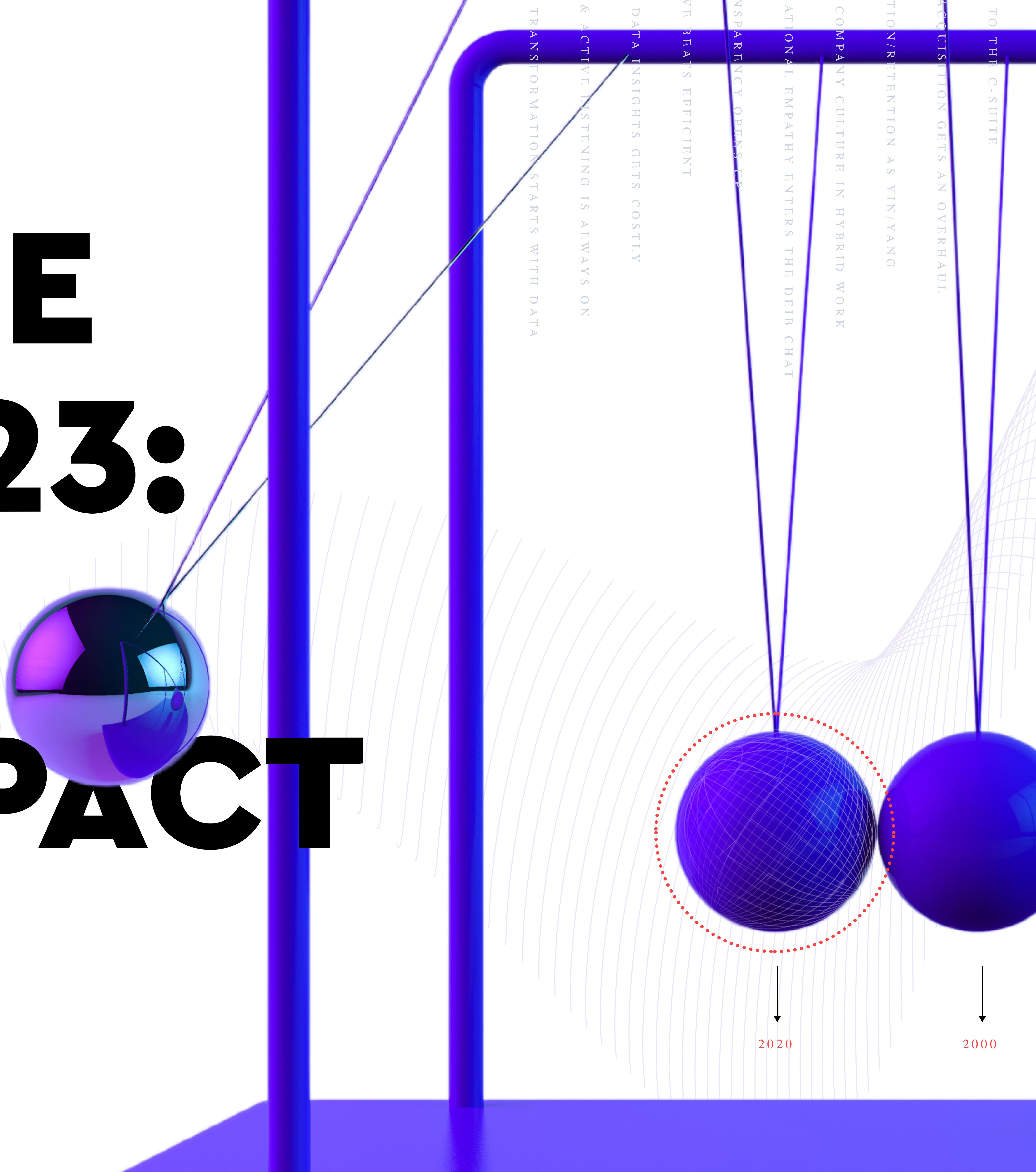
visier

WORKPLACE TRENDS 2023: BRACE FOR MUTUAL IMPACT

10 ways people will impact the business, and the business will impact its people



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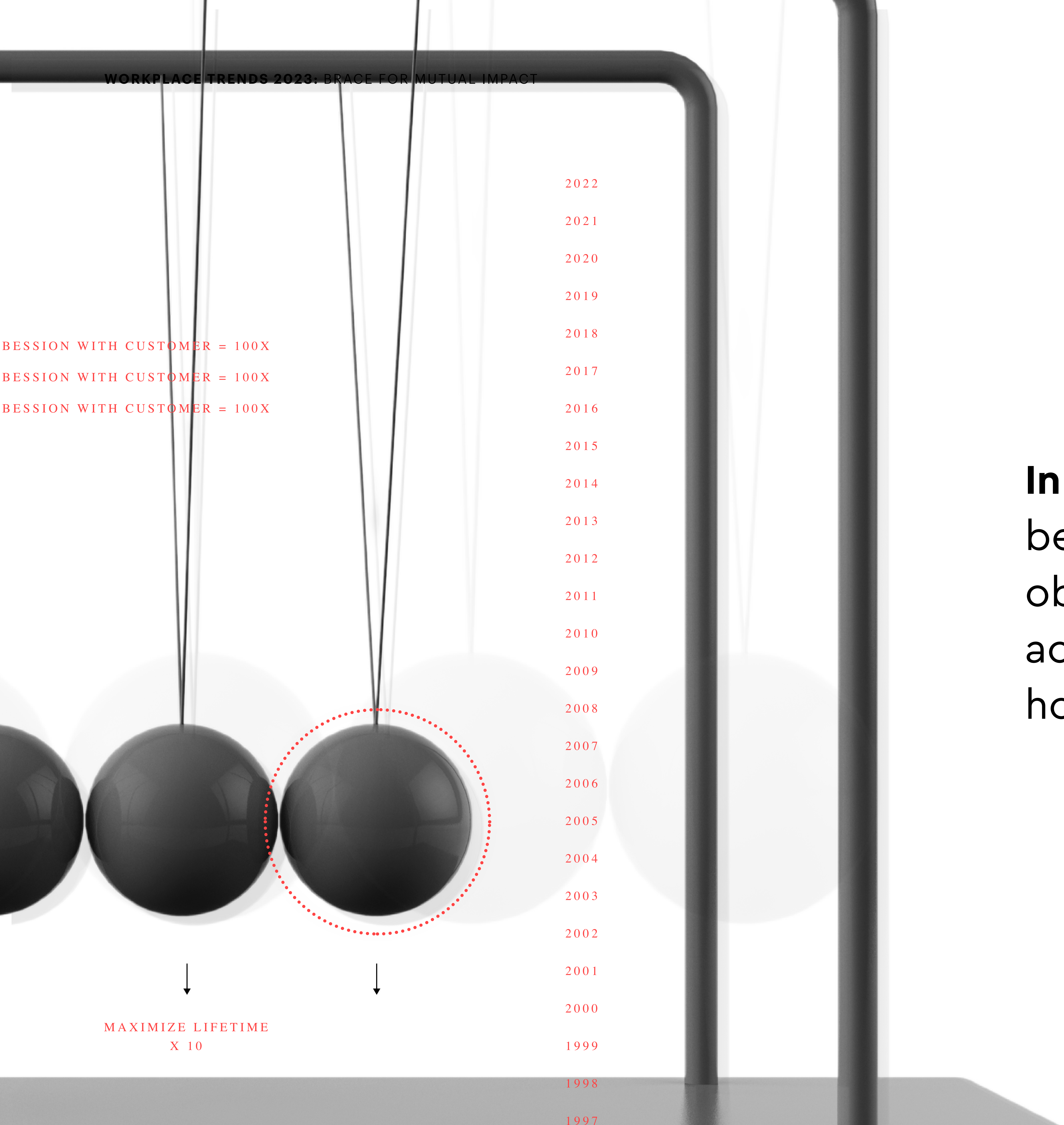
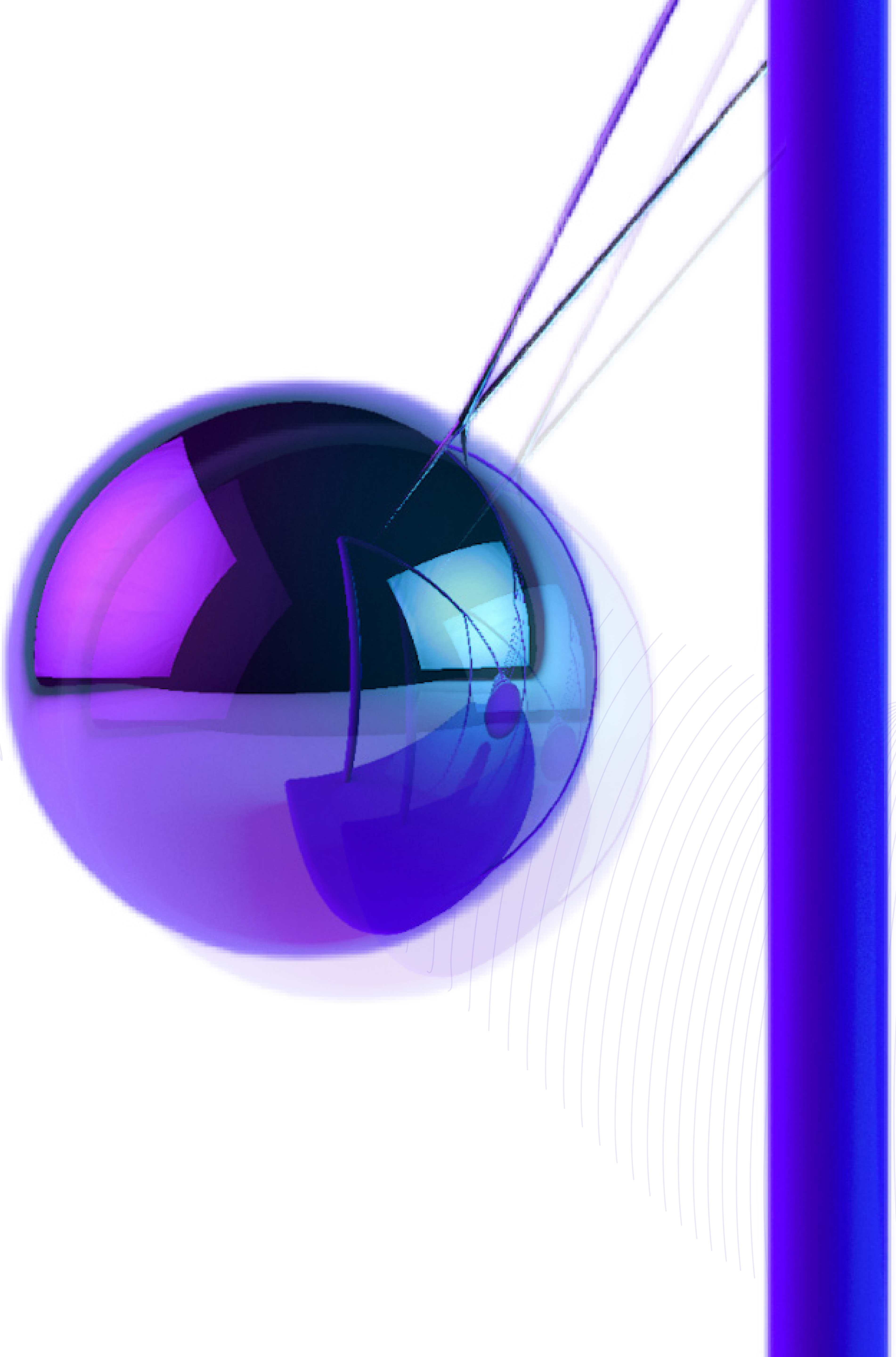


In most industries, the last 25 years have been marked by an almost breathless obsession with the customer—how to acquire them, how to keep them, and how to maximize their lifetime value.

The next 25 years will be similarly consumed by the employee—how to acquire them, how to keep them, and how to maximize the value they contribute to a business.



That value is measured in more than numbers—it's measured in impact. When organizations demonstrate that they don't understand or empathize with their employees, they're met with dramatic consequences. Burned out workers whose productivity and well-being suffers. Resignations that total millions in replacement costs. Public criticism of a brand's employment policies leading to poor PR and drops in revenue.

