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Insights From ReimagineHR 2023



Editor's Note

If 2023 was a year of continuous disruption, expanding responsibilities and new challenges for HR leaders, 2024 promises much of the same. The good news is that many of the lessons of the past year are readily applicable to the scenarios HR leaders are facing currently. At Gartner's 2023 ReimagineHR conferences, our experts presented our latest research into some of the most pressing issues HR leaders faced in the past year and continue to face. These insights challenge HR leaders' assumptions and encourage new ways of thinking about solutions to longstanding and emerging problems.

This issue of HR Leaders Monthly highlights just a few of the wide range of insights presented at ReimagineHR, covering a variety of topic areas including HR strategy, talent management, total rewards and HR technology. We explore how HR leaders can embrace the expanding boundaries of their roles and unlock performance through a forward-thinking approach to HR we call "everyday bold." Other research presented in this issue discusses how to manage change proactively, measure the effectiveness of well-being programs, and build or rebuild employees' trust in pay equity.

Much of our new research focuses on the role of managers, who have taken on more responsibilities in the evolving work environment and face new challenges to their performance. In this journal, we look at how to anticipate and reduce the risk of manager failure, as well as how to improve HR technology and service delivery by focusing on managers' user experience. In addition, we take a look at HR leaders' top priorities for 2024 and how they can get started on the path to achieving their key goals for the coming year.

Jonah Shepp

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Everyday Bold:

How HR Leaders Can Unlock Human Performance in Any Context

by Annika Jessen

HR leaders have expanded the traditional boundaries of their roles in the past three years. To continue to break boundaries and help their organizations unlock new levels of human performance amid the challenges that lie ahead, HR leaders must adopt a new approach: “Everyday Bold.”



Many HR leaders have experienced more innovation in the past three years than in the previous decade. HR has taken a stand on the most controversial issues of the day, implemented a once-in-a-generation shift to hybrid and remote work and invested in the well-being of employees during a time of tremendous stress and anxiety. HR has also accessed previously untapped pools of nontraditional candidates and adopted new technologies to make it all work.

This expanded landscape of opportunity and responsibility has fundamentally changed HR. Eighty-three percent of HR leaders say they are expected to do more, 74% say their organization relies on them more heavily, and 70% say they have more opportunities for impact.¹ This also comes with greater accountability for shaping the direction of the organization, as 58% of HR leaders say they have more authority to determine strategic priorities.¹ HR leaders are in a better position than ever before to help their organization break boundaries and unlock new dimensions of human performance.

HR leaders will need to fully leverage this new position to effectively lead through the internal and external challenges that continue to emerge in the world of work. However, 82% say they're facing significant pressure to scale back or reverse their recent innovations.¹ To succeed in this uncharted territory, HR leaders must embrace a new posture: "Everyday Bold."

Everyday Bold is creating the conditions now, today, to confidently and competently break boundaries when necessary in the future. It's not just the act itself, it is the preparation before the act that defines Everyday Bold.

This approach prepares organizations to succeed; employees of organizations that embrace Everyday Bold are six times more likely to be top performers (see Figure 1).²

To create the conditions for Everyday Bold, HR leaders must:

Build Stability

Create stable handholds that enable your workforce to remain anchored, even as things change.

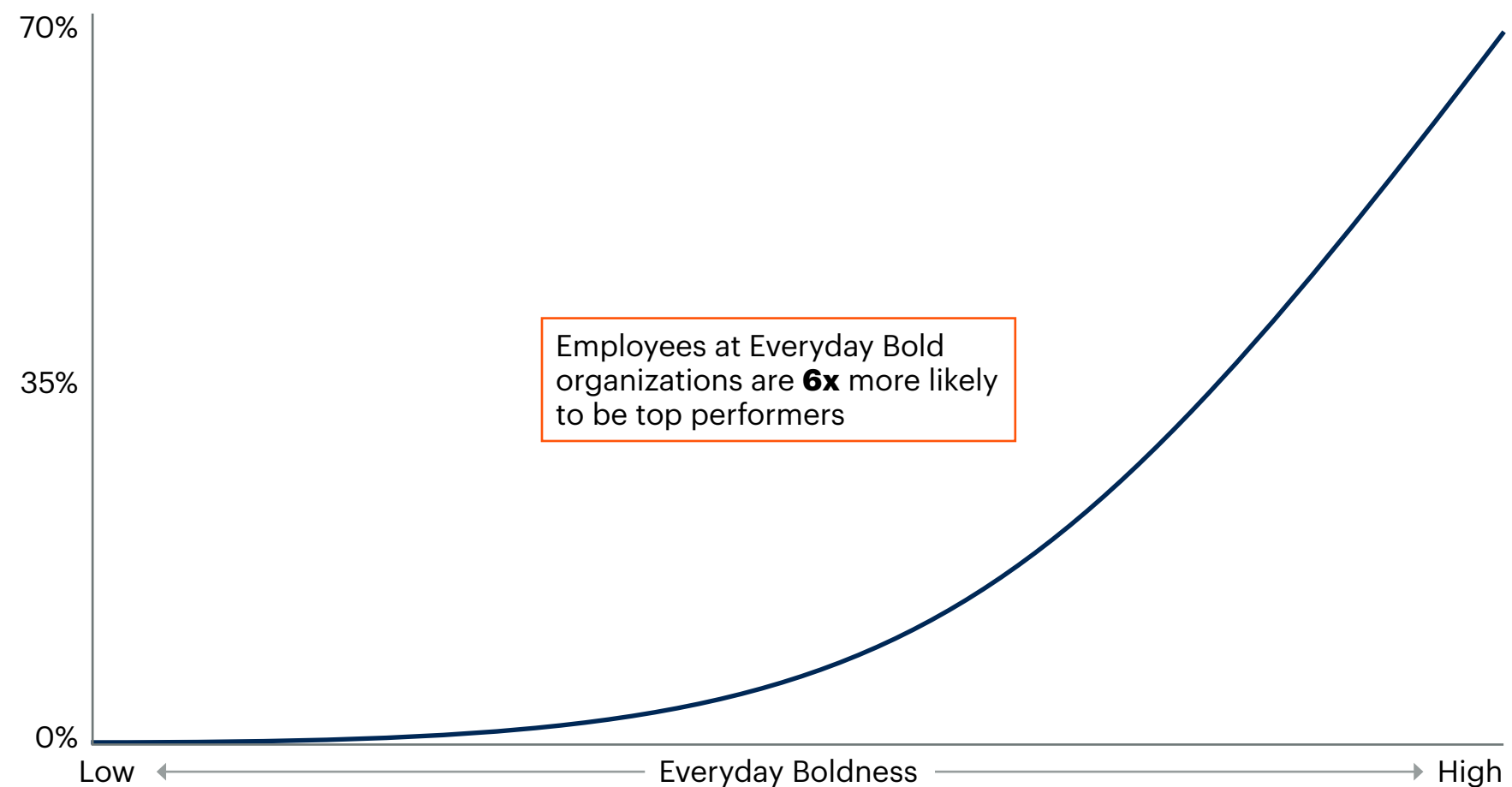
Initiate Trust

Unlock performance by trusting your employees before they trust you.

Forge Ahead

Reach new opportunities by letting go of existing assumptions and processes, even when they've served your organization well.

» Figure 1: Probability an Employee Is a Top Performer



n = 3,540 employees
Source: 2023 Gartner ReimagineHR Employee Survey

Build Stability

Perhaps paradoxically, stability is the first ingredient to achieving Everyday Bold. While HR's innovation over the past three years has led to enormous opportunity, it also can lead to employees feeling disoriented and disconnected. Recent Gartner data shows only about a quarter of employees say they feel connected to their own organization's culture if they are hybrid or remote, and only about 16% of employees say they know what to expect of their organizations.^{3,2} When employees are disconnected from their organizations, they can't fully engage in their current work, let alone continue to push boundaries and accomplish bold goals.

HR leaders must help their organization make some key commitments that serve as stable handholds and define a clear path for employees as organizational strategies and even employees' jobs change. When organizations actively build points of stability, employees can be more confident in their work, as they can clearly see how their work is connected to the organization's current and future goals.

NASA provides a great example of building stable handholds in a rapidly evolving technological landscape. NASA took on an organizationwide effort to build an action-oriented future of work strategy, resulting in a set of core principles to govern the work the agency does now and will do in the future. The principles, based on collective input from employees, represent the best ideas for making NASA relevant, competitive and a great place to work, and govern how the organization makes strategic decisions. One theme, for example, is unleashing algorithms, analytics, AI and automation. HR leaders at NASA don't know exactly how generative AI (GenAI) will develop or impact

their workforce, but employees know these principles will be guiding and shaping all future strategy.

Amazon is another example of building stable handholds for employees' future careers through reskilling. As part of its Upskilling 2025 pledge, Amazon makes graduate-level training free for employees through the company's Machine Learning University. Amazon also has dedicated programs aimed at fulfillment center associates and other nontechnical employees to help them get the certifications they need to move into evolving technical roles, regardless of their background. These even come with paid study time during the workweek.

Amazon not only builds its own talent pipeline, but also gives employees stable tools that, even as technology evolves or automation becomes more prevalent, allow them to continue their careers.⁴

Stability is a significant accelerator of employee engagement. Organizations that offer these stable handholds report employee engagement levels 61% higher than at organizations that do not.²

Initiate Trust

Everyday Bold depends on a foundation of mutual trust between the workforce and the organization, but organizations today are experiencing a trust crisis. Only about half of employees trust their organization, while four in 10 organizations don't trust their employees.¹ This has serious consequences for organizations aspiring to realize an Everyday Bold approach:²

- Everyday Bold requires commitment, but employees who distrust their organizations are 3.3 times more likely to leave.
- Everyday Bold requires hard work, but employees who don't trust their organizations display lower levels of discretionary effort.
- Everyday Bold requires new ideas, but employees who don't trust their organizations are less likely to share those ideas with their managers.

This trust gap cannot be resolved through good intentions alone: Organizations must be the first movers to actively signal trust in their employees. When organizations demonstrate trust, even before employees trust them, they unlock new levels of performance.

Trucking company **Schneider** initiates trust in its employees with its Freightliner Cascadia Semi-Trucks and all the cargo each truck carries. Schneider invests in monitoring to make sure drivers deliver on time and to keep drivers safe, not due to suspicion or to replace trust. Schneider's trucks contain forward-facing dash cameras and cameras under their rearview mirrors. These cameras do not record anything in the actual cab, and Schneider also discloses the use of this technology to all potential applicants on its careers page. As such, the company signals trust in drivers' ability and reliability, thereby benefiting drivers and Schneider.⁵

Boston Consulting Group (BCG) demonstrates confidence in employees first with the enormous power and potential of technology. BCG recently volunteered 800 of its consultants to participate in an academic study where they would be given free rein to experiment with GenAI. Consultants could leverage GenAI on small projects like streamlining expense reports, as well as major workstreams like designing new products for underserved markets. When consultants partnered with AI, they completed more tasks, more quickly, at higher levels of quality. More importantly, BCG actively signaled trust in its employees by using GenAI to augment, not replace, talent.⁶

When organizations trust their employees (even before their employees trust them) they can increase discretionary effort by 39%.² At high-trust organizations, 79% of employees bring new ideas to their managers, compared to just 17% of employees at low-trust organizations.² By encouraging employees to innovate, to create, and to bring new ideas to their teams and their managers, trust becomes an essential element of Everyday Bold.

Forge Ahead

For many HR leaders, maintaining forward momentum in the face of the pushback they encounter is the most challenging part of Everyday Bold.

Forging ahead requires letting go of longstanding assumptions, processes and behaviors; not just the bad ones, or the ones that didn't serve the organization. HR leaders must shift their mindset on key HR questions and let go of previously held beliefs about where to look for talent, where people work, who should do the work, and more. They must help their organizations let go of these previously held beliefs to make room to break the next boundary. Letting go can help an organization continue to forge boldly ahead in a number of ways.

For example, **Discover** forged ahead by letting go of traditional candidate profiles and going to where the talent was. The company acquired a 100,000 square-foot vacant building on the South Side of Chicago, an underserved and underrepresented area, and built a customer care center there. This call center is slated to fill 1,000 positions with employees who live within five miles of it, and it is already

experiencing half the attrition of any other customer care center. The call center also achieves onboarding speed to proficiency faster than any other call center and the highest performance metrics of any of Discover's call centers.⁷

Leading organizations are also looking at ways to let go of traditional hiring qualifications to continue broadening hiring pools. The **government of Maryland** officially announced last year that it will no longer require four-year degrees for thousands of state jobs; since then, other U.S. states including Pennsylvania, Utah, Alaska and Virginia have followed suit.^{8,9}

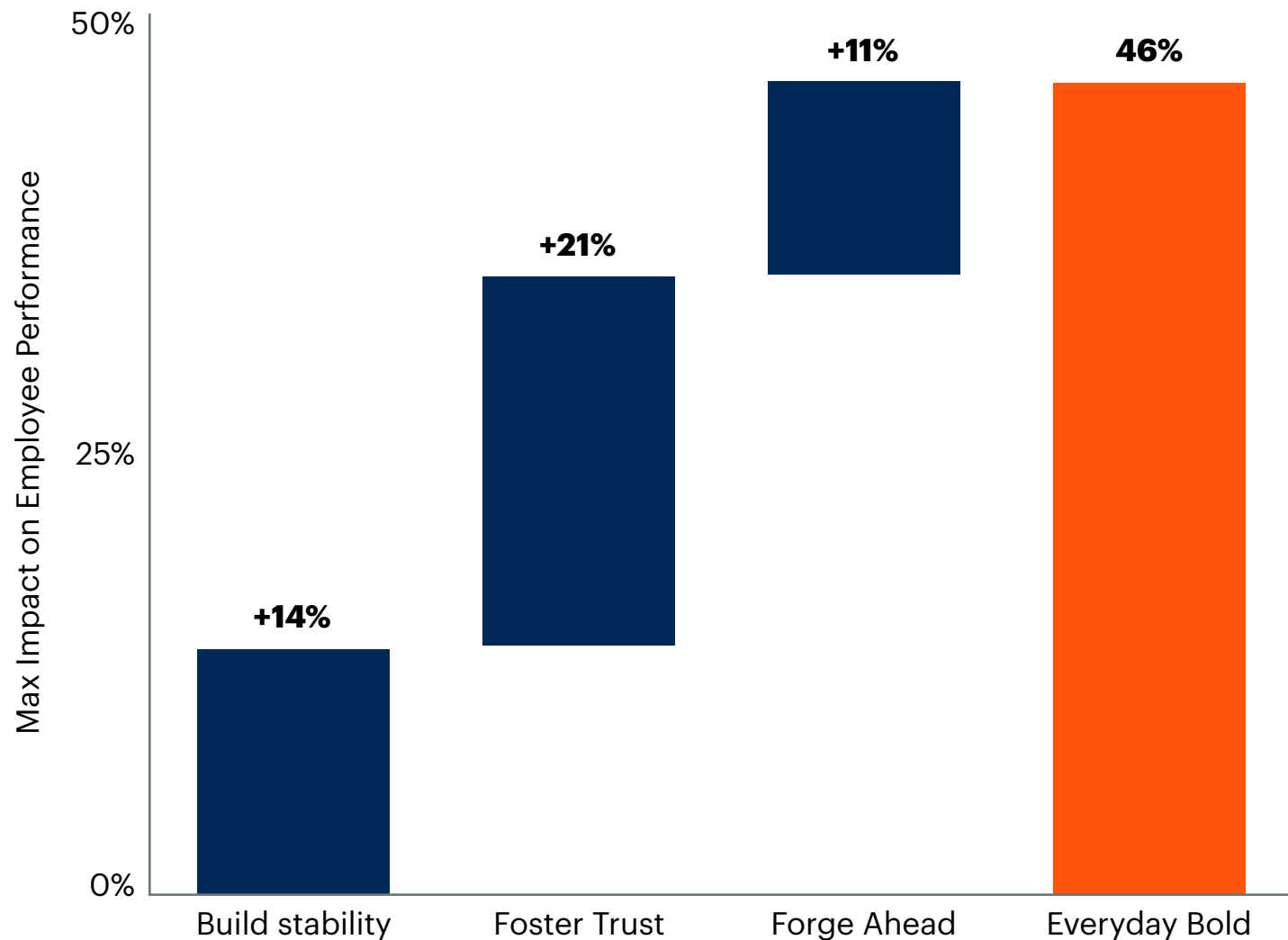
J.M. Smucker's lets go of preconceptions of what hybrid work should be to find its own creative solution. Instead of mandating a certain number of days per week in the office, the company designated a few core weeks throughout the year during which employees are expected to work in-person, scheduled well in advance.¹⁰ This solution makes the office a destination and ensures the time employees invest there is well-spent.

