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Three Areas All CHROs Must Prioritize in 2022

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The employee experience feels elusive because it's intangible, all-encompassing, and created through countless decisions made behind the scenes of every HR organization. Each interaction an employee has shapes their experience, from the moment they fill out an application to when they leave. It includes company policies, interactions with coworkers, the technology they use, their work environment, training—it's everything. But modernizing your organization's employee experience is achievable when you put employees first by making decisions that reflect their needs. Viewing your talent management strategy through this lens improves your workers' lives, which ultimately translates into increased profitability.

HR leaders need to focus on improving three key areas, which, according to the global 2022 Capstone CHRO Survey, are also the top KPIs CHROs are measured by: employee satisfaction, employee productivity, and employee retention. As workers continue to prioritize balance in their lives and better workplace experiences over anything else, they are redefining how they work. As a result, the employee experience is more critical than ever to meet the workforce's changing expectations and protect the bottom line.

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Satisfy and engage employees

While satisfaction and engagement are two different sentiments, they're often intertwined, and both are top company priorities. As the pandemic continues, more employees are looking for meaning in their jobs. **63%** of US-based employees want their employer to provide more opportunities for purpose in their day-to-day work,[1] and **44%** of workers globally say that being aligned with their company's mission and being valued for their contributions is the biggest factor in feeling like they belong at work.[2] Creating solidarity behind a shared sense of purpose improves employee engagement and fosters feelings of belonging.

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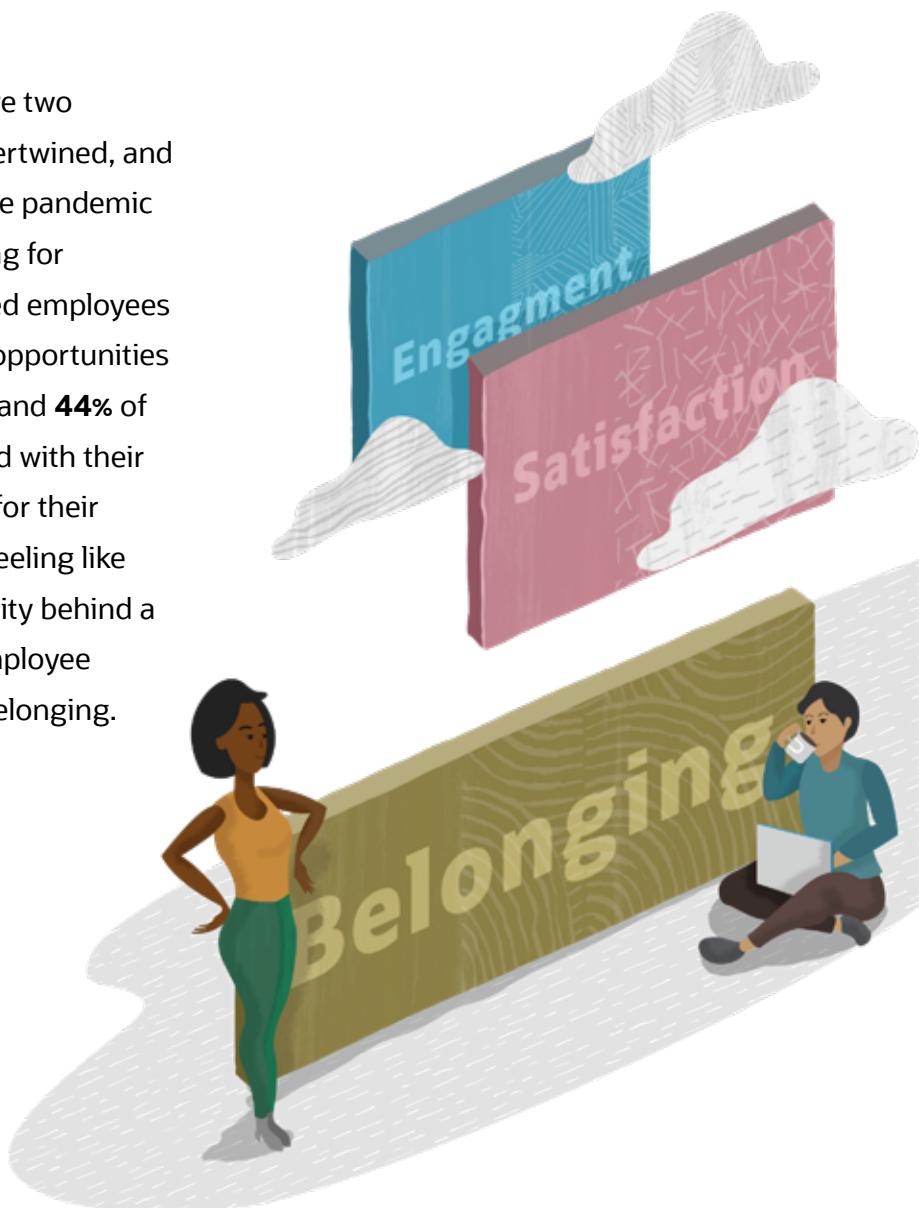
"A person who feels disconected from their organization, where they spend the majority of their waking hours, is lacking a basic need, not just as an employee, but as a person: They lack a sense of purpose. If they are truly disengaged from their company's mission and values, they cannot align their daily contributions with anything beyond a paycheck. That creates a lose-lose situation for everyone. Engagement is key, and having purpose is critical."[3]

