

HRPI Meeting Recap for Members May 2-3, 2024



We had a terrific conference, thanks to the lively engagement of members, speakers, faculty, students, and guests. Participants rated the conference a 4.8 score (on a 1-5 scale) for overall value. Thank you to all who attended.



We are grateful for all who made the meetings a success, especially Associate Director Sandy Keldsen. We are also appreciative of the students who contributed photos, notes, analyses, logistics, and microphone-handling skills to our conference. The students are undergraduate [Sam Offsey](#) and graduate students [Marilyn Ampel](#) and [Rebecca Dertinger](#).

Here is a recap of our sessions, including links to any additional materials available.

Thursday May 2, 2024

Introductions and Roundtable Discussion of Member Topics

Tracy Keogh, Chief People Officer, Great Hill Partners, HRPI Steering Committee Chair

Connie Hadley, Co-Director, HRPI, Research Associate Professor, Management & Organizations



We welcomed executives from more than 40 HRPI member companies including Adam Street Partners, Boston Scientific, Caterpillar, Cell Signaling Technology, Curriculum Associates, GE, Gillette, IBM, New Balance, Quickbase, and Unum. Members were joined by Questrom faculty and students, speakers, and invited guests.

Tracy and Connie facilitated an open discussion of hot topics on members' minds. Topics included:

- Latest policies/issues regarding return to office/remote work
- Observations regarding Millennials and Gen-Z attitudes and approaches
- New HR initiatives in the application and governance of AI
- Developments in committee or board oversight of human capital and ESG measures
- Member implementation of skill-based talent models

Members shared experiences, practical tips, and resource recommendations with each other.

Why Enjoying Work Matters More Than You Think

Tracy Keogh, Chief People Officer, Great Hill Partners, HRPI Steering Committee Chair (Intro)

Debbie Lovich, Managing Director & Senior Partner, Boston Consulting Group



Debbie Lovich leads BCG's thinking on the [future of work](#). She started by saying that work has been broken for a long time – and it is time to develop a new approach centered on employee enjoyment. Labor trends dictate this consideration; even if we are no longer in the “Great Resignation,” there are more vacant job listings than people to fill them worldwide and birth rates will continue to squeeze labor supply. The path to retention is via joy: [BCG's research](#) shows that employees with high work enjoyment are half as likely to be thinking about quitting their jobs. She suggested Trader Joe's as an example of an organization with “employees by choice.”

In one study, BCG examined what factors lead to attraction, selection, and retention of employees. They found that to encourage people to apply for a job (attraction), functional features like pay and benefits are most important. However, when it comes to people choosing a job over a competitor's (offer selection), fair treatment and job security rise in importance. Finally, when deciding to stay at a job (retention), emotional aspects are far more important than functional aspects like pay and benefits. For example, “doing work I enjoy” is a top factor that predicts intention to stay.

BCG has also studied what types of tasks evoke enjoyment – and who feels the most joy at work. In one study, they found big differences by hierarchical level: managers and executives spent 56% of their work time on joy-filled tasks; individual contributors (ICs) spent just 5%. Moreover, individual contributors and managers felt differently about the same type of work: for example, managers and executives find more enjoyment in focus time and interactive work than do ICs. One thing all groups had in common was that they spent at least a day a week (20-30% of their time) on joyless administrative work. Debbie suggested GenAI should be used to reduce this type of toil.

For more information and downloadable graphics, see the articles “[Enjoying Work Matters More Than You May Realize](#)” and “[11,000 People Tell Us What Really Matters at Work and Why We Should Care](#).” Debbie's TED talk entitled, “[3 Tips for Leaders to Get the Future of Work Right](#),” has been viewed more than 2 million times. Slides are not available, but Debbie has offered to meet 1:1 with HRPI members to answer any follow-up questions; you can contact her at: Lovich.Deborah@bcg.com.

