor market. If they want to retain talent and continue to thrive, they must change the relationship between employer and employee. When asked about the top workforce priorities, companies identified providing more opportunities for career development, creating a positive employee experience, improving retention, supporting an agile work environment, and creating a fair and inclusive experience (Figure 2).

Figure 2 **Top workforce priorities (North America, EMEA, APAC).**



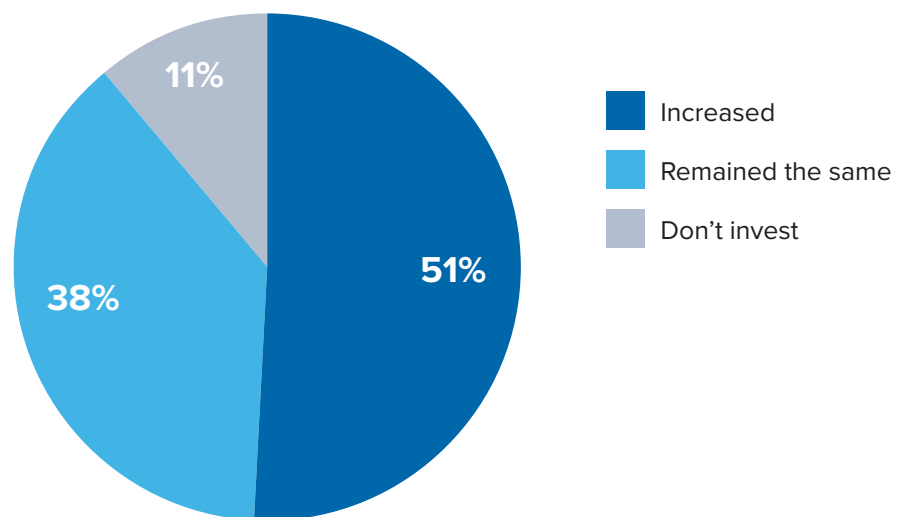
In an employee-first work environment, providing opportunities for growth is non-negotiable. Companies must invest in career development and internal mobility or they will lose talent.

A Focus on Internal Mobility

In today’s market, high-growth companies must not only look externally to support retention and recruitment, they must also look at internal talent to fill positions. Internal mobility is the movement of employees across the organization into various job roles. Companies have an obligation to support employees in a way that is relevant and meaningful. They need to provide opportunities for employees to advance their careers and feel more connected to their employer. As a result, 51% of high-growth companies are increasing their investment in internal mobility to support their talent needs, compared to 32% of all other organizations.

Among high-growth companies in APAC, 60% are increasing their investment, compared to 42% of companies in EMEA and 48% of companies in North America. Yet, many of these companies take a reactive approach to internal mobility. They wait until employees are unhappy or ready to leave before they offer opportunities for growth. With burnout and retention on the rise, companies can no longer afford to wait. Internal mobility must be offered to every individual regardless of job level or job satisfaction. The impact is not only on talent initiatives, but on business initiatives as well. Internal mobility improves retention, productivity, and performance.

Figure 3 Investment in internal mobility.



Companies of all sizes and across all industries are prioritizing internal mobility this year. At a basic level, internal mobility includes two main elements: the awareness of internal job opportunities, and the development of employees so they can take advantage of those opportunities. The *awareness* level is typically part of a talent acquisition process and includes recruitment marketing efforts and candidate communication. The *development* level is often part of talent management and HR and includes the promotion and progression of careers. Companies must consider a strategy that includes both elements.

Figure 4 **Two core elements of internal mobility.**

Awareness

- Posting of jobs to internal career sites
- Communicating jobs to internal candidates
- Promoting jobs internally
- Providing feedback to internal candidates

Development

- Providing learning and development opportunities to internal candidates
- Identifying the skills that employees have and the skills that they need for the future
- Connecting employees to peers to expand skills
- Encouraging career growth and promotion

