State of Talent
War for Talent: Top Challenges

How HR Leaders Experience the War for Talent

Illustrative

“It’s harder to attract candidates”

“It’s harder to keep employees”

Attraction

Organization

Attrition

Sudden Surge in Demand

U.S. job openings have increased by 40% from Nov. 2020 to May 2021.

Candidate Revolution

51% of candidates expect to influence how, when and where they work.

Reopening Economies

16% of HR leaders believe short-term market dynamics due to reopening economies is responsible for greater employee turnover.

Pent-Up Turnover

21% of HR leaders believe pent-up turnover that was paused during the pandemic is responsible for greater employee turnover.

Employee Burnout

93% of HR leaders are more concerned about employee burnout today compared to before the pandemic.

Source: Gartner
Fighting a War for Talent on Multiple Fronts

Recruiting Implications of Rapidly Evolving Labor Market

**Labor Market Realities**

<table>
<thead>
<tr>
<th>Sudden Surge in Demand</th>
<th>Pent-Up Attrition</th>
<th>Candidate Revolution</th>
</tr>
</thead>
<tbody>
<tr>
<td>40% increase in U.S. job openings from November 2020 to May 2021</td>
<td>48% of HR leaders report significant concerns about turnover in the next few months</td>
<td>51% of candidates expect to influence how, when and where they work</td>
</tr>
</tbody>
</table>

**Evidence**

**Sudden Surge in Demand**

- 40% increase in U.S. job openings from November 2020 to May 2021

**Pent-Up Attrition**

- 48% of HR leaders report significant concerns about turnover in the next few months

**Candidate Revolution**

- 51% of candidates expect to influence how, when and where they work

**Recruiting Implications**

**Sudden Surge in Demand**

- Steep competition for talent and a need for proactive sourcing

**Pent-Up Attrition**

- Increased pressure from the business to move quickly and backfill

**Candidate Revolution**

- Lower application volume, more offer rejections and more candidate ghosting

Source: U.S. Bureau of Labor Statistics

Source: 4Q20 Gartner Global Labor Market Survey

Source: 2022 Gartner HR Priorities Survey

Source: 572 HR leaders

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Competition for Quality Talent is Steep

Number of Competing Offers
Percentage of Candidates Who Received An Offer

- 28% No Other Offers
- 23% 1 Other Offer
- 17% 2 Other Offers
- 32% 3 or More Other Offers

n = 1,609 candidates
Source: 2021 Gartner Candidate Panel Survey
Note: Respondents were filtered for those who received an offer for the last job they interviewed for. Candidates were asked how many offers they were considering in addition to the one they ended up accepting from their current organization.

49% of candidates are considering at least two other offers in addition to your company’s offer.
New Candidate Expectations Here to Stay

Key Value Drivers for Candidates

- **Flexibility Is a Must-Have**
  - Q: “Whether or not I can work flexibly would impact whether I stay at my organization.”
  - 51% Agree
  - 49% Disagree or Neutral
  - n = 4,264 employees worldwide
  - Source: 2021 Gartner Hybrid Work Employee Survey

- **Wellbeing Gains Importance**
  - Q: “How important is it to you to work for an organization that offers programs related to emotional/mental well-being?”
  - 73% High Importance
  - 27% Low or Medium Importance
  - n = 3,000 candidates
  - Source: 2021 Gartner Candidate Survey

- **Desire to be Seen as a Person**
  - Q: “How important is it to work for an organization that sees you as a person, not just an employee?”
  - 85% High Importance
  - 15% Low or Medium Importance
  - n = 3,000 candidates
  - Source: 2021 Gartner Candidate Survey
Ops and IT Functions Most At Risk for Attrition

Functions with Highest Perceived Attrition Risk
Percentage of HR Leaders, Select up to Three

- Operations: 51%
- IT: 44%
- Sales and Marketing: 27%
- R&D: 23%
- Finance and Accounting: 20%
- HR: 17%
- Other: 7%
- Admin: 6%

n = 167 HR Leaders

Q: Which functions are you most concerned about in terms of their attrition risk? (Select up to three)
Source: Gartner Attrition and Retention Strategies in a Hybrid World Webinar Poll (30 June 2021)
Keys to Hiring High-Quality Talent Today

**1. Partner With the Business to Remove Bottlenecks**
- Set expectations for capacity and prioritize requisitions
- Split the work across stakeholders
- Streamline assessment to accelerate hiring decisions

**2. Target the Total Skills Market**
- Hire for potential, not credentials
- Build location flexibility
- Leverage the internal market

**3. Attract with the Human Deal**
- Track changing candidate expectations
- Anchor branding in what candidates need
- Position EVP against competitors
Long Term: New Expectations Pose Permanent Challenge

Fundamental Shifts in Employee Expectations are Permanent

38% of HR leaders believe permanent shifts in what candidates expect in a role is responsible for employee turnover.