Fireside Chat: Executing a “Boundaryless HR” Approach

Susan Podlogar, Chief Human Resources Officer, MetLife

Connie Hadley, Co-Director, HRPI, Research Associate Professor, Management & Organizations



Susan described how MetLife has been transforming its approach to human resources over the past four years, shifting from “silo to systems.” This has required a mindset adjustment throughout the company as well as many structural changes. For example, HR Centers of Excellence are now also business partners. In addition, performance goals and budgets are better aligned throughout the organization. Externally, MetLife has been working with competitors, universities, and government officials in North Carolina to upskill the tech workforce. These are examples of how MetLife is implementing the “boundaryless HR” approach described by Deloitte in their [2024 Global Human Capital Trends Report](#) (note: MetLife is not working with Deloitte on this transformation).

MetLife is also moving beyond an extraction model of employee utilization to an investment model of human sustainability. It is the combination of strategy and people that will generate lasting success for the company. For example, they have initiated an “Employee Care” initiative that cuts across all HR functions and involves co-creating programs with employees (e.g., better onboarding protocols). In addition, Susan described how HR can be stewards of the people discipline but taking care of employees needs to be a distributed responsibility throughout the organization. She has also brought in a range of experts, such as anthropologists and sociologists, to learn how to increase well-being, collaboration, and inclusion at MetLife. In combination, these efforts are increasing the trust felt between employees and HR – expectations are changing but HR is using open communication and responsible transparency to let employees know they have their back.

Small Group and Plenary Discussion: HRPI Research Initiative on the Future of HR

Connie Hadley, Co-Director, HRPI, Research Associate Professor, Management & Organizations



HRPI is launching a new research initiative focused on the future of work and how HR can prepare for it. As Connie explained, there are three main goals for this initiative:

1. Leverage Questrom scholarship and students
2. Increase the value of HRPI for members
3. Establish HRPI thought leadership externally

To kick off the development process, HRPI member input was solicited in two ways: through an individual survey and through small group discussions. A set of 10 potential research topics were provided and members indicated their top preferences, the specific questions they would like answered, the ideal research output, and ways in which they would like to contribute to the discovery process. Groups pitched their collective preferences in a “Shark Tank”-type format.

The most popular research topics were:

- Increasing human sustainability in organizations (thriving, joy) - 24 votes (70%)
- Transforming and elevating jobs (and work) through generative AI - 16 votes (47%)
- Increasing human connection and trust in the workforce - 15 votes (44%)

You can see more details on the individual survey responses, as well as photos of the group pitches, in this [summary document](#)

Stay tuned for more updates and a chance to engage with the research initiative in the coming months.

Day 2 Recap

Friday May 3, 2024

The New World of Alternative Credentials

Mitchell Stevens, Professor, Sociology, Stanford University



Professor Stevens provided a review of the historical growth in four-year college degrees in part driven by the GI Bill support of veterans following World War II and in part supported by government loan availability and overall support of academic institutions. The impressive trend in the percentage of the U.S. population attaining high school degrees (more than doubling from 1960 to 2020) and the attainment of 4-year college degrees (from 7.7% in 1960 to 37.5% in 2020) has resulted in a highly educated workforce. Professor Stevens noted, however, that employers were questioning the need for a 4-year degree for many jobs and are in the process of shifting from degrees to skills as requirements for certain positions. Corresponding to this shift in focus, combined with the cost and debt incurred by students, and the disappointing employment prospect for many academic concentrations, there has been a decline in enthusiasm to pursue 4-year degrees.

In view of the explosion in the number of providers and models for alternative credentials, it is incumbent on HR leaders to assess the quality of the various credential programs to determine the value of such external sources of skill develop and compare the relative importance of internal sources of development compared to that available externally. Professor Stevens also noted that HR leaders are the clients of alternative credential providers and therefore can have a role in shaping the “credential ecology you want.”

View Mitchell’s slides [here](#).

FTC Rule on Noncompete Restrictions; SEC's Focus on Human Capital Metrics; Lessons from the Elon Musk Compensation Lawsuit

[Charles Tharp](#), Co-Director, HRPI, Professor of Practice, Management & Organizations

The Federal Trade Commission (FTC) released its [final rule](#) on April 23, 2024, banning, with limited exceptions, non-compete agreements between employers and employees. The rule allows limited exceptions for existing non-compete agreements senior executives in policy-making positions. The rule will be effective 120 days from publication in the Federal Register (after the HRPI meeting the rule was published in the Federal Register on May 7th with a corresponding effective date of September 4th). Under the rule, “garden leave,” non-disclosure restrictions and non-solicitation restrictions may be permissible and would be considered on a case-by-case basis to determine if such restrictions would “prohibit, penalize, or prevent” a worker from working elsewhere.