Shopify took the radical step of letting go of work that's often not critical to begin with — meetings. The company took all recurring meetings off the calendar, then

deployed a meeting cost calculator. This calculator uses the number of attendees, their salaries, the meeting length and other meeting resources to calculate the monetary cost of each gathering. Employees can see that a three-person meeting for 30 minutes can cost the company up to \$1,600.¹¹ This makes it easier to decide which meetings are worth the cost to keep and which to cancel.

Organizations like these, that are best at letting go to forge ahead, have employees who are 10 times more likely to say their organization enables innovation, which is a critical aspect of Everyday Bold.²

» Figure 2: Components of Everyday Bold and Their Impact on Performance



n = 3,540 employees
Source: 2023 Gartner ReimagineHR Employee Survey

To continue to succeed and evolve in the paradigm-shifting challenges ahead, such as GenAI, inclusive workforces, the new world of hybrid work, and more, HR leaders need to adopt Everyday Bold. Each of the core tenets of Everyday Bold returns outsized boosts in employee performance (see Figure 2). Employees who do all three, however, will see the largest gains: a 46% increase in performance.

Simply reacting to these challenges is insufficient, and organizations will miss the next wave of innovation in work. HR leaders must create the conditions today by building stability, initiating trust and forging ahead, to competently and confidently break boundaries in the future.

¹ 2023 Gartner ReimagineHR HR Leader Survey. This survey was conducted to understand how HR leaders can promote Everyday Bold policies in their organizations. The research was conducted online from 28 June through 19 July 2023 and contains responses from 287 HR leaders with representation from various countries and industries.

² 2023 Gartner ReimagineHR Employee Survey. This survey was conducted to understand how employee

performance and work experiences vary depending on whether an organization is “bold everyday.” The research was conducted online from 22 June through 14 July 2023 and contains responses from 3,540 employees with representation from various regions, industries and functions.

³ 2022 Gartner Culture in a Hybrid World Employee Survey. This survey was conducted in December 2021. It included responses from 6,758 employees. The survey focused on employees’ experiences and opinions related to their organization’s culture and their connectedness to it, with representation from various geographies, industries and functions.

⁴ Reskilling in the Age of AI, HBR.

⁵ How Schneider’s Truck Technology Enhances Vehicle and Driver Safety, Schneider.

⁶ Centaurs and Cyborgs on the Jagged Frontier, One Useful Thing.

⁷ Best Practices for DEI: 3 Companies That Get It Right, HR Morning.

⁸ Maryland Will No Longer Require Four-Year Degrees for Thousands of State Jobs, NPR.

⁹ Stop Requiring College Degrees for Jobs That Don’t Need Them, Vox.

¹⁰ Smucker’s Return-to-Office Plan Is a Full Embrace of Remote Work — With the Big Catch That It Creates an Entirely New Kind of Super-Commuter, Yahoo Finance.

¹¹ How Shopify’s Anti-meeting, Anti-mandatory-office Experiment Is Going, Fast Company.

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Top 5 Priorities for HR Leaders in 2024

by Chief Etheridge

In this article we share insights on HR leaders' top five HR priorities for 2024: leader and manager development, organizational culture, HR technology, change management, and career management and internal mobility.

Heading into 2024, HR's scope of work continues to expand. CHROs face increasing organizational demands to provide greater and more complex types of support with limited additional resources and a fatigued workforce. Organizations now task CHROs with addressing issues like creating a more human-centric employee value proposition, increasing hybrid work productivity and augmenting processes with AI. These are all new responsibilities that require unique expertise.

These growing demands coincide with larger organizational trends impacting HR strategy, such as uneasy employee-employer relationships, persistent skills shortages, disruptive technology innovations and pressure to increase operational efficiency.

To navigate this new environment, CHROs must proactively set priorities for their functions and goals for themselves in alignment with their

businesses. To provide insight into what peers are prioritizing in their HR agendas for the coming year, we surveyed 520 HR leaders across 40 countries and all major industries.¹

Looking toward 2024, HR leaders selected the following as their top five key HR priorities (see Table 1).

» Table 1: Top five HR priorities to support their organizational priorities in 2024

Priorities for HR leaders in 2024

- 1 Leader and manager development
- 2 Organizational culture
- 3 HR technology
- 4 Change management
- 5 Career management and internal mobility

Source: Gartner

State Farm's REAL Performance Program

State Farm understood the increasing expectations for managers and sought to help them learn and practice new people management behaviors. Rather than simply upskilling managers on people management skills, the organization created REAL Performance. This program enables State Farm managers to routinely practice and build better leadership habits into their work, like consistently asking for feedback during employee check-ins. After implementing the program, employees reported an improvement in their managers' people management behavior.

Priority No. 1: Leader and Manager Development

Leader and manager development, 2023's top priority for HR leaders, continues to be a major concern for HR. In recent years, organizations' and employees' expectations of managers evolved as they asked managers to manage hybrid teams; address concerns about diversity, equity and inclusion; protect employee well-being and deliver a more human employee experience.

These growing expectations, coming from both executive leaders and their own teams, are putting unsustainable pressure on managers. Seventy-five percent of HR leaders say their managers are overwhelmed by the growth of their job responsibilities.¹ If organizations fail to identify ways to alleviate managers' workloads, they risk ineffective management that can directly impact employees' performance and their intent to stay at the organization.

Organizations tend to approach leader and manager development by investing in managers' skills, whether by updating their competency models or offering new training on topics like coaching and empathy. But these

skills-focused approaches are not working. In fact, three out of four HR leaders believe their development programs are ineffective.² While skills help managers build expertise, they do not reduce the workload, drive motivation, change processes around the job or drive long-term behavioral change required for the job.

Priority No. 2: Organizational Culture

Hybrid work is changing how employees experience organizational culture, and as they look ahead to 2024, HR leaders are struggling with how to measure and drive culture. Hybrid and remote workers spend 65% less time in offices than before the COVID-19 pandemic, meaning organizations can no longer rely on in-person interaction in offices to connect employees with culture.³ In this hybrid environment, HR leaders must find ways to align and connect employees to organizational culture if they want to succeed.

HR leaders can determine if they are successfully driving employees' cultural alignment and connection by assessing whether employees know what the organization's culture is, believe the culture is right and identify with the culture, among other key components.

Infinera's Organizational Trust Matrix

Infinera, a telecommunications company based in California, struck a balance between cultural alignment and connection by using a “trust matrix” to improve its organizational culture across functions (see Figure 1). Trust is a key component of Infinera’s culture, and in an effort to make trust as tangible as possible, the matrix requires leaders to capture the health of their respective relationships with other leaders and their teams. The goal of assessing cross-functional trust is to cultivate better communication, as the trust matrix encourages conversations about trust-eroding behaviors that affect culture and how to collectively address and fix them.

» **Figure 1: Infinera’s Organizational Trust Matrix**
Illustrative

Q1	Engineering	Sales	Services	HR	Operations	Finance	IT
Engineering	X	W	G	W	W	W	W
Sales	W	X	G	G	W	W	W
Services	G	G	X	G	W	W	W
HR	W	G	G	X	G	T	G
Operations	W	W	W	G	X	W	G
Finance	W	W	W	T	W	X	T
IT	W	T	W	G	G	W	X

Organizational Trust Criteria		
G	Good 8-10	Teams are working together at the highest level with trust, collaboration, empathy and impactful results.
W	Warning 4-7	Trust is transactional, inconsistent positive intent, and outcomes need to be better. Action needed here.
T	Threat 0-3	Need significant work in all criteria.

! Not All Relationships Should Be Green
“For instance, legal and engineering don’t need constant collaboration. Their relationship should be transactional, ad hoc, and hence, yellow.”

Source: Adapted From Infinera

Priority No. 3:
HR Technology

HR leaders' prioritization of HR technology likely stems from the overenthusiasm and unrealistic projections around AI and its ability to augment and disrupt the HR function. This hype has made HR leaders eager to leverage AI, specifically GenAI, within their organizations. Most HR leaders (76%) agree they will be lagging in organizational success if they do not adopt and implement GenAI in the next 12 to 24 months.⁴

However, as technology rapidly evolves, HR leaders must use a calculated approach to evaluating and assessing whether to adopt new technologies — and if so, when.

There are several key areas to consider and measure against when deciding whether to adopt AI or any other technology. Every organization will have different criteria, but HR leaders should consider four areas in particular: workforce readiness, vendor landscape, risks and ethics, and governance (see Figure 2).

Workforce readiness is critical to account for, as investment in new technology will impact employees' and teams' workflows in different ways.

» **Figure 2: Key HR Technology Questions to Consider and Measure Against**



Source: Gartner

IBM's Roadmap for Redirecting Technology Resistors

IBM recognized the importance of workforce readiness when its HR leaders set out to create a single digital point of entry for HR support, a chatbot channel, while also rolling out beta versions of new solutions to improve the chatbot over time.

Understanding there would be employee adoption barriers, IBM developed strategies to mitigate employee resistance. Its roadmap for chatbot adoption included a period when the company slowly discontinued old HR support channels, and targeted reengagement campaigns at employees with initial negative experiences. By iteratively rolling out, prompting feedback on, and showing the improvement of the chatbot, adoption rates and satisfaction rates increased over time.

Priority No. 4: Change Management

Employees' capacity for change diminished in recent years, due to the many organizational changes needed to support remote work, navigate a tight labor market and prioritize mental and physical well-being. In fact, the average employee experienced 10 planned enterprise changes in 2022, up from just two in 2016.^{5,6} Moreover, employees' willingness to support enterprise change collapsed to just 43% in 2022, compared with 74% of employees in 2016.^{6,7,8}

HR leaders are keenly aware of changes' impact on employees. Seventy-seven percent agree a barrier to achieving their functional goals is that their employees are fatigued from all the change.¹ Change-fatigued employees can negatively impact outcomes like enterprise contribution, trust and intent to stay.

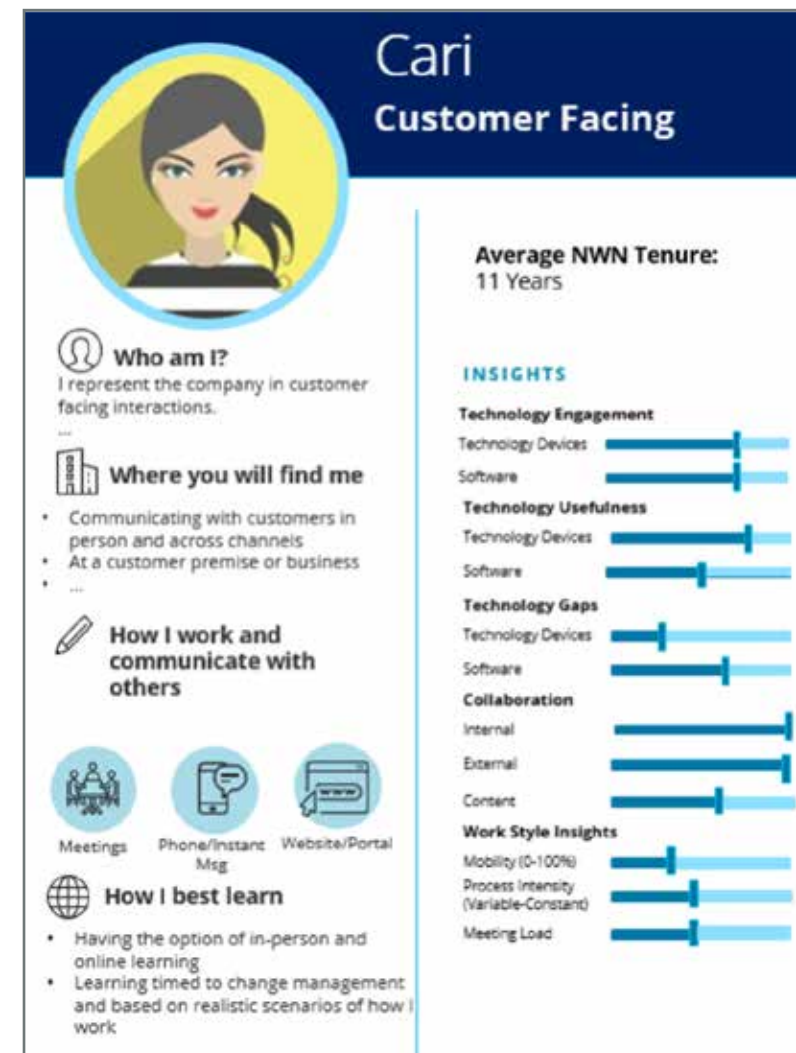
When HR leaders proactively develop plans to identify, prevent and fix change fatigue across change initiatives, they can more effectively resolve and root out change fatigue and ensure organizational change adoption.

NW Natural's Employee Personas

Like many organizations, NW Natural, a U.S.-based utilities company, was unable to account for project- and enterprise-level changes when planning its organizational resource capacity. This often led to unexpected resource constraints and teams would feel overwhelmed.

To proactively prepare for change, NW Natural adopted a human-centric capacity planning approach, which included building employee persona groups based on attributes like mobility, degree of collaboration and meeting load (see Figure 3). This strategy helps minimize the impact of change by grouping employees with comparable learning preferences and work attributes together when delivering change updates and change-adoption training.