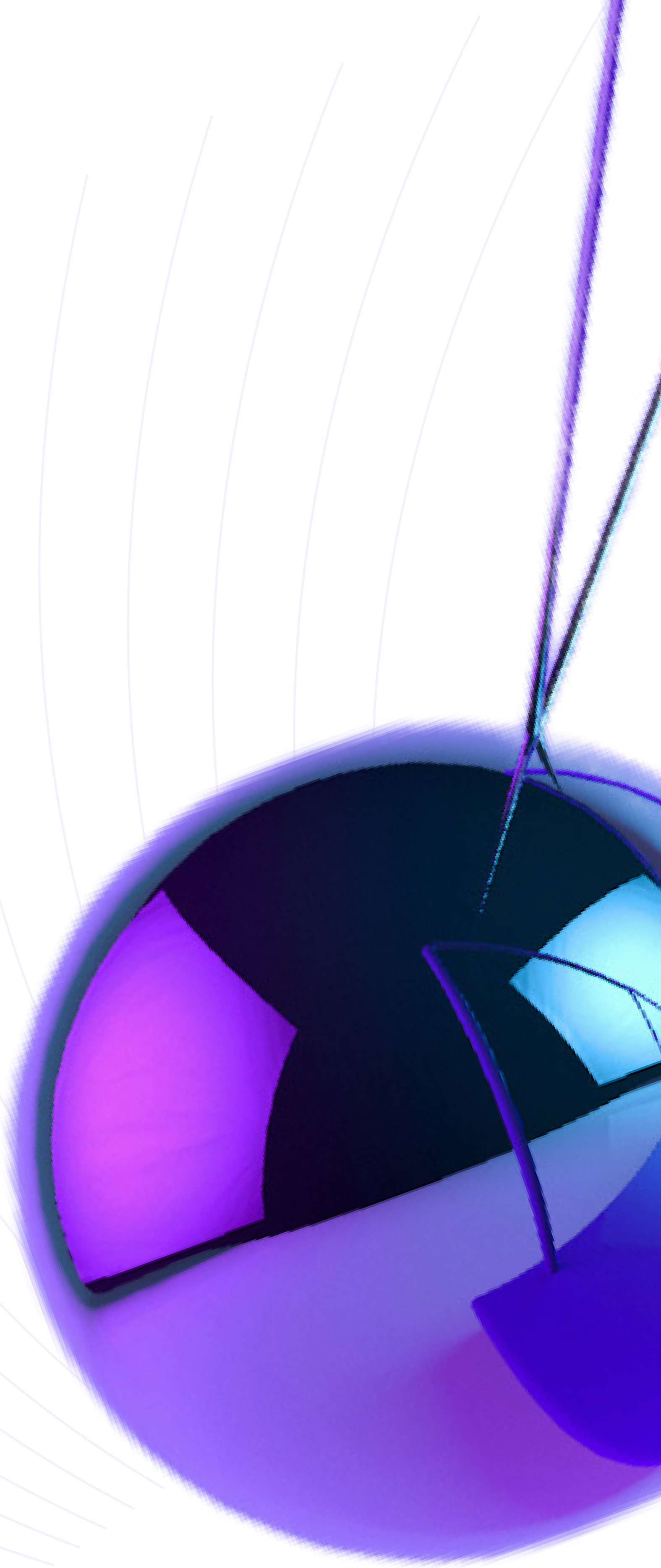
These outcomes mean mutual impact is assured: Employee morale suffers so the business falters which, in turn, impacts the organization's ability to attract and retain talent. It's a Newton's Cradle of equal and opposite reactions and, unless a force is applied to halt the ongoing volley, they will continue.

The hero force that stops—and potentially reverses—the negative impacts is the applied insights from people analytics. Superman made the earth rotate the other way; people data insights turn negative outcomes into positive impacts.

After three years of workplace upheaval, there is no denying the impact that business has on employees, and employees have on business. 2023 could be the year the world starts to turn at a more reasonable pace once again. It's a cautious exhale for many in HR, but not a time for any savvy business leaders to let their guard down. We face a recession, another pandemic could be around the corner, and climate disasters rage on—the impacts of which are severe.

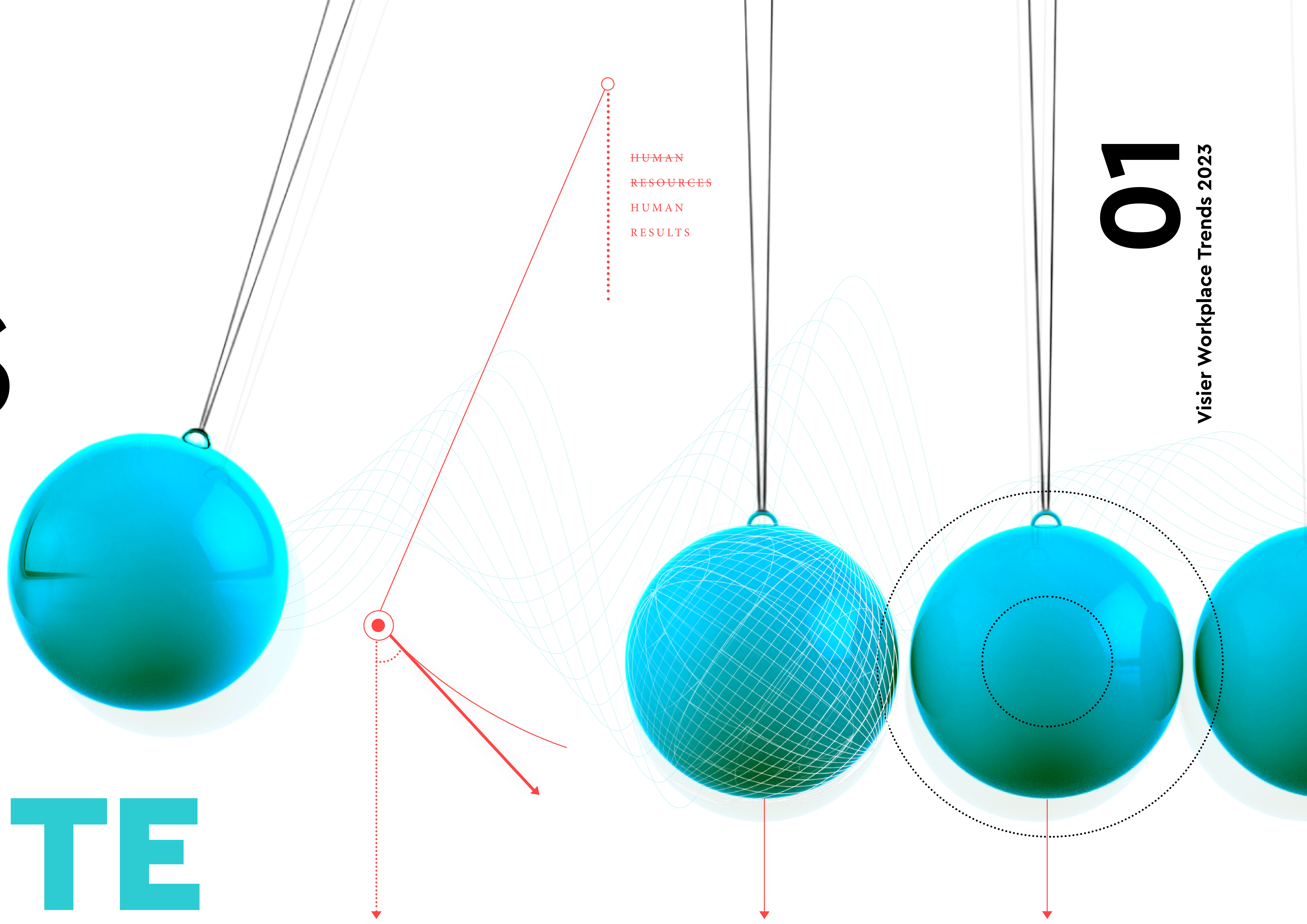
What is crucial now is for businesses to understand the learnings from these crisis times and implement them to lessen the impacts should another upheaval rear its gnarly head. We know that people are a business' biggest asset. That's why we've chosen these 2023 workplace trends that will not only help organizations learn from the past to better the present, they will also help business leaders and employees to prepare for what is to come.

Leaders want to be able to answer three questions: what happened, why did it happen, and what's going to happen next. If people analytics can answer those three questions for leaders, they can make better people decisions—and that's the goal.



Adam McKinnon
People Data and Analytics Lead,
Reece Group

HR GOES TO THE C-SUITE



Key takeaways

1

HR elevates to strategic business C-suite level with the CHRO/CPO.

2

Everyone wants people data now that they've seen the benefit.

3

HR shifts from **human resources to human results**, becoming a force multiplier on talent.

Nowhere to go but up

For decades, pundits have argued that HR was due its "seat at the table"—almost to the degree that the phrase itself now elicits eyerolls from those with any tenure in the profession. But there's a reason the phrase is still invoked: While unmistakable progress has been made, HR still does not wield the same influence of many other business functions—despite a looming talent crisis, growing workforce challenges faced by virtually every organization today, and the many executive decisions HR has been called upon to make in the recent pandemic years.

60-80%

of **most companies' operating budget** is allocated to people costs

The pandemic and its attendant upheavals brought HR leaders to the frontlines and many were lauded for how they helped navigate the storm. But while these contributions have certainly improved standing, there is still a dissonance between the urgency of the gathering wave of talent-related business challenges on the horizon and the overall confidence that HR is fully equipped for what's to come.

The reality is that every function in business has faced an evolution at various points in its existence. Sales was reinvented by ecommerce. Marketing was transformed by digital and analytics, necessitating the need for a business-savvy CMO. The CIO rose from an IT department, forever changed by outsourcing and again by SaaS. The role of CFO grew from accounting to financial planning and analysis (FP&A), and often legal and operations functions, too. The pandemic moment was the tipping point for HR leaders, asking more of the function and forcing a sort of conspicuous, almost wartime leadership that may have surprised a few cynics. The CHRO became prominent as HR stepped up—and there's no turning back.

From human resources to human results

Historically, HR has remained relatively anchored to its roots, focusing on cost management and compliance initiatives by instituting policies, streamlining and automating processes, and often driving employee experience initiatives. The benefits of these efforts are obvious, significant, and easy to measure, but they're largely focused on efficiency, not effectiveness; compliance, not strategic impact.

The reckoning that HR faces now can be thought of as a shift from *human resources* to *human results*, where the pivot is from HR as a support function to HR as a force multiplier on talent.

Perhaps the most certain and existential threat to organizations today is the fact that the labor market is shrinking at the same time that competition for talent is exploding. Against this already dire backdrop is a collision of workforce challenges, including a changing employee/employer power dynamic; new expectations about how, where, when, and even why people work; pledges around race, diversity, and inclusion in the workplace; and public— and sometimes even regulator— expectations for transparency in reporting on these practices. **This perfect storm of challenges is putting HR squarely in the eye, tasked with the ultimate decision-making: how to measure and execute upon the impact the business has on its people, and the people have on the business.**

We come bearing valuable data

At the heart of today's workforce challenges is a clear data gap that stands between the goals of the business and the talent available or needed to achieve them.

Just as data and analytics elevated accounting to CFO, and programming to CTO, so too did a CHRO or CPO role emerge from HR. When a business line's data is integral to business success, the C-suite door opens. HR always had a seat at the table; it was people data that was the price of admission. Here's how to RSVP:

- **HR needs to know, with confidence, the impact people are having on the business and the impact the business is having on people.** They need to be able to spot issues and opportunities, see around corners, and arm people leaders with insights to lead more effectively and to drive better outcomes.

- **HR functions must leverage people data and analytics to showcase their impact.** Talent acquisition needs to transform from a game of charm and persistence to one of data-driven targeting. Learning and development needs to transform from understanding courses completed to business impact unlocked. Compensation and retention strategies need to be informed by data—about the employee, similar roles, and the market at large.

- **Embrace advancement of top performers to conquer business goals.** Jobs need to be filled, not just through external recruiting, but by identifying high-potential employees and internal talent pathways that can both drive career progression and serve the highest priority needs of the business.

Disruption causes evolution—and that's a good thing

I'm proud that we are moving from being organized to also being insightful and truly impactful. I feel HR has much more say now—from a business perspective and connecting the data together.