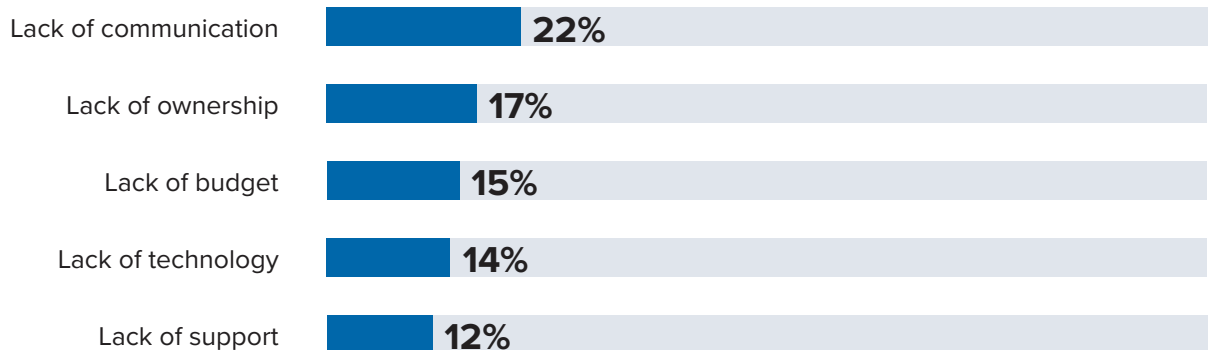
Top Challenges

High-growth companies face several challenges as they increase their investment in internal mobility, including a lack of communication about the jobs, resistance from managers, and poor employee experience. Many of these companies are so quickly transforming their business that they do not provide the necessary resources or support for talent initiatives.

- ✓ **Lack of communication:** Companies must consider how employees learn about job opportunities and the role of the manager in this process. Many managers do not want to actively share jobs with their team members for fear of losing talent. As a result, employees have no way of learning about potential opportunities. This study found that half of all employees are not aware of internal job opportunities.
- ✓ **Lack of ownership:** Companies often view internal mobility as an isolated activity. As a result, it becomes unclear who is responsible for these initiatives. Companies must carefully consider a strategy and establish responsibilities to ensure success.
- ✓ **Lack of budget:** Internal mobility does not necessarily require companies to find new budget. Often, it requires them to rethink their existing budget and replace solutions or strategies that are not effective at recruiting or retaining talent.

When looking at differences globally, companies in APAC were 2x more likely to cite lack of technology as a challenge. Many of these companies are increasing their investment and interest in internal mobility but often do not have the tools and technology they need to be successful.