» **Figure 3: Personas That Face Similar Change Impact**
Illustrative



Source: Adapted From NW Natural

Priority No. 5: Career Management and Internal Mobility

When it comes to career management and internal mobility, HR leaders are primarily concerned their organizations are not providing clear and compelling career paths for employees, both of which are critical for talent attraction and retention. Notably, less than one in three employees has a clear sense of how to progress their careers over the next five years and only 39% of active job seekers say they are interested in internal roles.⁹

These struggles highlight how traditional approaches to career pathing are failing to meet the demands of evolving talent needs. In today's workforce, career pathing must be more agile and support employees' mobility (within and across the organization) and their changing career interests. Moreover, organizations must support the varying needs and interests of diverse workforce segments in their careers. To do this, HR leaders must:

1. Create touchpoints with career options to make it seamless for employees to see how the experience of one career path compares with another.
2. Crowdsource diverse colleague examples to show employees there are many routes to take to experience a successful career at the organization and help them dynamically track their progress.
3. Expand the scope of career support to help employees zoom out from existing options so they know they can achieve their personal, not just professional, career goals at the organization.



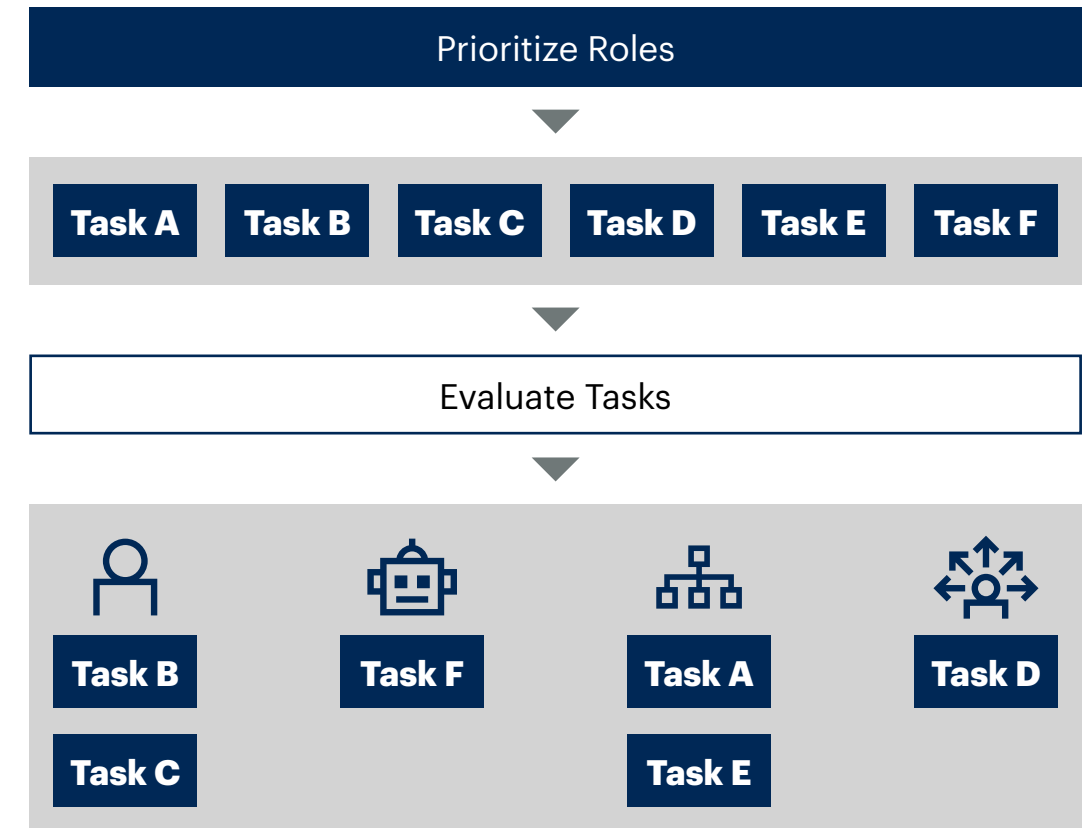
GSK's Talent Marketplace

One technological innovation helping organizations' implement adaptive career designs is internal talent marketplaces. GSK recently underwent an organizational transformation that separated its consumer healthcare and core biopharmaceuticals businesses. Understanding the need to develop new skill sets within the consumer healthcare business, GSK invested in talent marketplace technology to support the transformation.

Within the talent marketplace, GSK's HR and business leaders mapped employee development opportunities (including part-time project work, skills mentoring and internal job mobility) where employees could develop new skills and support critical business needs (see Figure 4). The talent marketplace helped employees clearly identify and visualize different career opportunities that could accelerate their career advancement through new experiences and skills gained outside of their current roles.



» Figure 4: Co-Creating Talent Marketplace Pilots With Business



Source: Adapted From GSK

¹ 2024 Gartner HR Priorities Survey: This survey was conducted to understand HR leader priorities in 2024. The survey was conducted online from 6 July through 7 September 2023. It includes responses from 520 HR leaders of varying roles, industries, and regions.

² 2023 Gartner Building an Organization of Great Managers Manager Survey: This survey was conducted to understand various aspects of organizations' approach to achieving manager effectiveness and how these affect manager as well as team-level outcomes. The research was conducted online from 30 January through 6 March 2023 among 3,186 managers from various geographies, industries and functions.

³ 2022 Gartner Culture in a Hybrid World HR Leader Survey: This survey, conducted in Jan 2022, asked 235 HR leaders about their opinions related to their organization's culture. Survey respondents were from organizations worldwide and across industries.

⁴ Benchmark With Gartner: Persistent Talent Shortages, Sustaining DEI and Other Emerging Issues Webinar Poll, 22 March 2023, n = 104.

⁵ The 2016 Gartner Workforce Change Survey (n = 6,686 employees) was conducted to understand the levels of change employees experience and the impact of different change management strategies on change success. It had respondents from various geographies, industries and functions.

⁶ The 2022 Gartner Workforce Change Fatigue Survey was conducted to understand the levels of change fatigue in employees and the manager's role in mitigating it. The research was conducted online from 28 Feb through 16 March 2022 among 3,548 respondents from various geographies, industries and functions.

⁷ The 2022 Gartner HR Change Management Survey (n = 41 HR leaders) was conducted online from 3 March through 28 March 2022 to understand how Gartner's clients equip managers to lead their employees through change and understand their focus on change adoption versus change fatigue. In total, 42 HR Research Circle, IT & Business Leaders Research Circle and CIO Research Circle members participated. Members from North America (n = 21), EMEA (n = 12), Asia/Pacific (n = 7) and Latin America (n = 1) responded to the survey.




⁸ The 2022 Gartner Organizational Effectiveness and Key Priorities Survey was conducted to better understand key priorities for organization design and change management for 2023, and to test hypotheses related to willingness to change and the work friction concept. It also collected data on HR professionals' priorities. The survey was conducted online from 24 November through 8 December 2022 and contains responses from 3,497 employees with representation from various regions, industries and functions. As a prerequisite to respond to questions on HR professionals, respondents were required to have interacted with their HRBP in the past.

⁹ The 2022 Gartner New Talent Landscape and Career Pathing Survey was conducted to better understand employees' attitudes toward the hypercompetitive labor market and their feelings on career pathing in hybrid roles. The survey was conducted online from 28 February through 23 March 2022 and contains responses from 3,370 employees with representation from various regions, industries and functions.

Top 5 HR Trends and Priorities for 2024

Gartner surveyed 500+ HR leaders across 60 countries and all major industries to identify HR trends and expected challenges for 2024.

This report highlights key findings from the survey, detailing:

-  The five HR initiatives that leaders are prioritizing in 2024
-  Actions HR leadership should take to address each priority in the year ahead
-  What's driving top priorities and why action is imperative for HR leaders

View the key findings and assess your top priorities for 2024. [Download Report](#) ↗



Measuring the Effectiveness of Well-Being Investments

by Brent Cassell

Only 32% of total rewards leaders believe their organization does a good job assessing the effectiveness of well-being investments. To better measure and communicate the value of these programs, total rewards leaders need a new framework for selecting metrics and telling stories.

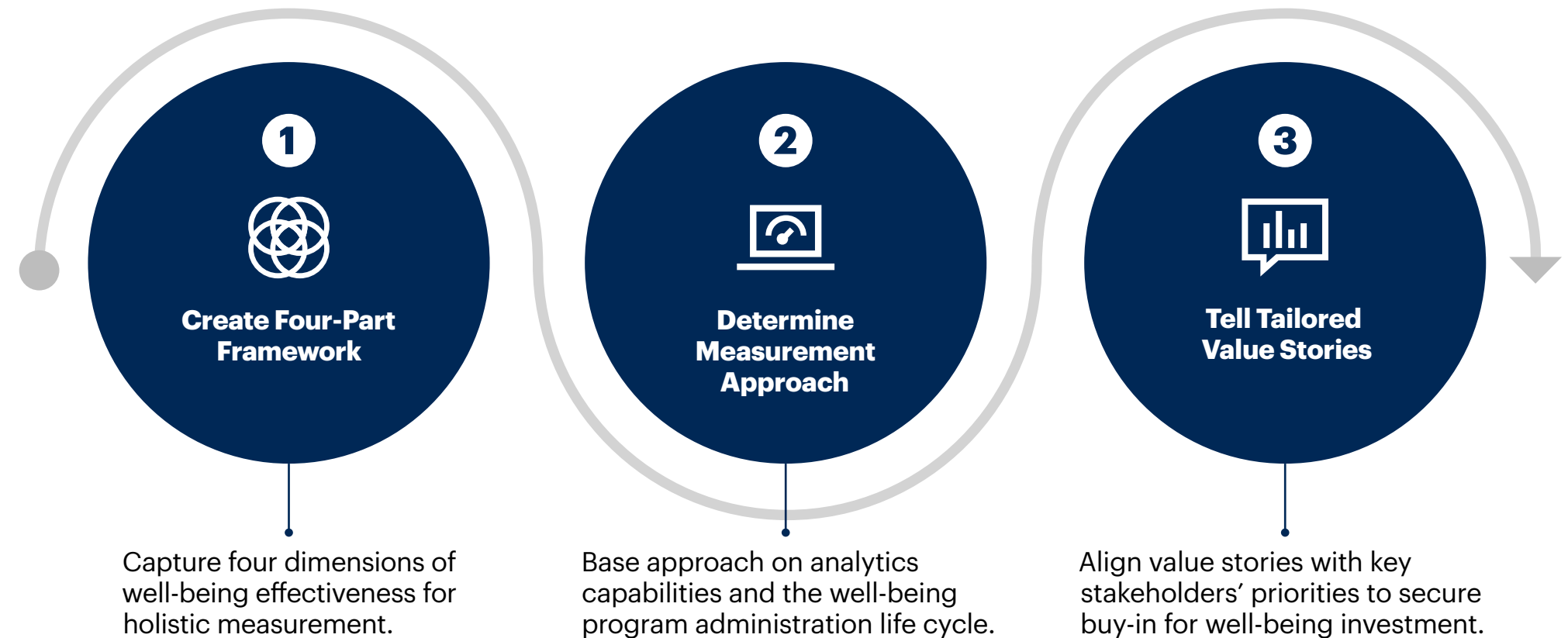


Despite the end of the pandemic and the reopening of offices worldwide, employee wellness has trended steadily downwards since 2022.¹ Currently, only 43% of employees in North America and 36% of employees in EMEA report high levels of mental wellness.¹ As a result, total rewards leaders are continuing to invest in well-being programs. In fact, 92% of total rewards leaders report steady or increasing well-being budgets despite economic pressures.²

Fortunately, participation in at least one well-being program — whether physical, mental, financial, community or career — is associated with a 5% increase in wellness.³ Increased wellness not only makes employees feel better, but also positively impacts talent outcomes like intent to stay, enterprise contribution and engagement.³

Unfortunately, while total rewards leaders know well-being programs work, they struggle to measure the effectiveness of their own offerings. In fact, only 34% agree their organizations currently do a good job of assessing the efficacy of their well-being programs.²

» Figure 1: Three Steps to Demonstrate the Value of Well-Being Investments



Source: Gartner

To measure well-being program effectiveness and communicate its value to senior stakeholders, total rewards leaders must do three things (see Figure 1):

1. Create a four-part framework.
2. Determine a measurement approach.
3. Tell tailored value stories.

Create a Four-Part Framework

Even to seasoned total rewards professionals, the concept of “well-being effectiveness” can seem a bit fuzzy. To help bring it into focus, we recommend using four lenses (see Figure 2):

- 1. Adoption** — Full journey from communication to utilization
- 2. Satisfaction** — Satisfaction with both offerings and the full portfolio
- 3. Wellness** — Pulse on mental, physical and financial wellness
- 4. Outcomes** — Connection to business and talent outcomes

The four lenses are not a maturity model, and it would not be accurate to state that one is more valuable than the others. Instead, each lens provides valuable insights into the functioning of well-being programs and total rewards leaders should utilize metrics from across all four in order to gauge the effectiveness of their own programs.

» Figure 2: Four-Part Framework for Measuring Well-Being Effectiveness



Source: Gartner

Determine a Measurement Approach

Just as marketers measure the entirety of the customer journey, from first seeing the ad to purchasing the product, so too can total rewards leaders understand the various stages of their employees' journey with their well-being programs. There are five stages in total: communication, awareness, relevance, uptake and utilization. Across these five stages, we have identified 11 different metrics total rewards leaders can track.

Total rewards leaders can measure satisfaction in two ways: with a specific well-being program and with the overall portfolio. For individual programs, they could gauge the time it took for employees to access the care they needed. They could also ask employees whether they would

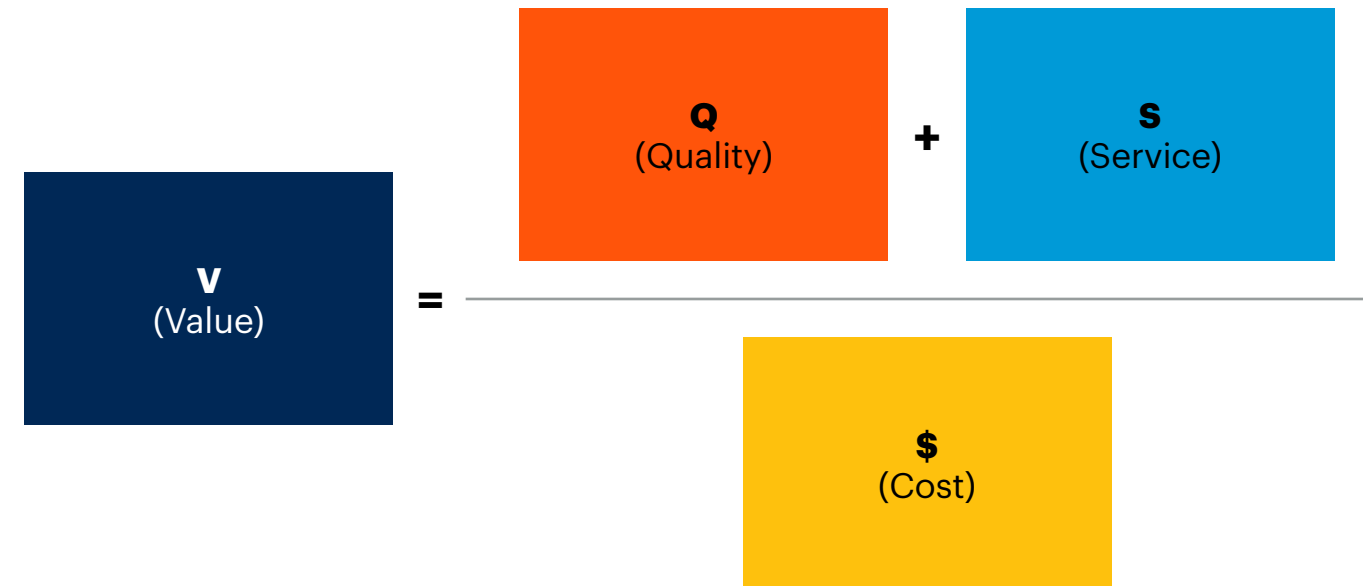
recommend participating in this program to a colleague. For the overall portfolio, they could conduct focus groups or insert questions into their existing employee surveys, such as, "Are you satisfied with the well-being support the organization provides?" and "Do you believe the organization cares about your well-being?"

