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Building Internal Talent Mobility: The New Business Imperative



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Executive Summary



The fast-paced and continuous transformation of the work landscape, driven by frequent technological advances, heightened demographic shifts and increased market competitiveness, a structural change in operating model for companies, and, more recently, a fall-out from a worldwide pandemic, are impacting how companies look for talent. Specifically, organizations increasingly find they must search internally for hiring and upskilling, rather than recruiting talent externally. But external pools of talent will remain tight given underlying demographic shifts such as boomers retiring, less replenishment from younger generations, and reduced immigration. This makes the needs of understanding and developing internal pools of talent and to creating opportunities for mobility and upskilling especially urgent.

With that in mind, this research from Executive Networks and University of Phoenix seeks to uncover the state of internal talent pools and their mobility

within organizations. We surveyed 600 respondents across North America, including 300 HR leaders and 300 knowledge workers, from a sample containing a mix of industries, age generations, and company sizes.

Our findings show that, in today's world, internal talent mobility is more than just a benefit, but essential to the future success of the business. Developing a reliable pool of internal talent leads to increased employee retention, engagement, employee satisfaction, and agility. In fact, two-thirds of employees in our study agree that they would be more likely to stay at their company long-term if they experienced better opportunities for career advancement.

At the same time, one-third of HR leaders say the biggest problem with hiring internally is that internal candidates do not meet the necessary qualifications. The clear implication is that there is much HR leaders need to do to address the development of existing employees.



Five Key Findings for Building Internal Talent Mobility

This report presents five key findings with insights on how HR leaders and employees perceive internal talent mobility, as well as its importance to retention, engagement, organizational competitiveness, and the challenges and opportunities they face. The following chart contains a summary of the findings and recommendations from this research, which are explained in detail in this reports' subsequent sections.

Finding	Recommendation
Spending on internal talent mobility is increasing, yet companies continue to fill open roles with external talent.	Seek out new processes for internal talent mobility and consider external solution partnerships as a method for transformation before competitors do the same.
Retention and engagement rank as top benefits of internal mobility opportunities.	Consider internal talent mobility as a way to democratize career growth opportunities and boost retention and engagement.
HR leaders cite lack of employee interest, while employees cite lack of opportunity as roadblocks to achieving internal mobility.	Address the information asymmetry concerning barriers to internal mobility and the importance of integrating a seamless platform solution to address this disconnect.
Top areas for skill development for both HR leaders and employees include communication skills and data-driven decision making.	Make building key skills, both human and technical, a priority.
HR leaders identify high-potential employees, team leaders and managers as the key target audience for internal mobility opportunities.	Identify key employee segments and job functions where internal talent mobility will have the most impact.



“To fill roles in 2023, employers need to start democratizing access to new career opportunities and assist employees in their journey to grow and develop in their jobs. Providing access to internal mobility is cost-effective, can increase employee retention, and advance gender equity in the workplace.”

-Jeanne Meister, Executive Vice President,
Executive Networks.

Key Findings:

The Benefits, Barriers, and Opportunities for Internal Talent Pools

Our research explored the current landscape for internal talent mobility and where HR leaders and employees say it is heading. It also uncovered the roadblocks companies face in providing the right opportunities, as well as the areas they need to focus on to build the talent pool required to retain a competitive edge and thrive in a volatile market

#1 – Spending on internal talent mobility is increasing, yet companies continue to fill open roles with external talent.

HR Leaders cite internal candidates lacking the right qualifications as a challenge to hiring internally.

HR leaders increasingly face a talent conundrum. To find the employees needed to keep up with the relentless transformation of the workplace, companies are boosting their spending on developing and promoting internally (Figure 1). At the same time, however, they're filling more open positions with external candidates than with current employees (Figure 2).

Figure 1: Spending is up on internal talent mobility opportunities.

We asked HR Leaders, "Compared to 2021, how did spending on internal talent mobility opportunities change in 2022?"



56%

Overall, most HR Leaders (56%) agree that spending on creating internal talent mobility opportunities increased in 2022.