Figure 5 **Top challenges with internal mobility.**

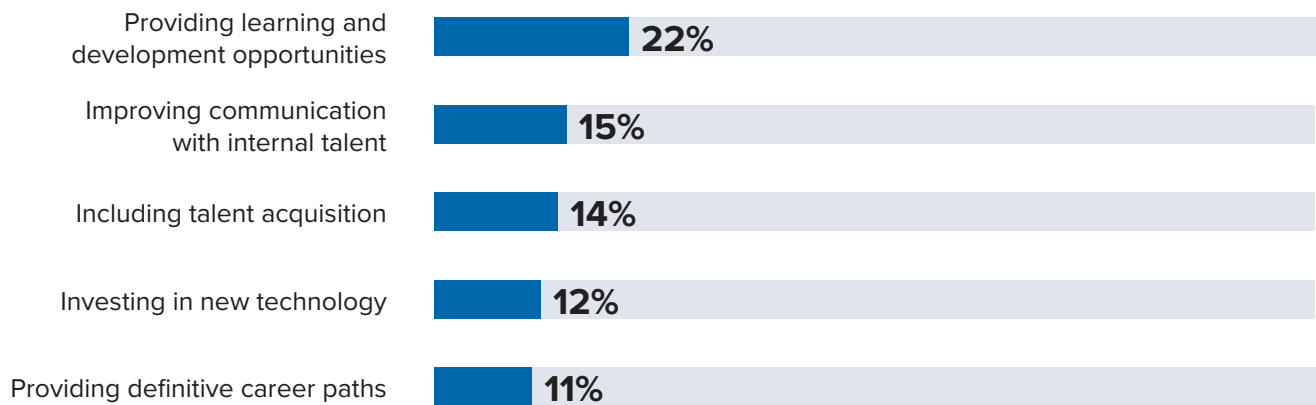


Future of Internal Mobility

Internal mobility is not an immediate fix to recruitment and retention challenges. Companies must carefully consider the culture around career development, ensure employees have fair and equitable opportunities, and communicate feedback consistently. For high-growth companies, careful planning and preparation around internal mobility is critical. It requires companies to shift how they think about talent and prioritize the individual. **Currently, 76% of high-growth companies are developing a strategy to support internal mobility.** Although, companies in APAC and North America are 2x more likely to have a strategy than companies in EMEA. One reason for this difference is that internal mobility is still maturing and many companies in this region embrace career development.

When asked which elements are in place, high-growth companies identified providing learning and development opportunities, shifting ownership to talent acquisition, investing in new technology, and providing defined career paths. Their focus includes the ongoing work needed to support employees in current and future opportunities.

Figure 6 **Top strategies for internal mobility efforts.**



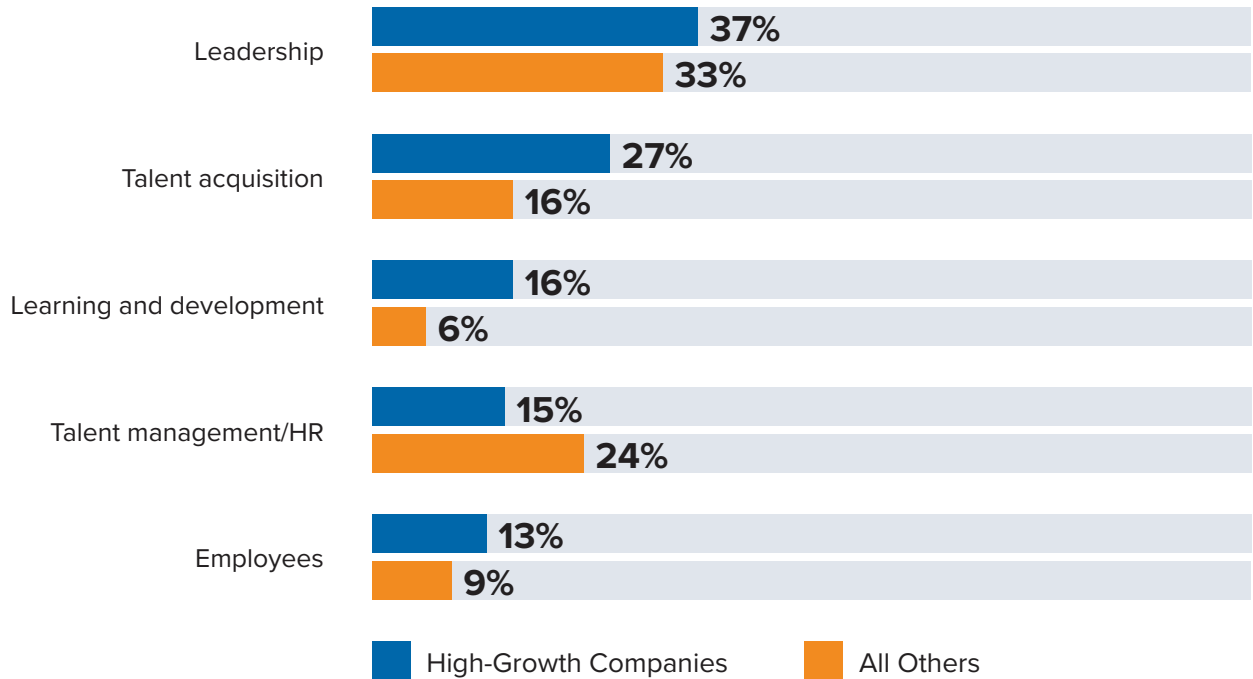
This research identified several strategies adopted by high-performing companies that will help high-growth companies with their internal mobility efforts, including:

- ✓ **Ensuring collaboration:** Companies that establish responsibility for internal mobility and encourage collaboration across the organization are able to see more success. High-growth companies are giving more responsibility to talent acquisition.
- ✓ **Prioritizing skills:** A critical part of internal mobility, prioritizing skills supports how employers promote talent and provides employees with future learning and development opportunities.
- ✓ **Measuring success:** Companies with a strategic approach to internal mobility have clearly defined metrics and goals, and are able to take action on those metrics.
- ✓ **Investing in the right technology:** Technology has advanced over the past two years to support internal mobility. Companies have options beyond simply posting a job internally, and can now provide the right solutions to both promote jobs and build awareness and development. Technology can also help personalize the experience for internal candidates to improve engagement and retention efforts.