Measuring wellness is somewhat trickier. Total rewards leaders could, for example, ask employees how well they sleep at night and if they could weather an unexpected financial shock in the next 90 days. However, while there are a number of questions they could ask, they only need to ask three: Do you feel good about your physical, mental and financial health? Asking only these three questions captures 60% of the variability in Gartner's full wellness battery.³

Outcome metrics will be disproportionately more important to a more senior audience, whether in HR or the business. Talent outcomes could include things like engagement, performance or intent to stay. Business outcomes could include healthcare costs, absenteeism/presenteeism and regretted attrition. Ideally, total rewards leaders would want to demonstrate how participation in well-being programs drove these numbers. If that proves untenable, they could measure them before the introduction of a new program and six to 12 months afterward.

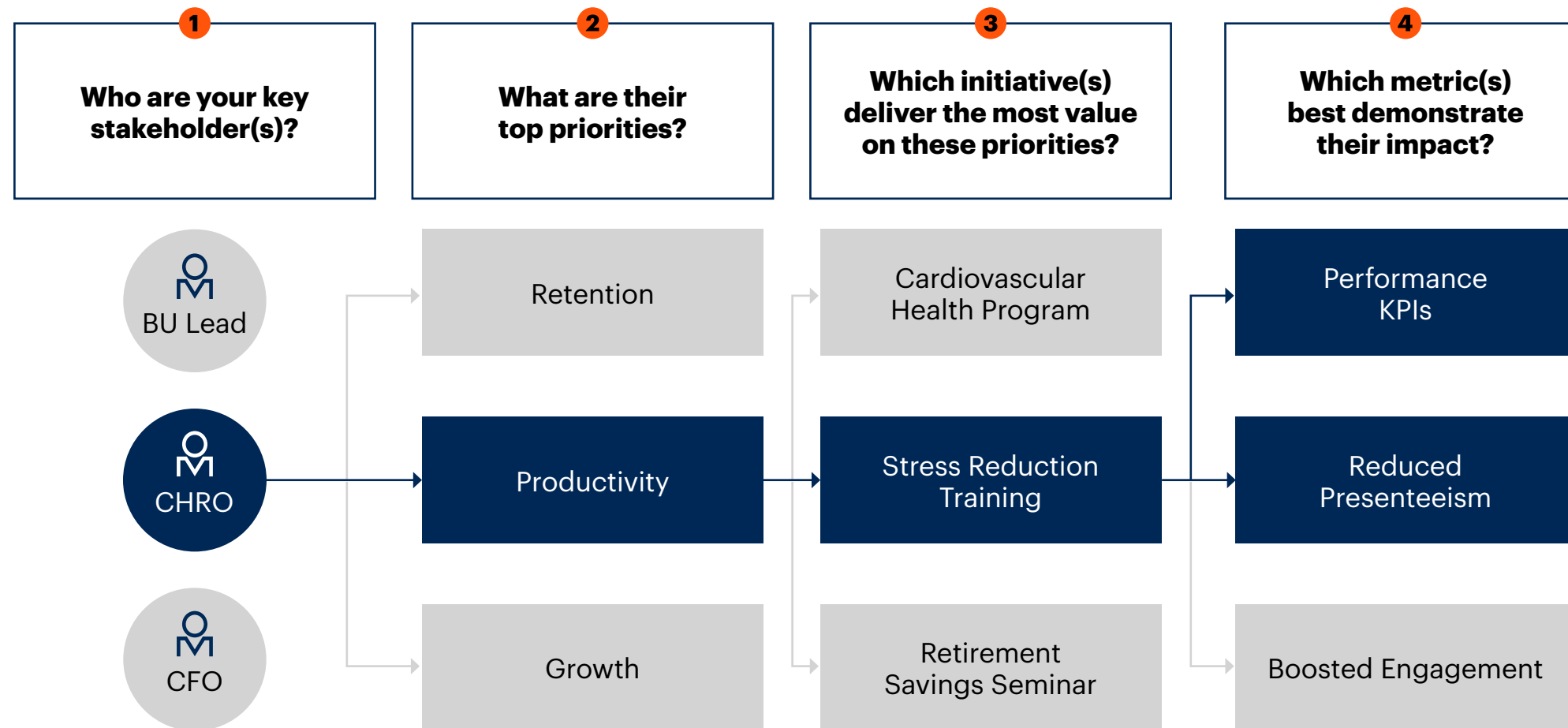
Because measuring value can be so difficult for total rewards leaders, we recommend taking some inspiration from the healthcare sector. St. Luke's, a hospital in Boise, U.S.A., measures the value of the care it provides patients as a function of quality plus service divided by cost (see Figure 3). To adapt this equation to well-being programs, we recommend translating quality to satisfaction and service to adoption. By doing so, total rewards leaders can get a much better sense of their overall value of their own programs. They could then measure changes in value over time or compare different offerings within the portfolio.

» Figure 3: Value-Based Care KPI



Source: Adapted From St. Luke's Health System

» Figure 4: Key Questions to Tell a Well-Being Value Story



Source: Gartner

Tell Tailored Value Stories

While all of these metrics may be interesting to a total rewards audience, they may not be as useful to a more senior audience in HR or the business. To communicate the value of well-being programs to those groups, total rewards leaders must first craft a value story.

To do so, total rewards leaders must ask themselves four questions (see Figure 4):

- Who are your key stakeholders?
- What are their top priorities?
- Which initiatives deliver the most value on these priorities?
- Which metrics best demonstrate their impact?

For example, if a CHRO prioritizes improving the employee experience, total rewards leaders should focus their value story on how well-being helps create an engaging and differentiated employee value proposition. They could then support their story with metrics such as program Net Promoter Score, employee engagement or well-being satisfaction. Alternately, if a CFO prioritizes efficiency and productivity, total rewards leaders should focus on how well-being boosts employee productivity while highlighting the steps they're taking to eliminate underutilized or ineffective programs. They could then support their story with metrics such as program utilization, key performance indicators or presenteeism.

Total rewards leaders must remember that data is a means to an end. They must demonstrate to their key stakeholders how well-being programs contribute to the things they care most about.

In summary, to measure the effectiveness of well-being programs, total rewards leaders must utilize metrics from each of the four lenses: adoption, satisfaction, wellness and outcomes. To communicate that value to a more senior audience, they must first understand what is most important to them and then demonstrate how their programs contribute to achieving those goals.

¹ 2023 Gartner Global Labor Market Survey: This survey was designed to understand the employee perception of key employee experience metrics and how they change over a period. Every month ~6K employees globally participate in this survey. The research was conducted online from January through November 2023 among 66,000 employees from various geographies, industries and functions and was then aggregated to generate quarterly/annual findings.

² 2023 Gartner Total Rewards Compensation Survey: This survey was conducted to understand the perspective of heads of total rewards and other HR leaders on compensation planning and strategy, pay changes, inflation, indirect compensation, and other topics. The research was conducted online from 7 June through 15 July 2023. It contains responses from 155 heads and members of total rewards and compensation teams with representation from various regions and industries.

³ 2022 Gartner Well-Being Employee Survey: This survey was designed to help understand employees' preferences for well-being programs and the impact well-being offerings have on wellness and engagement. The survey was conducted online from 29 November through 26 December 2022 among 3,097 employees with representation from various regions, industries and functions.

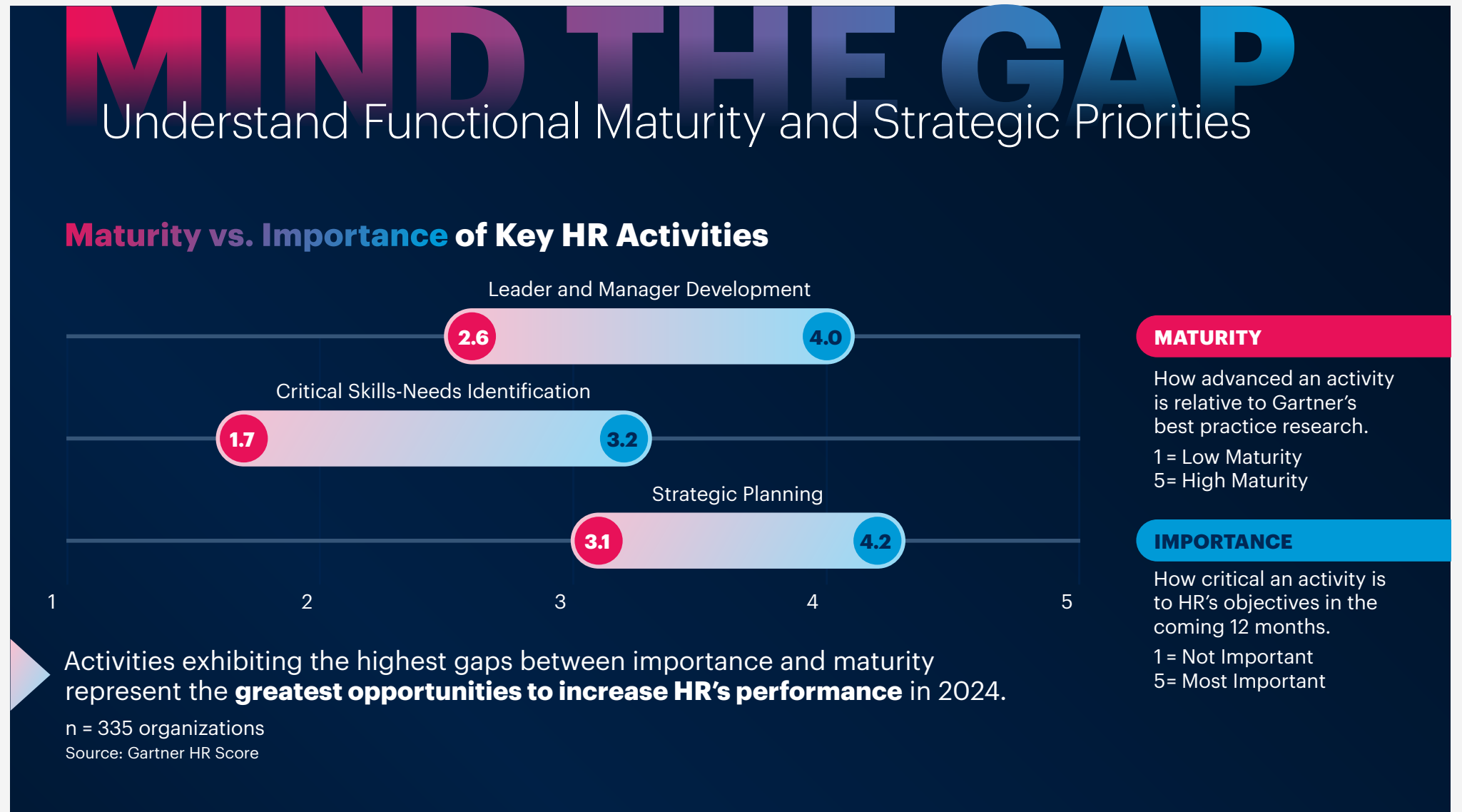
Maturity Gaps in High-Priority HR Activities

by Emily Meltzer

Just because an HR activity is a high priority for an organization, that doesn't mean the HR function is executing this activity in line with best practices. Data from Gartner's HR Score diagnostic shows significant gaps between how important organizations consider an activity and their average level of maturity in performing it. The largest gaps between importance and maturity are in:

- Leader and Manager Development
- Critical Skills-Needs Identification
- Strategic Planning

Gartner HR clients can use HR Score to evaluate the effectiveness of their HR function using objective, peer-based performance standards. This tool enables HR leaders to identify their own organization's maturity gaps, set strategic priorities and ensure their HR function's initiatives are aligned to their organization's needs.