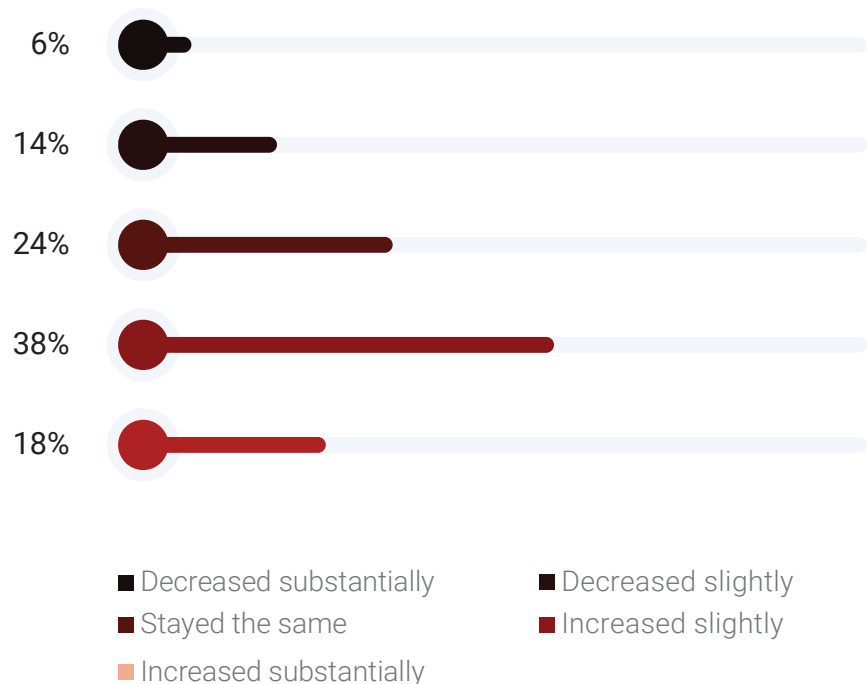


Figure 2: Companies aren't tapping internal candidates for open positions.

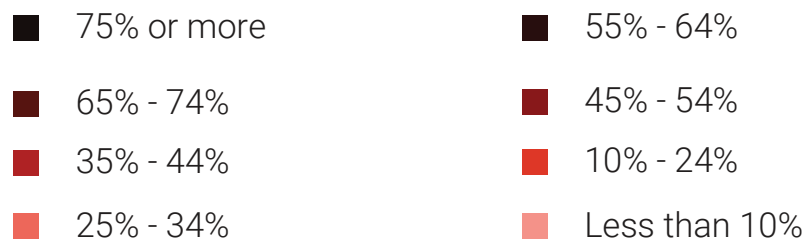
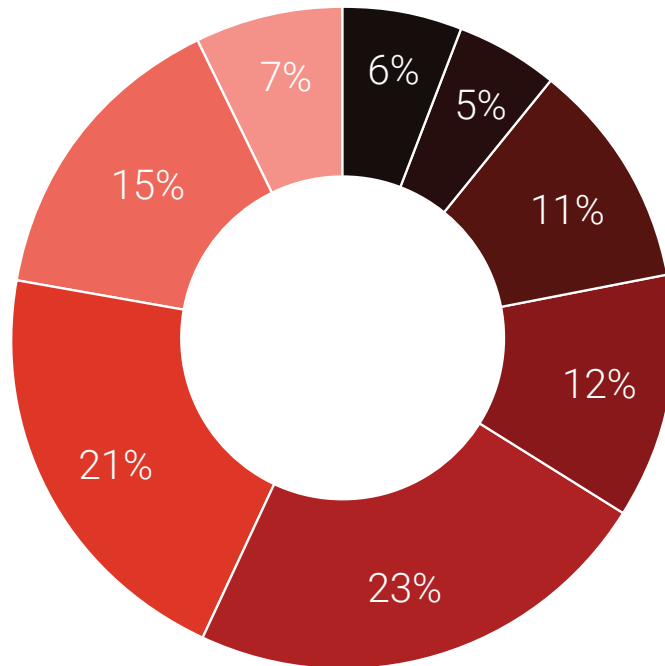
We asked HR Leaders, "What percentage of your organization's open roles are filled by internal talent today?"



50%

On average, less than 50% of open roles are filled by internal talent today.

One likely reason for HR leaders' reluctance to promote internally is their perception that employees lack the required skills. Plus, they find that recruiting talent from the outside goes more smoothly than looking inside the organization. One third of HR leaders say the biggest problem with hiring internally is that internal candidates do not meet the necessary qualifications. And 32% say it's easier to recruit externally (Figure 3). This is the information asymmetry from the employer perspective: It's hard to see the presence and level of proficiency of skills in the workforce at scale.