Ensuring Collaboration

Internal mobility is a collaborative effort that includes multiple stakeholders. Companies often struggle with who should be responsible for internal mobility—leadership, talent acquisition, talent management, or learning and development functions. This study found that successful high-growth companies have multiple contributors who share responsibility for internal mobility efforts. They were more likely to have talent acquisition and employees be active roles in creating and supporting internal mobility efforts (Figure 7). All other companies, on the other hand, were more likely to cite talent management and HR as being responsible. This shift will likely continue as talent acquisition professionals are measured more by retention. Companies must shift the narrative so that talent acquisition does not feel that internal mobility is an extra task, but rather an opportunity to support a company-wide initiative.

Figure 7 **Primary responsibility for internal mobility.**



One challenge high-growth companies face as talent acquisition takes more of an active role in internal mobility is the recruiter experience. Recruiters are overworked and underappreciated today. They are being tasked to do more with less. Giving them responsibility for internal mobility needs to support their goals—they need to see value in it. Unfortunately, most companies are not incentivizing or motivating recruiters to support internal mobility. Companies must change the conversations around internal mobility so that it’s not viewed as just a short-term solution. It needs to be a critical part of a long-term talent strategy that drives value for both the employer and employee.

Key strategies to ensure collaboration:

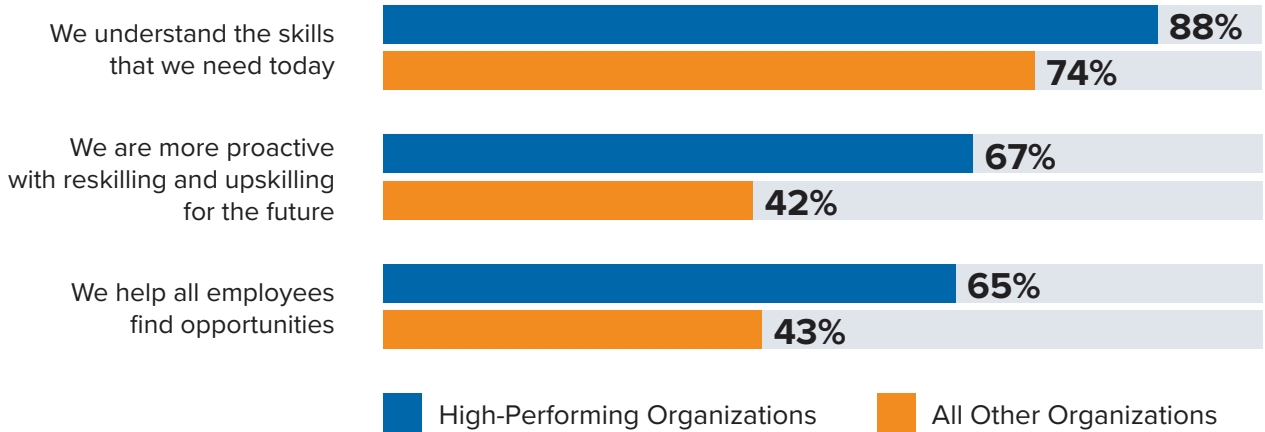
- ✓ **Incentivize and empower recruiting teams:** Companies must motivate, incent, and empower recruiting teams to hire internal candidates in addition to external talent. Currently, many recruiting KPIs are focused on metrics for sourcing and hiring external talent. Recruiters must be trained and encouraged to look internally as well.
- ✓ **Train managers:** One reason that collaboration is challenging is because managers are resistant to internal mobility and losing talent on their teams. Companies that train managers to support career development and communicate opportunities with talent are more likely to build a more effective internal mobility program.
- ✓ **Establish KPIs:** To ensure every stakeholder is on the same page in supporting internal mobility efforts, KPIs must be clearly defined and communicated.