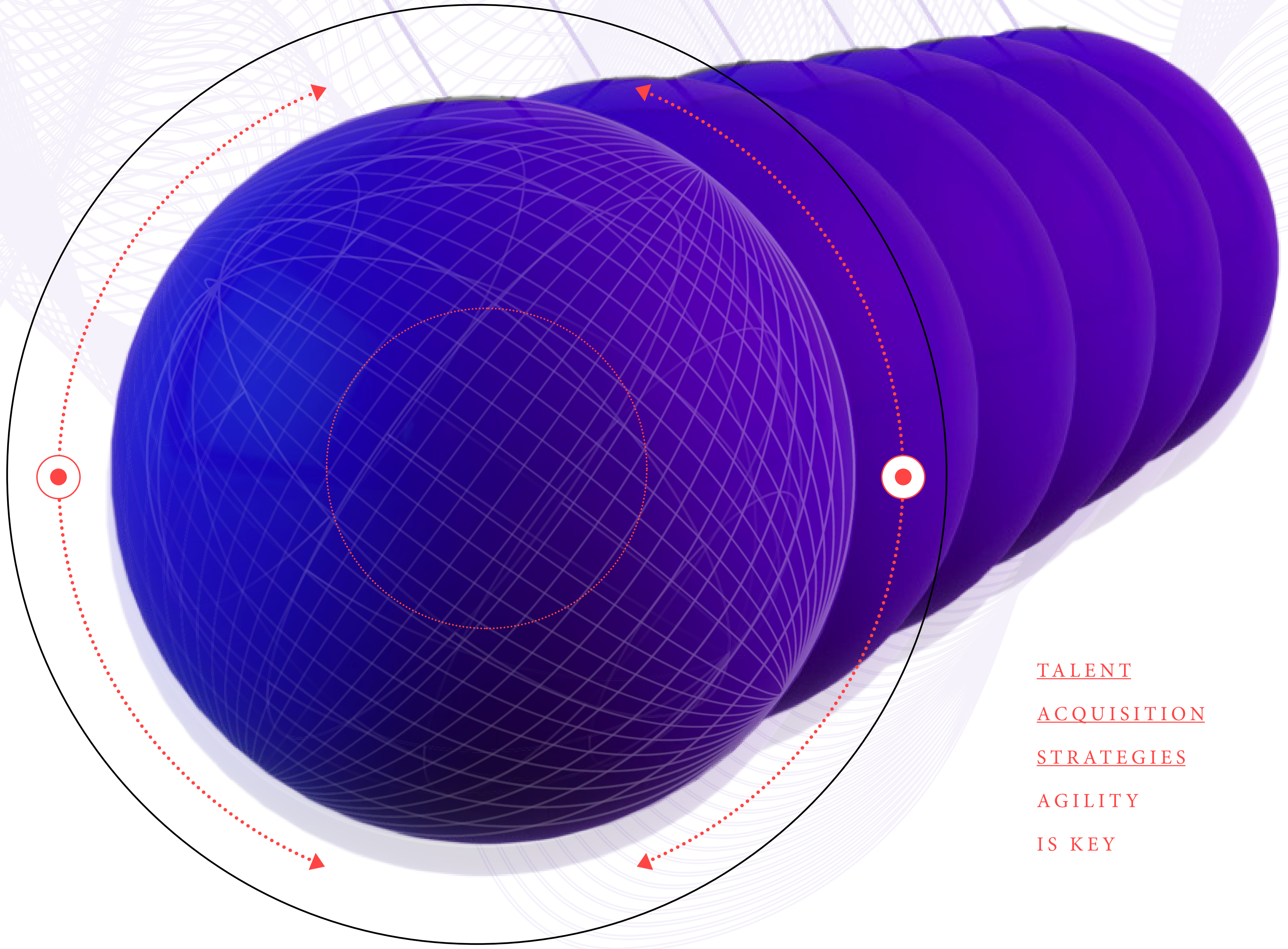
Kunal Thakkar
Senior Director,
Reporting & Analytics, IQVIA

The reality is that employees account for most companies' largest single budget item, often constituting 60-80% of operating expenses. Investments on this scale and significance require data—lots of it—as a governance mechanism for making sound decisions. Flying blind simply isn't an option. As a profession, HR is already stocked with smart, passionate, and compassionate people, which is an important foundation for what's needed in any people-powered business.

But what's also needed is sustained determination and courage. HR leaders stepped up to face the unknowns of a global pandemic and a social awakening that turned the world of work upside down. That was just the beginning.

Workforce challenges are not going away; in fact, just the contrary. The pandemic and the uncertainty it wrought ushered in a new reality for work, workforce, and workplace. As HR leaders like to say, the future of work is now. The question you need to ask yourself is whether you are prepared to meet that future. Because disruption is inevitable in business—it's how we evolve to meet changing opportunities and market conditions—and it's happening now.

TALENT ACQUISITION GETS AN OVERHAUL



TALENT
ACQUISITION
STRATEGIES
AGILITY
IS KEY

Key takeaways

1

Agility is key to navigating persistent pandemic and beyond disruptions to hiring.

2

Out-of-the-box talent acquisition strategies trump old ways in a tight labor market.

3

Companies that invest in analytics tools will survive a difficult talent landscape.

A whole new world

Predicting whether your organization will need more, less, or different talent to align with demand is a major challenge. To further complicate matters, longer term demographic shifts will continue to shrink the total size of the available talent pool.[1]

The upshot? A cooler economy won't necessarily bring talent supply in line with what organizations need. A tight labor market is here to stay, which means leaders can't rely on the old playbook for managing headcount through a downturn.

It's still possible to plan strategically, however. Data-driven organizations leverage analytics to develop dynamic workforce plans based on internal and external data from multiple sources. These methods will surely gain steam in 2023 as they help leaders manage and source talent more effectively—even in the face of uncertainty.

Predict, plan, persevere

Sound workforce planning practices contribute to a healthy bottom line. In top companies, "workforce planning delivers millions of dollars to the enterprise through predicting where skills and workforce costs will be in the future and how to plan for them in the right locations, while managing existing costs," states a report by Insight222.[2]

Investing in solid planning capabilities also helps organizations mitigate major risks. Consider what air travelers experienced in the summer of 2022: A shortage of pilots in the U.S. was a major factor leading to thousands of flight delays and cancellations.[3]

Early in the pandemic, aviation was down 97%. Airlines reduced staffing, pursued furloughs, conducted layoffs, and incentivized retirements. However, they did not anticipate that travel demand would ramp back up so quickly and as a result they were unprepared to meet demand due to staffing constraints. Short-term cost containment measures like hasty layoffs or sweeping downsizing measures can lead to problems down the road if forecasts for future service demands are too conservative. In other words, don't throw out the baby with the bathwater.

> **Even as the pandemic subsides, I don't think the job market's going to go back to what it was. There's just so much movement and volatility that there's going to be a lot of competition for the best talent.**

Matthew Hamilton
Head of HR Strategy and People Analytics,
Protective Life Corporation

Conversely, an overconfidence in market demand can lead to the kind of hiring sprees that can force organizations to make deep job cuts later on. Ecommerce company Shopify, for example, predicted that the pandemic surge in demand for their platform would remain elevated. They hired based on this optimistic forecast, and ended up with a surplus of staff that they had to cut by 10% once demand cooled.[4]

Clearly, the disruptions of the pandemic have created major planning struggles and visibility into long-term market demand will remain cloudy moving forward. Investing further in the right workforce planning tools, processes, and operational structure will be key to surviving—and even thriving—in the tumultuous months ahead.

Balancing the now with the future

To effectively navigate a volatile business environment alongside a tight labor market, companies must continuously forecast internal talent capacity and make decisions based on where the organization needs to go.

Use these three tips when planning in 2023:

1. Plan for multiple futures.

Look at resignations, performance-based dismissals, retirements, and leaves of absence that are expected to occur in the next 12 to 18 months. Develop several likely demand scenarios. Depending on what you find, you may need to upskill or reskill existing talent, hire new workers, or let existing employees go. Contingency plan with the most dramatic scenarios in mind, but book the more conservative plan in the interim until key developments become clear.

2. Be precise.

When dealing with an oversupply of talent, protect critical people with hard-to-find skills to ensure the organization can rebound more quickly when demand picks up again. Be precise when incentivizing retirements as an alternative to a Reduction in Force (RIF). Segment your workforce data and avoid blanket policies that could cause unwanted consequences, such as the elimination of an entire department and all the expertise the business needs.

3. Consider long-term skills requirements.

In addition to retaining people with current in-demand skills, hold on to those people who have the capacity to move into roles or take on new skills that are likely necessary in the longer term so you won't be facing a critical skills shortage. In the past, identifying gaps required leaders to map skills to thousands of jobs, each covering multiple skill sets that can become quickly dated. Data and machine learning can completely transform this process by standardizing jobs and mapping jobs to standard skills.

Continuous planning keeps you agile (and the machines running)

Done poorly, workforce planning is a back-office HR task that ultimately gets taken over by finance. Among organizations that don't have broadly distributed people analytics capabilities, finance leaders often overlook which skills are needed to keep the business a float through a rough patch or help the organization pursue future growth opportunities.

When one organization pursued a RIF purely focused on cost, for example, they realized—far too late—that they had fired the only person who knew how to run the machine that was responsible for approximately 40% of the organization's revenue.[5]

Other impacts crop up due to lags in planning during periods of disruption. Planning is often spreadsheet-based, with HR pulling information from many disparate systems covering everything from compensation and performance data to financial targets. This can take a significant amount of time, which means that rapid-cycle planning is simply not feasible.

In contrast, organizations that leverage cloud-based, continuous planning with data hosted by a third party are seeing results. With the right tool, they can perform scenario modeling and distribute the task of planning to the right people—a key element of agility.

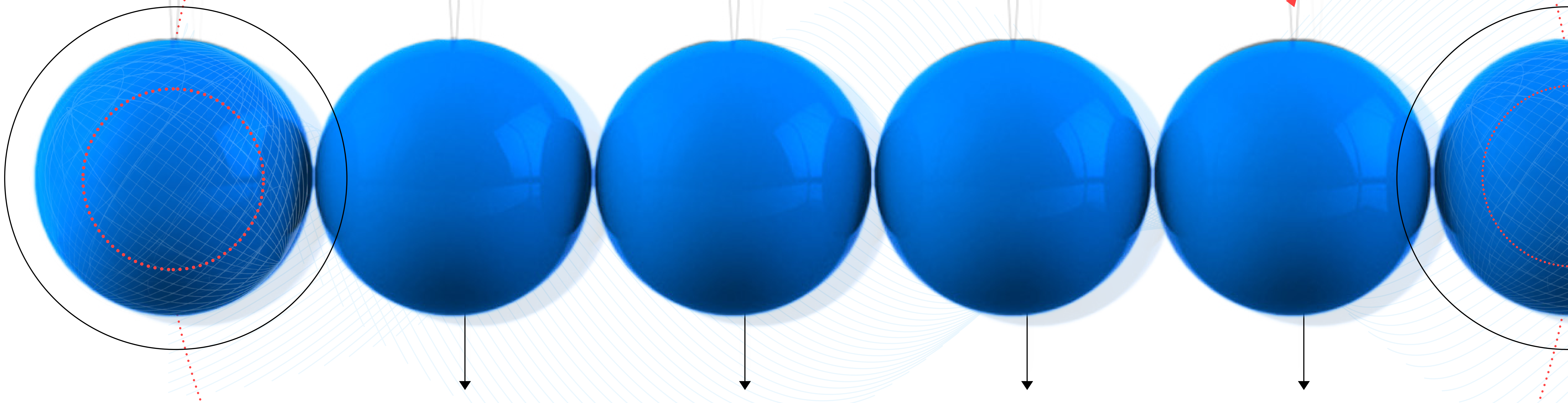
For example, a financial services organization uses analytics-driven planning to involve several directors in sub-planning. The distributed effort means that a single person can coordinate a large plan, but also that the organization can more closely match talent demand as customer demand grows.[6]

In this era, leaders need actionable plans to address shortages, surpluses, or mismatches in skills. These critical capabilities will be a must-have—no matter what happens with the economy.

RESIGNATION/ RETENTION AS YIN/YANG

RESIGNATIONS
ARE STILL
ON THE RISE

XXXXX



RESIGNATION = CONTAGIOUS

Key takeaways

1

Resignations are still on the rise, making retention efforts more valuable than ever.

2

Resignation is contagious, exponentially skyrocketing replacement costs.

3

Increased retention means less resignation, and less recruitment in a tight market.

The quits don't stop

Resignations are on the rise with no signs of slowing down any time soon. In July, Fortune reported[7] a Microsoft survey found that "41% of workers were thinking about leaving their jobs." Those resignations are taking a toll as even managers are throwing in the towel. Visier research[8] found that managers' resignation rates rose from 3.8% in 2021 to 5% in 2022. It's a significant problem—according to Gartner[9] **turnover rates are 50-75% higher** than companies have ever experienced.

Managers' resignation rates rose from **3.8% in 2021 to 5% in 2022**

The top two talent acquisition challenges many companies currently face are a shrinking labor market and turnover challenges. Exacerbated by the pandemic and so-called Great Resignation, employees across all industries have gained more leverage over employers in the past two-plus years, leading many to switch jobs or industries, pursue non-traditional roles, or retire early.

Michael Vipond
SVP & Managing Director, symplr

An ounce of prevention = a pound of cure

As the labor market evolves so must employers. HR and talent leaders should look at the entire candidate journey, from hiring to retention, and define areas of strength and weakness. We must make it easier for our existing workforces to stay, to ensure they understand advancement opportunities and have a strong career path.

Laura Coccaro
Chief People Officer, iCIMS

Rather than obsessing about resignation rates—especially among key employees—those who prioritize practices aimed at boosting retention will thrive. Talent acquisition and retention strategies remain a core evergreen focus for companies of all types and sizes—they're always-on priorities, even as resignation and retention trends and practices continue to evolve.

The pandemic has been a big driver of turnover, with many experts pointing to the impact of remote and hybrid work. Gartner reports[10] that "65% of employees say the pandemic has made them rethink the place that work should have in their lives." The unexpected freedom and flexibility that many employees discovered as they were sent home to work is something that many are loath to give up. In fact, **companies are currently in a push-and-pull pattern with employees as they attempt to pull them back to the office, often facing the threat of resignations—or, actual resignations.**

Vox reports[11] "Companies are rolling back return-to office (RTO) plans at law firms, insurance agencies, and everywhere in between. Even finance companies like JPMorgan Chase, whose CEO has been especially vocal about asking people to return to their offices, have loosened up."

Companies make significant investments in staffing, and the business impact of that investment grows over time as employees become more adept at their jobs, more familiar with the company and its culture, and more entrenched with colleagues and customers. Finding ways to buck the trend of increasing resignations while boosting retention will continue to be a significant focus for companies in 2023.