Pamela Stroko, Vice President, HCM Transformation and Thought Leadership at Oracle

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Start with communication and purpose

If your employees aren't on the same page as leadership, achieving unity is an impossible task. Transparent communication is vital to helping employees understand what goals the company wants to accomplish, *why*, and how they positively impact the greater community. Leadership must frame the company's mission in a way that inspires their people. Your organization may manufacture cars, produce canned goods, or insure drivers—but why do you do it? How do you make your consumers' lives better?

Workers also need to know how their actions as individuals and as part of a team contribute to that mission, allowing them to understand their purpose at work. McKinsey discovered that when employees and employers share the same purpose, the workforce is more engaged, loyal, and willing to advocate for the company as brand ambassadors.[4] This proves especially vital when it comes to innovation. Employee "influencers" who are passionate about a company initiative can excite others and help drive the business closer to reaching its goal—but only if they understand and support the vision.

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65% of organizations that underwent successful transformations in 2021 engaged employees through face-to-face communication, such as manager briefings and leadership town halls, to make the goals tangible for their workforce.[5] Organizations with frontline workers were more successful in reaching their employees when senior leaders were visibly engaged and the need for the transformation was clearly explained along with the objectives. Simply put, executive leaders need to be the ones to connect the dots for your workforce; your management team and influencers can then promote the message.

Effective and consistent communication drives engagement, and businesses have room to improve considering only **20%** of the global labor force is engaged at work.[6] Don't worry about communicating too often with employees—there's no such thing. If you have good news or something important happens, share it. It's better that employees hear it from the organization itself than an outside source, which can erode trust.

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Nurture the employee bond

Organizations can further nurture and deepen their bond with employees by helping them work toward professional goals that support broader company initiatives. **85%** of employees are not satisfied with their employer's support for their career, and the #1 thing workers want is access to career development resources.[7] Fulfill their needs and make your workforce happy. Then watch your employees grow.

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Companies with engaged workers are 23% more profitable.[8]

According to a study of workers in Australia and New Zealand, learning and development opportunities are the biggest driver of employee happiness.[9] Happy employees are more productive at work, more creative, and report higher levels of satisfaction. Also, customers prefer to patronize companies with great customer service—which you're more likely to receive when employees are satisfied with their employer and engaged at work. In fact, according to Gallup, organizations with highly engaged employees are as much as **23%** more profitable than those with low engagement.[8] Notably, Gallup also found that organizations with highly engaged employees experience **64%** fewer safety incidents and **81%** less absenteeism than companies where employees aren't engaged.[8]

CHROs must treat employee satisfaction and engagement as business priorities because both have far-reaching effects. Organizations that help their employees lead fulfilling lives, clearly communicate the good that can be accomplished by reaching business goals, and show their employees they care have a happier, more engaged workforce, which boosts productivity.