Prioritizing Skills

Skills are becoming the foundation for talent development. Companies can provide a fairer hiring process and make smarter talent decisions to enrich upskilling and internal mobility. Companies can also identify and close skills gaps across the organization to plan and prepare for the future. As companies look closely at their talent strategies, skills are a critical part of the equation. **In a 2021 HCI study, 95% of companies stated that skills are more important than job titles when promoting employees.**

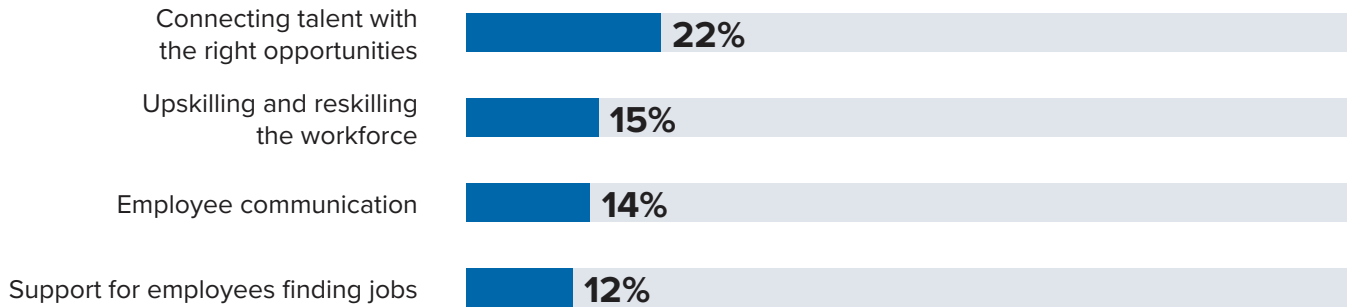
Successful high-growth companies that prioritize a skills-based approach have a better understanding of the skills they need for today, and are more proactive with reskilling and upskilling for the future. These companies are also more likely to provide opportunities to every employee regardless of their job role. They are more prepared to handle a merger and acquisition, new markets, and an influx of talent. A skills-based approach to internal mobility gives these companies a competitive advantage.

Figure 8 **High-performing organizations that use a skills-based approach.**



Skills-based development is on the rise, but it is not a new phenomenon in talent management. Companies have built skills frameworks and competency libraries in the past to better manage and develop talent. These approaches became quickly outdated and were not maintained. Today, the use of AI inference and machine learning to support skills can help companies improve internal mobility and create a more consistent and relevant experience. When asked about the top capabilities for internal mobility, high-growth companies identified reskilling and upskilling the workforce as number one.

Figure 9 **Top capabilities for high-growth companies.**



Key strategies for prioritizing skills.

Before high-growth companies can invest in technology and a skills framework, they must define their goals and objectives and consider their process for internal mobility. Companies must take the time to rethink their processes and carefully consider the following:

