

How Talent Is Impacting Business

Barriers, Solutions and Next Steps



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This past fall, the Indiana Chamber of Commerce conducted its 17th annual employer workforce survey; it's a project aimed at better understanding the perspective of business leaders across the state regarding talent and labor needs. The effort engaged nearly 1,000 leaders representing all regions, a range of industries and various appropriate occupational roles within the organizations surveyed.

In many ways, the findings from the late 2024 survey indicated positive trends relative to workforce needs. In nearly every metric, the trend was positive with respect to employers' perception of talent challenges. That being said, talent remains the most pressing issue confronting employers and limiting their growth potential.

Talent-related barriers

Workforce is a complex issue due to the systemic nature of the challenge. It is not simply an alignment of skills and training programs. Nearly everything within a community impacts the availability of workforce. Factors such as the availability of low-cost transportation, housing affordability and availability, childcare and health-related support providers all are just as much a workforce issue as a single training provider. This year's survey results reinforced this reality as employers identified several systemic barriers that have limited their ability to find and retain qualified talent.

Despite the reality of today's workforce challenges, Hoosier business leaders appear optimistic about the future. A majority (61.4%) of respondents indicated they anticipate expanding their workforce in the next two years. The largest industries reporting this are

construction, life sciences, information technology and advanced manufacturing.

Determining the exact factors driving this optimism were outside the scope of this research, but we do have some insight into the strategies these business leaders plan to employ to make this happen. Over the course of the last five years, our team at the Institute for Workforce Excellence has noticed a subtle shift, reinforced through ongoing communications with employers, in which all types of businesses are recognizing their roles as co-creators of talent. Historically, employers have always been engaged in training and development; however, throughout the early 2000s there was a steady shift away from employer facilitated/paid training across the United States, according to *Industrial & Labor Relations Review*.

Instead of building talent internally, there was a shift toward influencing the educational partners (both K-12 and postsecondary) to ensure students are ready to perform key functions on day one at a job, thus being more profitable and effective earlier in the hiring process. Yet in recent years, as labor markets have tightened, more employers have recognized that it is not an either/or proposition. Talent development is a



The Indiana Chamber survey found more employers are engaging in or open to work-based learning experiences.

co-development effort, requiring partnerships between employers and educational institutions and a range of internal programming and resources intended to create new entry points for employees and pathways for growth.

These themes were manifest in multiple ways throughout the survey responses. In particular, three themes began to surface about how employers are shifting practice in order to address talent, which we believe will have significant impact on addressing the state’s workforce efforts moving forward.

Talent-focused community partners

A range of strategic organizations have emerged over the course of the last decade specifically created to support the talent needs of business leaders across the state. These organizations represent a range of entities, including workforce development boards, regional and local chambers of commerce and economic development entities, non-profit organizations, sector partnerships and educational institutions. Anecdotal feedback over the last several years has indicated that while critical to the success of our talent system across the state, the lack of coordination among these entities has created an environment in which employers often don’t know who they should be working with and often feel overwhelmed by so many disparate entities wanting to help but causing extra work and confusion.

We specifically asked our respondents who they work with locally in an attempt to understand how they are currently working. Roughly two-thirds (63.3%) of respondents indicated they are working with an intermediary to “increase awareness of the industry, cultivate or source talent, and/or strengthen their talent pipelines.” Within this, 39.6% of respondents indicated they are working closely with higher education, 25.3% K-12 institutions and 23.6% regional workforce development boards, plus 27.9% said other regional nonprofits or intermediaries. This total number is up nearly 7% from the 2023 survey. Of the 33% who indicated they are not working with intermediaries, 7.8% said they would be interested in exploring such collaborations in the future.

In addition, employers are recognizing that increasingly “workforce” is not simply the ability of a given individual to do a function within a company but has expanded to incorporate any number of external barriers that have the potential to serve as barriers to an individual’s availability to work. In particular, these barriers include access to high quality childcare, availability of transportation and affordability and access to housing. In response, employers are playing a more substantial role than ever in addressing these systemic community issues in an effort to create an environment that enables those who want to work the ability to do so.

Biggest External Factors Negatively Impacting Talent Attraction/Retention	
Childcare	30%
Housing	30%
Transportation	19%
Community Demographic	15%
Quality Schools	15%

Childcare especially has been an area of particular growth over the last several years. In this year’s responses, 34.6% of respondents indicated they have either established onsite childcare, provided subsidies/reimbursements for childcare to staff or established a partnership with a nearby childcare provider to serve their workforce. This is a 73% increase over the 20% of respondents who had

responded as such in the previous iteration of the survey. We believe this increase is the direct result of: 1) employers recognizing that in order to address this challenge they play a critical role in helping drive community engagement, and 2) the state Legislature creating incentive programming and policies to make it easier for employers to engage. We believe this trend will continue to grow as the 2025 legislative session is poised to continue to address the lack of childcare access and affordability.

