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Companies Increasingly Open to Hiring Boomerang Employees

Employers report that they are increasingly willing to hire "boomerang employees," or former employees who left the organization and then apply to return after working elsewhere, according to a study by the Workforce Institute at human resources software provider Kronos and WorkplaceTrends.com.

The report's findings are based on the results of a national survey of 1,807 human resources professionals, people managers, and employees conducted July 14-22, 2015. The results suggest that employee engagement does not necessarily end once the working relationship is over, especially if the employee is high-performing and the organization has a strong corporate culture.

Nearly half of the HR professionals surveyed said their organization previously had a policy against rehiring former employees, even if the employee left in good standing. However, more than three-quarters of the HR professionals and almost two-thirds of the managers surveyed indicated that they are more accepting of hiring boomerang employees today than in the past. Meanwhile, among the employees surveyed, just 15% said they had returned to a former employer, but nearly 40% said they would consider going back.

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Broken down by generation, the results showed that 46% of millennials would consider returning to a former employer, compared to 33% of Gen Xers and 29% of baby boomers. Researchers speculated that in an era in which job-hopping has become the norm among young professionals, this generation gap could suggest that millennial employees might be leaving organizations too soon.

The survey also showed that boomerang employees are creating increased and unexpected competition for job seekers as the hiring market continues to improve: 85% of the HR professionals surveyed said they have received job applications from former employees over the past five years, and 40% said their organization hired about half of the former employees who applied. More than half of the HR professionals (56%) and the managers (51%) polled said they give high priority to job applicants who are former employees in good standing;

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whereas only 6% and 9%, respectively, said they give zero priority to former employees.

When asked about the benefits of rehiring former employees, around one-third of the HR professionals and the managers surveyed cited boomerang employees' familiarity with the organization's culture, and the expectation that former employees will need less training than new employees. When the employee respondents were asked why they might consider going back to work for a former employer, around one-fifth cited employee benefits, and another one-fifth cited a better career path. Researchers noted, however, that these responses varied considerably by generation.

But while the survey results indicate that overall acceptance of boomerang employees is growing, the findings also suggest that concerns remain: nearly one-third of the HR professionals and the managers surveyed acknowledged that there may be suspicion in the organization that boomerang employees will leave again, and more than one-quarter said they worried that these employees may return to the company with the same baggage they originally left with.

The HR professionals surveyed reported they use several strategies for keeping in touch with former high-performing employees, including email newsletters (45%), recruiters (30%), and alumni groups (27%). When asked what platforms they use to stay in touch with former employees, the HR professionals most frequently mentioned Facebook (42%), followed by email (39%) and LinkedIn (33%).

By contrast, 80% of the employees polled said former employers do not have a strategy in place to encourage them to return, with 64% saying there appears to be no strategy for maintaining a relationship. Moreover, nearly half of the managers surveyed said their organization has no alumni communications strategy.

Shift to 401(k)s Not Linked to Reduced Wealth

American workers do not appear to have lower levels of retirement wealth as a result of the shift away from traditional pensions to 401(k) and other defined contribution plans, but savings levels have declined slightly and the balance of risk assumed by employees and employers has changed, according to a study released by the Center for Retirement Research at Boston College.

"How Has Shift to Defined Contribution Plans Affected Saving?" by Alicia H. Munnell, Jean-Pierre Aubry, and Caroline V. Crawford, was published in September 2015. The study's findings are based on an analysis for the period 1984-2012 of data on contributions to, as well as accruals within, defined benefit (DB) and defined contribution (DC) plans from the National Income and Product Accounts (NIPAs); and data on contributions to DC plans from the U.S. Department of Labor.

When they analyzed the contributions of employers to retirement plans, the researchers found that contribution levels held steady, but were gradually redirected away from DB plans and toward DC plans between 1984 and 2012. The results further showed that, after various adjustments, the percentage of total salaries going to retirement saving fell slightly during this period. "On balance, the decline in defined benefit plan accruals has not been fully offset by rising contributions to defined contribution plans, leading to a slight overall decline in retirement saving," the study's authors said.

The analysis also showed, however, that when returns on accumulations were added to contributions, the annual change in pension wealth appears to have remained relatively steady between 1984 and 2012. The study's authors observed that this pattern, which contrasts with the decline in pension contributions, reflects the large DC accumulations as a result of the prolonged bull stock market during the 1990s and the strong rebound since the financial crisis. They observed that over the period studied, the individuals covered by 401(k) plans took more risks than participants in DB plans, and that the high returns associated with risky investments produced substantial asset accumulation.

Thus, Munnell and her co-authors concluded, while the shift to DC plans has not led to less total retirement wealth in the period studied, what has changed is that individuals, rather than plan sponsors, now bear all of the risk. "The nature of the accumulation process and the distribution of risks have shifted dramatically," they said. "The effect of these shifts, however, can be identified only by looking at data on individuals as opposed to those from our national accounts."