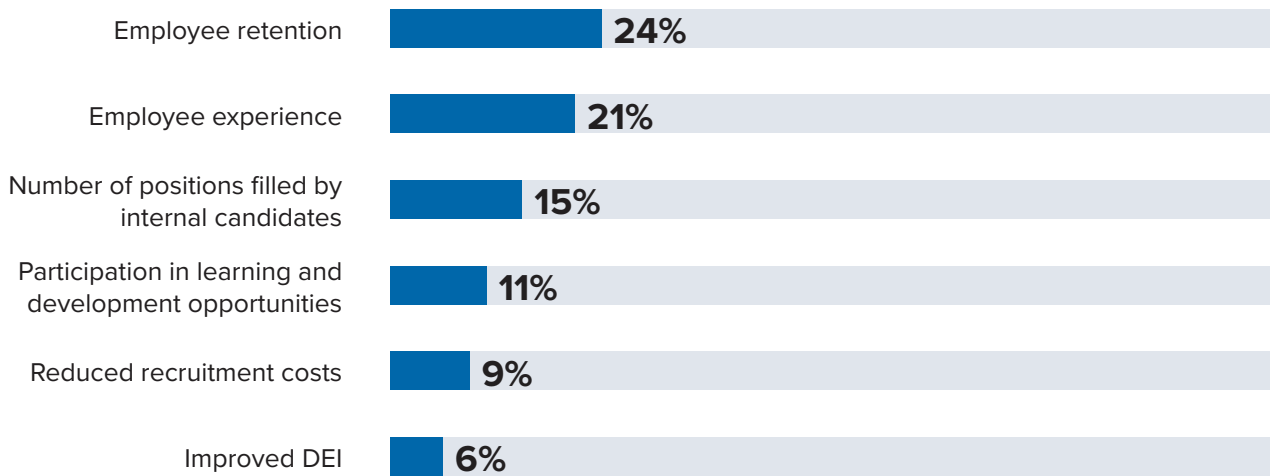
- ✓ **Start with discovery.** Understanding and supporting organizations where they are in comparison to the industry and other organizations they are competing for talent.
- ✓ **Define business outcomes.** The impact of a skills-based approach on both the business and talent objectives.
- ✓ **Execute a strategy.** The roadmap and time frame for investing in a skills-based approach.

Measuring Success

Internal mobility programs fail when success and metrics are not clearly defined. Companies invest in strategies to promote and advance employees and without a system tied to success, they lose momentum. High-growth companies that are going through rapid transformation must take a step back and articulate which metrics to track for internal mobility. According to this study, the number one metric is employee retention over the number of jobs filled, followed by employee experience.

Figure 10

Metrics for internal mobility.



Organizations must start with their goals and objectives, identify critical metrics, develop insights on those metrics, and prioritize action items to move forward.

Key Strategies for Measuring Success.

- ✓ **Use objective data:** Companies tend to decide on candidates based on the resume or attributes they recognize. Without objective data, not every candidate is going to get a fair opportunity.
- ✓ **Define success:** Companies can look at what makes someone successful in a role and the data that helps inform that success. Experience and education (for example, information found on a resume) are not necessarily indicators of success.
- ✓ **Collaborate with key stakeholders:** Companies need to consider the collaboration between hiring managers and recruiters.

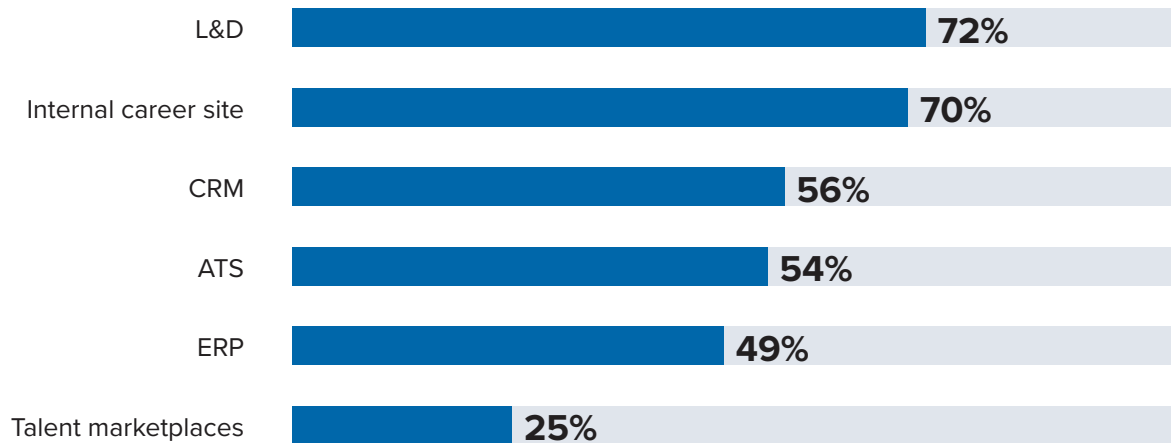
One last strategy that high-growth companies are embracing is investment in technology to support internal mobility. Companies that invest in technology are able to provide more consistency, personalization, and stronger communication in their internal mobility programs.