People analytics do the heavy lifting

Companies can proactively get—and stay—on top of employee retention and resignations by using people data and analytics to help identify where they're at risk of resignation, and how they can better meet employee needs to boost retention. Use people analytics to examine salary progression, career movement, engagement, and manager stability, and to segment specific populations to explore unique drivers—e.g., early career, near retirement, types of positions, etc.

Visier research[12] found that mid-tenured employees tend to be most at risk of resignation. Employees with a 5-10 year tenure were 56.8% more at risk of resignation in 2021 than in 2020—those with a 10-15 year tenure were close at a 54.6% risk. What does this mean for managers? Having data-informed career pathing discussions with employees is more important than ever.

We think internal talent sourcing is critical. Finding all the people you need externally to do the jobs you have will become harder and harder.

Matthew Hamilton
Head of HR Strategy and People Analytics,
Protective Life Corporation

Three ways to balance:

1. Prioritize professional development.

Research shows that professional development is high on the list of things that employees want from their employers—and high on the list of things that cause them to leave. McKinsey research based on input from 12,000 people in the US, Australia, Canada, India, Singapore and the UK revealed that 41%[13] said that "lack of opportunity for upward mobility was the number-one reason why they left." Having career discussions with employees now can identify ways to keep them on board while demonstrating that you, and the company, care that they stay.

2. Don't neglect your managers.

They've been especially burdened over the past two plus years as they've dealt with new management challenges in a remote, hybrid, and continually ambiguous world. They need your support and access to resources—like talent and technology—to make their jobs manageable and their lives less unmanageable.

3. Continually seek employee input.

Seek out information—and use it—to ensure you're staying on top of not only this trend—but aware of the ongoing trends that can impact how well you're able to maintain a fully staffed and fully functional workforce.

Don't sink in the labor market storm

With so many employees quitting for so many different reasons—and at so many different levels of tenure—blanket retention tactics simply aren't going to cut it in 2023.

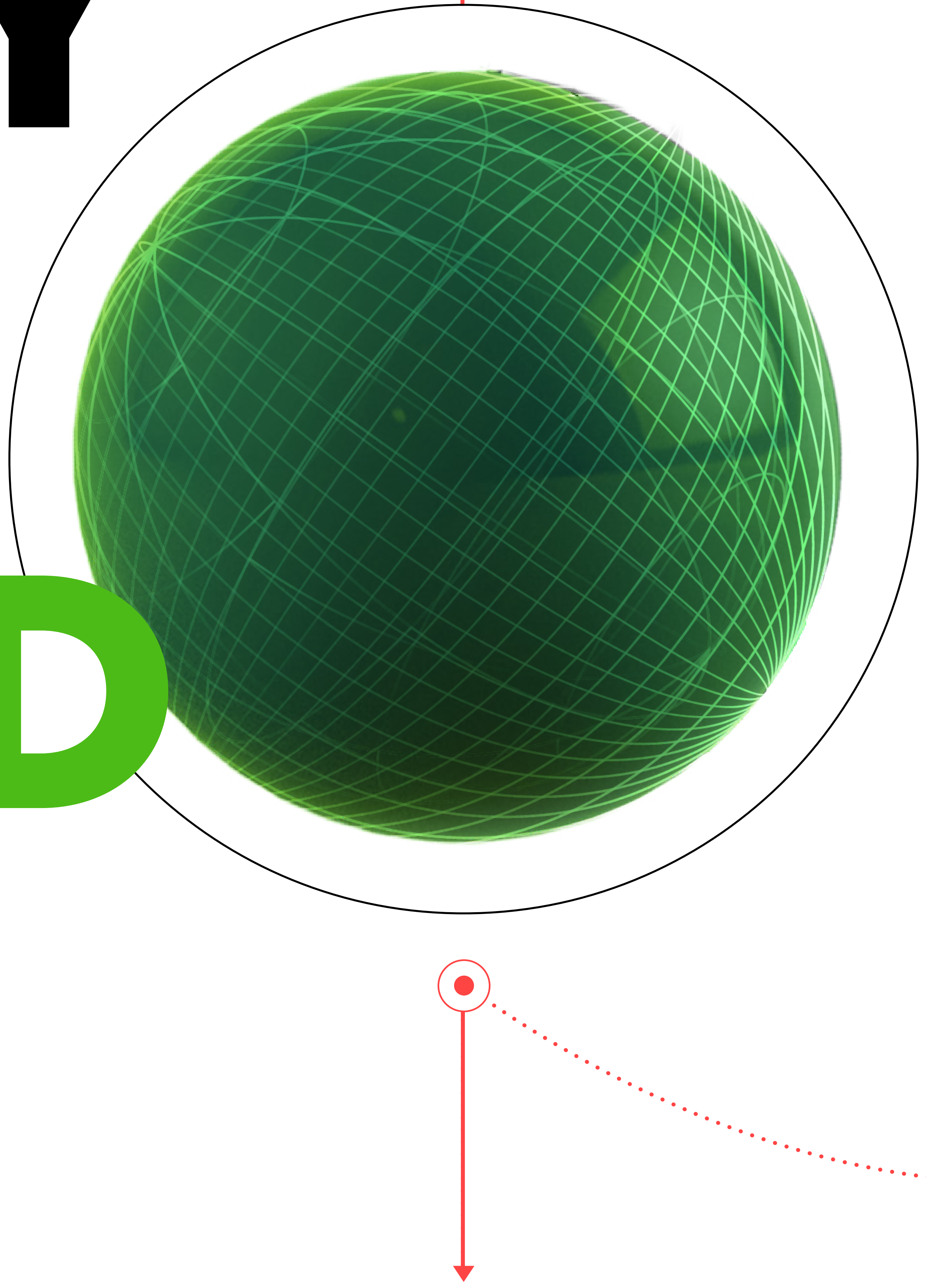
The average cost to replace an employee is 2x their salary, up to $100,000. For executive-level quits, the costs are much higher.[14] Companies literally cannot afford high resignation rates, yet resignations will continue to happen. Handling this cost means paying equal attention to both resignation costs and retention costs—as their balance is absolutely vital to business success, growth, and longevity.

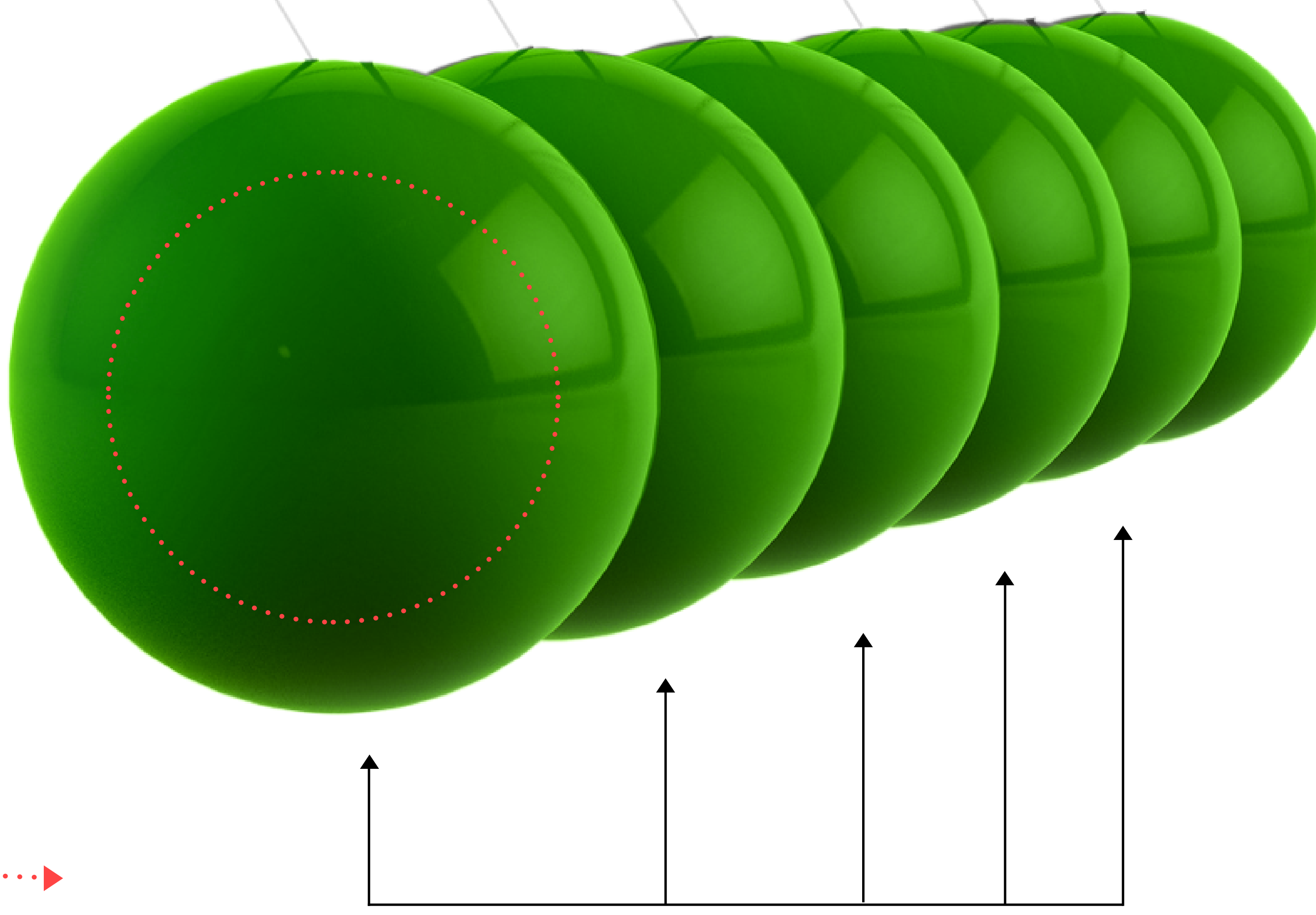
The average cost to **replace an employee is 2x their salary**

The market continues to be volatile and companies will continue to face challenges that require processes to evolve. There is no one-size-fits-all answer, and attempting to apply one will lead to a game of policy whack a-mole. Taking a data-informed approach to retention and resignation strategies is the best way to navigate the labor market in 2023 and beyond.

EMPLOYERS AND EMPLOYEES CLASH

FINDING COMPANY CULTURE IN HYBRID WORK





Key takeaways

1

Streamlining company culture for all employees is key to positive EX.

2

Employers and employees clash over return to office (RTO) plans.

3

Experiments in hybrid work models will have results in 2023. What comes next?

In today's hybrid work scenarios—where work, life, and culture have collided—HR will have to design employee experiences where work and organizational purpose are directly linked, and distributed teams can thrive.

Dan Riley
Co-founder, RADICL

WFH becomes RTO

The pandemic abruptly forced organizations and leadership to confront their long-standing positions about in-office work. Employees got a taste of flexibility during the pandemic-induced shift to remote work, and what started as a necessity turned into a preference for many. Once employees proved productivity and effectiveness working remotely, everything changed.

Based on a worldwide survey of more than 31,000 workers conducted by Microsoft[15] in early 2022, 50% of companies say they plan to or already require employees to be in the office full-time—not remote or hybrid, but fully on site. It's a strategy that could backfire, though, as many employers are facing backlash that ranges from resistance to resignations. Some companies are committed to offering the flexibility employees crave—even demand—whether that be through fully remote or hybrid work arrangements. What's becoming clear—fast—is considering employees' various needs is key to success.

	Pros	Cons
Remote	Employees can enjoy a **better work-life balance** and **save on costs** related to commuting and childcare.	Some employers are concerned that **remote work negatively impacts collaboration** and innovation. Limited visibility is a concern for some managers who feel they can't effectively manage employee performance remotely.
Hybrid	Hybrid models open employers up to an **extended world of talent**, while offering opportunities to **collaborate in person** that are harder to come by in fully remote setups. Employers can make hybrid work even more supportive of employee well-being and productivity than it was before.	Hybrid work may **challenge companies**, but it's already the norm.
In-office	For employees, in-office work may potentially heighten their visibility for promotions and key projects. Employers and employees **benefit from increased collaboration** and in-person connections.	**Talent acquisition is limited** by location, and potentially more costly if offering relocation packages.

My advice is that companies shift their focus from: 'How do we get employees back in the office?' to 'How can we ensure remote/hybrid work keeps our culture and sense of belonging alive?'

Denise Rubio
Sr. Human Resource Specialist
Middle Market Solutions, Insperity

Getting hybrid right is tricky–and personal

Thirty-two percent of U.S. employees said they have already quit a job due to being forced to physically be in an office setting.[16] Over 60% of Americans would quit their job for a remote working opportunity.[17] Some people are seeking better work-life balance, and others are looking to ditch the commute.

As the "Great Resignation"[18] continues and companies continue to see increases in employee and manager resignations coupled with tight, competitive labor markets, employers need to approach workplace decisions thoughtfully. Companies that seek to strike the right balance between the perceived benefits of person-to-person interaction and collaboration while accommodating an employee preference for flexibility and work life balance will foster employee satisfaction, engagement, and longevity.

32% of US employees said they have already quit a job due to being strict in-office requirements

Consideration, communication, explanation

Paul Eccher, Ph.D., president and CEO of Vaya Group points out that companies and their employees now know that many jobs can be done completely remotely. Consequently, he says, reintroducing employees to the in-office experience will require intentionality. “No longer can we ask people to reflexively come into the office just to spend their day behind a closed door or in a cube with earbuds in as they are glued to their monitors and working in a way that could more conveniently be done from home.”