A 2% drop in engagment rates in 2020 cost the global economy an estimated US$8.1 trillion in lost productivity.[10]

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Increase productivity by giving employees the support they need

Employee productivity is intrinsically linked to engagement and satisfaction. When employees feel valued, heard, respected, and supported, they become invested and want the company to succeed, increasing productivity. Sadly, organizations aren't doing enough. **87%** of employees worldwide think their employer should do more to listen to their needs,[7] which have greatly shifted over the last two years. **88%** of workers redefined what workplace success means to them, and now their mental health, work-life balance, and having flexibility in when and where they work are top priorities.[7]

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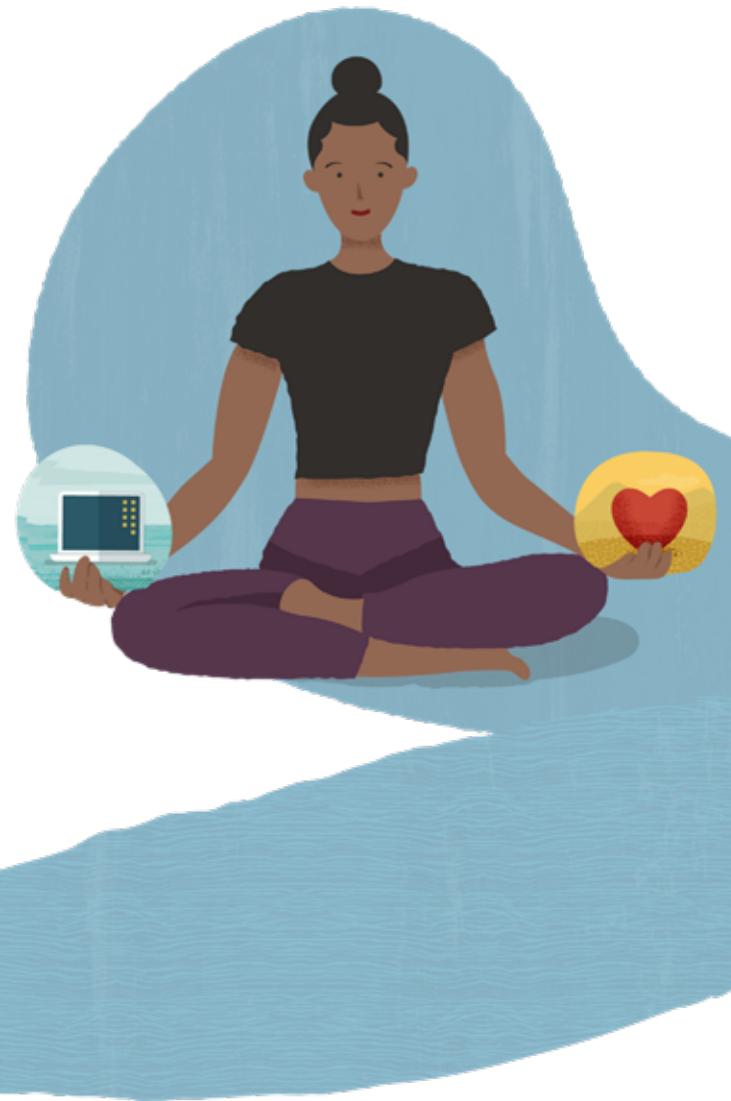
Support your employee's total well-being

Along with fears brought on by COVID-19, mental health issues crept into many more homes during the pandemic. In a US survey conducted in June 2020 by the Centers for Disease Control and Prevention, adults reporting anxiety or depression, increased substance abuse, stress-related symptoms, and thoughts of suicide nearly doubled from pre-pandemic levels.[11] People are still feeling the effects, impacting the global workforce.