Focus on Managers to Improve HR Technology and Service Delivery

by Zachary Friedman

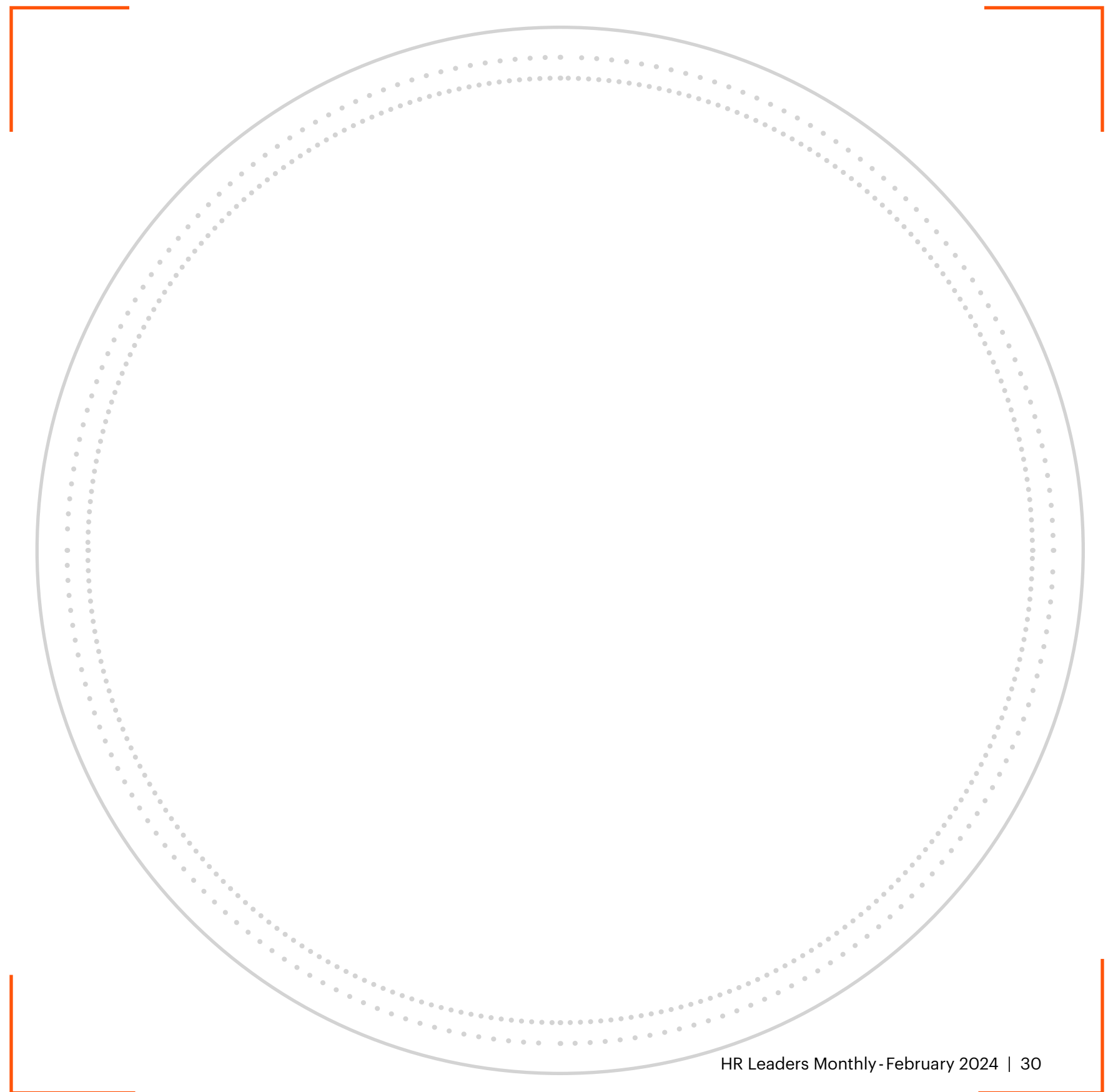
HR leaders looking to improve their HR technology and service delivery should prioritize the user experience for managers, who use this technology most frequently and face the most challenges in using it effectively.



HR leaders want their functions to be more responsive, more cost-effective and better aligned with business needs. The most common approach to meeting these goals is to invest in technology. In 2023, HR technology was the No. 1 investment area for HR leaders, with 89% of HR leaders saying they planned to increase or maintain their HR technology budget.¹

But are these tech investments truly paying off? When looking at how end users feel about HR technology, the results aren't so promising: Only 36% of employees agree HR proactively looks for ways to make processes and systems more user-friendly.²

Even HR leaders acknowledge that HR isn't designing processes in a user-centric way. Less than one-fourth of HR operations and shared services leaders agree their HR processes are designed with the end user first.³ With the vast majority of HR processes being designed based on available technology and existing processes, the end-user experience is being deprioritized — and this adversely affects how others in the organization interact with HR.



Managers Face the Greatest HR Service Challenges

A Gartner analysis of HR service interactions reveals managers face the greatest challenges in user experience, for two main reasons:

- **Manager-HR interactions are more frequent** — Fifty-five percent of nonmanagers contact HR around once per year, while 51% of managers contact HR at least once per month.⁴ Managers have more tasks to complete that require HR assistance.
- **Manager-HR interactions are more complicated** — Managers are over twice as likely as nonmanagers to (1) use multiple channels to contact HR, (2) have their issue escalated to another individual within HR and (3) have their request transferred to another internal HR team.⁴

Alarming, one out of every three managers dreads having to contact HR.⁴ Given the frequency and complexity of manager-HR interactions, these negative perceptions are a major warning sign for HR functional effectiveness.

HR leaders should prioritize managers when improving their customer-facing, end-user experience. Focusing on managers will have the greatest end-user impact and address negative feelings toward the function.

HR leaders can improve the manager-HR experience with the following three steps:

- 1. Use journey maps to understand the manager experience** and increase the relevance of HR tech and service delivery today.
- 2. Involve managers in process improvements** to make HR systems and processes more user-friendly.
- 3. Challenge managers' preferences for personal support** to help them embrace HR technology innovation.

Use Journey Maps to Understand the Manager Experience

Managers have a wide variety of touchpoints with HR, supporting their own HR needs as well as the needs of their direct reports. However, how managers interact with HR depends largely on the context of the touchpoint: Is it more operational, or more interpersonal?

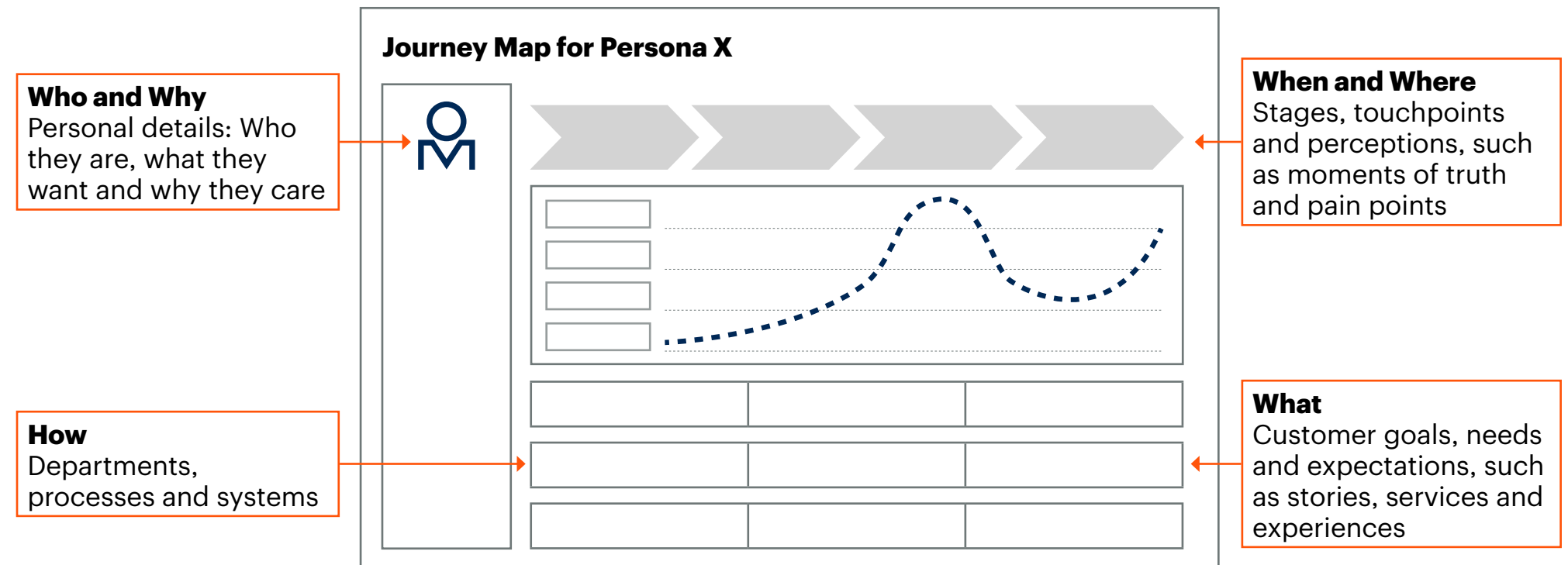
Managers most often resolve operational requests (such as taking PTO or changing benefits elections) with online self-service portals. Managers most often resolve interpersonal challenges (such as resolving work conflicts) with a face-to-face meeting with HR.⁴

Sometimes, however, the touchpoint is a combination of both operational and interpersonal, like work-life changes (such as taking parental leave or establishing a flexible work arrangement). Managers most often contact their HRBP to resolve these issues.⁴

There is no clear path for managers, and the process of figuring out the right channel to contact HR can be frustrating. To clarify HR's offerings and how managers use them, HR leaders must use the tools available to them to understand manager wants and needs.

HR can better understand managers' experience through the process of journey mapping. A journey map is a visual representation of the steps an employee goes through, and their touchpoints with an organization, to reach a goal. It follows the flow of events and presents, from their perspective, the story of their journey with its highlights and challenges (see Figure 1).

» Figure 1: Typical Journey Mapping Elements



Source: Gartner

One organization that leveraged journey mapping to improve employee interactions with HR is the New South Wales Department of Planning and Environment (NSW DPE).

Involve Managers in Process Improvements

Managers today are largely uninvolved in HR process improvements, with 46% of managers feeling HR doesn't consider their feedback to improve systems and processes.⁴ This not only creates processes that aren't optimized for manager use, but it can also lead to manager frustration and survey fatigue.



NSW DPE's Consolidated Intranet

Following a merger of departments, NSW DPE received feedback from employees that the organization's intranet made it difficult to find the information necessary to do their jobs. NSW DPE recognized an urgent need to launch a redesigned intranet.

The organization conducted user experience research including interviews, workshops and surveys to capture employee voice and build an understanding of how current resources were being used. NSW DPE learned through researching employee journeys that its users required three things from their intranet:

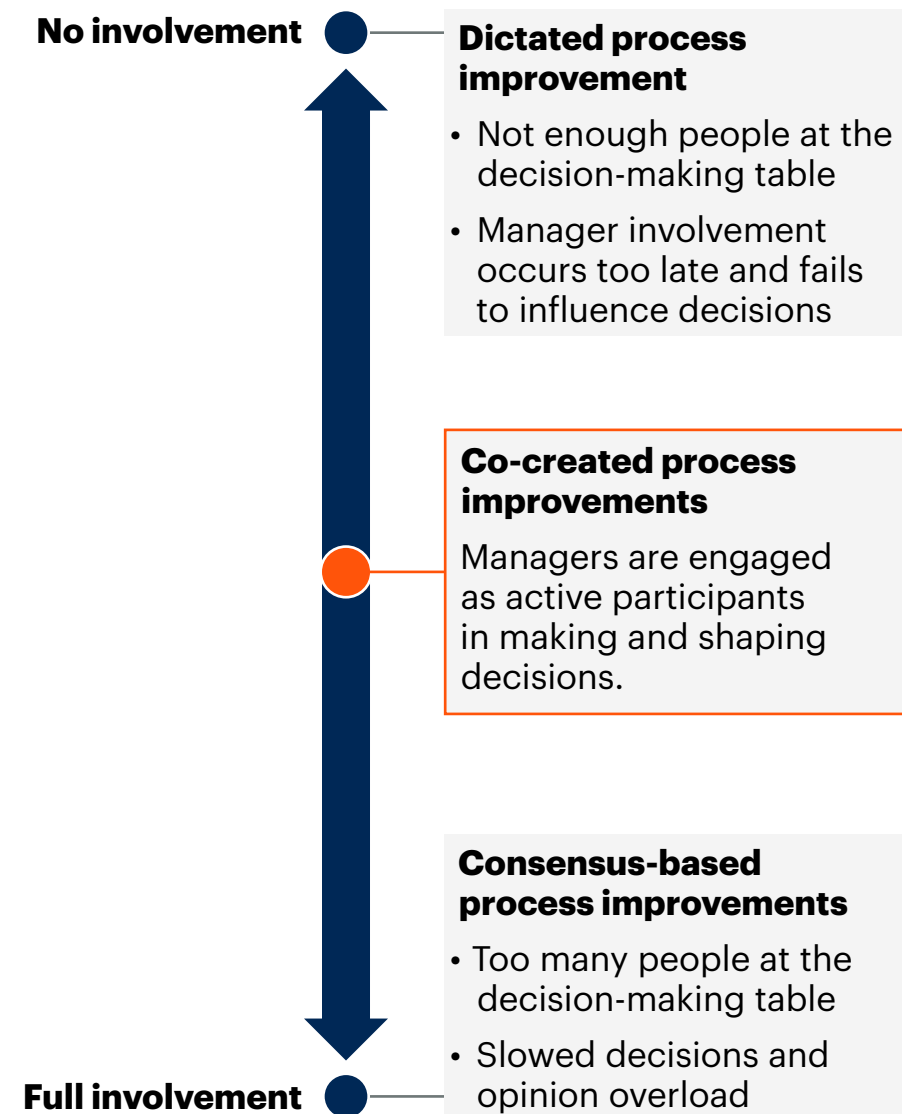
- Find what I need quickly.
- Stay on top of what I need to know.
- Get support when I need it.

To support these needs, NSW DPE developed guiding principles for intranet content and consolidated over 2,000 intranet pages into fewer than 500.

Finally, NSW DPE implemented ongoing audits (a quarterly accuracy review and a biannual experience review) to ensure new content principles are upheld and the intranet remains easy to use over time.



» Figure 2: Manager Involvement Continuum



Source: Gartner

Instead of asking for manager feedback after processes are implemented, the best strategy for involving managers is co-creation, which engages managers as active participants in making and shaping decisions (see Figure 2). As end users of processes and technology, managers can provide unique insight into areas for improvement.

To co-create process improvements with your managers:

- Give managers a seat at the table when discussing HR process improvements.
- Understand manager pain points and empower them to propose solutions.
- Prioritize high-impact, easy-to-change solutions.

The No. 1 reason managers chose to contact HR rather than using self-service was they simply preferred to have HR help them.²

IBM's Roadmap for New Technology Adoption

Before IBM released a minimum viable product of its new HR chatbot, its HR team developed an engagement roadmap to continually redirect resistors to the chatbot.

Strategies for fostering adoption of new technology included:

- **Triage period** — For the first six months of the transformation, HR retained its email and phone channels but told anyone who used them that the chatbot would be the only channel soon.
- **“Good old days” debunking** — HR collected data for its baseline effectiveness before the transformation to prove the new service was quantitatively on par or better than before.
- **Targeted communication of improvement** — HR used feedback to identify end users who were unhappy with new processes and demonstrated how they had been fixed.

While managers were skeptical at the outset of the transformation, manager adoption of the chatbot has now reached 96%, and the Net Promoter Score of the chatbot increased from -8% at rollout to +74% in 2023.

Challenge Managers' Preferences for Personal Support

Despite efforts to introduce more technology-based HR support — whether through self-service tools or chatbots — end-user adoption remains a struggle. Managers and executives are often used to working with an individual to resolve their HR questions. In fact, 68% of managers indicate their most recent HR inquiry could not have been resolved without contacting a person in HR.²

However, when looking at why managers desire personal support, it becomes clear that personal support is more of a preference than a need.

Rather than defaulting to human-led service delivery, organizations must demonstrate to users that technology and self-service tools can offer a positive and more efficient experience. HR leaders can challenge naysayers by using targeted strategies to engage them with new technology and making the transition from personal service delivery to tech-led service seamless.

In the course of introducing a chatbot for HR to support the workforce, IBM developed a roadmap for new technology adoption that demonstrates the power of

challenging managers' preferences. There may always be resistance when implementing new technology, but HR leaders should not be afraid to challenge this sentiment, especially if it's just based on a preference.

