2023 REPORT

State of People Strategy

How HR Drives Results in Times of Change

Lattice

Table of Contents

Introduction 3

Survey Methodology 4

Survey Respondents 5

Overview 6

A New Reality 7

Investing in Change 7

Key Findings 8

Meeting HR Goals 20

Conclusion 26

About Lattice 28

Introduction

Foreword

You don't have to look much further than the headlines to understand the pressures HR teams face today. The last two years have brought one challenge after the next, including the rapid onset of remote and hybrid work, the ongoing health and safety risks of the pandemic, and the Great Resignation and everything it entailed. We saw those challenges play out in our 2020 and 2021 State of People Strategy Reports.

The past year hasn't been any easier, with even more challenges to navigate. Since the release of last year's report:

- Turbulent market conditions have led to budget cuts across most companies — and in some industries, mass layoffs.
- Offices have started to reopen, but the desire for hybrid and remote work hasn't gone away, suggesting a more permanent reset.
- Employees continued to navigate work-life balance, which contributed to disengagement and burnout concerns.

HR professionals still have plenty of work to do. The good news is they're well-versed in this new world of remote and hybrid work. They have more experience than ever on what works and doesn't, including strategies that foster retention and engagement and keep performance high.

We hope this year's report will enable HR leaders to navigate those challenges and better understand what they need to do to succeed amid uncertainty and change. Because there's one thing that hasn't changed over the past few years: the critical role HR teams play in keeping both businesses and their people thriving.

Survey Methodology

The 2023 People Strategy Report is based on an online survey that took place between July 20 and August 25, 2022, exploring the viewpoints of HR leaders around the globe.

During that time, we received survey responses from a total of 820 HR and People professionals who worked across industries and company sizes — ranging from HR generalists to senior HR executives. They answered questions that centered around priorities, challenges, performance goals, and measurement techniques. We also looked at how well respondents were doing against their current goals.

The data includes feedback from the US, Canada, UK, Ireland, Germany, the Netherlands, and other global markets. On the next page, you'll find a full breakdown of respondents based on position, company size, location, and industry.

Results were analyzed and compared to survey results from prior State of People Strategy Reports to identify key trends across HR focus areas. The most significant findings and what they mean for HR are outlined in the pages to follow.

Survey Respondents

Company Industry

Software & IT	19%
Retail & Trade	9%
Manufacturing	8%
Professional & Business Services	8%
Healthcare	7%
Non-Profit	7%
Financial Technology	6%
Advertising & Marketing	5%
Banking & Credit Unions	2%
Construction	2%
Education	2%
Food & Beverage	2%
Insurance	2%
Leisure & Hospitality	2%
Life Sciences	2%
Media & Entertainment	2%
Transportation	2%
Aerospace	1%
Agriculture	1%
Government	1%
Telecommunications	1%
Utilities	1%
Wealth Management	1%
Other	8%

Company Location

United States	66%
United Kingdom	19%
Netherlands	4%
Germany	3%
Canada	2%
Other	6%

Respondant Rate

VP or Head of HR	26%
HR Director or HRBP	40%
HR Generalist	16%
People Ops	9%
Recruiting	2%
Non-HR Executive	1%
Other	6%

Company Headcount

1–10	1%	501–1,000	13%
11–40	13%	1,001–2,000	10%
41–100	20%	2,001–3,000	6%
101–250	16%	3,001–10,000	5%
251–500	13%	10,000+	3%

Overview

A New Reality

When news of the COVID-19 pandemic first traveled around the world in 2020, the workplace reinvented itself nearly overnight. HR teams scrambled to adapt to the new realities of remote work. Burnout and mental health issues escalated as workers struggled with work-life balance. New tools, programs, and processes were needed — and many were quickly brought on.

In 2021, an additional challenge emerged: the so-called "Great Resignation." As news of the Great Resignation rippled through the news media, half of our State of People Strategy survey respondents showed at least a modest increase in employee-initiated departures. All of this came as companies were desperate to fill job vacancies amid a historic labor shortage. That year, engagement and talent acquisition were HR leaders' top priorities.

Fast forward to today, the landscape has changed. The panic surrounding hybrid and remote work has mostly subsided. Half of respondents to this year's survey expect to maintain a remote workforce of 50% or more over the next year. Another 23% expect to maintain a 90-100% remote workforce. While HR teams are no longer scrambling, they're still putting in the work to figure out how to make the most out of hybrid work.

The Great Resignation and accompanying hiring surge also appear to be ending. But is that a sign of a more engaged workforce? Or of increased caution by employees facing a market in turmoil, rising interest rates, and a possible recession on the horizon? All signs point to the latter: Additional research by Lattice in Spring 2022 found that 74% of US employees were still either actively looking for new work or open to new opportunities in the next six to 12 months. But opportunities for those jobseekers might be hard to come by: In this year's report, talent acquisition (recruiting) fell from HR's second-highest priority to its eighth.

After years of struggling with hybrid work and talent shortages, the highest-performing HR leaders are moving on — pivoting their strategies to meet new challenges and higher employee expectations.

Investing in Change

In the face of so much change in the world, one thing remains constant: HR teams continue to have their focus set on engaging and retaining talent. If the Great Resignation was to blame for retention worries in 2021, limited resources and an uncertain economic outlook might be the lead cause for those anxieties in 2022.

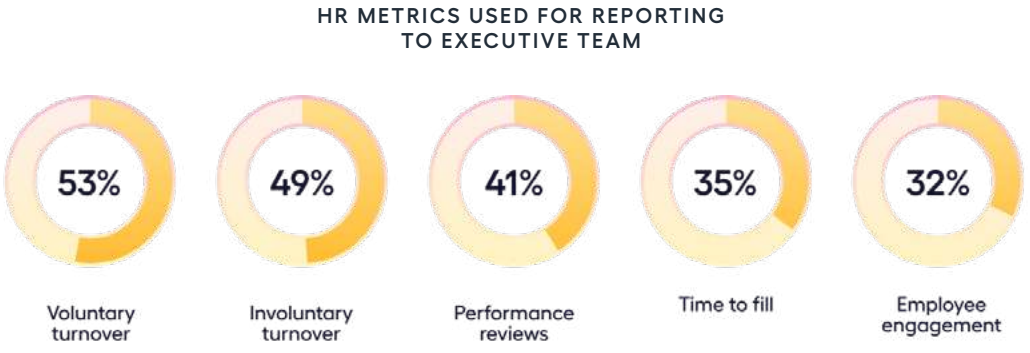


FIGURE 1: What metrics does the People team report to the executive team regularly? Select all that apply.

