



News Release

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Widening Skills Gap Threatens Employers' Ability to Compete: Deloitte

*Talent and health reform are biggest challenges to employers;
employees worried about retirement readiness, job security*

NEW YORK, March 14, 2012 — Ironic as it may be, despite record-high unemployment and the perception of a surplus of talent, human resources (HR) professionals may be forced to choose from limited quantities of high-skilled workers, a new Deloitte study shows. Moreover, the widening skills gap may put the country's ability to compete globally in a vulnerable position.

The 2012 Top Five Total Rewards Survey from Deloitte and the International Society of Certified Employee Benefit Specialists (ISCEBS) reveals talent as the most significant challenge to organizations over the next three years. One quarter of all survey respondents expressed concerns about talent, particularly the shortage, motivating and retaining talent — a substantial increase over 16 percent last year. Talent shortage concerns are highest among insurance and professional services firms.

“The survey exposes a widening gap between the dwindling supply of skilled workers in America and the growing demands of the modern workplace,” said David Lusk, principal, Deloitte Consulting LLP and author of the report. “A key challenge ahead for employers will be working to help close this skills gap to maintain a competitive edge in the global marketplace.”

Top Five Priorities

The Top Five Total Rewards Priorities Survey series is an annual barometer of talent and benefits management challenges facing organizations. The survey's 330 respondents ranked the top five priorities for 2012 as follows:

- The cost of providing health care benefits to active employees.
- The willingness or ability of employees to pay for benefit plan coverage and to manage their own reward budget.
- The ability of reward programs to attract, motivate and retain the talented employees needed to effectively run the organization.
- The ability to adjust to and comply with current and future provisions of health care reform legislation.
- Clear alignment of Total Rewards strategy with business strategy and brand.

Job Security

Among employees, 45 percent are worried about the future of their own job security according to the survey.

“Being constantly attuned to the shifting forces within the jobs and talent marketplace could lead to a higher level of anxiety about one’s own position,” said Scott Cole, senior manager, Deloitte Consulting, LLP and co-author of the report.

Health Care

Employers cited the cost of health care and the impact of health care reform legislation as a top concern -- the fourth consecutive year the cost of health care topped the list. While companies seem to have aggressive ideas for cost-containment measures, most lack plans to make changes to employer-sponsored coverage required by the Patient Protection and Affordable Care Act (PPACA). In fact, 48 percent of those surveyed seem to be taking a “wait and see” approach, indicating no plans to make any changes to their coverage. Of those planning to make changes, 17 percent are simply looking to avoid the new mandates by making plans to consider dropping employer-sponsored coverage for full-time employees and pay the penalties. Another 37 percent are planning to maintain their grandfathered health plans as long as possible, and 23 percent are considering reducing the hours below the threshold for part-time employees to avoid mandatory health coverage.

Retirement Readiness

Employers and employees are troubled by retirement readiness. Asked to identify their top three challenges on a personal level, 83 percent of respondents said they continue to be concerned about their ability to afford retirement and post-retirement health care. More than 40 percent of all respondents plan to delay their retirement —an increase from 34 percent last year. Employers are hoping to help ease some of the burden with 36 percent of those surveyed planning to provide employees with better tools to plan for retirement.

Differing Opinions: Employer vs. Employee

Among the more interesting contrasts in employer-employee responses, employees ranked health care costs fifth overall while employers ranked it the number one Total Rewards challenge. Financial concerns, such as affording retirement, inflation, job security and investment performance, dominated personal challenges. In contrast, employers are focused on more strategic concerns around talent, health care reform and rewards program strategy and alignment.

Additional Survey Findings

- More than two-thirds (68 percent) of employers surveyed planning a redesign of their Rewards Program expect to re-evaluate their benefits strategy in light of PPACA.
- The majority of survey respondents (70 percent) are considering expanded wellness programs to help manage health care costs.
- Overall, 1 in 5 organizations has integrated social media into their Total Rewards communication campaigns.
- Outsourcing is gaining high marks among employers, but organizations are still looking for improvements.

For a copy of this 2012 Top Five Total Rewards Priorities Report, visit http://www.deloitte.com/view/en_US/us/press/Press-Releases/ae777daa98016310VgnVCM3000001c56f00aRCRD.htm or www.iscebs.org.

About the Survey

In its 18th year, the “2012 Top Five Total Rewards Priorities Survey” is jointly sponsored by Deloitte and the International Society of Certified Employee Benefit Specialists (ISCEBS). The survey is developed and conducted by professionals in Deloitte’s human capital practice in collaboration with the ISCEBS. The survey was completed by 330 participants online. Survey participants were asked to respond as representatives of their employers with the exception of two questions about personal challenges and plans. For purposes of this survey, the phrase “Total Rewards” is defined as all compensation, benefits, perquisites and any other direct or indirect payments to employees. The survey respondents represent a diverse cross-section of the U.S.-based employer population by industry and size.

About Deloitte’s Human Capital practice

Deloitte helps organizations effectively manage their human capital to drive business growth. It does this leveraging advanced analytics to develop talent management and business-driven HR strategies to deliver results. Deloitte is a leader in human capital consulting, bringing a unique combination of business, industry and HR knowledge, supported by the breadth of services and capabilities of a multidisciplinary professional services organization and global network. For more information, please visit <http://www.deloitte.com/humancapital>.

About The International Society of Certified Employee Benefit Specialists

The International Society of Certified Employee Benefit Specialists (ISCEBS) is a non-profit educational association whose members have earned the Certified Employee Benefit Specialist (CEBS) designation, which is cosponsored by the International Foundation of Employee Benefit Plans and the Wharton School of the University of Pennsylvania. For more information on the Society or CEBS, please visit the ISCEBS Web site at www.iscebs.org.

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