Conclusion

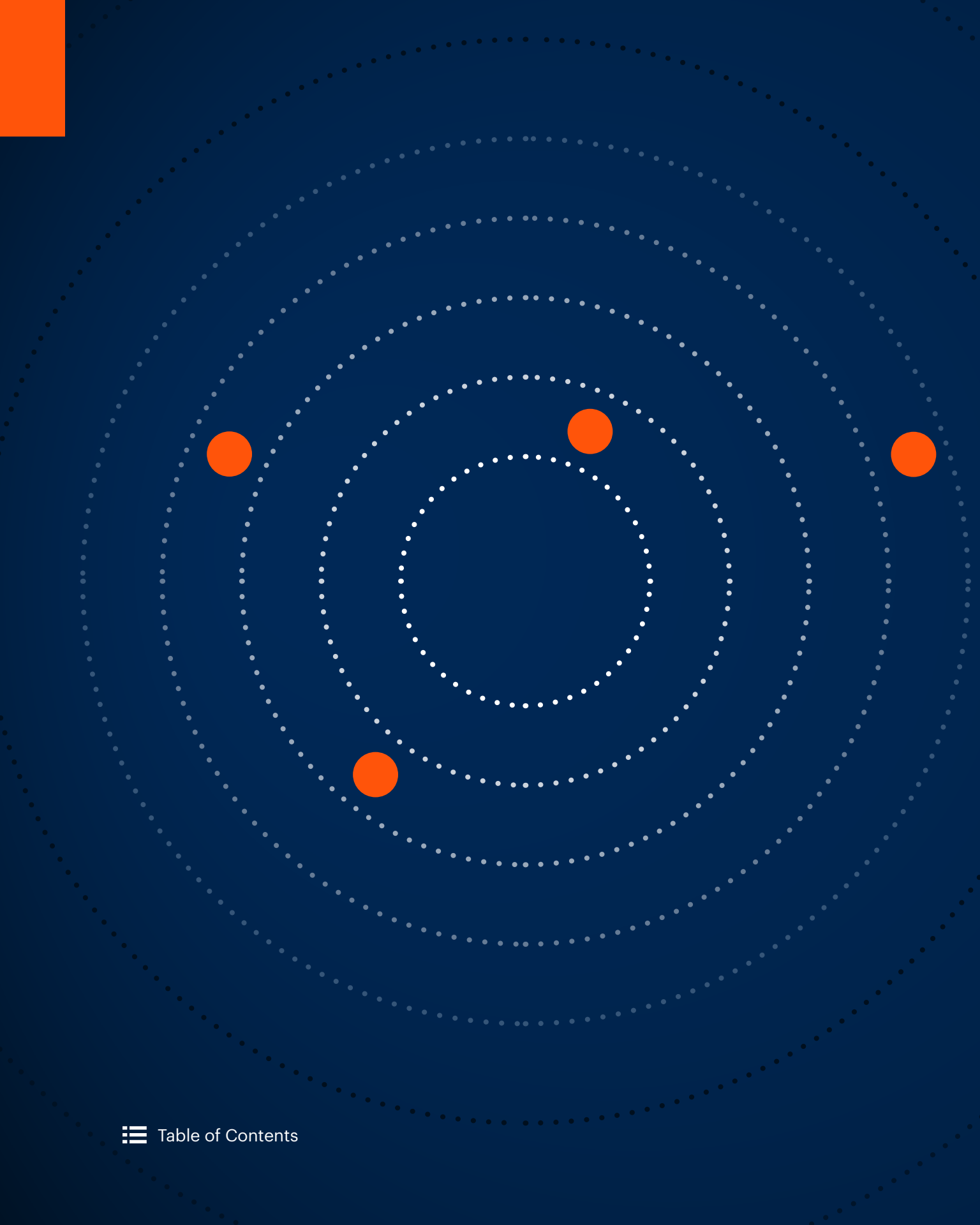
With current advancements in technology that help HR become more responsive, efficient and aligned to end-user needs, HR functions have a tremendous opportunity to focus on their end users and make their experiences as seamless as possible. Prioritizing focus on managers is a great place to start, since they are HR's most frequent users. After securing manager buy-in, it will be much easier to help the rest of the workforce adapt to new technologies and processes.

³ 2023 Gartner Future of HR Shared Services HR Leader Survey: This survey was conducted to understand the current state of HR shared services including topics such as structure, goals, user experience, process distribution and technology. The research was conducted online from 16 March through 2 May 2023 and contains responses from 68 HR shared services/HR operations leaders with representation from various geographies and industries.

⁴ 2023 Gartner HR Service Delivery Employee Survey: This survey was conducted to understand employees' experiences and opinions regarding their HR function. The survey was conducted online from 2 through 27 March 2023 and contains responses from 3,608 employees with representation from various regions, industries and functions.

¹ 2023 Gartner HR Budget & Efficiency Survey: This is an always-on survey with biannual benchmark updates. The current published benchmark was last updated with data collected from January 2023 through June 2023 and contains responses from 61 HR leaders from various regions, industries and functions. All data is collected from Gartner clients.

² 2023 Gartner HR Functional Excellence Employee Survey: This survey was conducted to understand employees' experiences and opinions regarding their HR function. The survey was conducted online from 2 February through 10 February 2023 and contains 3,510 employees with representation from various regions, industries and functions.



How to Address the **4 Warning Signs** of Manager Failure

by Jonah Shepp, Swagatam Basu and Arijit Das

Nearly half of managers are at risk of failure, and the warning signs are not always obvious. HR leaders can use this research to spot the key predictors of manager failure and address them before they lead to negative talent outcomes.

Forty-eight percent of managers today are at risk of failure.^{1,2} HR leaders can assess the risk of manager failure in similar terms to how economists assess an asset as risky: inconsistent current performance and weak future outlook. We consider a manager to be at risk of failure if both these conditions are true:

- Their team has been inconsistent in achieving business goals in the last year.
- There is a lack of confidence in the manager's ability to lead the team to future success.

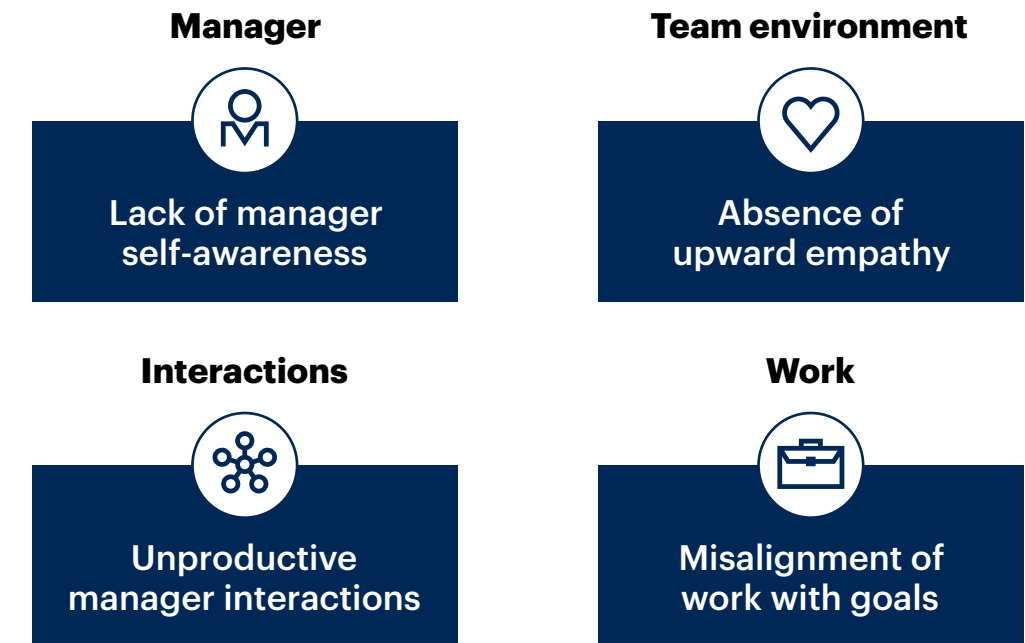
Managers at risk of failure lead to a range of negative talent outcomes. Employees of managers at risk of failure are 91% less likely to be high performers and three times as likely to want to leave their organizations. Teams led by these managers are also four times more likely to underperform on customer satisfaction and innovation goals.^{1,2}

To prevent manager failure, HR leaders must first recognize the signs that a manager is at risk. To uncover this, we surveyed over 3,000 managers and teams, analyzed over 100 predictors of risk of manager failure and identified the four most essential predictors. Contrary to conventional wisdom, challenges such as lack of technical skills, inability to prioritize, inability to communicate change or frequent business disruptions turned out not to be the most important factors.

The top four predictors (see Figure 1) are:

- 1. Lack of manager self-awareness**
- 2. Absence of upward empathy**
- 3. Unproductive manager interactions**
- 4. Misalignment of work with goals**

» **Figure 1: The Four Predictors of Risk of Manager Failure**



n =3,186 managers; 6,356 employees

Source: 2023 Building an Organization of Great Managers Manager Survey;
2022 Gartner Building an Organization of Great Managers Employee Survey

Let's take a closer look at what each of these predictors mean, how to spot the early warning signs and what HR leaders can do to prevent or mitigate them.

Lack of Manager Self-Awareness

By and large, managers are not struggling because they lack the right skills. Eighty-two percent of managers say they have the skills they need for their current jobs.² However, only one in five HR leaders say managers at their organization are aware of their own strengths and development areas.³ The problem is not a lack of skills, but rather a lack of self-awareness. Managers who are unaware of their own strengths and development areas are nearly three times as likely to fail as those who possess this self-awareness.^{1,2}

Warning signs that a manager lacks self-awareness include:

- Becoming defensive in response to constructive feedback
- Preferring not to delegate tasks, even when they do not have the right skills for them
- Seeking approval from senior stakeholders for decisions they should be able to make independently

To address this challenge, HR leaders should learn to recognize these warning signs among managers and address them as early as possible. They can also prevent them by taking early action to build manager self-awareness, even before an employee gets promoted into a manager role.



Case in Point
WPS Health Solutions

WPS | HEALTH
SOLUTIONS

WPS Health Solutions' Program for Practicing the Hardest Parts of the Manager Role

To help first-time managers build self-awareness, WPS Health Solutions developed a simulation program that allows them to get exposed to and become aware of the hardest parts of the job before taking on a people management role. The program included modules on key capabilities such as vulnerability, crucial conversations, uncertainty and resilience, and authenticity. Each module included interactive exercises unrelated to the work that let employees reflect on their own relevant life experiences to build confidence in handling the hardest parts of the manager role.

Absence of Upward Empathy

Empathy is widely understood as an essential skill for managers to develop, and it has become even more important in recent years. Sixty-nine percent of HR leaders say that compared to before the pandemic, they expect managers at their organization today to be more empathetic to individual employee needs.³

However, as in all human relationships, empathy is a two-way street. Empathy should not only flow downward from a manager to their direct reports, but also from employees to their peers and upward to their managers. A lack of team empathy increases the risk of manager failure by 3.7 times. While managers are principally accountable for building an empathetic team environment, a significant portion of accountability also rests with employees. When we break down the factors contributing to a lack of team empathy, we find 35% is caused by a lack of upward empathy shown by employees toward the manager.^{1,2}

In these instances, employees often:

- Believe they have the skills required to do their manager's job
- Are unwilling or unable to adjust to their manager's working style
- Believe their managers are solely accountable for achieving team goals

These beliefs and behaviors are early warning signs of a lack of upward empathy, which HR leaders should look out for. Many organizations have development programs to help managers learn downward empathy, but very few teach employees to practice upward empathy. As HR leaders work to build empathy among employees, they should consider how employees can show empathy toward their managers as well as their peers.

Unproductive Manager Interactions

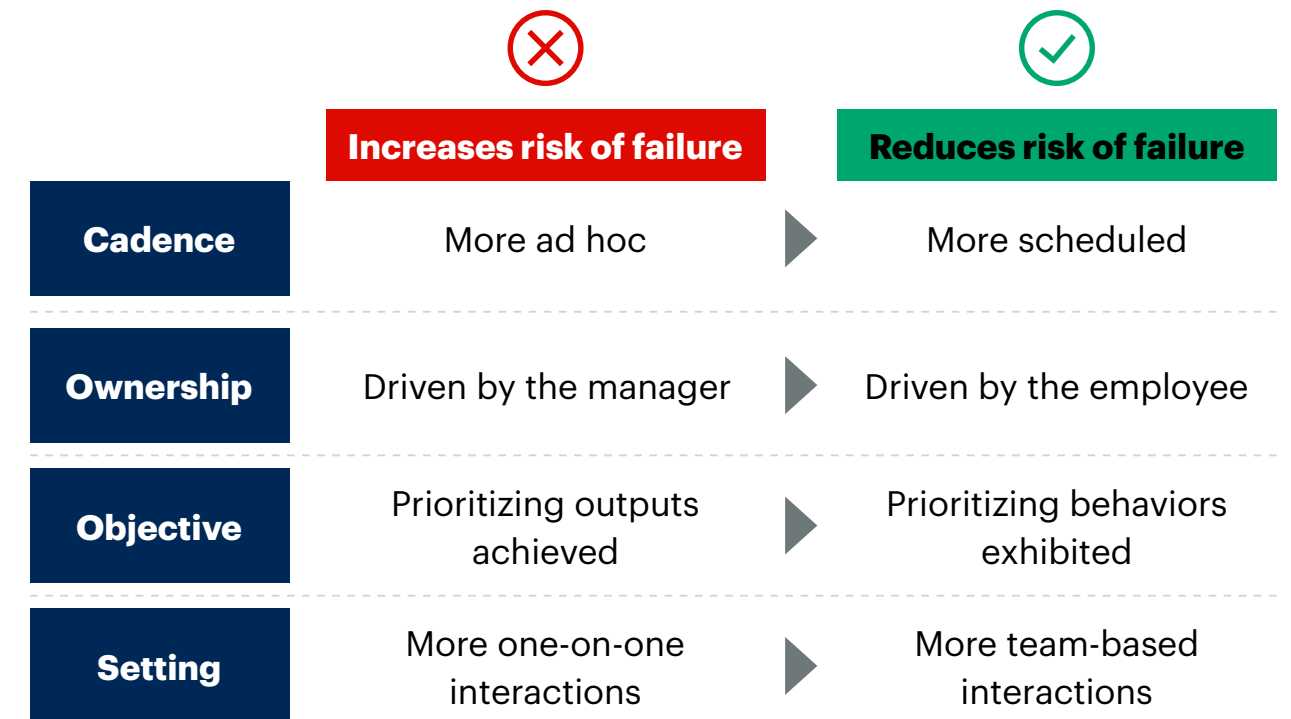
Changes in the work environment due to the rapid growth of hybrid work have required managers to change the ways they interact with employees, and they have shown commendable flexibility in this regard. Seventy-one percent of employees say their manager has changed their interaction style in the postpandemic work environment.²

However, only about half of employees say they derive valuable outcomes from interactions with their managers.² This suggests a disconnect between the work managers are doing to flex their interaction styles and the success of these changes in making interactions more valuable. Managers whose direct reports can't derive value from interactions with them are 2.7 times as likely to fail.^{1,2}

To create more value in their interactions with employees, managers must change the nature of these interactions in four dimensions (see Figure 2):

- **Cadence** — Transition from more ad hoc, unplanned interactions to more scheduled interactions.
- **Ownership** — Empower employees to own and drive these interactions, rather than having the manager set the agenda and lead the conversation.
- **Objective** — Prioritize the behaviors employees exhibit in the workplace (how they get work done), rather than focusing exclusively on the outputs they achieve (what work they get done).
- **Setting** — Have more team-based interactions and fewer one-on-one interactions.