HIGHEST PRIORITY HR INITIATIVES

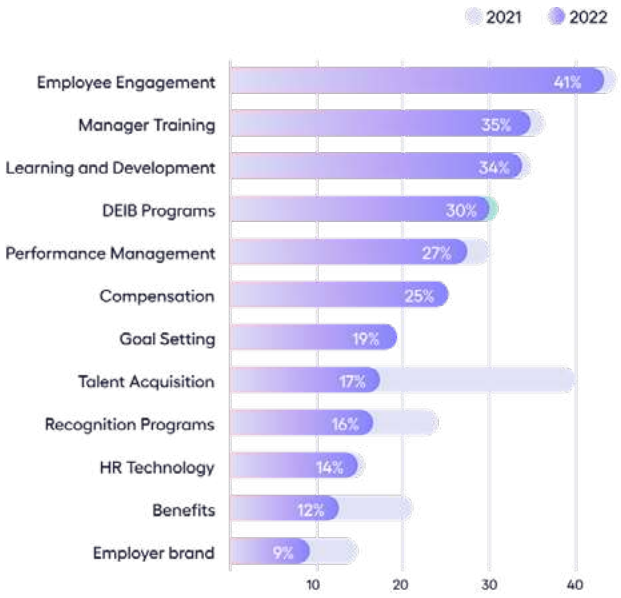


FIGURE 2: Which HR initiatives will you prioritize over the next 12 months?

HR DEPARTMENT PERFORMANCE ON GOALS

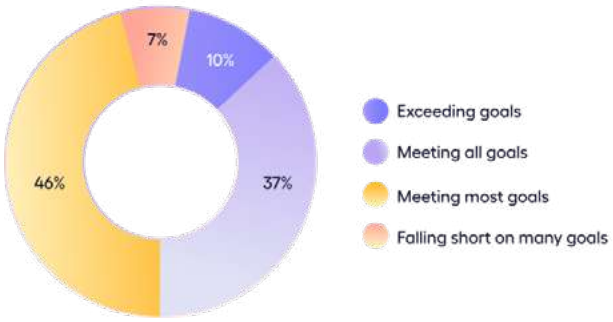


FIGURE 3: Thinking about the HR department's overall goals, would you say your department is...

When we asked respondents to rank their key performance indicators (KPIs), voluntary turnover came in first **(Figure 1)**. Involuntary turnover, fifth last year, now ranks second. Moving on to HR's highest-priority initiatives, employee engagement topped the list. Again, all of this came at the expense of talent acquisition, which plummeted down the list **(Figure 2)**.

Moving the needle on retention and engagement is a tall order for most teams. Still, our analysis found the highest-performing HR teams share several traits in common. First, these high performers are investing in the programs employees care about most. They're also more likely to link compensation with performance, provide compensation transparency and equity, and invest in coaching and upskilling programs. Those commitments are paying off in terms of higher engagement and performance.

But that's not all these incredible teams do better. Top-performing HR teams collect more data and conduct more performance reviews. And that data continually fuels their HR efforts and helps them identify where real change is needed. We saw that same positive feedback loop emerge last year: a continuous cycle of investment and measurement that empowers teams to meet or exceed their goals.

The pages that follow dive deeper into these findings, as well as others unveiled in our survey this year. We'll outline the key trends and compare them to years past. And to explore those trends even further, we'll talk to global HR strategy experts to learn how our data compares to their on-the-ground observations of what's happening in HR today.

Key Findings

HR teams have embraced hybrid work but are still defining what it looks like.

When remote work first became a necessity, HR teams struggled to put the programs and tools into place to facilitate it. They scrambled to reevaluate the perks they offered and the ways they supported their employees. And that had to be done quickly to keep workplaces running smoothly during the pandemic.

Years later, some CEOs and leadership teams have declared the experiment over, asking teams to return fully to in-office life. There's also no shortage of news articles suggesting that the hybrid work wave has reached its peak.

But our survey suggests that HR teams have a different perspective. In fact, respondents predict a higher share of remote workers for 2023, and nearly a quarter believe they'll be at least 90% remote **(Figure 4)**.

"Coming into the office and commuting was once normal and expected, and these days can feel like a drag," said Farrah Jessani Mitra, founder of Green Reed, a leadership development and executive coaching company. Indeed, a 2022 survey by Monster found that as much as two-thirds of workers would consider quitting if they were asked to return to the office in full. "Many employees want to continue to work from home and have that flexibility. They want to minimize versus maximize time in the office," Jessani Mitra said.

EXPECTED REMOTE WORKERS OVER NEXT 12 MONTHS

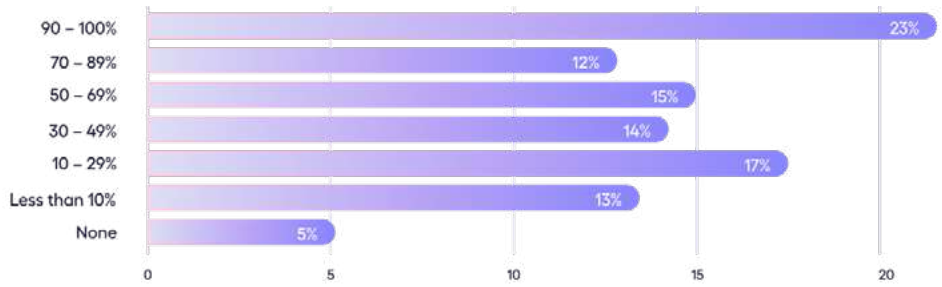


FIGURE 4: Looking forward to the next 12 months, What percentage of employees do you expect to work remotely most or all of the time next year?

NOTE: A company's number of remote workers varies significantly by industry and company size. The differences are intuitive: Professional services firms and software companies will naturally have more remote employees than manufacturing firms. Refer back to our report demographics page to see a breakdown of the industries surveyed.

FIGURE 5: How would you rate the average amount of in-person one-on-one facetime managers have had with their employees over the past 12 months?

What's different is that HR teams are no longer scrambling to respond and can now focus on the best options for their organization. "The basic idea of hybrid work has really been normalized, but the implementation and execution are still in experimentation mode," said Dave Carhart, VP of Lattice Advisory Services. "We've been in this mode long enough that we can start to see some of the gaps and limitations."

Our survey results show at least one "gap" has already been filled. One of the most common criticisms of remote work is that managers and employees need facetime to stay productive and engaged. Survey results show that's no longer the case: Managers today have become just as comfortable engaging with employees remotely as they do face-to-face.

In fact, most respondents feel that managers in their companies have enough facetime with employees **(Figure 5)** — and even those that think more facetime would be better still feel managers get enough of it to handle major issues. Both trends are consistent regardless of a company's percentage of remote workers. Companies that are 90% remote are just as happy with their facetime as those that are 10% remote.