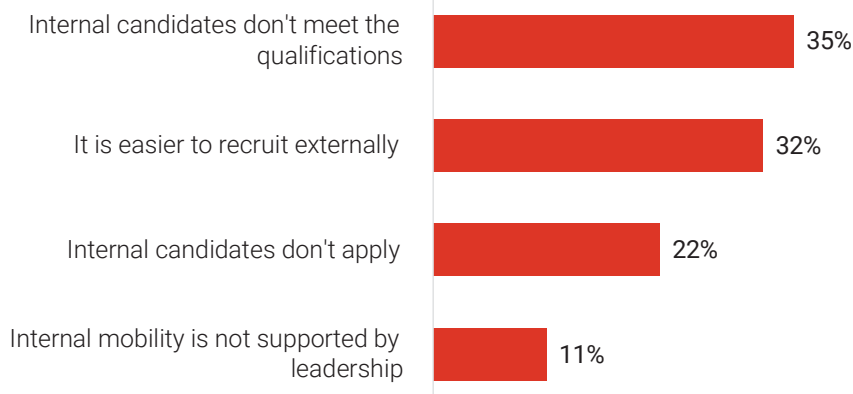


35%

35% of HR leaders say the biggest challenge to filling roles internally is internal candidates don't meet the qualifications, and 32% say it is easier to recruit externally.

Figure 3: Biggest Challenges to Filling Roles Internally

We asked HR Leaders, "What do you believe is the biggest challenge to filling job roles internally?"



Finding a Balance

This data underscores the importance for HR leaders to find a balance between internal and external hiring and career development. One solution is building an internal skills inventory, while also developing pathways for internal talent to upskill and/or reskill. Doing so will allow employees to remain employable, while fostering retention, engagement, satisfaction, and agility.

#2 – Retention and engagement rank as top benefits of internal mobility opportunities.

Employees less likely to leave when given pathways for growth.

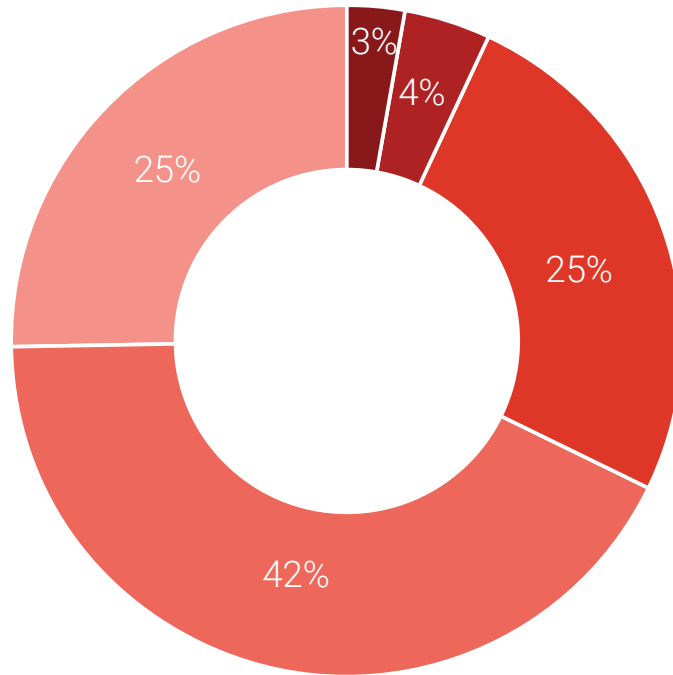
Employees highly value companies that provide plenty of opportunities to learn, grow, and earn promotions. Most employees agree they would be more likely to stay at their employer long-term if they were provided better opportunities for career advancement (Figure 4).





Figure 4: Employees' value opportunities to grow.

"I would be more likely to stay at my company long-term if they had better internal opportunities for skills development and career advancement"



■ Strongly Disagree
 ■ Disagree
 ■ Neutral
 ■ Agree
 ■ Strongly Agree



Two-thirds of employees agree that they would be more likely to stay at their company long-term if they were provided better opportunities for career advancement.

During a time of [quiet quitting](#), HR leaders also recognize the critical importance of cultivating internal talent. Most say that increasing employee retention and engagement (55%) and improving employee experience (53%) are the principal needs for creating an internal talent pool (Figure 5).



Figure 5: Principal Needs for Creating an Internal Talent Pool

We asked HR Leaders, "What are the principal needs for creating an internal talent pool at your organization?"