The World Health Organization (WHO) estimates that depression and anxiety cost the global economy US$1 trillion in lost productivity each year.[12] WHO also points out that a negative work environment can cause mental and physical health problems, increasing the likelihood an employee may abuse substances. However, companies that actively promote and support their workforce's mental health are more likely to see the reverse—reduced absenteeism, increased productivity, and associated economic gains.

Mental health is vital to a productive workforce, but so are physical, financial, and social health. Combined, this is what we commonly call total well-being. Employees with a good sense of well-being are more resilient during difficult times, which means they're better able to process traumatic events and focus on tasks—even when the unexpected occurs. The global pandemic shook us all, and the ripple effect was a wake-up call for employers. In 2021, US companies increased their total annual budget for employee well-being programs by **22%**.[13]

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Grant your employees flexibility

While employers are willing to offer mental health support, many have a different opinion about flexibility than their workforce. The topic of remote and hybrid work has created tension in the workplace because some executives believe they must see their employees for them to be productive. However, many organizations have discovered that employees are more industrious when granted the flexibility to choose where and when they work.

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Two-thirds of companies that participated in a Global Workplace Analytics survey reported higher productivity from their remote workforce than their office workers, with multinational corporations Dow Chemicals, Best Buy, and British Telecom reporting productivity **35-40%** higher among remote employees.[14] Compaq's remote worker productivity increased as much as **45%**. In many ways, workers are often set up for success when working from home. They tend to have fewer distractions, such as office politics or colleagues stopping by unannounced to chat.

A flexible workforce also has an easier time checking off another wish list item—better work-life balance. By not commuting, remote workers save an average of nearly 50 minutes a day,[15] allowing them to spend more time with family, exercising, or on hobbies. Remote work allows employees to get enough personal time to reenergize for the next day, and most aren't willing to give it up. In the US, where remote work is most common, **91%** of full-time employees who worked remotely at least part of the time in 2021 hope to maintain some level of remote work indefinitely.[16]

Millennials and Generation Z workers report the greatest sense of well-being while working from home and prefer a five-day workweek with flexible start and end times.[17]

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The demand for workplace flexibility isn't going away. The pandemic forced a mass work-from-home experiment, and many employees now know without question whether they enjoy working from home and if they can do so effectively. Companies that refuse to offer flexible options miss out on up to **70%** of job seekers, reports CNBC.[18] How the global workforce operates has shifted. Collaborating with widely dispersed teams is normal, and successful organizations will ensure their employees have the technology necessary to do their jobs well.

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Give employees the tools to succeed

A 2021 global survey of business executives conducted by The Economist Intelligence Unit found a strong correlation between companies that experienced increased productivity during the pandemic and the adoption of digital tools that allowed employees to adapt. Collaboration tools, digital workflow solutions, and online project management applications were specifically cited as critical to success.

One in five executives who reported a decrease in productivity admitted that the company failed to give employees the right tools to work from home successfully.[19] Not having access to the right technology to do your job adds stress and lowers productivity. It may even make employees more likely to head for the door.

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Retain and recruit talent through employee growth and diversity

If you've built a culture where employees share your company's purpose, they feel supported professionally and mentally, they have the tools necessary to do their jobs well, and employees are trusted to work from anywhere, you'll have a much easier time retaining and recruiting talent. Employees who have a positive employee experience are eight times more likely to want to stay at a company and have engagement levels 16 times higher than employees with a negative experience.[20] It's critical for CHROs to understand what matters to employees *and deliver it*.