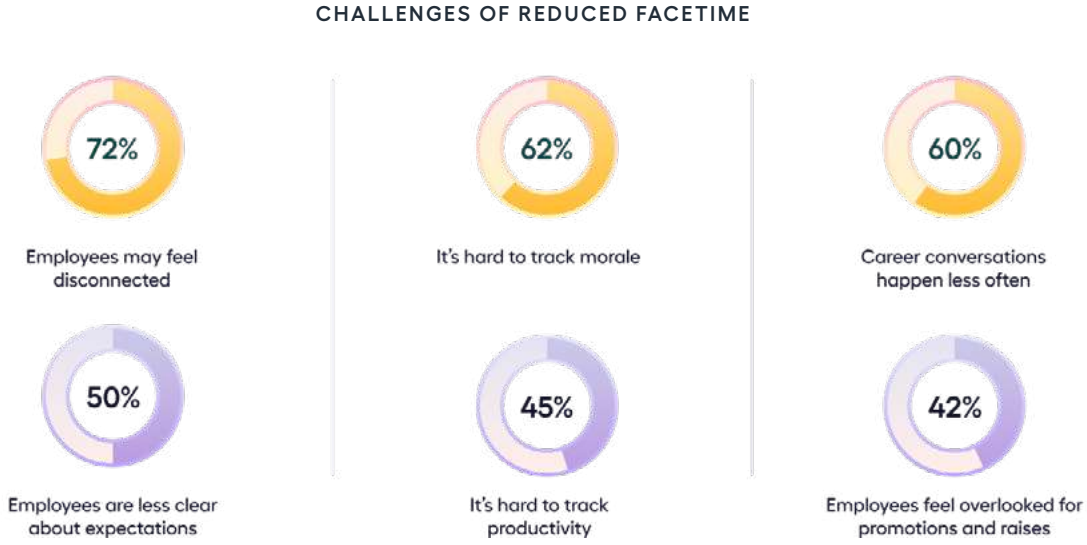


FIGURE 6: (If not enough facetime) What kinds of challenges does reduced in-person one-on-one face-time with employees introduce?

As for the third of HR professionals that want at least a little more facetime? Most list concerns around engagement and culture. Productivity, the main worry cited by those advocating for a full return to the office, ranked just second to last. Even for the minority of HR leaders who worry about facetime, productivity isn't a lead concern **(Figure 6)**.

While it appears managers and their reports are comfortable with remote work, one issue HR leaders have less clarity about is how to compensate their employees for remote work.

Survey results show there's still a lack of consensus. Approximately half of employers keep an employee's compensation the same no matter their location or remote status **(Figure 7)**. Some update compensation when an employee's status changes, while others keep it the same but factor those changes into future increases.

This lack of consensus likely reflects a range of challenges, including a lack of compensation transparency or link between performance and compensation, both of which we'll explore later in this report.

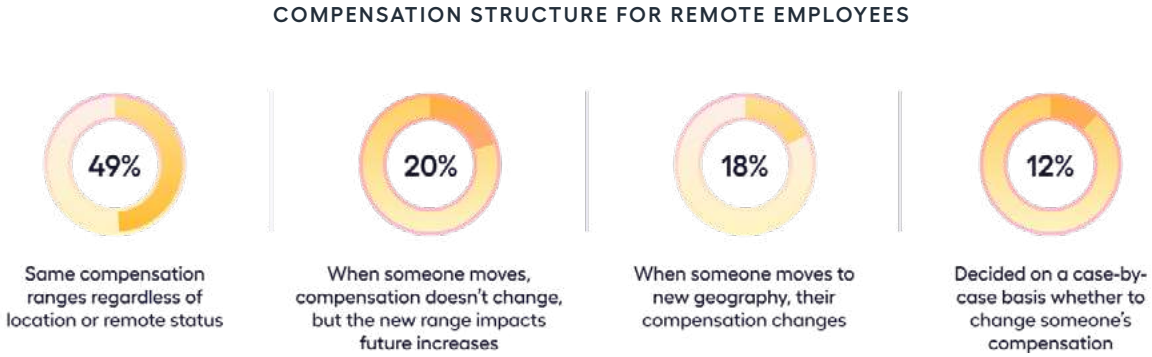


FIGURE 7: How are you handling the compensation structure for remote employees?

"The key here is to have a compensation structure that consistently supports the level of flexibility you're willing to give employees and then clearly set their expectations on how to move from one location to the next," said Chad Atwell, Principal Compensation Advisor for Lattice. "Clarity in your policy will definitely promote more transparency and minimize uncertainty among employees."

Finally, the new hybrid work environment left many organizations struggling with how to get the best out of both their in-office and remote experiences to build a strong work culture and keep their employees engaged.

"Whereas once employers were investing in flashier offices and perks like cold brew and ping-pong tables, those are no longer valued in the same way," Jessani Mitra said. "So employers need to find new meaningful ways to engage with and retain their employees whether they are working from home or in the office."

The debate regarding pay for performance is over, even if there's still work to do.

HR professionals have debated whether to link performance reviews to compensation for decades. On one side, proponents have argued it's an effective way to incentivize and recognize high performance. Others have argued that pay can distract from more meaningful conversations about growth. Just as the debate over hybrid and remote work appears to be reaching a conclusion, so has the debate over pay for performance.

The majority of the HR leaders we surveyed (83%) recognize the importance of linking compensation to performance **(Figure 8).** That's good news, as a separate 2022 Lattice survey on compensation found that 65% of employees ranked work performance as one of the most important factors they want to be tied into their compensation. The same employee survey also found that 30% of respondents expect a raise every three to six months, and almost 60% expect them more frequently than once a year.

This year's State of People Strategy survey also found that most (72%) HR teams have a long way to go to meet those expectations **(Figure 8)**. The encouraging news is that they're working on improving: 90% of respondents are investing in strengthening the pay-performance connection, including formalizing compensation structures, setting promotion guidelines, and implementing compensation management software. For some, those efforts are likely more aspirational than tactical — they know they need to do something but don't know where to start.

"I think people are putting a lot more work into those frameworks now, precisely so that there are better handholds, both for a manager to assess performance and for an individual to think about their own development within a level over time," said Carhart.