#3 – HR leaders cite lack of employee interest, while employees cite lack of opportunity as roadblocks to achieving internal mobility.

There is a disconnect on why internal mobility opportunities are not more widely adopted.

HR leaders and employees disagree about some of the primary barriers impeding internal mobility. For example, for HR leaders, the biggest roadblock is employee interest and/or adoption of career growth opportunities.

Employees, on the other hand, cite finding internal opportunities (Figures 6 and 7). This is the information asymmetry at play from an employee perspective: It's hard to find opportunities to develop skills and how existing skills align with options to move around.

In fact, those responses point to more than just a disagreement. They also show that HR leaders and employees have contradictory views. While HR leaders think employees lack interest in internal mobility, employees indicate that they're very interested, but lack access to opportunities.

Figure 6: Top barriers to creating an internal talent pool, according to HR leaders

We asked HR Leaders, "What are the top 3 barriers to creating an internal talent pool at your organization?"



Figure 7: Top barriers to career growth, according to employees

We asked employees, "What are the top 3 barriers to career growth at your current organization?"



49%

For HR leaders, biggest barriers to creating an internal talent pool is employee interest/adoption of career growth opportunities, and matching employees with the right opportunities (both 49%).



44%

For employees, the biggest barrier to career growth is finding internal opportunities (44%), and 41% cite finding the right learning/training to develop needed skills.

#4 – Top areas for skill development for both HR leaders and employees include communication skills and data-driven decision making.

HR leaders view remote/hybrid work management as more important than employees. Employees value empathetic leadership more.

Pinpointing which skills should be developed is key to building internal talent pools with the expertise companies need. With that in mind, HR leaders and employees alike believe that building effective communication skills and employing data-driven decision making are among the top areas for growth within the internal talent pool (Figures 8 and 9).



Figure 8: Key areas HR leaders want to develop in employees

We asked HR Leaders, "What are the key areas your company needs to develop in employees to compete in your marketplace?"



Figure 9: Key areas employees want to develop

We asked employees, "What are the key areas you would like to develop to advance your career?"



HR leaders (54%) and employees (55%) alike believe that building effective communication skills is a key area for growth within the internal talent pool. They also agree data-driven decision making is a vital skill (43% and 47%, respectively).

HR leaders and employees, however, also disagree on how crucial certain skills are. For example, HR leaders (46%) are more likely to cite managing a remote/hybrid workforce than employees (40%). While both groups see this area as important, HR leaders must directly tackle the issues involved in managing a workforce that's not on-site. As a result, the topic is particularly top of mind for them. On the employee side, they rank leading with empathy and compassion (#3) higher on the list than HR leaders (#5).

HR leaders say that high-potential employees, team leaders and managers are the top audience for internal mobility opportunities, viewing them as particularly vital to company growth (Figure 10). This view is aligned with the prevalent approach to internal mobility: labor intensive given the lack of tools to assist and targeted to a small subset of positions of an organization given the associated cost. But technology evolution is enabling innovative approaches where it's now cost effective to approach mobility across many more roles within an organization.

#5 – HR leaders identify high-potential employees, team leaders and managers as the key target audience for internal mobility opportunities.

Employees consider career goals and potential for promotion as their main motivator.

For employees, they consider applicability to their career goals and promotion potential most when deciding which career growth opportunities to pursue (Figure 11). This points to the importance of a wide-reaching talent mobility platform – one that taps a range beyond the leaders who HR wants to develop and includes new hires and entry level employees with the potential to develop into next gen leaders.





Figure 10: Target audiences HR leaders cite for internal mobility opportunities

We asked HR Leaders, "Which employee groups do you believe are best targeted for internal talent mobility programs at your organization?"



HR leaders say high-potential employees (61%), team leaders (59%) and managers (48%) are the top audience for career development.

New hires (41%) and entry level employees (40%) are next on the list, with the potential to grow into high potential leaders.

Figure 11: Employees consider their personal goals over manager/colleague recommendations

We asked employees: "How do you determine which career growth opportunities to pursue at your organization?"



Recommendations

Below are steps that organizations can take to act on our findings and ensure they offer the internal mobility opportunities needed to engage and retain employees and build a resilient organization.

#1 – Seek out new processes for internal talent mobility and consider external solution partnerships as a method for transformation before competitors do the same.

While HR leaders say they're increasing spending on internal mobility opportunities, less than 50% of open roles are filled internally today. For that reason, companies need to think broadly about developing their current workforce to meet the future needs of the organization and ensure their employees have the required qualifications.