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Offer career support and internal mobility

People are eager to regain control of their lives. **83%** of workers want to make career changes over the next year.[7] However, **76%** face major obstacles, according to the 2021 **AI@Work Study**, and employees expect help. Learning and skills development opportunities are the top contributors to worker happiness, and access to these is the #1 thing employees want from their employers. But helping your workforce learn new skills also benefits you as a CHRO. It supports the accomplishment of top goals, such as attracting the right talent and engaging your work-force. It also creates a dynamic talent pool to close organizational skills gaps. Additionally, when coupled with internal mobility, it's an especially powerful tool in the battle to retain employees and entice candidates to apply.

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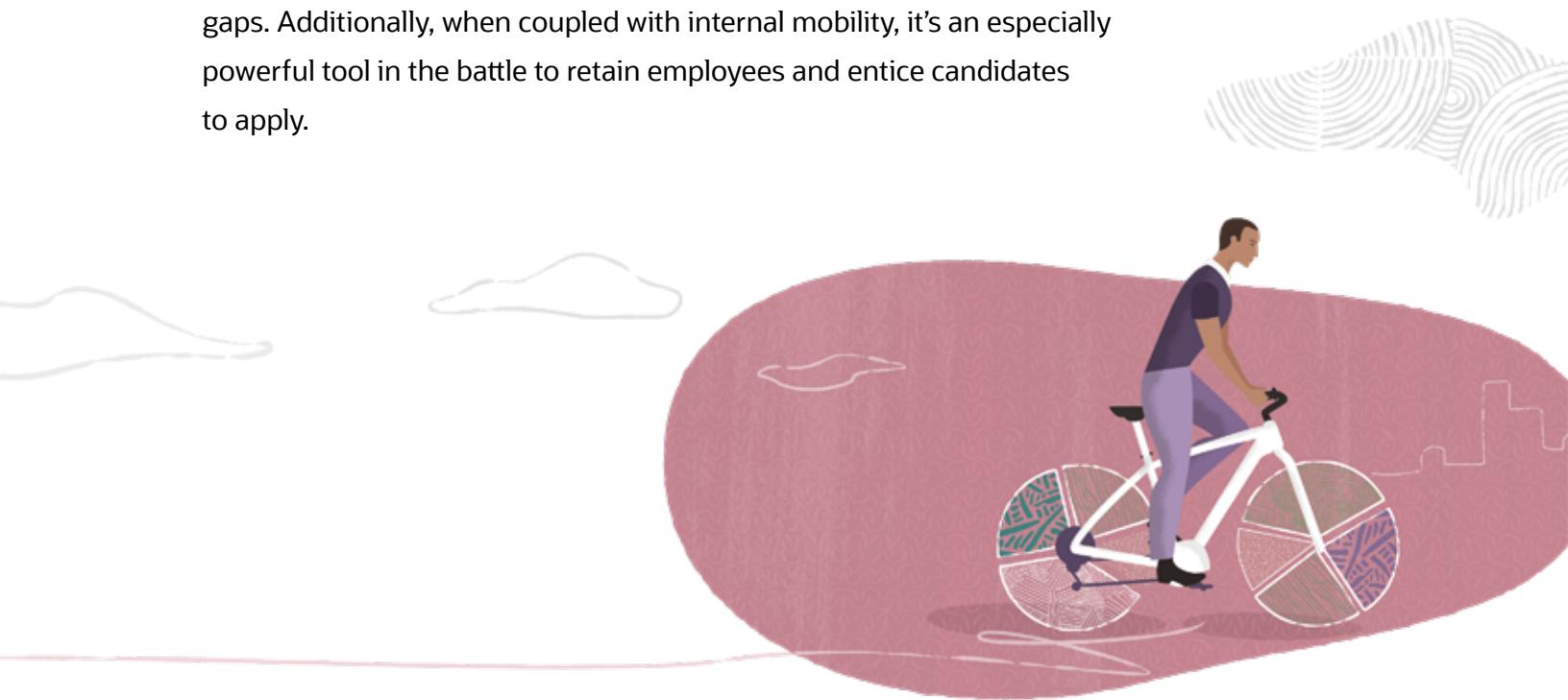
CHROs say the #1 pain point for their HR team is the engagement and retention of employees.[21]