HR ATTITUDES ON LINKING PERFORMANCE AND COMPENSATION

FIGURE 8

ABILITY TO LINK COMPENSATION TO PERFORMANCE

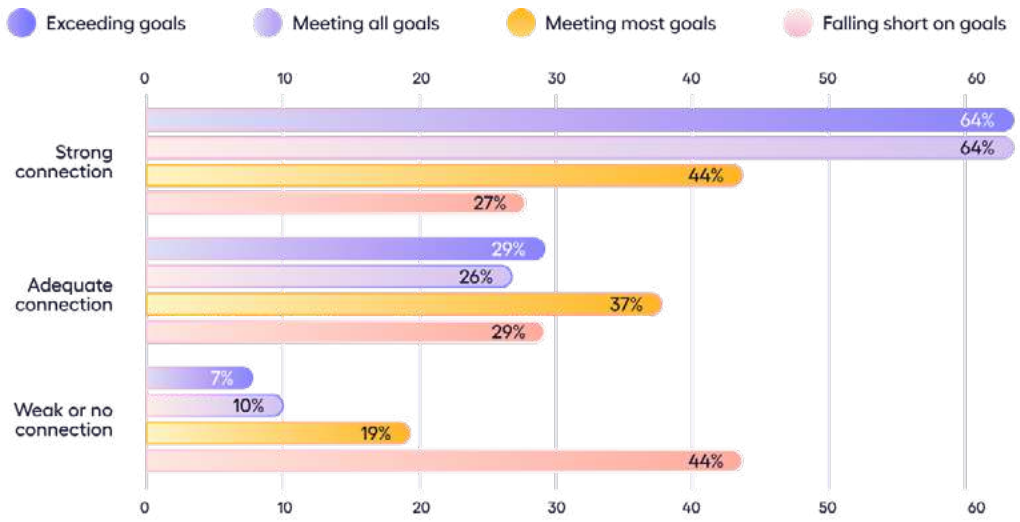


FIGURE 9

Those debating whether to implement pay-for-performance could take a cue from high-performing HR teams, who not only place more importance on linking the two, but do a better job at it, too. And that starts with collecting the right data. It's hard to link compensation and performance meaningfully unless you have a tangible way to measure that performance.

That means more reviews, more reviewers, and more quantitative ratings. With that in mind, high-performing HR teams:

- Conduct performance reviews more frequently (33% review quarterly vs. 20% less frequently)
- Include more people in those reviews (4.5 participants vs. 2.9 participants)
- Focus more on quantitative ratings in their performance reviews (48% vs. 30%)

Those findings don't surprise Amy Cowpe, Chief of Staff for UK-based software provider CharlieHR. She believes hybrid workplaces need more frequent, formalized performance touchpoints to make the pay-performance link work.

"If you're working with someone in an office, you're having much more frequent interactions with those people," Cowpe said. "That was our old way of doing business, the old way of monitoring performance — much more physical, based on your experience with someone."

Bottom line: The data shows that when HR makes the investment, linking performance and compensation pays off (**Figure 9**). HR respondents who draw a strong connection between performance and compensation are also more likely to have engaged workforces. In our survey, nearly two-thirds of companies with a good or great connection between performance and compensation have engaged workforces. On the other side of the equation, only 11% of organizations with weak or no performance-compensation connection consider their employees engaged. And employee engagement, as we'll see in the next section, is particularly critical right now.

Retention and engagement remain essential, even as HR teams try to do more with less.

In 2021, the Great Resignation saw HR teams struggling to retain employees as they quit at higher-than-normal rates. Coupled with that trend, we saw a historic surge in job openings — which made engagement, retention, and talent acquisition top of mind last year.

With a likely recession looming, companies have scaled back hiring ambitions or, in some cases, even downsized. This year, talent acquisition isn't just less important to HR teams; it's near the bottom of their priority list. Absent the ability to hire talent from the outside, HR teams are investing in the people they already have.

This year, nearly two-thirds of HR leaders are prioritizing retention over talent acquisition **(Figure 10)**. Further, 83% of teams are investing either "somewhat" or "significantly" more into retention than they have in the past **(Figure 11)**. Retention's dominance is also reflected in HR's list of top KPIs: Voluntary and involuntary turnover rank in first and second, respectively. Last year, involuntary turnover ranked fifth.

In other words, retention isn't just important to HR professionals: It's the top benchmark they use to gauge whether they're successful.

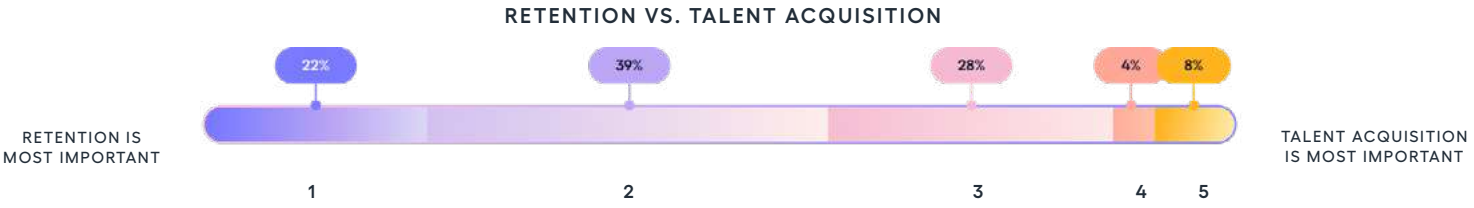


FIGURE 10: When balancing investments across talent acquisition and retention, which best captures your company's priorities in the next 12 months?

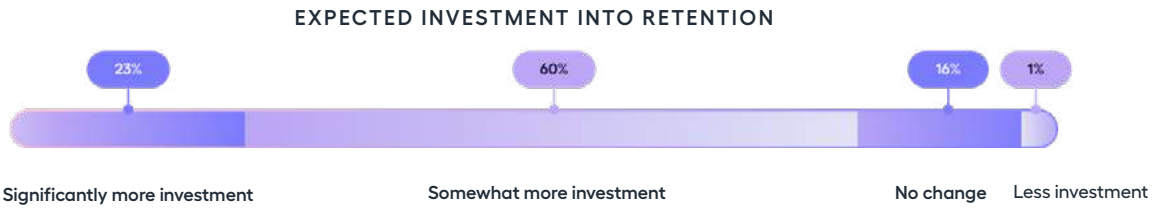


FIGURE 11: In the next 12 months, do you expect to make more, less, or the same level of investments into the employee retention?

Our data shows that employee engagement, as a whole, is another key focus this year. Over 40% of HR leaders name engagement as their top-rated People strategy initiative. And that increased focus on engagement isn't subtle: The majority (86%) of HR teams say they're putting more effort into improving employee engagement this year than they have in the past **(Figure 12)**.

So what can HR teams do to build engagement and keep employees happy and performing at their best? Compensation is often a likely place to start. When Lattice surveyed UK employees in February 2022, the prospect of higher pay was a top motivator for leaving one's current job. We found that even if a job is meeting or exceeding expectations in all other areas, 56% of US employees and 52% percent of UK employees would consider another role based on salary alone.

Given current market turmoil, that's not necessarily an option for many organizations. While our survey data shows that HR budgets for merit raises are keeping up with inflation, teams are still trying to do more with less. That means they need other ways to improve engagement.

We found that greater transparency, more feedback, and clearer career paths go a long way toward improving employee engagement. High-performing teams, for example, are more likely to have a clear, structured approach to career pathing **(Figure 13)**.