» Figure 2: Shifts to Promote Productive Interactions



n = 3,186 managers; 6,356 employees

Source: 2023 Building an Organization of Great Managers Manager Survey;

2022 Gartner Building an Organization of Great Managers Employee Survey

Misalignment of Work With Goals

In a time of constant disruptions, managers are spending more of their time in crisis mode, solving the problems right in front of them rather than focusing on the bigger picture. High-impact disruptions make managers 42% more likely to prioritize providing immediate work support over aligning work to the organization's business goals and their team members' career goals.² When managers do not align their work with these goals, they are 2.4 times as likely to fail.^{1,2}

Early warning signs of this misalignment include:

- Employees finding goals unambitious or inappropriate for their level
- Employees spending significant time on undocumented goals
- Goals being updated frequently, without proper communication or explanation

Impact of Addressing Top Predictors of Failure

HR leaders who successfully address these four top predictors can dramatically reduce the risk of manager failure at their organizations. When all four of these factors are addressed, our research suggests the percentage of managers at risk of failure can decline from 48% to as little as 5%.^{1,2} In light of the damage manager failure can do to employee performance and retention, the potential impact of reducing this risk on organizational performance is considerable.

To achieve that outcome, HR leaders should:

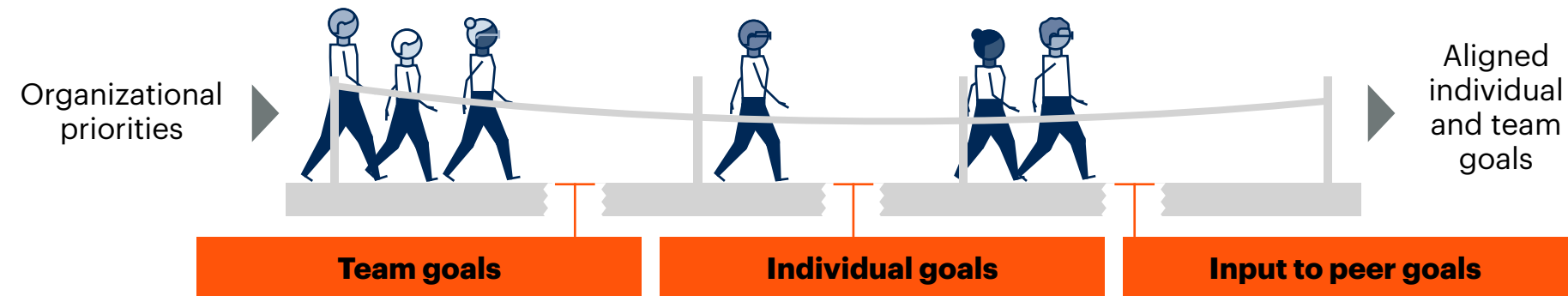
- Assess the risk of manager failure in their organization, considering inconsistency in meeting current goals and weak future outlook.
- Conduct focus group discussions with employees and managers to understand the scenarios where managers and teams tend to exhibit early warning signs of failure.



Novartis' Team Goal Events

To improve the alignment of individual, team and organizational goals, Novartis designed a series of team-initiated goal ceremonies that give employees a more active role in the goal-creation process (see Figure 3 on the next page). These include creation ceremonies, individual reflections and collaboration/alignment ceremonies. This process gives teams ownership of their team goals as well as their individual members' goals, and it helps employees see the connection between these goals and the organization's overall strategy.

» **Figure 3: Shifts to Promote Productive Interactions**



Name	Creation	Individual reflection	Collaboration/alignment
Purpose	<ul style="list-style-type: none"> • Gives teams ownership • Results in big, bold goals 	<ul style="list-style-type: none"> • Makes goals feel personal • Gives employees ownership 	<ul style="list-style-type: none"> • Allows for goal adjustments if needed

Source: Adapted From Novartis

- Embed questions about these early warning signs into engagement surveys to proactively identify individual managers at risk of failure.
- Use this data to develop a long-term strategy of development and intervention to address these risks.

¹ 2023 Gartner Building an Organization of Great Managers Manager Survey: This survey was conducted to understand various aspects of organizations' approach to achieving manager effectiveness and how these affect manager as well as team-level outcomes. The research was conducted online from 30 January through 6 March 2023 among 3,186 managers from various geographies, industries and functions.





² 2022 Gartner Building an Organization of Great Managers Employee Survey: This survey was conducted to learn about employees' experiences with their managers and how they are supported by the managers. The research was conducted online from 06 December through 27 December 2022 among 6,356 respondents from various geographies, industries and functions.

³ 2023 Gartner Manager Effectiveness and Technology Ownership Survey: This survey was conducted to understand various aspects of organizations' approach to achieving manager effectiveness and the ownership of HR technology initiatives at organizations. The research was conducted online from 23 February through 30 March 2023 among 98 HR leaders from various geographies and industries.

Managers Are Cracking and More Training Won't Help

As employees rely on manager support now more than ever before, managers are struggling with 51% more responsibilities than they can handle, and many are cracking under the load.

The **Gartner CHRO Guide to Manager Effectiveness** outlines 4 HR actions to make the manager role more manageable:

-  Reset role expectations.
-  Rebuild the manager pipeline.
-  Rewire manager habits.
-  Remove process hurdles.

Get this CHRO guide to learn how to transform the manager role. [↗](#)



Reduce Employee Fatigue by Promoting **Psychological Safety**

by Tess Lawrence

Over the last five years, persistent enterprisewide disruptions have led to a sharp spike in employee fatigue. Rather than respond reactively, HR leaders must promote a culture of psychological safety that proactively builds sustainable employee engagement, performance and change resilience.

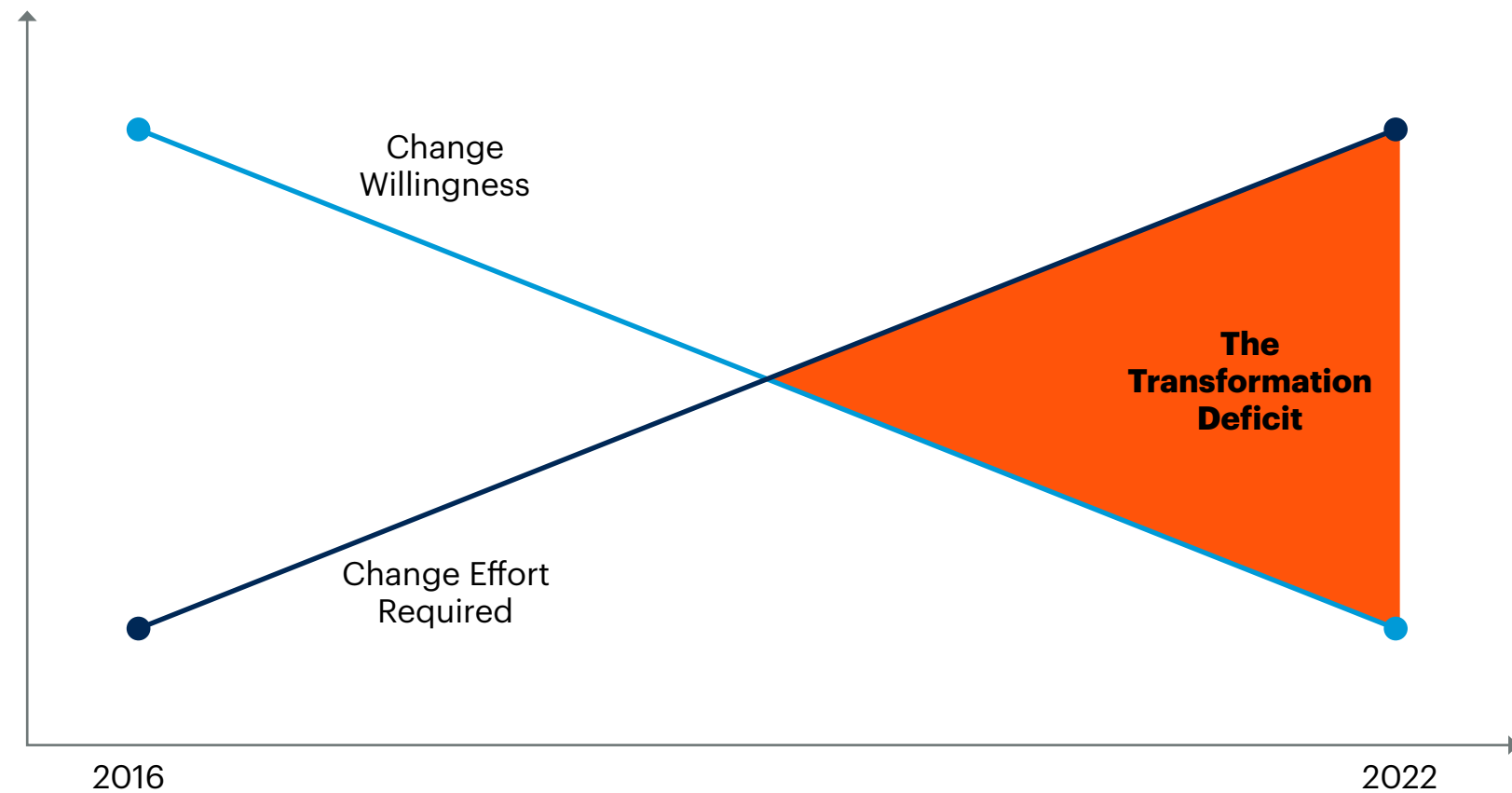


Despite pressures to adapt quickly and effectively through volatility, HR leaders face a persistent challenge that employees simply can't keep up with the pace of change. On average, most organizations are experiencing 10 major enterprisewide changes per year — nearly a fivefold increase from 2016.^{1,2}

Several factors have contributed to this boost in change volume, such as the evolution of hybrid work, increased digital transformation, restructuring to drive efficiency, and more. While these are often high-value priorities, organizations must have the right support to execute them efficiently, especially when multiple initiatives are being enacted at once.

At the same time, most employees today feel skeptical and disempowered toward change — a trend that has worsened in recent years. Since 2016, employees' willingness to change their work behaviors to support organizational goals has dropped by 42%.^{1,2,3} As a result, many organizations are falling into the transformation deficit (see Figure 1).

» **Figure 1: The Transformation Deficit**
Change Effort^a and Employee Willingness to Change^b Compared



n varies; 305 organizations; 3,548 employees; 6,686 employees; 3,548 employees
 Source: 2016 Gartner HR Change Readiness Survey; 2022 Gartner Workforce Change Survey; 2016 Gartner Workforce Change Survey
^a Average Number of Enterprise Changes in Past 12 Months: 2 in 2016 and 10 in 2022.
^b Percentage of Employees Willing to Change to Support Enterprise Change: 74% in 2016 and 38% in 2022.

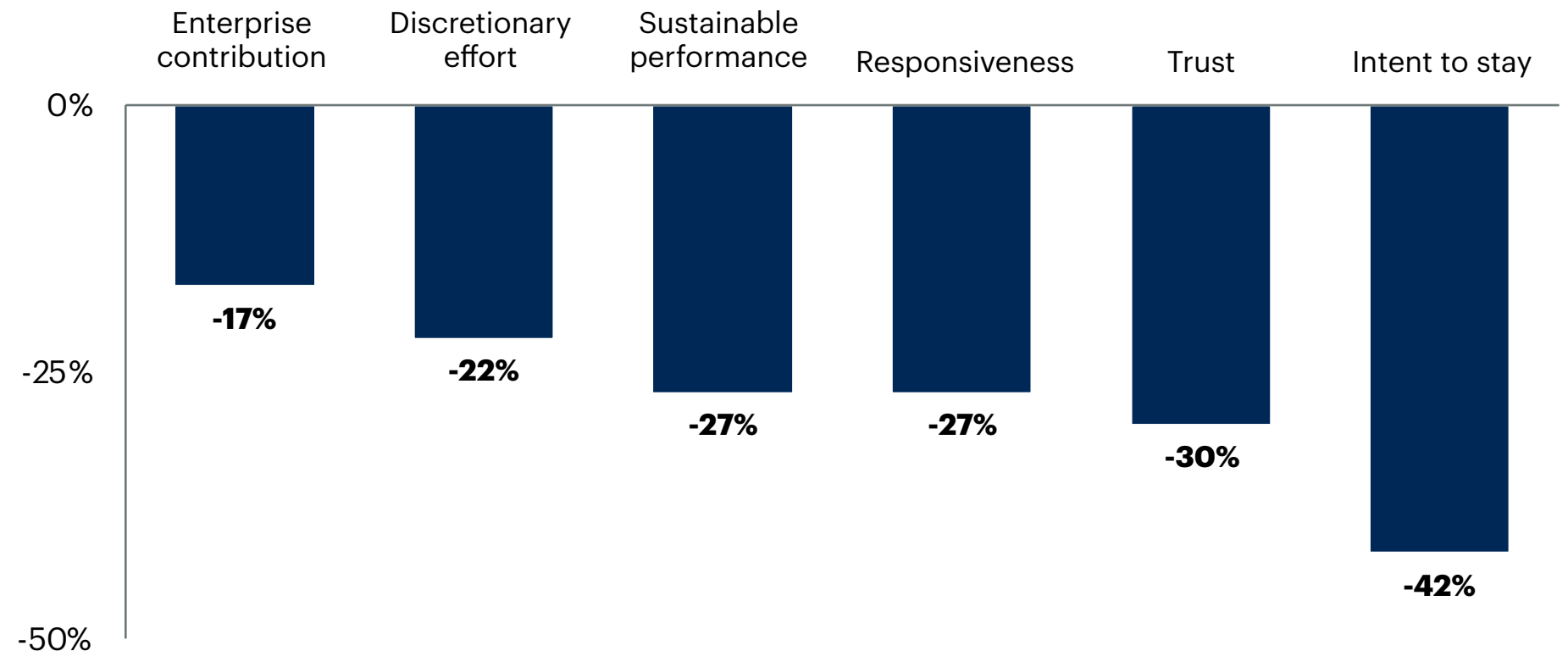
Falling into the transformation deficit creates a greater risk of change failure. Also, with such a high gap between the volume of change and employees' willingness to support change, organizations risk a higher chance of change fatigue. This can be highly corrosive to employee well-being, driving lower intent to stay, trust and performance (see Figure 2).