Investing in the Right Technology

Companies are increasing their investment in internal mobility technology, but the market is fragmented. Every provider seems to be offering some internal mobility capabilities. It is challenging to determine what drives value, which solutions support employee experience, and what will be adopted. Overall, high-growth companies are more likely to invest in technology to support their internal mobility efforts and more likely to focus on solutions that support a skills-based approach, including career development and talent marketplaces.

While companies globally are investing in learning and development and internal career sites as the primary area of technology, high-growth companies in APAC are not always looking outside of these options. Among high-growth companies in APAC, 90% are using learning and development and 84% are using internal career sites. Only 40% are using talent acquisition technology, including an ATS and a CRM.

Most companies are leveraging internal career sites and learning and development solutions. These solutions can help promote job opportunities or connect employees with a future career path, but if used alone they solve for one area of internal mobility and fail to connect the company goals with the individual goals. This study found that 1 in 2 companies are not satisfied with their technology providers.

Figure 11 **Technology investment.**

- ✓ **Learning and development solutions:** Learning technology can help connect internal talent with the skills needed for current or future opportunities. Internal talent can also connect with other employees to build stronger skills and relationships.
- ✓ **Internal career sites:** Companies can post jobs to internal career sites and personalize messaging and communication.
- ✓ **Skills profiles:** Dynamic skills profiles are updated continuously and do not require employees to manually update their profiles. They are continuously enhanced to adapt to changes within the company or individual.
- ✓ **ATS:** Recruitment technology has improved over the past year to address internal mobility. Companies can post jobs internally, provide targeted messaging to internal candidates, and track their efforts.
- ✓ **ERP/HRMS:** ERP and HRMS providers have developed robust skills frameworks to help support internal mobility efforts.
- ✓ **Talent marketplaces:** These connect all talent with potential opportunities, including internal talent, external talent, gig workers, and contractors. Individuals can manage their career paths and development opportunities.

The future of internal mobility for global, high-growth companies lies in a skills-based approach. Technology providers that have a robust skills framework and ontology can help companies gain deeper insights about talent and help employees identify better opportunities for growth and development. Technology can help companies personalize the experience for internal candidates. Among high-growth companies, 1 in 2 provide the same experience for internal and external candidates. Companies that provide the same experience are treating internal hires like strangers to the company where they spend their time.

Machine learning plays a role in helping companies with their skills-based approach to internal mobility. Through AI inference, companies are using data that is not available on employee profiles. It uses context to gain a deeper understanding of candidates and their relationship to an organization. It infers what job titles mean, how long someone has worked for their organization, and what performance in a role looks like today. AI inference also looks at dynamics of the organization, conditions of the labor market, and current employee retention.

Conclusion

Internal mobility is a priority for high-growth companies looking to better recruit and retain their workforce. As companies expand into new markets, increase headcount, expand products and offerings, or go global, they must provide employees with better opportunities for growth. Internal mobility must be a key component of any talent strategy moving forward. High-growth companies that establish clear ownership, define objectives, and invest in the right technology are better able to ensure that internal mobility is fair and consistent throughout the organization.

About the Research

About the Research Partners

This research report includes insights from and analysis of over 400 responses across North America, EMEA, and APAC.



Workday is a leading provider of enterprise cloud applications for finance and human resources. Founded in 2005, Workday delivers financial management, planning, human capital management, and analytics applications designed for the world's largest companies, educational institutions, and government agencies. Organizations ranging from medium-sized businesses to *Fortune* 500 enterprises have selected Workday.



We founded HCI on three core beliefs:

- ✓ Aligning human capital strategy with business strategy is the greatest accelerator of organizational success.
- ✓ Organizations that align human capital strategy with business strategy outperform others.
- ✓ Human Resources and talent management professionals with the right strategic skill sets and mindsets are uniquely positioned to enable organizations to do this.

The key to this success lies in HR professionals' ability to become strategic partners in their business by planning, recruiting, engaging, and developing their people. Since 2004, we have built our research-based learning resources on your behalf to achieve that mission. Our certifications, conferences, and on-demand content build strategic capabilities that drive personal and organizational transformation. Learn more at hci.org.



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