PRIORITIZATION OF ENGAGEMENT, RETENTION, AND RECRUITING

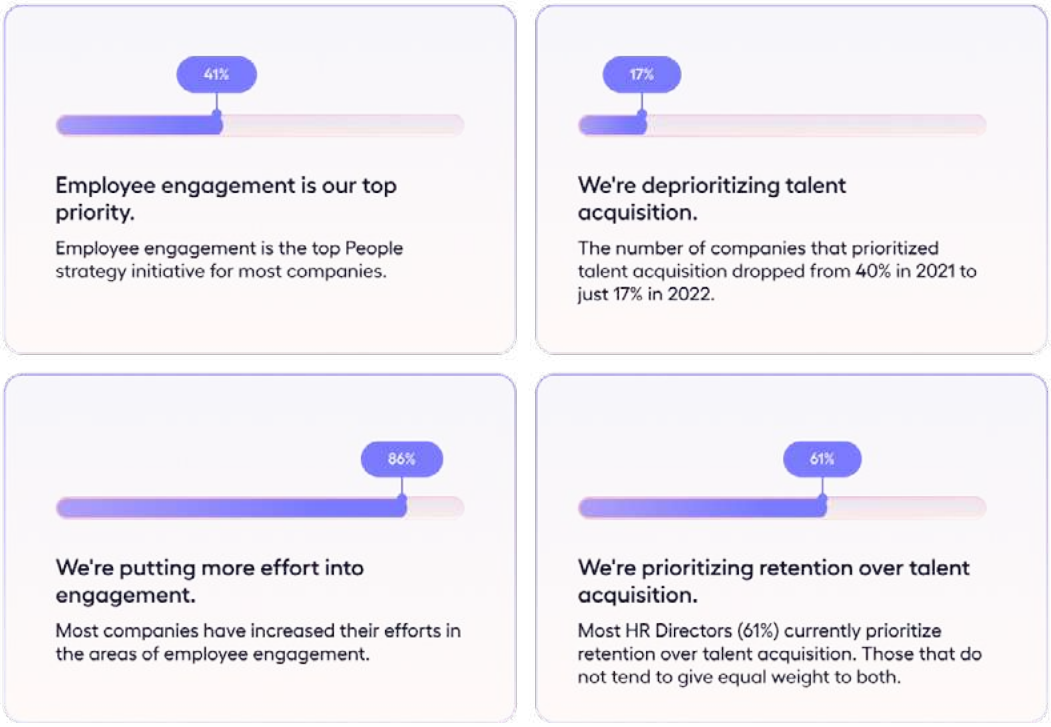


FIGURE 12

"[HR leaders] are starting to introduce a real, heightened focus on career development, progression, and transparency in their business," Cowpe said. "And it's a really attractive proposition that you could go and join a business and have your growth and development be viewed holistically, with processes and frameworks in place to support that."

Despite how attractive that is for employees, only one-third of HR leaders believe their people can easily see and understand growth paths within their organization **(Figure 13)**. European companies seem to have it more figured out — 46% of European respondents say they have clear career growth paths, compared to 28% of US respondents. If employees don't know where they can go next in their current company, they're more likely to seek opportunities for growth elsewhere.

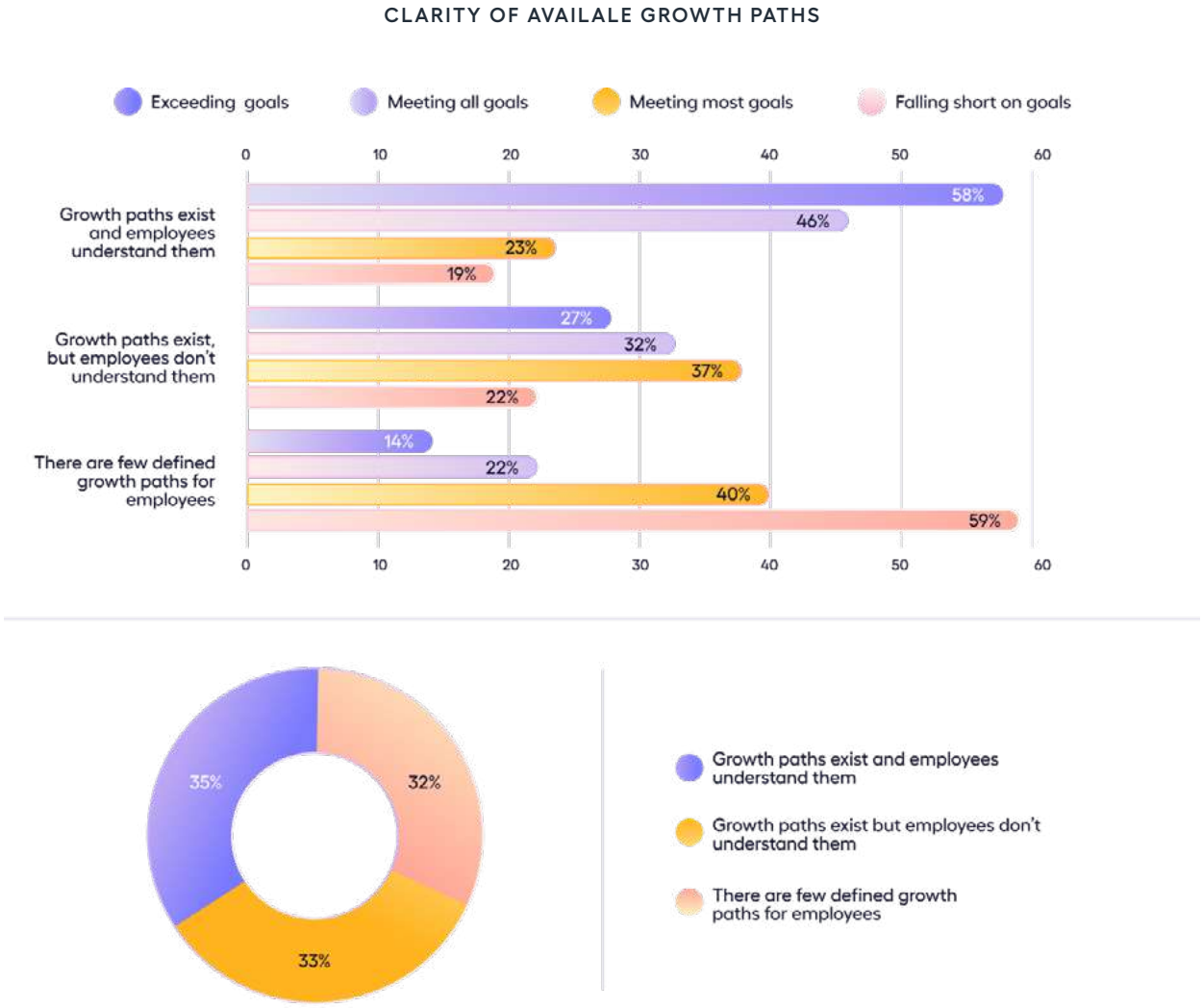


FIGURE 13: Can employees identify the growth paths available to them within the company and what it would take to move up?