There are, of course, no easy answers. What works for one employer and workforce may not for another. That’s where company culture can play a significant role—values like open communication, listening, empathy, and collaboration come to mind when figuring out the right fit. What’s important is that the issue is considered and the decision is communicated transparently to employees with a clear explanation of the why behind the decision. Here are three considerations:

- **Understand what matters to your current and potential employees.** Keep the lines of communication open and seek to understand employee preferences. Know what matters most to job applicants. Monitor these inputs regularly[19] so you can quickly respond to shifts and new trends internally and externally.

- **Make sure you’re asking the right questions.** Amy Stewart, senior content marketing manager at Payscale, a compensation software and data company advises, “Rather than focus on how to attract workers back to offices because offices are presumed to be more productive,” instead employers ask:

  - ☐ What does productivity mean to the different types of workers in our business?
  - ☐ How do we build a culture that encourages and rewards what we value?

- **Finally, be reasonable.** Find a balance that will work for both you and your employees. For many this will mean a hybrid approach. After all, not all employees want to work from home full time. Many may want to go to the office from time to time and have the flexibility to do so. Visier research found that while Gen Z values flexibility and autonomy, only 17% of respondents said they would prefer to work entirely remotely, while 31% opted for a hybrid model.[20] A recent study from Harvard Business School[21] suggests that hybrid work may be the best of both worlds.

The companies that are doing [hybrid] well have stayed away from one-size-fits-all policies and have instead left the details up to teams. Our advice is to follow suit—what works for one team or individual won't work for all.

Dani Johnson
Co-founder & Principal Analyst,
RedThread Research

Culture anytime, anywhere

People-centric leaders start at the common ground where human and business needs meet to make intentional decisions about how to structure the way work gets done. When designing a hybrid model, Shane Metcalf, founder and Chief People Officer at at 15Five, suggests creating a cadence to balance remote time with in-person time, noting this balance is key to building culture, growing connections, and energizing your workforce.[22]

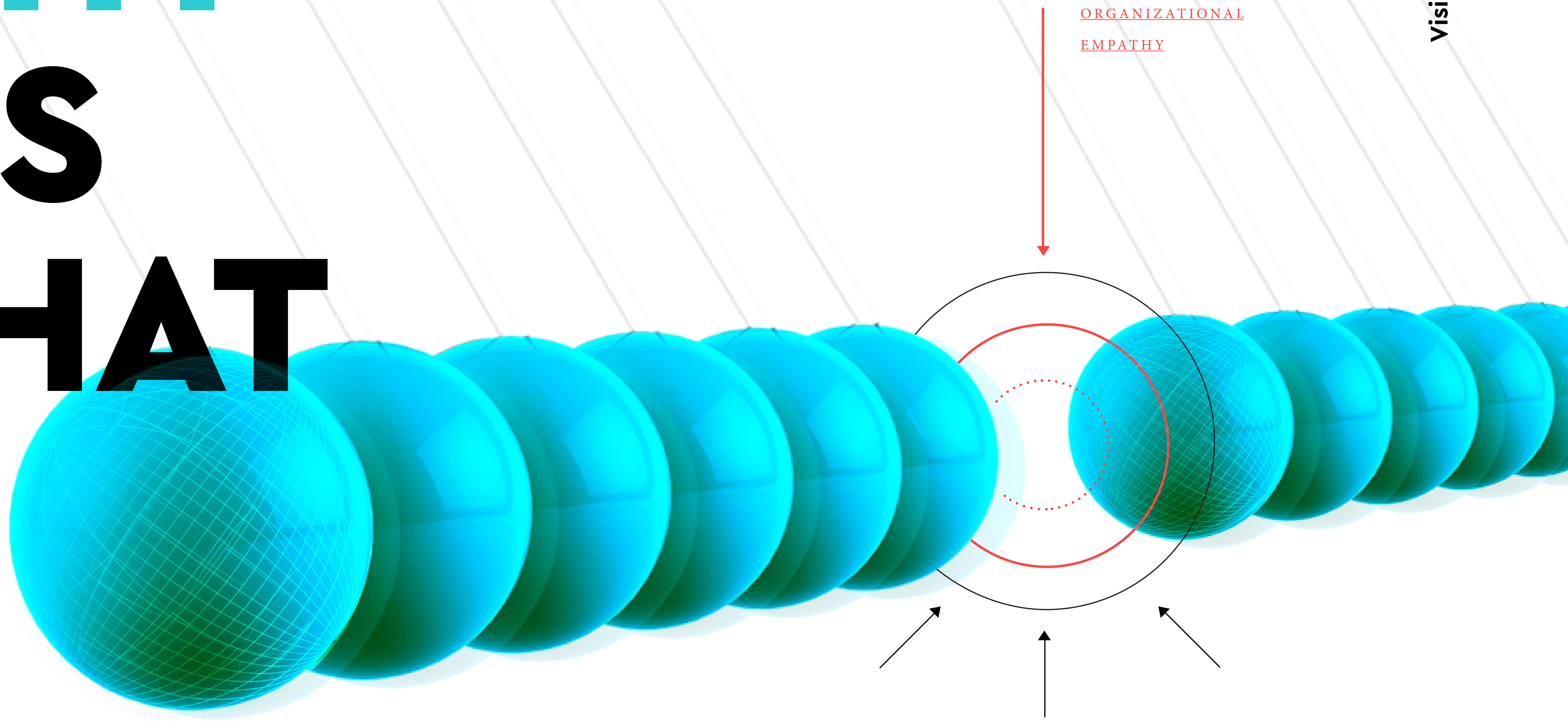
Organizations that listen to employee feedback and prioritize freedom, trust, and flexibility are seeing positive impacts on their people and the business. For example, in February 2021, Spotify announced its "Work from Anywhere" program, a workplace model that lets employees choose their work mode—remote, in-office, or a combination—and their geographic location in any country that has a Spotify hub.[23] More than a year later, Spotify has increased diverse representation, lowered time to hire from 48 to 42 days, and seen lower turnover—attrition was 15% lower in the second quarter of 2022 compared to the same quarter in 2019.[24] What's more, roughly 60% of their employees continue to choose the office as their primary place of work, with very few choosing to work fully remote or fully in-office.[25]

Encouraging new ways to collaborate is essential to finding and nurturing company culture in the new, evolving workplace. Spotify knows its biggest challenge will be navigating collaboration in a hybrid model—in response, they encourage teams to meet in-person about every six months.[26] Metcalf recommends establishing a retreat cadence that aligns with business and employee needs, incorporating a blend of company-wide retreats, department offsites, and regional gatherings.[27] **Rules of engagement are different for every company—what's most important is that leaders are deliberate about defining the culture they want to create and the impact they want it to have on employees.**

One of the items that I think is really important to pay attention to is inclusivity when it comes to the hybrid model. With some people being remote, some people being in the office or at headquarters, I think it's another dimension that you need to monitor to make sure that you're continuing to see equity across those groups.

Emily Yu
Associate Director of People Analytics, Wayfair

ORGANIZATIONAL EMPATHY ENTERS THE CHAT



Key takeaways

1

Organizational empathy is empathy writ large.

2

Understanding the needs of people leads to better business outcomes.

3

DEIB programs benefit from an organizational empathetic approach.

Beyond diversity—what about the EIB?

HR leaders frequently state that diversity, equity, inclusion, and belonging (DEIB) programs are a priority. But the final three letters in the acronym are often overlooked because they aren't as easy to track as are diversity metrics like age, gender, race, disability. That's no reason to deemphasize them. Assessing successful organizational equity, inclusion, and belonging takes an empathetic mindset.

Empathy is more than a "soft skill," it's actively trying to understand where another person is coming from and what their needs might be. People-centric companies know its value, and Scott Judd, senior director of people analytics and technology at eBay agrees: "Empathy is making sure that we're supporting our users and our customers in great ways, giving them the right tools to connect and make their lives better."

Think of organizational empathy as empathy writ large. It's HR leaders like Judd designing dashboards and materials with the stakeholder in mind by putting their experience first and foremost. But it's more than just facilitating better functionality—**empathy is a cultivated mindset which can increase equity, inclusion, and belonging through sustained application, as well.**

We have an opportunity to really empower our employees to tell us how things are for them. Equity is really understanding what it is that people need in order to have an impact on the business.

Melissa Arronte, Ph.D.
Solution Principal, Employee Experience, Medallia

Equity, inclusion, belonging are a component of hybrid

According to a 2021 survey by the Society for Human Resource Management (SHRM), 97% of workers consider empathy as an essential quality of a healthy workplace culture, and 92 percent said they specifically look for organizations that demonstrate empathy when seeking a job.[28]

97% of workers consider empathy as an **essential quality** of a healthy workplace culture

The pandemic's psychological effects on humanity are likely to linger for months or years after the public health and economic crises subside.[29] At the same time, the pandemic eased the stigma around discussing mental health in the workplace. Mental health and burnout became common discussion topics during

the pandemic years. Now employees expect—and need—employers to offer help. But people are individuals, and not every employee needs the same kind of help.

Asking an employee to rate their level of job satisfaction on a survey is one thing, while asking them directly and actively listening is quite another. Employers collect reams of data in their effort to get a handle on employee engagement, yet Jason Averbook, CEO and co-founder of Leapgen says, "In many cases, we don't actually show empathy by asking a question as simple as, 'How are you?' And we don't think about how that ties into employee experience."[30]

Today's talent wants to feel accepted and valued in their place of work. This starts by building a culture of belonging and putting a focus on the critical components of equity and inclusion.

Chinor Lee
Global Head of Culture, Belonging, Inclusion and Diversity at iCIMS

Women, minorities, and young people were arguably hit hardest by the pandemic and, in many cases, still feel its effects and will for years to come. According to the Maven Report[31], just by being a working parent, women are 28% more likely to suffer burnout than men. We've effectively lost 32 years of progress overnight—the percentage of American women working is the lowest it's been since 1988. The impact of their absence will be felt for generations as they lose out on career advancement, an independent source of income, and the satisfaction of being employed at a job they are good at.

With the power of empathy, HR leaders can determine who needs help and how best to provide support to them—before things reach crisis levels. What role could organizational empathy play in addressing employee burnout, in preventing turnover? Turns out, a pretty big role.

The DEIB connection to burnout

Because burnout disproportionately affects women and marginalized employees, losing these workers to burnout-related attrition directly impacts DEIB goals—as well as costing businesses millions of dollars in replacement costs. Free nutrition classes and yoga will not be enough to counterbalance burnout; employers need to be more proactive and address the root causes of this domino effect—and that starts with empathy.

There are obvious sources of burnout like: always being on call, unreasonable workloads, non-stop Zoom meetings, and managing too many people. And then there are the not-so-obvious sources like: struggling to set work/life boundaries when working from home, feeling isolated, not receiving enough feedback, sensing unfair treatment, and other nuanced occurrences that may be difficult or embarrassing for employees to bring up.

These less-seen causes of burnout are absolutely related to DEIB. Consider an in-office employee who gets better access to perks and on-the-job training than a remote employee (equity), or feeling left out because speaking up during video meetings is difficult for some (inclusion), or not being recognized for work contributions (belonging).

Creating an empathetic environment that is balanced with business goals will go a long way in helping employees to reach their full potential for productivity, while increasing their levels of job satisfaction. How to do that? Here are three suggestions:

1. To make a meaningful difference, organizations need systemic solutions to mitigate the causes of burnout.[31]

Solutions like passive and active listening technology can signal to managers when an employee may be overwhelmed or struggling. Fortunately, technology now offers many tools to solicit this feedback, from pulse surveys to **Visier's Workplace Dynamics™** that uses A.I. to detect communication patterns. Gathering and paying attention to this data will inform employers who may need additional resources or support.

2. Establishing a hybrid work model that works for a non-homogenous workforce.

Where we work has a direct impact on diversity, equity, inclusion, and belonging efforts,[32] as well as on performance. For instance, remote work exacerbated inequalities for people of color who are less likely to be in remote-friendly jobs, meaning they felt the impacts of COVID-19 more. On the other hand, traditionally marginalized employees benefitted: Some parents were able to spend more time with their children and many people with disabilities or chronic health issues no longer had to navigate workplace accommodations.[33] What works for some won't work for everyone. Organizational empathy will go a long way in creating workplaces that encompasses diversity, and allows equity, inclusion, and belonging to thrive.

3. For HR leaders, practicing empathy goes beyond the individual interactions.

It's also about amplifying this power throughout the organization by building better programs. Across the globe, four in five HR leaders report that mental health and well being is a top priority for their organization.[34] If employers engage in empathetic listening with their employees, they can create policies which maintain the flexibility and work-life balance needed by marginalized groups.

Lack of DEIB can be catastrophic

Companies must prioritize diversity not only to reap the innovation and collaboration benefits of having many perspectives in the room, but to establish an equitable and inclusive environment. Some companies—recently a few now-infamous tech industry companies—thought of diversity as unimportant until sexual harassment or diversity lawsuits thrust them into the news. By the time it gets to the front page, it's too late to implement a DEIB strategy: the company's brand and reputation have already suffered irreparable damage.