With that in mind, companies must develop a strategy to recruit talent inside the organization and then allocate resources to develop these individuals. Internal talent mobility platforms are becoming one increasingly important vehicle

to find employees with the skills and capabilities needed to perform a range of jobs.

Specific actions:

- Poll leaders and employees for their views on the skills the company needs to remain competitive.
- Build a skills inventory and align to critical internal positions to pinpoint needed areas.
- Strengthen methods, such as internal mobility platforms that offer access to coaching and job shadowing, or special projects with which employees can develop the necessary expertise.
- Spearhead organizational-wide development initiatives to signal importance and prioritization.



#2 – Consider internal talent mobility as a way to democratize career growth opportunities and boost retention and engagement.

According to our research, two-thirds of employees say they're more likely to stay with a company that invests in their career development and mobility. Providing that mobility will require employers to consider non-traditional employees for new roles and invest in their learning and development, meaning HR and business leaders need to be open to employees who opt for non-linear career paths. Recruitment and retention in 2023 will focus on whether employees have the skills and capabilities to perform their next job opportunity, rather than having the "perfect" set of job experiences and degree credentials.

Specific actions:

- Demonstrate to employees the value the company places on developing internal talent by investing in learning and development resources for non-traditional employees.
- Make it clear to hiring managers that advancing existing employees, rather than bringing on broad external talent, is a priority.
- Take steps to forge a culture that encourages career progression and experimentation.
- Leverage communication mechanisms to spotlight and celebrate internal movement. Recognize those leaders who make it happen.

#3 – Address the information asymmetry concerning barriers to internal mobility and the importance of integrating a seamless platform solution to address this disconnect.

For HR leaders, the biggest barrier to achieving internal mobility is employee interest and/or the adoption of growth opportunities, while employees cite a lack of available internal career opportunities to take advantage of. Companies need to tackle head-on these different assumptions about roadblocks to career advancement and address the information asymmetry between employers and employees. This should start with leaders adopting a data-driven approach to sourcing and sustaining an internal talent mobility platform so they can target a broad range of employees, boost mobility and advancement opportunities, and make these opportunities known to employees. Making the skills of the workforce visible and matching them with talent needs of the organization will unlock the potential of internal talent pools.

Specific actions:

- Poll employees to get insights into the barriers they perceive to exist.
- Assess HR policies and systems to determine if there's a clear path and platform for career advancement. If there isn't, work to put one in place.
- Pursue the implementation of an internal talent mobility platform which can provide HR leaders and managers with visibility into skills of the workforce and expose to employees the opportunities their skills align the most with.
- Enable employees to act like owners and give them visibility into new opportunities.
- Invest in people leaders to become talent developers and partner with their employees to pinpoint areas for development and concrete actions they can take.

#4 – Make building key skills, both human and technical, a priority.

Our research points to the importance of both human skills and data analytics as critical to one's future employability, with communication skills and data-driven decision making identified as key areas for development. Employers should focus their development resources on investing in both, so employees are ready to assume a greater number of future roles that will become needed by the company.

Specific actions:

- Assess your employees' skills inventory to identify gaps in the areas most crucial to your business model.
- Evaluate your learning and development resources to determine how they align to building critical skills; identify/close identified gaps.
- Highlight and encourage the building of critical skills first as a pathway to future career advancement.
- Tailor development activities to match an employee's current skills while satisfying the needs of the organization to include skills mapped learning content, internal projects, and coaching opportunities.

#5 – Identify key employee segments and job functions where internal talent mobility will have the most impact.

HR leaders recognize that helping the company succeed in a period of continuous business and workplace transformation requires retaining and developing top employees. That means targeting highly valued existing talent with the right opportunities for mobility within the organization

Specific actions:

- Identify the job functions ripe for internal mobility. Examples include frontline leadership, HR, customer service, and marketing.
- Identify the high-potential talent in the organization among a range of segments from new and entry level employees to experienced managers.
- Focus development efforts on people leaders to equip them with the skills needed to move the company forward.
- Incentivize managers to support forward-looking career development, rather than hoarding talent and stifling the mobility of their team members.



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Conclusion

In a business world beset by continual disruption and keen competition for top talent, recruiting the right external team members is no easy matter. The obvious solution is for organizations to focus on their existing employees. Yet, our research shows that HR leaders find internal talent often lacks the necessary skills and expertise.