HR teams recognize employees want pay transparency but fear the consequences.

While HR leaders are evolving to meet employee expectations on various fronts, they're holding back on one key issue: compensation transparency.

Our research shows compensation transparency for employees is still relatively low. For instance, only a quarter of employees know their own pay band. At over half of companies (54%), only HR and finance have visibility into employee pay bands **(Figure 14)**. Smaller companies have even less transparency, on average, and put less effort into transparency than larger companies.

This is likely to become a point of tension between HR teams and their people as employees increasingly expect more visibility into pay. In a 2022 Lattice survey on compensation, we discovered 67% of US employees and 64% of UK employees want more transparency from their companies around pay practices. They aren't looking for half measures either: Just over half of those respondents said companies should disclose how much everyone in the organization gets paid. Pressure from job candidates is also real, especially in Europe, where 27% of HR leaders named it as a factor. In the US, meanwhile, 34% of respondents found their compensation transparency efforts driven by government regulations.

"With pay transparency laws being enacted now across California, Colorado, New York, and Washington state, companies need to address how salary range numbers will be perceived by employees," Atwell said. "The two main questions employees will want to have answered are, 'How did you establish these ranges?' and 'What's the logic behind where my salary sits within these ranges?'"

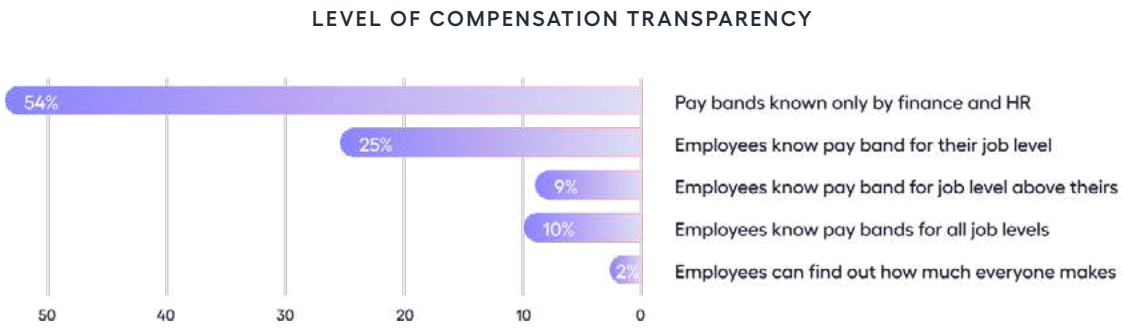


FIGURE 14: Where on the following continuum does your company fall in terms of compensation transparency?

HR PROGRESS ON COMPENSATION TRANSPARENCY AND EQUITY

FIGURE 15

But are HR leaders prepared to answer those questions? The survey results suggest they're not. In fact, one reason employers are lagging behind can be found in this year's compensation equity data. Over 80% of the companies we surveyed acknowledge they need to do more about compensation equity — and 39% have a lot more to do **(Figure 15)**. It's no wonder, then, that HR leaders are worried about employee reactions when it comes to making their pay more transparent.

Fear and uncertainty seem to be the primary hurdles, with HR leaders saying they're worried managers may not be able to answer employee questions effectively, that managers may have questions of their own, and that it could negatively impact employee privacy **(Figure 16)**. In fact, it's likely that many firms simply lack a formal structure and data around employee compensation. Without the right metrics in place, they can't justify differences in employee wages.

Still, with 59% of organizations investing in compensation transparency and 78% investing in compensation equity, HR teams are making the first steps. We found that investing in compensation transparency and equity isn't just the right thing to do; it also strongly impacts employee engagement and retention.

BARRIERS TO INCREASING PAY TRANSPARENCY

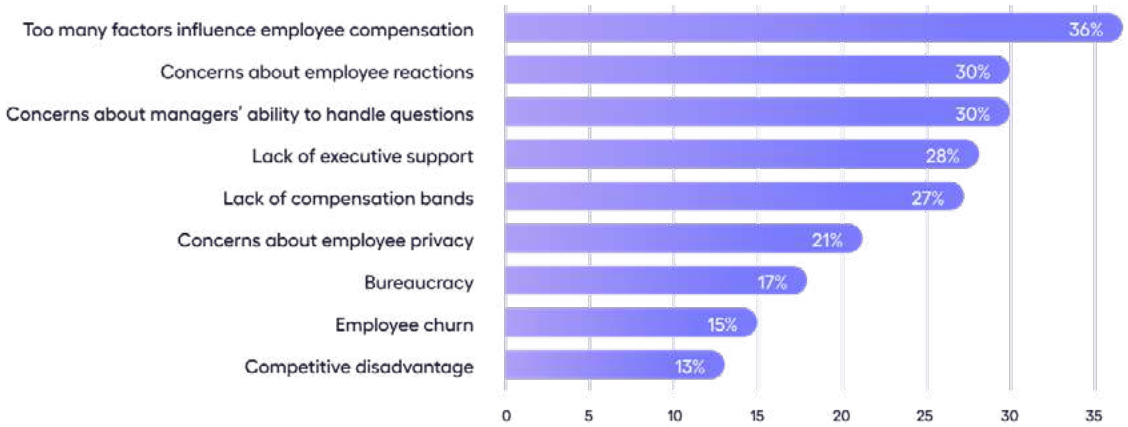


FIGURE 16: What are some of the barriers to increasing compensation transparency at your company? Select all that apply.

Meeting HR Goals

To build a feedback culture, take a cue from HR's high performers.

The HR teams achieving or exceeding their goals have structured frameworks in place that lend to a culture of continuous performance management.

"To achieve high-quality continuous performance management and retention, it takes significant investment both in programs and the HR team," Jessani Mitra said. "Continuous performance management requires investment in many areas, such as having the right systems to capture feedback, thoughtful emphasis on providing high-quality training in feedback delivery, and tying back performance to the recruiting process."

Seeing where high-performers invest their time and money can be a learning exercise for HR teams struggling to meet their goals. Linking compensation and performance, emphasizing compensation transparency and equity, building clear growth paths, and reducing bias are all priorities among those teams. But that's just the start.

KEY POINTS OF DIFFERENCE	HIGH-PERFORMING HR	LOW-PERFORMING HR
Invest more in linking compensation and performance	46%	22%
Ability to link compensation and performance	64%	27%
Invest more in compensation transparency	37%	24%
Invest more in compensation equity	46%	29%
High performance on compensation equity	80%	37%
Use feedback from manager's manager in reviews	42%	18%
Use mostly quantitative data for performance reviews	52%	25%
Implemented training programs for reducing bias in reviews	57%	20%
Implemented software to reduce bias	40%	21%
Have clear employee growth paths	58%	19%
Invest more in coaching / upskilling programs	46%	29%
Invest more in HR analytics	50%	18%
Board pays attention to HR data	36%	19%

TABLE 1

> “To achieve high-quality continuous performance management and retention, it takes significant investment both in programs and the HR team.”