Changing internal processes

Employers have indicated that in an effort to think differently about their talent challenges, they are beginning to change internal processes and structures to co-create talent more effectively. These changes include rethinking how staffing supports talent strategies, how roles will evolve (especially in light of automation), as well as how base-level skills and competencies are communicated so that talent is more strategically aligned to tasks.

The human resources (HR) function in Hoosier enterprises is incredibly important and is often the front door for how the organization is planning for talent needs and interacting with state/ regional partners on workforce efforts. That’s made more complicated given the vast majority of Indiana businesses are categorized as small businesses, with nearly 92% employing less than 50 employees (per the U.S. Census Bureau). In those small businesses, if there is even an HR-designated person, they are often pulled in many directions and filling several roles in addition to traditional HR functions.

As SHRM (Society for Human Resource Management) has identified, however, there is an ongoing trend in which traditional HR functions have “evolved from an administrative process into a continuous organizational practice that includes succession planning, leadership development, retention and career planning.” This reality seems to be playing out as we are seeing a shift in responses related to the role of HR in Indiana businesses. When asked if they have “dedicated HR personnel focused on strategic hiring and talent attraction, development and retention strategies,” 50% of employers responded “yes.” This is up 6% over the previous iteration of the survey and confirms feedback the Indiana Chamber receives from members: There is a growing focus from Hoosier employers to specifically staff roles that can be the front door for Indiana partners focused on talent development strategies.

Separately, automation is on our employers’ minds as there are still many unanswered questions about how rapidly evolving technical capabilities and artificial intelligence (AI) will continue to shift the way we work. Respondents to the survey indicated a modest growth in the percentage of employers who feel automation will impact their workforce needs. Nearly 50% of respondents indicated that automation or the adoption of AI will or is likely to impact their labor force in the next five years. This is a 7% increase from last year’s survey and has the highest representation from the information technology and advanced manufacturing industries.

Work-based learning

Recently, the Indiana Department of Education established new high school graduation diploma requirements as part of the state’s strategic focus on redesigning high school. These new requirements place greater emphasis on creating career-oriented learning opportunities for high school students across the state, starting with earlier career awareness and exposure and culminating in real-world, on-the-job learning opportunities. This shift, along with the state’s focus and implementation of a youth apprenticeship framework, has the potential to fundamentally change the way K-12 students engage in career pathways and build relevant skills.

Respondents to this recent survey indicated that they are engaged or open to participating in work-based and career-oriented learning. In general, there has been a positive trend in the percentage of employers engaging in these kinds of experiences. Notably, there is year-to-year growth in percentage of respondents who have participated in high school internships, youth apprenticeships, college internships and registered apprenticeships.

Still, the fact remains that more than 20% of respondents indicated they do not offer any experiences currently. There is interest there though. Thus, it will be important in the coming years to continue to increase the number of employers participating so that we have capacity for every Hoosier high school student, college student or adult who needs or wants such an experience.

Summary and recommendations

As noted, the latest employer survey has indicated some positive trends and shows that the development of state, regional and employer-driven talent strategies is beginning to have some impact on finding, building and retaining critical roles within their organizations. Despite this, the challenge is far from solved and employers still experience acute pains with respect to talent. As we look forward, the Indiana Chamber recommends the following actions in light of its recent survey findings:

1. Continue to support the development of regional workforce efforts, but in the coming months and years turn a focus toward

2. Assist employers in skilling up current HR professionals and leads regarding the tools, resources and information available to them as strategic talent development professionals.
3. Encourage the state to continue to invest in regional and local strategies to address systemic barriers, such as childcare, transportation and housing. Employers and/or collaboratives of employers should be included as key partners in addressing these barriers and identifying community-driven solutions.
4. Continue to prioritize work-based learning and apprenticeships as a key strategy for engaging and retaining talent at an earlier stage. The Indiana Department of Education’s redesign of high school requirements is a key step in this direction, though additional work will need to be provided by intermediaries and industry associations to ensure quality and capacity is addressed in appropriate ways. The Indiana Chamber looks forward to partnering in building this system in Indiana.

The full executive summary on the survey results is available at www.indianachamber.com/education.

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