1 in 3 employees may leave if organizations require a full onsite return, eliminating flexible options.

n = 159 HR leaders, 4,264 employees
Source: Gartner Attraction and Retention Strategies in a Hybrid World Webinar Poll (30 June 2021); 2021 Gartner Hybrid Work Employee Survey
Improve Engagement with a More Human Deal EVP

Evolve the Traditional EVP to the Human Deal Framework

Source: Gartner

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Impressive Growth

July '22
38 employees

Feb '22
19 employees

Sept '21
9 employees

Apr '21
3 employees
Current State

VIRGINIA PASSENGER RAIL AUTHORITY

MISSION
Our mission is to promote, sustain, and expand the availability of passenger and commuter rail service in the Commonwealth.

VISION
Our vision is to deliver passenger rail service as an integrated, affordable, convenient travel option that benefits the Commonwealth.

EMPLOYEE VALUE PROPOSITION
VPRA is transforming passenger rail in the Commonwealth. We are a team focused on cultivating an environment where individuals can succeed professionally and personally. At VPRA, you can expect to make a difference through your work and have a direct impact on a truly meaningful mission.

VALUES
- Foster Leadership and Public Service
- Ensure Safety and Reliability
- Demonstrate Financial Stewardship
- Promote Innovation and Excellence
- Advance Environmental Sustainability
- Champion Equity and Inclusion

Early Engagement Drivers
- Mission-Driven
- Public Service
- Legacy
- Build Aspect
- Compensation
Talent Risk Management

Set Foundation
- Mission / Vision
- Values
- Employee Manual / Policies
- Compensation Structure

Continue Efforts
- Employee Engagement
- Learning and Development
- Talent Risk Assessment
Compensation Project
Virginia Passenger Rail Authority is committed to a compensation program that enables us to attract, develop, reward, and retain top talent that supports the achievement of our mission: promoting, sustaining, and expanding the availability of passenger and commuter rail service in the Commonwealth. Our compensation philosophy endeavors to deliver rewards that are aligned with the market, calibrated to business needs, and linked with performance. In addition to pay, the compensation program also supports the continued career growth and development of VPRA employees. Our compensation program is designed to be:

- **Aligned with market:** Provides a rewards program that reflects the market in which we compete for talent and supports the attraction, motivation, and retention of top talent.
- **Calibrated to business needs:** Targeted compensation will be calibrated to represent the market 50th percentile or higher for comparable jobs in our talent markets. Compensation will be part of a larger rewards, value proposition that includes competitive benefits and compelling work environment and culture.
- **Performance Oriented:** Compensation will be tied to individual and organization-wide performance in a manner that motivates employees to continually develop new knowledge, skills, and competencies to meet VPRA's goals and initiatives.
- **Career-driven:** Our career paths will not have defined starting or ending points. We seek to provide new developmental opportunities for new talent and current employees to advance both their personal career goals and the broader organizational goals of VPRA.
<table>
<thead>
<tr>
<th>Salary Structure Band</th>
<th>Richmond, VA (100%)</th>
<th>Alexandria, VA (115%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Min</td>
<td>Mid</td>
</tr>
<tr>
<td>E3</td>
<td>$196,200</td>
<td>$333,600</td>
</tr>
<tr>
<td>E2</td>
<td>$155,500</td>
<td>$256,600</td>
</tr>
<tr>
<td>E1</td>
<td>$124,400</td>
<td>$205,300</td>
</tr>
<tr>
<td>M4/P5</td>
<td>$102,600</td>
<td>$164,200</td>
</tr>
<tr>
<td>M3/P4</td>
<td>$85,500</td>
<td>$136,800</td>
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<tr>
<td>M2/P3</td>
<td>$76,000</td>
<td>$114,000</td>
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<tr>
<td>M1/P2/S4</td>
<td>$63,300</td>
<td>$95,000</td>
</tr>
<tr>
<td>S3/P1</td>
<td>$52,800</td>
<td>$79,200</td>
</tr>
<tr>
<td>S2</td>
<td>$48,900</td>
<td>$66,000</td>
</tr>
<tr>
<td>S1</td>
<td>$40,700</td>
<td>$55,000</td>
</tr>
</tbody>
</table>
FY22 Adjustment

Eligibility

• Regular, Full-Time Employees Only*  
  Part-Time employees are not eligible  
  Talent Premium employees are not eligible*

• Solid Performance Rating or Higher  
  Employees with Does Not Meet Expectations rating are not eligible

• VPRA Start Date On or Before July 25, 2022  
  Employees with less than 3 months tenure are not eligible

Salary Adjustment

• 5% increase if VPRA Start Date is on or before April 25

• 2.5% increase if VPRA Start Date is after April 25 and on or before July 25
Next Steps

• Finalize approach to FY23

• Develop a comprehensive compensation manual

• Review in detail with all employees