LinkedIn reports that employees stay **41%** longer at companies that hire internally compared to those that don't.[22] Furthermore, **69%** of talent professionals say internal hires become productive faster, and **63%** say hiring internally reduces time to hire.[23] The latter is for two reasons. Internal hires can often be transitioned sooner, and since external candidates favor companies willing to invest in them and their future, strong internal mobility can help improve the brand's reputation with job seekers and make open positions more coveted.

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Cultivate an employee growth mindset

To realize these tremendous benefits, you must effectively infuse your work culture with an employee growth mindset. Workers must be encouraged to develop new skills and given the time and necessary tools to do so. Companies can help by leveraging technology to automate repetitive tasks, freeing up workers to focus on meaningful work, such as upskilling and reskilling. Workers also need access to relevant learning materials and guidance on how to best reach their goals. **82%** of employees believe AI can support their career development better than humans, and **85%** want technology to help define their future.[7]

Managers and mentors play a critical role in developing talent as well—and some managers may be tempted to discourage employee growth because they want to keep valuable workers on their team. Unfortunately, that will likely cause them to look for opportunities outside the organization when they're ready for their next chapter instead of looking inward. It's far better to see an employee change their role internally versus watching them leave the company.

CHROs must partner with fellow executives to change this attitude and promote the benefits of internal mobility. It's also vital to train managers to coach their teams and offer the right kind of support. A 2021 global study found employees who rate their work learning culture as positive are **270%** more likely to have a manager who supports their development. Employees in this group are also more motivated, **199%** more likely to receive a promotion, and **166%** more likely to say their company's revenue grew faster than competitors.[24]

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Increase retention and recruiting efforts by enhancing DE&I

CHROs also need to work with fellow executives to make diversity, equity, and inclusion (DE&I) a strategic business focus to retain and attract talent. **76%** of job seekers told Glassdoor a diverse workforce is imperative when evaluating companies and job offers.[25] The same survey found nearly a third of workers wouldn't apply to a company with a lack of diversity. However, only **47%** of talent professionals say their hiring managers are held accountable by their organizations for interviewing a diverse range of candidates.[26] DE&I isn't a buzzword—it's a business imperative.

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"Ultimately, you're only effective in DE&I to the extent that individuals feel they are safe, they are growing, and they're cared for. In the process of addressing those needs, you are creating people who can contribute to a more inclusive society."[29]

David Rodriguez, Chief Global Human Resources Officer and Chief Diversity Officer, Marriott International

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Organizations with the greatest diversity outperform those with little diversity by **36%**, and **70%** of job seekers want to work for an employer that shows a strong commitment to diversity.[27] DE&I also reduces turnover, increases feelings of belonging, and enhances creativity and innovation. Organizations can invest in technology to go beyond benchmark data and drive impactful changes to their DE&I strategy at all levels of the company.

One way to do this is by ensuring all employees have unbiased access to job postings and open projects companywide by using virtual opportunity marketplaces. These empower employees to take control of their careers. They can gain new skills and learn about new lines of business by volunteering for cross-departmental projects. These virtual marketplaces make the internal hiring process and team selection for projects equitable for employees because everyone has the same access to opportunities.