The answer lies with HR leaders doing much more to develop and nurture their existing employees, while providing internal mobility opportunities that also meet the needs of the organization. Doing so is not a nice-to-have feature, but is becoming a business imperative. A recent [report from LinkedIn](#) found that employees who are promoted or make a lateral change are more likely to remain at their company than those who stay in the same role, and this is backed by the employee sentiment from

our research. Other recent [research](#) has shown that opportunities for career growth increase employees' commitment to their employer, boosting employee engagement.

To remain competitive in this dynamic landscape, companies must focus on developing their internal workforce through upskilling and reskilling programs aligned to efficient matching of skills supply and demand. Not only does this approach make good business sense, but it also has the added benefit of reducing gender and race bias in the workplace.

Case in point: After implementing an internal marketplace, data-storage company Seagate Technologies reported a [58% increase](#) in the participation and assignment of women to open positions. Unilever says that [more than 60%](#) of opportunities have been assigned to women since it adopted a marketplace system.

"Buying and implementing a tech platform for internal talent mobility alone isn't enough. The value of the technology can only be unlocked fully if it's designed to be seamless, easy to use, is well-adopted by employees, and accompanied by major efforts to shift the culture by the employer. This requires a sustained push by leadership to cheerlead change throughout the organization, ensure employees are incentivized to participate, and educate managers on the heavy costs of hoarding talent for their own functions."

-- Raghu Krishnaiah, chief operating officer, University of Phoenix

About the Authors

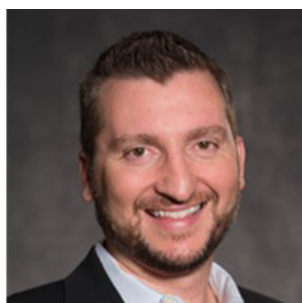


Jeanne Meister is Executive Vice President, Executive Networks, the leading HR Peer Network company for Global 1000 organizations.

Jeanne is a regular contributor to Forbes and Harvard Business Review and writes on topics related to the Future of Work and the Future of Human Resources. She is also the best-selling author of three books, *Corporate Universities: Lessons in Building a World-Class Work Force*, *The 2020 Workplace: How Innovative Companies Attract, Develop and Keep Tomorrow's Employees Today*, and *The Future Workplace Experience: 10 Rules for Mastering Disruption in Recruiting and Engaging Employees*.

Jeanne was named 21 HR People To Follow in 2021, 100 Most Influential People in HR, Top 100 HR Tech Influencers for 2019, 2020, 2021 and 2022, Top 100 HR Influencers in 2022, and Top HR Experts to Watch in 2020 by People Managing People Magazine.

Jeanne is the recipient of the *Distinguished Contribution in Workplace Learning Award*, given to one HR executive each year by Association for Talent Development (ATD). This award honors her body of work in preparing executives for the future of work. Jeanne is also the recipient of the *Colin Corder Award for Outstanding Achievement in Workplace Learning* by the Learning and Performance Institute (LPI).



Leo Goncalves is the vice president of Workforce Solutions and has been with the University of Phoenix since May 2016. Currently, Leo is leading all efforts within the Workforce Solutions Group and has been in this role since June 2019. Leo has significant experience in developing and enhancing B2B relationships in professional services and growing accounts across industries. He understands the importance of working cross-functionally to find and connect with the right local and national partners. Previously, Leo served as Vice President of Service Platform Redesign. In this role, he worked closely with University of Phoenix leaders toward the implementation of key strategic initiatives: defining and building future student experience, driving simplification of core service platforms (LMS, CRM, Financial Aid) and managing change execution. Leo

has over twenty years of professional experience transforming business operations across the education, consumer goods, energy and manufacturing industries. Over the course of his career, Leo has specialized in conducting analysis and developing recommendations for strategic issues as well as managing complex deployment projects for large multinational organizations in both the private and public sectors. Prior to joining the University of Phoenix, Leo served as Chief of Staff at Kaplan Higher Education Group. In this role he identified key strategic challenges facing the organization and aligned performance management and business planning activities across operations. Prior to his role as Chief of Staff, he also served as Executive Director of Strategic Initiatives for Kaplan, transforming student experience through the deployment of self-service capabilities integrated with a Salesforce enabled relationship management solution.

Leo has a Master of Business Administration and a Master of Arts in International Studies from the University of Pennsylvania, and a Bachelor of Science in Computer Science from the Universidade Federal De Minas Gerais in Brazil.



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