Companies that don't employ empathy to make their workforce as diverse and inclusive as possible also miss out on the creativity and collaboration benefits of a more welcoming culture. Studies show DEIB has the potential to increase sales revenue, increase market segments and customer bases, and ultimately increase profitability.[35] DEIB is not only the right thing to do, it also makes good business sense.[36]

We can no longer treat our workforce as a homogenous group, but instead we need to take diversity, equity, and inclusion into account in all our decisions.

Lydia Wu
Director HR Strategy & Technology,
Panasonic North America

PAY TRANSPARENCY OPENS UP

Key takeaways

1

More often, people are talking openly about their pay with each other.

2

Employees largely agree with—even demand—**including salary in new job postings.**

3

Employers intent on pay secrecy **may sacrifice new and existing talent.**

New York leads the way

Pay transparency is increasingly becoming a topic of conversation, fueled, in part, by a new New York law requiring employers to post the salary offered in every new job posting. The Visier Pay Transparency report[37] reflected that employees largely agree with this practice and, in fact, demand greater pay transparency.

The New York law isn't the only one mandating this transparency. There are currently 17 states in the U.S. that have laws around pay transparency. Generally speaking, these laws allow employees to freely discuss their pay without fear of retaliation from their employer.[38]

There are currently **17 states** in the U.S. that have laws around **pay transparency**

Companies need to ensure that compensation provides equal pay for equal work regardless of gender or race. With this remarkably tight job market, a robust, yet clear, competitive employee compensation program can build trust, increase retention, and help you stand out from the competition during the recruiting process.

Ryan Bergstrom
Chief Product Officer,
Paycor

It's what the (younger) people want

A competitive job market necessarily begets larger salary offers, meaning newer employees may make more than existing employees in many cases causing tensions to rise between employees and managers. It used to be that employers could rely on employees to keep quiet about their salary, but this is changing.

Employees see right through secret pay policies

- Younger generations increasingly ignore the idea that pay should be a taboo subject—**89% of Gen Zers say they're comfortable discussing pay versus only 53% of baby boomers.**[39]
- Laws protect employees who freely discuss their pay.
- The internet makes compensation data readily available.

Not only are people talking more about what they're paid, they're being paid more. The Great Resignation spurred an increase in all wages[40] as employers struggled to deal with historic levels of quits. The U.S. inflation rate reached 8.6% in May 2022, its highest level since December 1981, fueled in part by the war in Ukraine causing energy prices worldwide to soar. This puts additional pressure on employers to raise wages to keep pace. Most U.S. organizations are planning a payroll budget increase of 4% or more this year, and a plurality of organizations are growing their salary merit increase budgets by 5% or more.[41]

Pay *can* impact retention. Experts in people analytics, such as Gary Russo, executive director of people analytics at Providence, effectively used targeted pay increases to reduce resignation while saving $6M.[42]

This solution may not have been as successful with 100% salary transparency, as targeted pay increases can cause internal friction when some employees get raises and others do not. But blanket increases in wages and salaries will eventually reach a point where companies can no longer afford to compete on pay alone. As always, employers must weigh the pros and cons of any program, especially those affecting their people.

Can you make change?

The New York law opened the broader discussion about pay transparency, leading Inc. Magazine to declare 2022 "The Year of Pay Transparency."[43] If going totally see-through isn't an option, consider what is at the root of transparency—equity and feeling valued—and start there.

- **Putting salary ranges in job descriptions is a good start.** Social media management software company Buffer famously went all in on transparency and posted salaries for all its employees.[44] Other companies guard their compensation data and opt for partial transparency, posting only pay ranges for specific jobs. Some companies lean in to performance based management and make merit increases[45] part of their strategy, providing incentives for those hired at the lower end of the pay range to stick around.

- **Leaders need to ask themselves, "How can we rethink compensation?"** Many companies are seeking to side-step the issue and consider different forms of remuneration to entice talent. Employers can add benefits such as free or subsidized on-site childcare to support working parents. Or, to target the rising cost of healthcare, larger employers may consider becoming direct care providers to function as their own health insurance company. Creativity may be the solution to the pay transparency divide.

- **Look beyond clear pay policies, too.** Money isn't everything, and today's employees know that flexibility, training, and even employer values are all part and parcel of a solid compensation offer. "In this highly-competitive, applicant-driven marketplace, where 70% of the world seems to want to work remote-only, companies need partners to help," Lynn Radice, vice president of training at Engage Partners says. "People take roles for many reasons, not just salaries."[46]

The cost of overlooking this trend

The Visier Pay Transparency[47] report found that half of the surveyed respondents (50%) had withdrawn themselves from consideration during the job application or interview processes because the revealed pay did not match their expectations. Another 11% of respondents say they have never applied or interviewed for a role without knowing compensation beforehand.

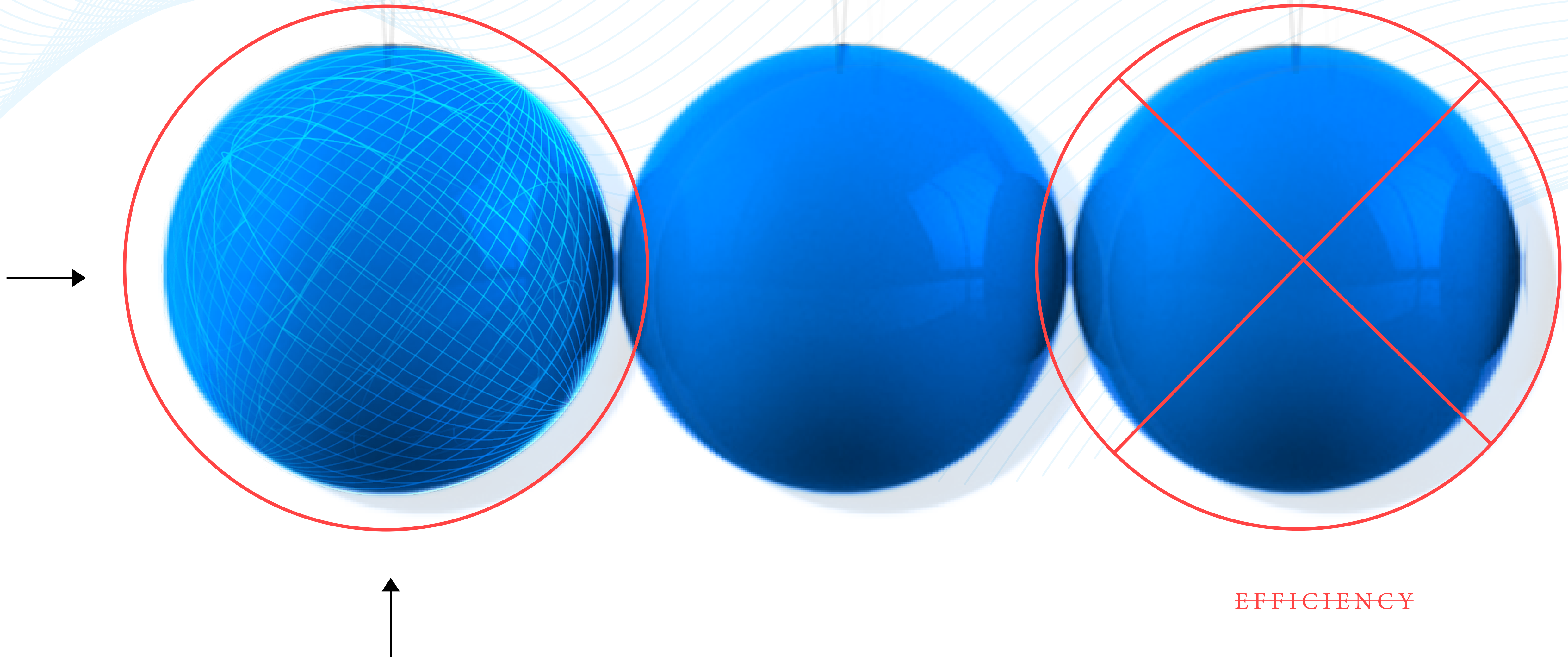
Openness about pay has the potential to increase fairness among different racial groups and genders. The gender pay gap was slashed by up to 45% in transparent organizations compared with those that didn't disclose pay, according to a study published in the journal "Nature Human Behaviour" that tracked detailed performance, demographic, and salary data for nearly 100,000 U.S. academics between 1997 and 2017.

Harvard Business Review states not disclosing salaries has the potential to harm performance. Two studies tested this theory by rewarding participants with individual or group bonus pay depending on how well they played a game. The studies measured how pay transparency affected participants' performance.

Taken together, these two studies suggest that not only does pay secrecy put a damper on individual performance, but also that revealing pay information can actually increase performance, especially among top performers.[48]

Employers who cling to the tradition of total pay secrecy may find unanticipated downsides. Being coy about salaries and wages may cost not only new talent, but sacrifice productivity among existing talent.

EFFECTIVE BEATS EFFICIENT



Key takeaways

1

The age of efficiency is over. It's all about **effectiveness** now.

2

Optimizing for effectiveness has more impact on long-term business success.

3

Measuring workplace effectiveness means measuring people.

Effectiveness is the long-term path

Since the dawn of modern management, efficiency has been used as a proxy for effectiveness in workplaces of all kinds. Companies focus on efficiency primarily because it's easy to measure. Efficiency is judged in terms of time and/or dollars—these are objective measures that show up on an organization's financial books.

HR has traditionally struggled to measure their contributions based on efficiency metrics alone. They've sought to reduce the costs of running the HR function—labor, time, and other hard costs—and demonstrate real value from the services they provide to the organization. Generally, HR achieved efficiency in all their transactions by prioritizing process automation, leveraging employee self-serve tools, and efforts to help the business reduce workforce-related costs.

A focus on effectiveness will overshadow the effort put into sustaining efficiency/productivity. While the latter is still integral to tracking business performance, it's effectiveness that will illuminate the path to long-term success.

A culture of innovation, driven by a workforce that constantly learns new things, will help your organization find opportunities amid any crisis.

Sarah Danzl
VP Client Marketing & Communications, Degreed

Big-picture thinking is in

Efficiency prioritizes increasing output and minimizing costs, including time. Effectiveness places value on the end result and its related benefits. Efficiency can support profit, but effectiveness drives long-term company growth.[49] It's the true measure of whether an organization's workforce is well-positioned to hit its goals.

People analytics enables organizations to reliably measure effectiveness, providing the opportunity to optimize for the long-term. Now, we know what to measure, how to measure it, and what actions to take as a result of those insights. This is the next transformation in HR: moving from simple measures of efficiency to more meaningful measures of workforce effectiveness.

Efficiency	Effectiveness
1. Outsourcing a call center to handle more support cases at a lower cost, while potentially negatively impacting service quality	**1.** Strategizing how to use training and development to improve the productivity of employees in the call center based on data
2. Laying off a department's highest-paid staff to meet reduced headcount budgets during a reduction in force (RIF)	**2.** Identifying and retaining hidden leaders—those who will ensure the company is well-positioned when recession hits
3. Using service desk software to automate employee lifecycle workflows like talent acquisition, onboarding, and offboarding	**3.** Understanding the shared characteristics of successful employees and hiring more talent with those same traits, leading to increased retention and productivity

Start with people

At its core, effectiveness is rooted in understanding employees. You need to understand how your employees align to your business goals and how effective they're being with their efforts toward meeting them.

- **It's no longer about hours put in, it's about work put out.** The shift in pandemic work styles prompted a shift in how managers evaluate their employees, measuring the quality of work product instead of the quantity of work hours. It's a win-win: employees feel valued and trusted, while employers have happier employees who do great work.

- **Balance immediate needs with long-term effectiveness.** Companies, and their HR advisors, already know how to optimize for efficiency by automating, streamlining, and cutting costs. The catch is that when costs or workforce are cut too quickly during down times, for instance, it complicates recovery down the road. Thoughtful long-term planning must be balanced with crisis management actions.

- **Understanding effectiveness requires understanding people.** Only by understanding people data will companies truly be able to measure workplace effectiveness, thereby making the best use of their greatest investment: their people.