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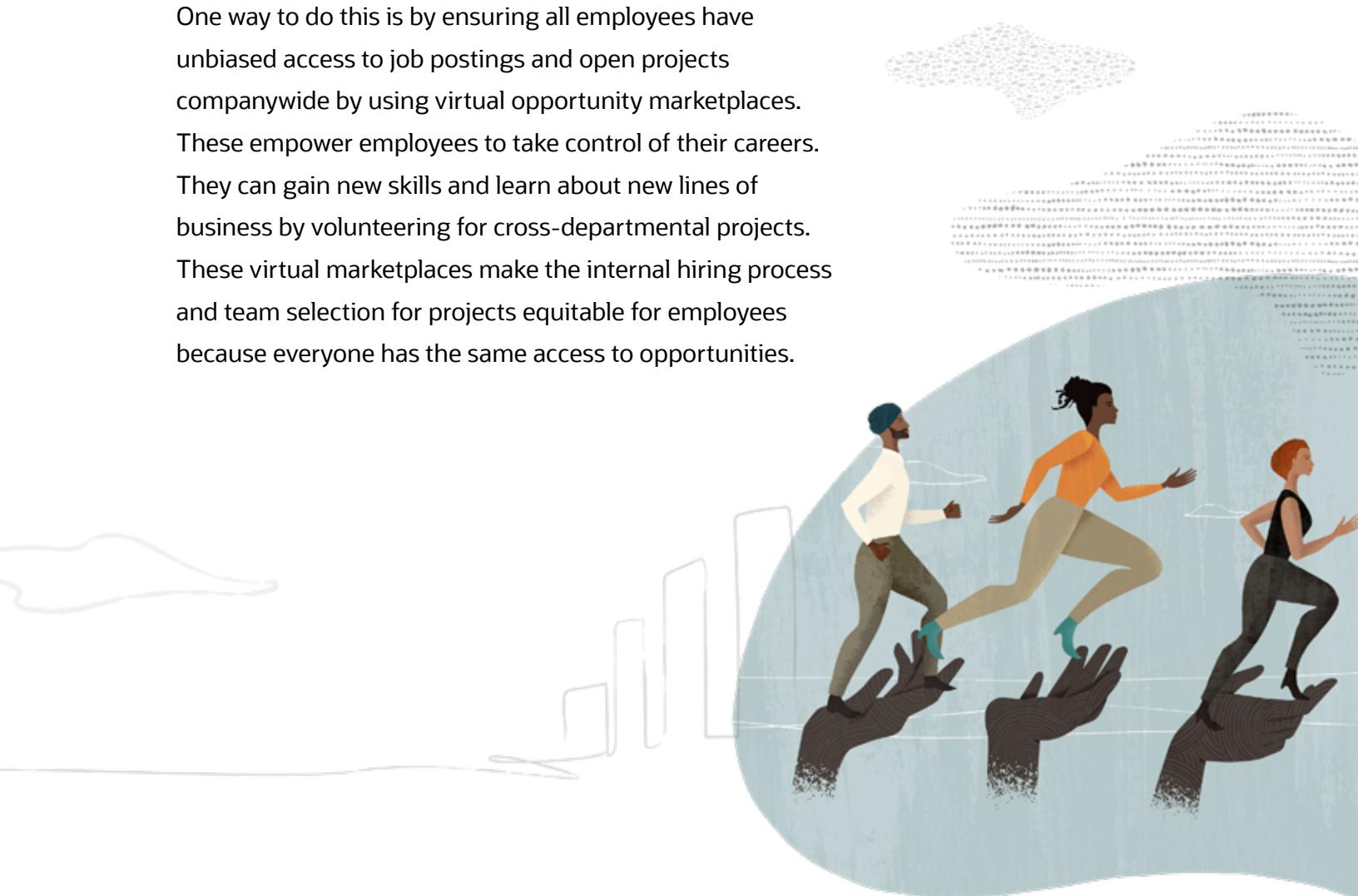
Conclusion:
Putting employees first

Employee satisfaction, productivity, and retention have a significant impact on your employee experience, and therefore, the health of your organization. Engaging your workforce, supporting employee total well-being and safety, and attracting and retaining talent are top CHRO priorities, but they're also vital business strategies. By putting employees first, companies will improve their workers' lives and strengthen their organization, resulting in better business outcomes and higher profitability.

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Read the ebook "Back in the Driver's Seat: Employees Use Tech to Regain Control" to learn more about the findings from the 2021 AI@Work Study.

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