Growth in Health Benefit Costs Remain Low in 2016

Employers report that growth in the cost of employee health benefits in 2016 will be less than 5% for the fifth straight year, and that they see consumer-directed plans as a key strategy for avoiding the excise tax on employer-sponsored health coverage mandated under the Affordable Care Act, the findings of a recent survey by human resources consultancy Mercer indicate.

The survey results are based on responses to Mercer's "National Survey of Employer-Sponsored Health Plans" from more than 1,200 employers who submitted the survey by September 1, 2015. The results show that employers project that per-employee health benefit costs will rise by an average of 4.2% in 2016 after they make planned changes, such as raising deductibles or switching carriers.

Researchers noted that this figure is consistent with the actual cost growth in 2014 (3.9%) and the expected cost growth for 2015. However, they also pointed out that the latest survey results suggest that the underlying cost growth—or the anticipated increase if employers made no changes to their medical plans—is slowing. The employers surveyed in 2015 said their benefit costs would rise by an average of 6.4% in 2016 if they made no changes, down from 7.1% a year ago.

According to researchers, the latest figure is the lowest rate of underlying cost growth seen since Mercer began collecting this information in 2005. At that time, employers reported that costs would rise 10% if they made no changes, and the actual average increase after changes were made was 6.1%.

Based on the health care plan costs reported in 2014, researchers warned that 31% of all employers appear to be on track to reach the threshold for the excise tax on high-cost health care plans scheduled to go into effect in 2018, and that the need to keep costs under the threshold has already prompted employers to make significant changes. The 2015 survey showed that 41% of respondents have a consumer-directed health plan (CDHP) or are taking steps to increase enrollment in an existing CDHP specifically to help them avoid the tax, and that another one-quarter (25%) are considering doing so.

In addition, the 2015 survey found that employers are weighing other strategies for avoiding the tax: for example, 21% said they are thinking about eliminating health care flexible spending accounts, and 23% indicated that they are considering moving to a private benefits exchange. A further 42% reported that they are considering adding or expanding programs to improve employee health and well-being specifically as a way to avoid the excise tax.

Commenting on the survey results, Tracy Watts, senior partner and Mercer's national health reform leader observed that while health benefit cost growth is still well above the consumer price index, the good news for employers

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Watts also pointed out, however, that despite the slower cost trend, more than half of the survey respondents (54%) plan to make some changes to their programs in 2016. "Employers are well aware that the ACA's excise tax on high-cost plans is slated to go into effect in 2018, even as calls for reform or repeal are mounting," Watts said.

Agile Organizations Have More Effective Project Management Strategies

Companies can create a culture of agility that enables projects and programs to be completed faster and more efficiently by establishing a framework around strategy, culture, leadership, people, and process, according to a report recently released by the Project Management Institute (PMI).

The report's findings are based on a survey on organizational agility that was conducted in June 2015 among 1,397 project management professionals and senior leaders. The study categorized organizations as having a highly developed or a less developed culture of agility based on the extent to which they place value on ideals and behaviors such as flexibility and adaptation, open communication, receptivity to change, empowering team members, experiential learning, rapid decision-making, and strong customer focus.

The study found, for example, that when organizations with a highly developed and a less developed culture of agility are compared, those with a highly developed culture are more likely to have the ability to respond quickly to changing market conditions (75% versus 12% with an underdeveloped culture), achieve high customer satisfaction ratings (85% versus 23%), execute strategy efficiently (77% versus 12%), rapidly adapt their practices based on their successes or failures (77% versus 13%), and achieve a high level of organizational efficiency overall (71% versus 11%).

In addition, a comparison of these two groups revealed that organizations with highly developed cultures of organizational agility are more successful in carrying out their projects than companies with less developed cultures, as they are more likely to meet their project goals (78% versus 56% with an underdeveloped culture); and their projects are more likely to stay within budget (66% versus 45%), to be completed on time (64% versus 42%), and to meet or exceed the forecasted return on investment (63% versus 38%).

The results also showed that organizations with a highly developed culture of agility are more likely than companies with a less developed culture to reconfigure processes and combine different tools and techniques to help manage distinct challenges, such as addressing the elements of complexity in projects (68% versus 43% of organizations with an underdeveloped culture); evaluating the change management needs of projects (60% versus 33%); addressing the level of rigor applied to certain project management activities, such as risk management (60% versus 33%); and evaluating whether the use of agile practices might be applicable (35% versus 17%).

When asked what factors prevent an organization from being more effective at organizational change, 47% of the professionals surveyed cited a lack of transparency or effective employee communication, 46% cited a lack of senior management support, and 43% complained of organizational inertia.

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