The day the final rule was issued the Business Roundtable and the Chamber of Commerce, and two additional parties in Texas, [filed suit](#) in opposition to the FTC action as an overreach of the FTC's scope of authority and as violations of major questions doctrine that limits the ability of agencies, under to engage in rulemaking that would fall within the domain of legislative action. While the suits challenging the non-compete rule are pending it would be advisable for companies to conduct an inventory of non-compete arrangements current in place and to determine how best to limit the potential harm if the non-compete ban survives litigation.

Another rulemaking activity of interest to CHROs is the Security and Exchange Commission's plan to issue a highly prescriptive human capital management disclosure rule. [Investor advisory](#) and [advocacy groups](#) have petitioned the SEC to revise the current principles-based human capital management disclosure rule and mandate the disclosure of standardized human capital information, including the following:

- Total employment disaggregated by full-time, part-time, and contract workers,
- Total employment expense,
- Turnover data,
- Diversity/composition of the company workforce

The SEC had slated the issuance of a proposed human capital management disclosure for the fall of 2023 and again for April 2024; however, no proposed rule has been issued and it is thought that there is disagreement among the commissioners as to the need for a more prescriptive rule, and if so, the level of workforce information that would be required to be disclosed. Speculation is that the Commission may attempt to issue a proposed rule prior to a potential change in administration following the November election. HRPI will continue to monitor progress on this issue and provide members with an update on the SEC's work on this issue.

There was also a brief discussion of the takeaways from the Delaware Court of Chancery court [decision](#) negating the 2018 “moonshot” stock option award to Elon Musk by the Tesla compensation committee.

The key takeaways which CHROs should glean from court's decision include:

- The magnitude of the stock option award was not grounded in the committee's analysis of competitive data and, in view of Musk's significant ownership position, did not appear necessary to motivate him to increase the company stock price.
- The committee had many personal relationships with Musk which raised questions about the independence of the committee members. Further, the absence of negotiations as to the pay

arrangements and Musk's control over the timing and nature of the committee's deliberations furthered concern over the committee's independence and the process followed in determining the structure of the compensation package. The conflicted nature of the committee warranted the court to examine the committee's decision under heightened scrutiny under the entire fairness standard, as opposed to the more deferential business judgement rule.

- The court determined that the proxy disclosure upon which shareholders voted to approve the compensation arrangement was flawed in that the disclosure did not note that part of the performance criteria for vesting of the award was certain to be satisfied at the time of the proxy proposal.

The importance of committee independence, thoughtful use of benchmarking and market data, the integrity of the decision process and completeness of the proxy disclosure are key lessons from the court decision to rescind the stock option award granted to Musk.

Panel - DEI Blowback and Next Steps

Stephanie Franklin, Senior Vice President & CHRO, Vertex Pharmaceuticals

Arielle B. Kristan, Partner, Hirsch Roberts Weinstein LLP



Stephanie provided an overview of Vertex's long-standing approach to creating an inclusive culture and the company's efforts to increase interest among young people in pursuing STEM-based education and related careers. Stephanie also shared various initiatives aimed at helping to create an environment in which all employees felt comfortable expressing their true self at work. The panel discussion also focused on the external factors that are shaping company efforts to advance diversity and inclusion. Ari reviewed the actions of certain groups that are pushing back against company diversity efforts and legal developments that reduced the required degree of harm that must be incurred to bring claims of discrimination. There has

been [increased blowback](#) against diversity programs in the wake of the [Students for Fair Admissions v. Harvard](#) decision by the Supreme Court. In view of the polarized external views concerning DE&I programs, surveys show that companies [have not backed away](#) from their commitment to build a more inclusive culture but are assessing how best to describe their diversity initiatives in view of the pressure from various state attorney generals and activists. Ari reminded the group of the requirements of Title VII and addressed approaches to continuing to advance diversity objectives within legal requirements.