High-performing teams also run more reviews and invest more in HR as a whole. For most organizations, outside of formal reviews, managers are the primary source of ongoing feedback. But high-performing teams are more likely to leverage feedback from other sources too — including ad hoc praise, feedback from peers and skip-level managers, and more quantitative data from more frequent performance reviews. These teams are also more likely to be accountable at the highest level, with their corporate boards paying attention to HR data.

That work, in turn, creates a positive feedback loop. The more these teams put into their HR efforts, the better their results. Clearly, a successful People strategy doesn’t happen by accident. High-performing HR teams have a circle of practices that work together to help them achieve better results. And that’s a secret that can benefit HR teams across the board.

Successful HR teams employ a variety of DEIB programs and tools.

In 2021, diversity, equity, inclusion, and belonging (DEIB) initiatives lost steam — falling from third to sixth in priority among respondents. A rush to fill job openings and a decline in media coverage may have contributed to that discouraging trend.

The script has flipped: Buoyed by a renewed focus on retention and engagement, DEIB investment is back. This year, DEIB is again a top-four priority for HR leaders, just behind learning and development. We found that the HR leaders who are meeting or exceeding their engagement, retention, and performance goals are also tackling systemic issues like bias across multiple fronts.

That's good news, but only if DEIB stays a priority. Strong DEIB programs can help build engagement, but your attempts to reduce bias must be visible and authentic to resonate fully. If your employees think you're just chasing a trend, they'll see through your efforts.

Data from a 2022 Lattice survey on compensation shows that:

- 51% of US and UK employees believe bias influences pay decisions.
- 31% of US workers believe adequate steps aren't being made to eliminate bias from the compensation review process.
- Over 60% of employees don't believe their HR team is leveraging technology to identify and track pay disparities.
- Only 15% of employees said their employers had conducted a pay equity audit or review in the last six to 12 months.

"A commitment to DEIB needs to be both sincere and sustained in order to find success," Carhart said. "Part of ensuring sustained focus is taking an integrated approach, weaving DEIB into all elements of your People strategy, including hiring, performance, and compensation."

DEIB INVESTMENTS	HIGH-PERFORMING HR	LOW-PERFORMING HR
Training programs for reducing bias in reviews	57%	20%
Implemented software to reduce bias	40%	21%
Invest more in compensation equity	46%	29%
High performance on compensation equity	80%	37%
High performance on compensation equity	80%	37%

TABLE 2

But this year's State of People Strategy survey shows that there's still a long way to go. While most HR leaders (61%) say they're putting more effort into reducing bias in performance reviews, over half acknowledge they have considerable room for improvement **(Figure 17)**. Only 43% of respondents have implemented programs to reduce bias in reviews **(Figure 18)**.

A key problem may be how organizations are tackling bias. Few firms are using objective and systematic tools to reduce bias in their performance reviews. Only 27% use software, even less in small companies **(Figure 19)**. Instead, most companies appear to be relying solely on manager training, a much more subjective tool **(Figure 20)**. We found that teams relying on a mix of tools (including training, performance calibration, and software) report better DEIB outcomes overall.

One interesting callout from the research: European teams seem to be doing more to address bias than US-based teams. Our survey found that they're more likely to be implementing both training programs (49% vs. 39%) and software (37% vs. 21%), compared to their US counterparts.

EFFORT INTO REDUCING BIAS IN REVIEWS

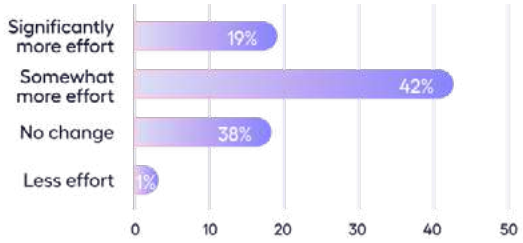


FIGURE 17: Over the past two years, have you been putting more, less or the same amount of effort into reducing biases and ensuring equity in performancce reviews?

IMPLEMENTATION OF PROGRAMS TO REDUCE BIAS IN REVIEWS

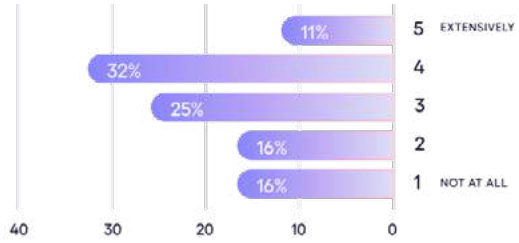


FIGURE 18: To what extent has your HR team implemented programs, training, and other initiatives to mitigate implicit and internal biases when writing reviews?

USE OF SOFTWARE TO IDENTIFY BIAS IN REVIEWS

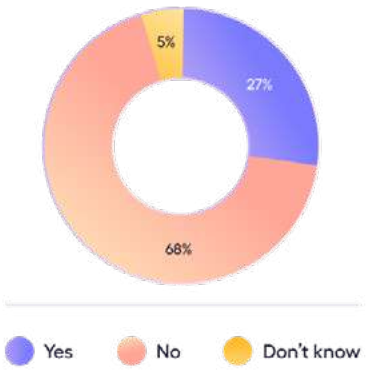


FIGURE 19: Does your compnay use any software tools or platforms that help identify areas of potential bias in performance reviews?

ACTIONS TAKEN TO REDUCE BIAS IN REVIEWS

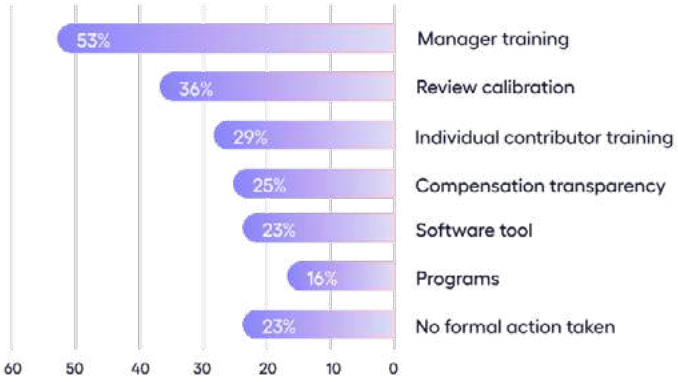


FIGURE 20: What formal actions and/or activities has your company taken to reduce internal biases an ensure equity in reviews? Select all that apply.

There are no shortcuts to improving retention. Focus on what matters most to your people.

If you want to focus more on retention, it helps to understand what your employees care most about. That's what data from the most retention-focused respondents in our survey shows us.

"The most important thing you can do for your employees is listen to what they want and need. The world has changed so much that what was once important may have also changed or become of even more importance," Jessani Mitra said.