Shortsighted plans lead to long-term complications

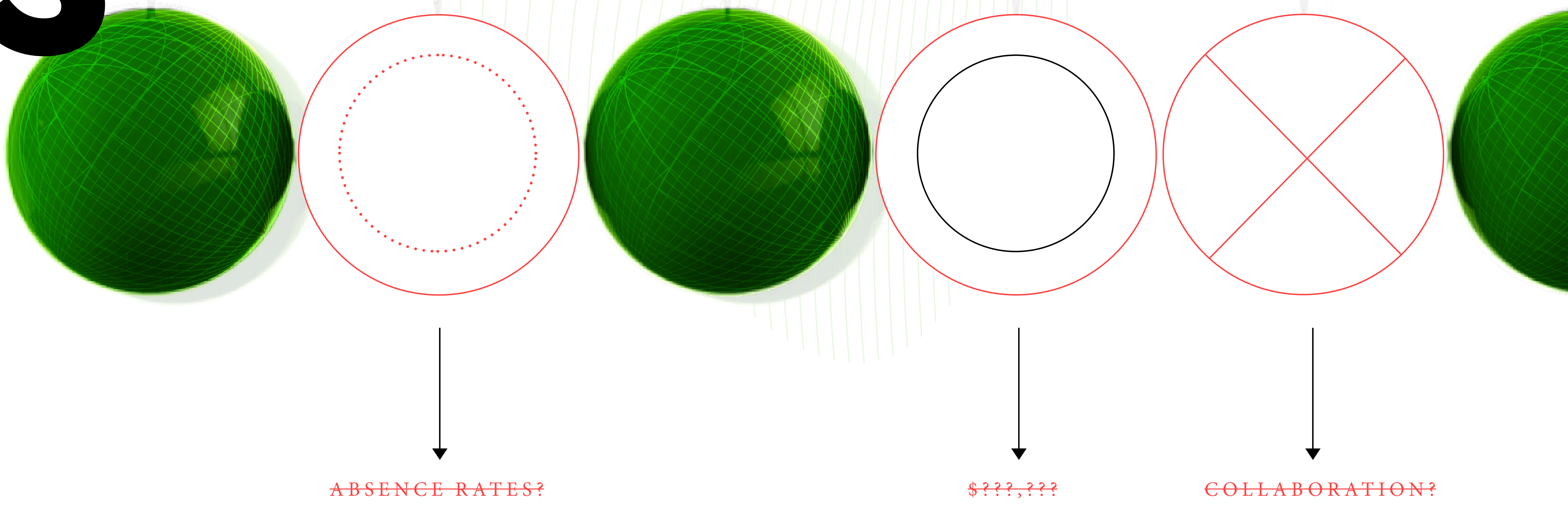
As threats of a recession hover on the horizon, organizations try their best to anticipate financial and personnel needs to best prepare for an economic downturn. This is where an effectiveness mindset truly comes into play. Firing the only guy who can run the machine in order to save on costs might seem smart today, but how will the machine make new widgets to make the company money tomorrow?

Recessions last **12-15 months**

Every move you make today should be mindful of the fact that recessions are often short-lived, lasting 12-15 months on average.[50] Every move today has positive or negative impacts on how you recover when the business cycle inevitably flips back to growth. By making the right talent decisions now, you're setting up your business better for the future.

During an economic downturn, the cost, composition, and commitment of your workforce can determine how your company will come out the other side. Be recession ready by having an effective, data-driven people strategy, where your decisions are made out of confidence rather than haste. Effective preparation for an impending storm is directly connected to how (un)scathed you come out the other side.

LACK OF DATA INSIGHTS GETS COSTLY



Key takeaways

1

People managers are crucial to adopting people analytics for better business outcomes.

2

Managers cite **low confidence in applying data to decisions** and need guidance.

3

A lack of data insights costs **$1.8 trillion.**

The People Impact Gap

According to the People Intelligence Alliance (PIA), a people analytics think tank, there is an "open space between the business outcomes executives care about and the talent and skills needed to produce those results."[51] This divide is what the PIA has coined the "People Impact Gap."

For example: It's common for employee absence rates to be higher on Fridays, especially before a long weekend. Simply taking a business as usual approach will lead to lost production and missed goals. On the other hand, organizations that make good use of their people data can identify these trends and test out various responses such as over-staffing, adding shift incentives, or securing more casual staff to cover these predictable events.

At the root of the People Impact Gap is disconnection. At the executive level, there's a knowledge-awareness gap. Many executives don't know the extent of what's possible with people analytics; therefore, they don't know what questions they can—or should—ask and the financial impact the answers can yield. On the broader level, there's a data accessibility gap preventing people data from getting to the right decision-makers, from the C-suite to people managers.

Some executives will attempt to span the People Impact Gap by restructuring HR. Savvy organizations, however, are focusing on another key element: adopting people analytics to realize the impact people have on the business, the bottom line, and key results, with HR leading the way.

People might be the most expensive part of a decision being made. So if we make decisions just based on sales or finance or marketing or whatever it might be, without consideration of the people data, we could cost our company significant dollars.

Melissa Arronte Ph.D.,
Solution Principal,
Employee Experience, Medallia

The People Impact Gap is the chasm between the crucial answers that people managers need and the raw data that is contained within the people systems of record.

Complex decisions have multiple impacts

We're in a pivotal moment—the world is moving in a more regular rhythm, but there's a new set of challenges on the horizon. We face a recession, shifting political tides, and progressing climate disasters. Business and people leaders need to be prepared to make complex decisions that will ultimately impact its people and business outcomes on multiple levels. And they need to be prepared to do so with confidence.

The link between people analytics maturity and increased financial performance[52] is well established. Organizations that use people analytics outperform those that don't. A recent study by HBR[53] found that differences in employee tenure and capability led to a 50% difference in revenue, establishing a clear relationship between employees and revenue.

Research from Visier and the PIA[54] found that organizations using people analytics were more profitable and had a higher return on assets, generating a revenue per employee that was $125,000 more than the average of their peers.

3,000
organizations
x
5,000
people
x
$125,000
=
$1.8 TRILLION

People managers work at the intersection of strategy, execution, and employee effectiveness. They generate 70% of the variance in team engagement.[55] And in a world where the business moves quickly, managers need relevant, data-backed people insights for decisions related to hiring, compensation, and promotions.

There's a gap at the heart of business. It's an invisible gap. It's felt by everybody, but it's understood only by a few. And this gap is costly: Research from Visier and the People Intelligence Alliance indicates that this invisible gap is worth up to $1.8 trillion a year in North America alone.

Ian Cook
VP, People Analytics,
Visier

Making connections to close the gap

At its core, the key to closing the People Impact Gap is twofold: Uniting the right leaders with the right information to focus on key results, and investing in the right people and technology to deliver on them. Here's how you can get started:

- **Bring the right leaders together.** Bridging the gap requires that the right business leaders—including HR leaders—work together to focus on key business results. Many executives don't know what they can discover with people insights, and therefore don't know what to ask for. As a result, they're missing out on insights that could make or save them millions—and they likely have no idea. HR leaders are poised to drive this conversation and shine light on quantifiable impacts that the business and employees have on one another.

- **Focus on impact.** Invest in the right people and technology to deliver results. Organizations are often so consumed with loading, cleaning, and transforming people data that they never reach the final, but crucial stage of any analytics project: producing insights.[56] To reach this last mile for people analytics, seek out pre-built platforms that are designed for people insights and can combine disparate business and people data for analysis. This underlying technology structure produces readymade answers to complex questions.

- **Follow fast.** Don't be afraid to deliver insights at scale to people managers, even if the organization is new to people analytics. Getting people data and insights into the hands of the right decision-makers, from the C-suite to people leaders, is crucial. Leading innovators have been serving HR and senior executives with people insights for years, and also have experience rolling out the capability more broadly.

There's money on the table

There's substantial financial opportunities for businesses that work to close the People Impact Gap. The research from Visier and the PIA analyzed 3,000 North American organizations with no or low ability to use people analytics, identifying $1.8 trillion in economic opportunity.

3,000

North American organizations with no or low ability to use people analytics, identifying **$1.8 trillion in economic opportunity**

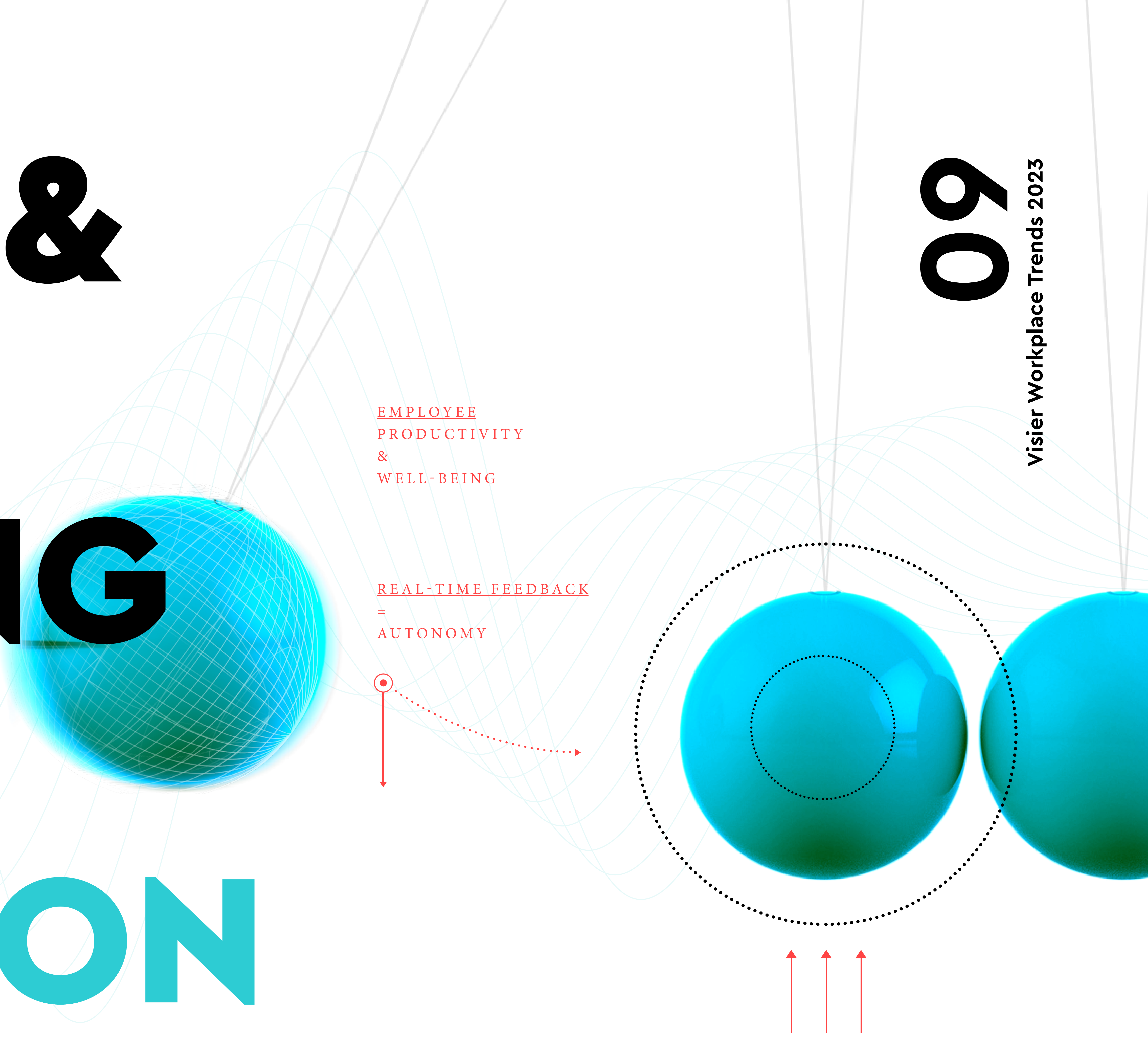
When the right business leaders understand the power of people analytics and are in lockstep about how to use people data and insights, organizations are poised to strategically and effectively define expectations and execute to meet key business goals leading to increased revenue and value.

And, when individual managers have focused, actionable information, they can make evidence-based decisions with confidence, have better conversations with their teams, and align their actions to the broader needs of the business.

For example, Baptist Health was losing talent and couldn't recruit fast enough during the height of the pandemic. Leadership prioritized finding a way to retain talent while giving their organization a break long enough to catch up. They rolled out a paid time off (PTO) retention program and used people analytics to monitor the retention curve in real time and estimate the cost of turnover. They increased their retention rate to 95%, realized an ROI of 158%, and reduced annualized turnover rate to 10% for the at-risk cohort.[57]

The trend towards a kind of people analytics that is standardized and broadly deployed has been building for years—creating wins for managers, their teams, and the business. Organizations that haven't embarked on this journey must get started now, before it costs them more than it already has.

PASSIVE & ACTIVE LISTENING IS ALWAYS ON



Key takeaways

1

Active and passive listening tools shine light on employee productivity and well-being.

2

Real-time insights give employees and managers the feedback they crave.

3

The most successful companies of the next 25 years will be those that understand their employees and use the knowledge most effectively and responsibly.

Following the digital footprints

Recent research[58] shows that when asked if their company was doing a good job supporting the physical and mental health of employees, 80% of executives said "yes," while only 46% of employees agreed. Where does this disconnect come from? Clearly, executives are missing some crucial information about what's really happening at their organizations.

And yet, the data exists. Google knows that you are interested in new Jeeps and that you're more likely to click on dog photos than cats. The ads you watch are tailored to the kind of viewers who enjoy a particular show. Email marketers know that you are thinking of buying a new patio table and send you targeted marketing. So why is it that executives aren't picking up on key aspects of their employees' sentiment?

Passive and active listening technology doesn't read employees' emails or mine their Slack messages for content. Instead, it measures patterns of behavior. Like a sensitive pet, it doesn't understand what you're saying but knows when you're happy or sad. A.I. turns these behavior datapoints into valuable insights about the hidden patterns and structures within the employee networks at an organization.

In a virtual world, employees constantly leave a digital footprint showing who they collaborate with, who they turn to for information, and how quickly they do (or don't) respond. This next generation of employee engagement technology capitalizes on this data. A.I. turns these patterns of behavior into valuable insights about the patterns and structures within the employee networks at an organization.