Retention-focused HR teams have that covered — at least when compared to more recruiting-focused teams. They focus more on combating bias in performance reviews, creating defined employee growth paths, and implementing compensation transparency and equity. They are also almost twice as able to link compensation and performance. As we've already seen, these are all things employees themselves prioritize.

"Listening to your employees and then setting realistic and clear goals and KPIs to measure progress is key," Jessani Mitra said. "This can be done through pulse and employee engagement surveys, listening tours to understand the employee perspective, and being in close sync with managers who see the day-to-day needs and challenges."

WHAT RETENTION-FOCUSED HR TEAMS PRIORITIZE

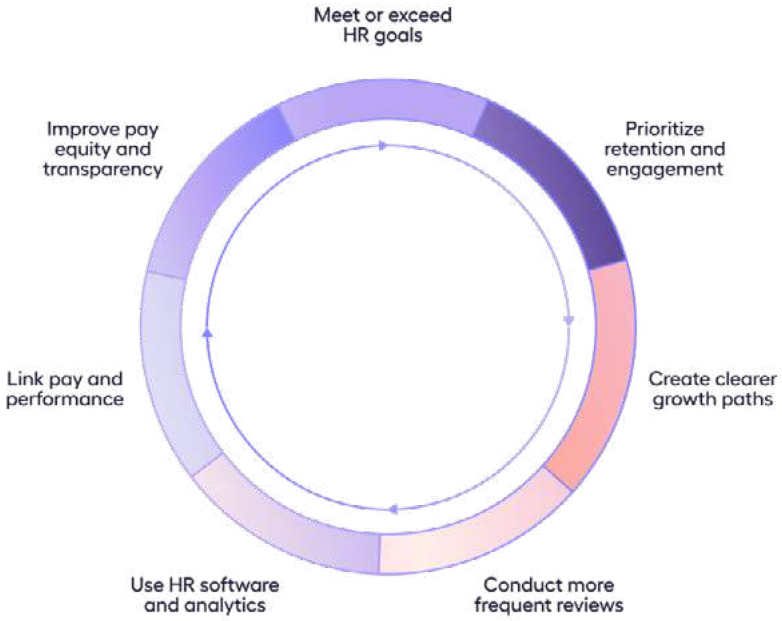
KEY POINTS OF DIFFERENCE	RETENTION FOCUSED	TALENT ACQUISITION FOCUSED
Linking compensation and performance	60%	32%
Investing more in compensation transparency	30%	19%
Investing more in compensation equity	34%	23%
Prioritizing recognition programs	20%	7%
Investing more in employee engagement	33%	23%
Administering engagement surveys	77%	64%
Implementing training for reducing bias	52%	20%
Implementing software to reduce bias	32%	12%
Developing clear employee growth paths	40%	24%

TABLE 3

Conclusion

So what lessons can we learn from our data this year? First, HR leaders are resilient and resourceful, and even after more than two years of workplace changes they're ready to take on any new challenges that emerge. Second, there's still work to do as they put the processes, programs, and technology in place that will continue to build employee engagement, retention, and a sense of belonging.

And in today's work environment, employees expect People teams to put in that effort. Workers aren't afraid to introduce work-life boundaries or to look elsewhere when their needs aren't being met. They want transparency and equity and will search out businesses that offer those to them. But of course, a competitive salary and opportunity for career growth matter just as much — without a clear idea of how those can be achieved, employees will look elsewhere.

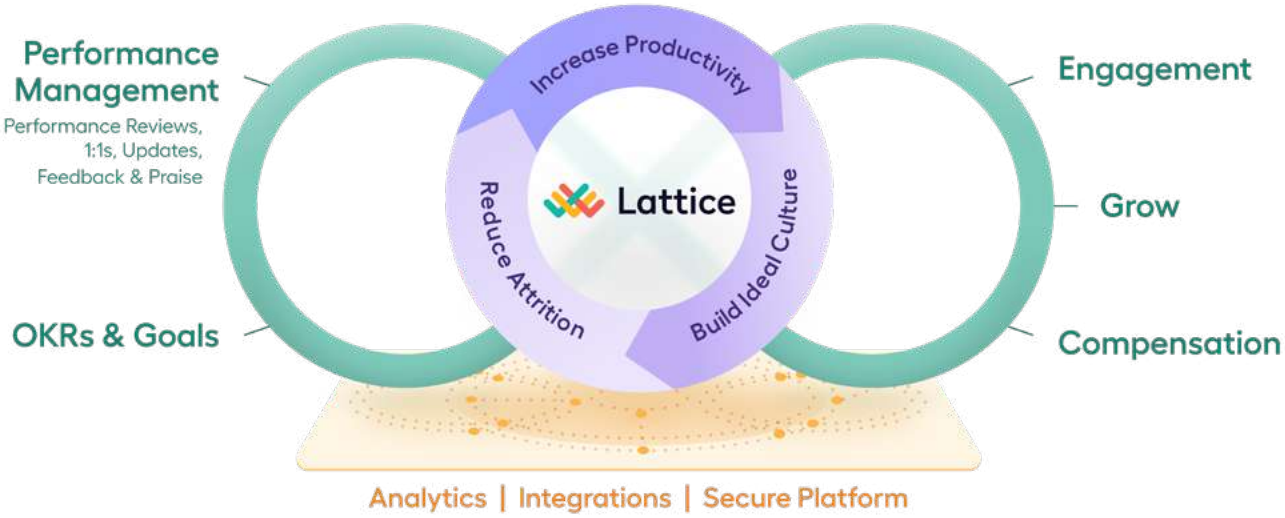


To offer all of that, with solid HR programs that support employees and improve retention and engagement, People teams need the right tools. A strong culture of continuous performance management — built on a foundation of frequent performance reviews and engagement surveys, quantitative data, and qualitative feedback from multiple sources — can empower HR teams to build the positive feedback loop they need to support their efforts. By better understanding what their employees want and where their HR efforts connect, teams are able to invest in the programs and processes that matter.

In a year where engagement and retention are more important than ever, that's a critical step to creating a culture that stands out — for employees, leadership, and your HR team.

About Lattice

Lattice is the people success platform that enables HR leaders to develop engaged, high-performing teams. By combining continuous performance management, employee engagement, development, compensation, and growth in one solution, organizations get powerful, real-time analytics that lead to actionable insights turning managers into leaders, employees into high performers, and companies into the best places to work.



Lattice works with companies that aspire to put people first. Whether redefining the beauty industry or building self-driving cars, all of our customers have one thing in common: They value their employees and want to invest in the development and success of their people. To see Lattice's platform in action, schedule a product tour.

TRUSTED BY THE BEST PLACES TO WORK

Discover how Lattice empowers thousands of companies to build award-winning cultures.

Request a demo

reddit asana monzo slack

FAIRE VENTION IMPERFECT FOODS webflow