Goodbye to blindsided CEOs

When employees are engaged, they are more productive. Employee engagement also drives retention, which lowers costs. Engaged employees want to stay with the company and give their best every day to achieve company goals. They're also willing to recommend and refer others to your organization.

But there are gaps in knowledge when employee engagement boils down to only a net promoter score. What are the true team dynamics? Anecdotally, we all know stories of the guy on the team who always takes credit for everyone else's work, or the woman who's so burned out that she's counting down the days until she can retire. Management needs to know this, too.

This kind of fine-tuned insight already exists in the consumer space. Why is it that Facebook knows you need your gutters cleaned but a business leader can be utterly shocked when half the frontline staff quit? This new technology has the potential to make blindsighted CEOs a thing of the past.

Staying connected to your employees means creating an open-door culture where leaders are listening and proactively taking the pulse of their teams.

Fernanda Anzek
Managing Director, HR Operatioins,
Insperity

Feedback is a gift

The next generation of technology tools use data to shine light on employee productivity, well-being, and satisfaction using A.I. and an innovative combination of deep collaboration analytics plus peer polling for a rich understanding of employees, teams, and their work environments. Collaborative analytics software, like **Visier's Workplace Dynamics**™, aggregates data points from employee work-related interactions to signal to managers when sentiment is going downhill.

"We believe that the most successful companies of the next 25 years will be those that **understand their employees and use this knowledge most effectively** and responsibly."

Ryan Wong, co-founder and CEO of Visier

One of the best practices of pulse surveys is to act on the information as soon as it's received.[59] Few things are as frustrating for employees as filling out an engagement survey with legitimate feedback only to see that feedback ignored. People want to know that their employer is listening and acting on that information to solve problems. These new technologies provide continuous feedback that equips HR and business leaders with A.I.-driven insights that identify issues before they become problems.

Employee listening technology also provides fast transparency ***directly to employees.*** Employees themselves now have the opportunity to see how they relate to their peers in leadership and other metrics. Personalized feedback improves performance, boosts employee morale, and creates more impactful teams. This kind of real-time feedback gives individuals more autonomy over their own work life.

With the combination of passive data (workforce Insights), continual feedback, and what is actually happening in your workforce, Visier is the only company that has global trend data available. Even with their free dashboards companies can now get meaningful definitions and well as comparative data to determine what is best in class.

Debbie McGrath
CEO & Chief Instigator, HR.com on Visier's new passive & active listening offering, **Workplace Dynamics**

Tune in or burn out

The consumer space already uses this type of technology. Now, the HR space can leverage similar tools to surface patterns and insights. Organizations need to understand their employees as much as they need to understand their customers. Without a true picture of how the workforce works together, their informal networks, and overall collaboration dynamics, companies will be as lost as those who don't understand their key buyer profile. Organizations at the cutting edge of this next stage in people analytics will reap the benefits of more accurate, timely insights by adopting this next level of feedback.

In addition, organizations who fail to capitalize on this new wave of technology miss out on identifying one of the major sources of voluntary turnover: burnout. A Visier report showed that 89% of employees reported experiencing burnout over the previous year and 70% would consider leaving their current company for a different one that offered comprehensive resources, benefits, support, and/or policies intended to reduce burnout.[60] Spotting this burnout before it happens would be a major step in reducing unwanted turnover.

89%

of **employees reported experiencing burnout** over the previous year

Organizations who aren't proactive about using this new technology to help shape a higher performing and effective work environment miss out on providing their employees transparency about the dynamics of their team, and miss the chance to share these valuable insights with the larger organization.

DATA-INFORMED ETHICAL TRANSFORMATION

Key takeaways

1

Stakeholders and consumers are demanding more of corporations—like proof of sustainable, equitable business practices.

2

Regulators like Nasdaq and the SEC have made **human capital reporting mandatory**.

3

Companies without a robust people analytics implementation will struggle to comply.

Measuring matters

Reporting on diversity numbers of your board or disclosing your company's plan for reaching carbon neutrality used to be nice-to-share efforts, but as they become compulsory, organizations are scrambling to "do the right thing" to remain compliant. Whether an ethical or a practical choice, organizations will measure (and report on) what matters spurred on by governmental regulators.

Just as successful digital transformations start from the inside-out, meaningful ethical transformations will truly take hold in the same fashion. SEC and Nasdaq requirements[61] related to human capital disclosure rules are an example of an outside-in motivating factor, as are the ESG (environmental, social, governance) reporting requirements[62] impacting multinational companies.

Sustainable transformation will gain steam promoted by solid leadership that understands the importance of the outside-in needs, and also the significance of an inside-out approach to evolving company culture, practices, and data-informed, everyday decision-making.

When it comes to ESG, employee sentiment is another driving force to support ethical transformation with data. Employees increasingly indicate that they want to work for companies that are ethically sound and committed to ESG-related practices, as a recent survey from IBM[63] of 16,000 people from 10 countries indicates.

ESG criteria are standards of corporate behavior used by socially conscious investors to make investment decisions. The same criteria is starting to be used by employees, customers, and the community, too. Ethical transformation represents steps being taken by an organization to improve their performance on these standards. Identifying and documenting those improvements requires data to support the need for action and to report results to key stakeholders.

The existing rules on disclosure of human capital data and measures provide valuable insights and transparency to employees as well as investors on important HC metrics, such as talent acquisition, attrition/retention, diversity, pay equity, employee engagement, or leadership trust, etc. These potential new disclosure laws are a great way to learn and validate how public companies manage their business performance.

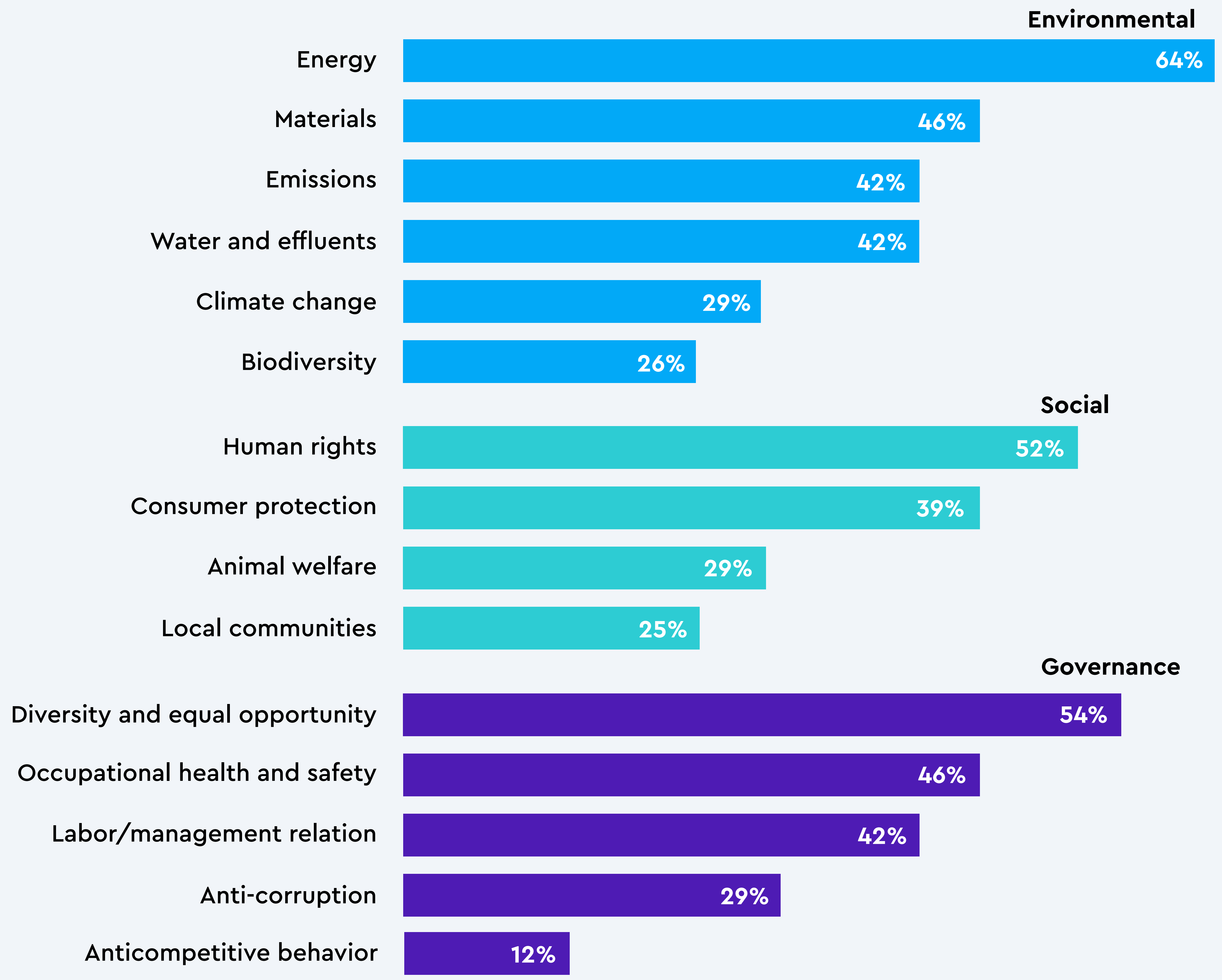
Ram Subramanian
Head, Human Capital Practice,
Tata Consultancy Services

In 2021, APQC conducted a survey[64] to identify the key characteristics of effective sustainability programs. As part of their research they measured the importance of various components of sustainability strategy broken down by environmental, social, and governance categories.

These categories represent areas of focus for companies committed to ethical transformation. Specific areas of focus will depend on industry, company type, and key stakeholder needs and concerns. Using data to demonstrate and support progress is fundamental to these efforts.

HR teams are typically most involved in the measures falling primarily under governance—the people components, such as diversity and equal opportunity, occupational health and safety, labor and management relations, anti-corruption, and anti-competitive behavior.

Survey: Categories of importance to sustainability strategies



Telling powerful data stories

As the SEC and Nasdaq requirements demonstrate, regulations are now being applied to people data, bringing HR leaders into the mix—and raising their visibility. Accountability in terms of the employer brand has more noticeable and potentially impactful implications for financial results.

According to Harvard Law[65]: "Under the moniker of ESG, investors are demanding increased visibility into human capital management. The most vocal calls have been for the publication of diversity data. However, some investor groups advocate more comprehensive ESG disclosure."

ESG is picking up steam on many fronts and is likely to continue to do so[66], even in and beyond the next recession. There's never been a better opportunity for HR to leverage people analytics to tell powerful stories about efforts to build and sustain a strong workforce.

Shel Horowitz, author of nine books including "Guerrilla Marketing Goes Green," helps socially conscious businesses profit by becoming more environmentally friendly, while addressing issues like hunger, poverty, war, and catastrophic climate change. "Data-driven companies have realized that addressing ESG can have extremely positive consequences for revenue, profit, employee productivity and retention, and customer loyalty," Horowitz says. "Every study I've looked at shows that companies that truly commit to ESG do well on a whole raft of business success metrics."

It's just good business

Forward-looking organizations are directing their focus beyond compliance,[67] prioritizing driving direct business benefits by complying with regulatory requirements and driving ethical transformation to meet emerging stakeholder expectations.

Gathering the data is an important first step. Drawing relevant conclusions from that data is a close second. Ultimately, though, to have the greatest impact and engage key audiences, organizations must be able to communicate their conclusions in meaningful ways—like crafting a good story.

- **Use data to tell impactful stories.** Internally, CHROs need to be able to answer business questions from the CEO, the board, and investors. They must also be able to share information with employees that go beyond charts and spreadsheets. Externally, they will need to weave stories that interest and engage customers and communities.

- **Think of ethical transformation as good business.** When companies successfully make ethical transformations to their business practices and share them, their accomplishments and performance can make them stand out to investors, customers, and employees.

- **HR must be thoughtful and intentional about the people data it collects and prioritize the ethical and appropriate use[68] of it.** Every company needs to have clear guidance and alignment around employee data—especially how it should collect, analyze, store, use, and distribute it.

Truth or consequences

The potential financial risks are enormous. Companies can be sued by investors for failure to meet SEC regulations, and are being held accountable to their diversity, equity, and inclusion statements and commitments. Employees and consumers are turning to these metrics when making decisions about where to work and spend their money.

There's risk to companies that aren't able to support their ethical transformation through data that demonstrates progress. Those who have delayed their investments in people analytics, deciding instead to manage with spreadsheets, or standard reporting engines tied to their core systems, or who have delayed progress until their HRIS vendor releases sufficient capability, will now find they have a crucial HR technology gap to fill.

Focusing on people analytics as part of an ethical transformation journey is an important step in building the case to support the value of HR and its leadership and impact.

HR will increasingly need to step up to help organizations refine and meet their Environmental, Social, and Governance (ESG) commitments by clarifying their purpose and values and facilitating a culture in which all workers feel a sense of belonging and alignment to the organization's mission.

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Visier was founded to focus on what matters to business people: answering the right questions, even the ones a person might not know to ask. Questions that shape business strategy provide the impetus for taking action, and drive better business results.

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