To achieve efficient and effective transformations, and maintain a sustainably high-performing workforce, HR leaders cannot leave the risks of change fatigue unaddressed. Employees today need greater opportunities to feel engaged, empowered and

The transformation deficit is a point where the volume of change substantially outpaces the ability to receive support for change.

» **Figure 2: Impact of Change Fatigue on Key Employee Outcomes**

Maximum Impact of Employee Change Fatigue



n = 3,548 employees

Source: 2022 Gartner Workforce Change Fatigue Survey

confident in the changes they're experiencing. One of the best ways this can be achieved is by giving them more opportunity to provide input on change decisions. However, taking strides to increase employees' engagement opportunities alone is not enough: HR leaders must ensure these opportunities are built on a foundation of psychological safety.

Achieving Psychological Safety During Change

When HR leaders engage their employees in their change processes, they fuel a culture where trust, independent thought and employee participation are at the forefront of change. Achieving this makes employees 1.5 times more likely to be willing to change while reducing change fatigue by up to 29%.^{2,4}

By proactively embedding these engagement opportunities into change processes, HR leaders build a greater level of psychological safety in their employees. This in turn helps insulate the organization from unforeseen shocks and disruptions by providing a cultural foundation of change resilience.

During an organizational transformation, **psychological safety** means employees feel comfortable safely experimenting with change processes, such as taking risks to accomplish their team's goals, and challenging leaders when concerns about change processes arise.

To achieve this, HR leaders must embed two key components of psychological safety into their change processes:

- Empowering employees to fail productively during change implementation
- Empowering employees to challenge change decisions

While leaders may view these components as signs of defying change, they are actually vital to ensuring employees are effectively engaged in the process and mitigating the risks of change fatigue.

To Drive Safety in Experimentation, Reframe How Failure Is Defined

Only 36% of employees agree their managers encourage them to take risks and that they feel comfortable doing so.² In many cases, this implicit discouragement may tie back to preexisting biases or assumptions about what risks are worth taking — and, more importantly, where employees are allowed to fail. If leaders only see failure as a negative outcome, then there is less incentive to engage employees in change experimentation. To mitigate this, HR leaders must redefine what team failure can mean.

While some failures may be considered “blameworthy,” such as a failure that occurred due to insufficient abilities or negligence, other “praiseworthy” failures can provide valuable learning

opportunities for employees. For instance, an employee may navigate a difficult or complex task, make a decision in unanticipated circumstances, test a hypothesis or explore a new opportunity.

Even if none of these actions result in a traditional success, HR leaders can reframe them as high-value opportunities that expand employees’ knowledge while providing greater opportunities to engage in how change decisions are made. This freedom of thought ultimately drives a greater environment of psychological safety, which helps to reduce change fatigue.

One example of this comes from Mercado Libre, which achieved higher employee empowerment for experimentation with its 90-10 Decision-Making Framework.

Upcoming Virtual Events

Gartner regularly hosts virtual events across a variety of Human Resource topics. These webinars present an opportunity for you to gain insights from our research experts on making better decisions for your function and organization.

Leverage Change Management for Successful HR Transformation

15 February 2024 11:00 AM EST

9 Future of Work Trends Most Impacting Your 2024 HR Strategy

On-demand

Unlock Human Performance Through Bold HR Leadership

On-demand

The Top Priorities for HR Leaders in 2024

On-demand

90-10 Decision-Making Framework

To avoid process bottlenecks and boost employees' decision-making autonomy, Mercado Libre gives employees ownership over 90% of decisions, with only 10% needing to be escalated. Employees receive three criteria for independently determining what decisions fall into the 90% or 10% categories: whether decisions are easy to reverse, change the ecosystem, or have a low correction cost.

Mercado Libre then uses a decision framework to help teams execute a change in direction, which can include advice on process ownership, decision-making support, communication of changes and execution support. These provide critical input for the speed of implementation and empower employees to decide for themselves what constitutes acceptable and unacceptable failure. As a result, employees can execute greater decision-making autonomy and can pursue experimentation opportunities accordingly (see Figure 3).

» Figure 3: Mercado Libre's Best Practice Decision Guidance

Decision Type	Duration of decision	Key tasks	Decision process	Communication	Execution
90% Decide	<ul style="list-style-type: none"> • One week • One meeting • Decide and correct quickly 	Typically, implicit	<ul style="list-style-type: none"> • Alternative options are implicit • Implement, monitor and correct 	<ul style="list-style-type: none"> • Context and what we are deciding for • Who is impacted by the decision • Communication channel for the decision 	<ul style="list-style-type: none"> • Simple written agreements for actions to be carried out • Establish concrete deadlines • Keep those involved informed
10% Escalate	<ul style="list-style-type: none"> • One quarter • Three meetings • Analyze in depth and decide 	Must be explicitly communicated	<ul style="list-style-type: none"> • Generate alternative options • In-depth analysis 	<ul style="list-style-type: none"> • When the decision will take place and its execution plan 	

Source: Adapted From Mercado Libre

To Drive Safety in Challenging, Gather 360 Decision-Making Input

Challenging leaders can also be an uncomfortable experience for employees. Less than half of employees consider their managers effective at creating an environment where they are comfortable raising concerns when they arise.² To build this type of environment, HR leaders should be intentional about the perspectives they capture before they make a change.

This means involving the employees who will be most directly impacted by the change and thus most suited to provide feedback on where challenges may occur. By creating these input opportunities, HR leaders enable teams to expand their capacity toward meaningful and efficient change contributions, which can drive employee buy-in to change decisions and fuel greater change resilience.

One example of this comes from Quartz, which implemented a simple, HR-led, decision-making workshop to eliminate low-value rules that burden managers and employees.

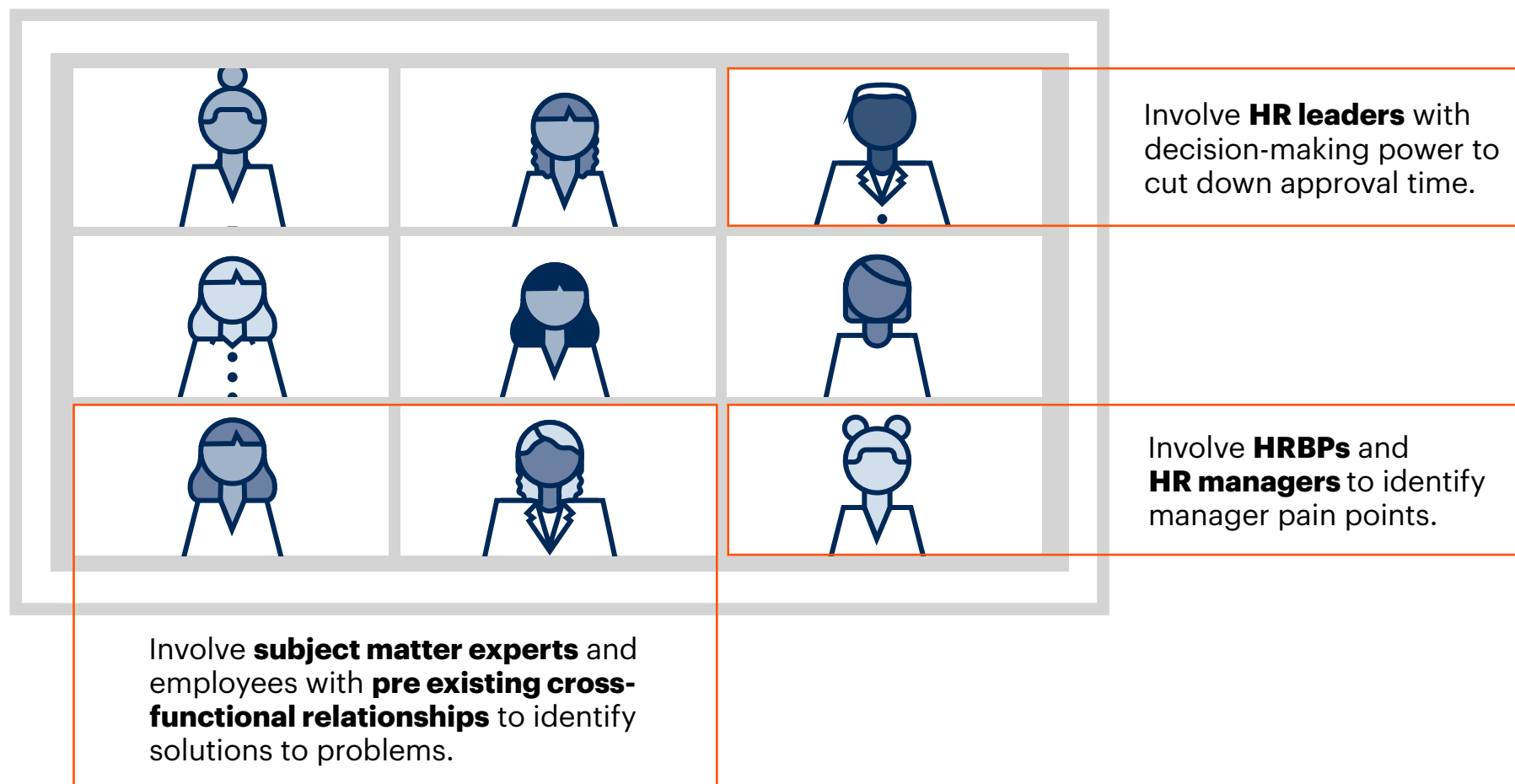


Multistakeholder Rule Elimination Workshops

To remove process hurdles that can inhibit managers' ability to focus on high-value work, Quartz organizes a decision-making workshop to eliminate low-value rules that burden managers and employees. The organization achieves this by encouraging all relevant stakeholders — such as HR leaders, HRBPs, HR managers, subject matter experts and employees with cross-functional relationships — to identify where low-value rules create opportunities for positive change. The organization then uses a prioritization matrix to help stakeholders determine easy,

impactful opportunities to make a change. In doing so, they ensure teams have greater capacity to get transformative work done, while fueling greater buy-in, agency and change momentum over time (see Figure 4 on the next page).

» Figure 4: How Quartz Equips Workshop Participants to Contribute



Source: Adapted From Quartz

Conclusion

Establishing environments that bolster safety in experimentation and in challenging leaders ensures change management works with employees, not against them. Organizations that build this psychological safety over time will have greater opportunities to leverage proven change strategies, and achieve higher rates of success and lower rates of change fatigue and resistance.

¹ 2016 Gartner HR Change Readiness Survey: This study surveyed 309 HR leaders with representation from various geographies and industries.

² 2022 Gartner Workforce Change Fatigue Survey: This survey was conducted to understand the levels of change fatigue in employees and the manager's role in mitigating it. The research was conducted online from 28 Feb through 16 March 2022 among 3,548 respondents from various geographies, industries and functions.

³ 2022 Gartner Organizational Effectiveness and HR Professionals Key Priorities Survey: This survey was conducted to better understand key priorities for organization design and change management for 2023, and test hypotheses related to willingness to change and the work friction concept. It also collected data on HR professionals' priorities. The survey was conducted online from 24 November through 8 December 2022 and contains responses from 3,497 employees with representation from various regions, industries and functions. As a prerequisite to respond to questions on HR professionals, respondents were required to have interacted with their HRBP in the past.

⁴ 2021 Gartner Change Management Employee Survey: This survey was conducted to understand the effectiveness of change management initiatives at organizations. The research was done online from 24 May through 11 Jun 2021 and contains responses from 3,351 employees with representation from multiple regions, industries and functions.

Manage the Context Surrounding Pay to Improve Pay Equity Perceptions

by Carolina Valencia

Only one-third of employees believe their pay is fair or equitable. To improve employees' perceptions of pay, total rewards leaders should use three strategies to manage the context in which pay is experienced.



Organizations are experiencing a trust problem with employees, and nowhere is this erosion of trust more apparent than in employees' perceptions of pay. Gartner data shows employees don't believe pay is administered fairly or that pay decisions are made consistently and equitably. For example, only 34% of employees believe their pay is equitable, and only 39% agree pay practices at their organizations are free of bias.¹

Most organizations use technical approaches to address employees' negative perceptions of pay and pay practices, such as conducting comprehensive pay audits and working to correct gaps. However, only about half of organizations can close identified gaps within 12 months. And, perhaps even more damaging, organizations are not talking about their pay equity efforts publicly, openly or honestly with their employees.¹

Without information, employees make their own assumptions about pay gaps, and their assumptions are worse than the reality. Whether the pay gaps are real or imagined, the impact perceptions have on talent

outcomes is the same. Employees who perceive pay as inequitable are 15% less likely to stay working at their organization than employees who believe their pay is equitable. Likewise, employees who have negative pay perceptions are 13% more likely to be actively looking for a job and 13% less engaged.¹

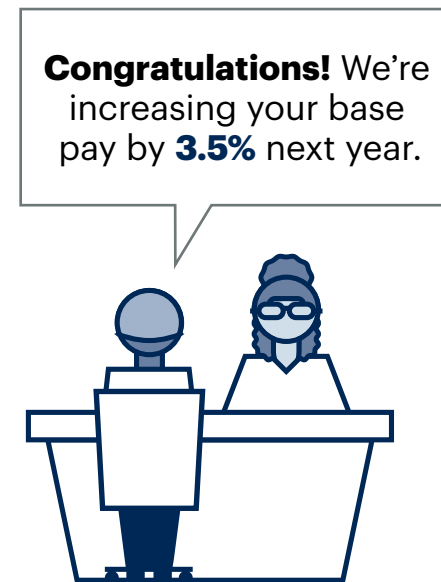
When thinking about employee perceptions, total rewards leaders need to remember that pay isn't experienced in a vacuum. It is strongly influenced by the employee's environment. Consider an employee who receives a 3.5% merit increase. This employee has a friend at another organization who received a 6% merit increase. They are also aware that the business exceeded its growth goals and have been hearing a lot about gender-based pay gaps in the news. This employee walks away with a negative perception of their increase.

Now imagine another employee in the same circumstances, but their friend only got a 1% increase. The employee knows the business fell short of its performance goals and hasn't been tuned into any compensation topics in the news. In this situation, the employee perceives the same 3.5% merit increase in a positive light, owing to the dramatically different context (see Figure 1).







We have identified three critical aspects of the context surrounding pay that negatively affect employees' perceptions:

- External pay opportunities that appear attractive
- Negative non pay factors (e.g., an unfair performance review) that generate doubt in the organization and/or its leaders
- Incomplete information that leads to false assumptions

» Figure 1: How Context Affects Employees' Perception of Pay



Source: Gartner

Examples of how contextual factors affect employee perception of pay change ...		
A friend at another company received a 6% merit increase. 	... received a 1% merit increase. 
Business performance exceeded growth goals. 	... fell short of growth goals. 
The news media has highlighted gender-based pay gaps. 	... not been focused on compensation issues. 

Working in partnership with other HR leaders and managers, total rewards leaders should use three main strategies to manage the context surrounding pay and overcome these challenges.

1 Reduce Discomfort With Pay Disparities

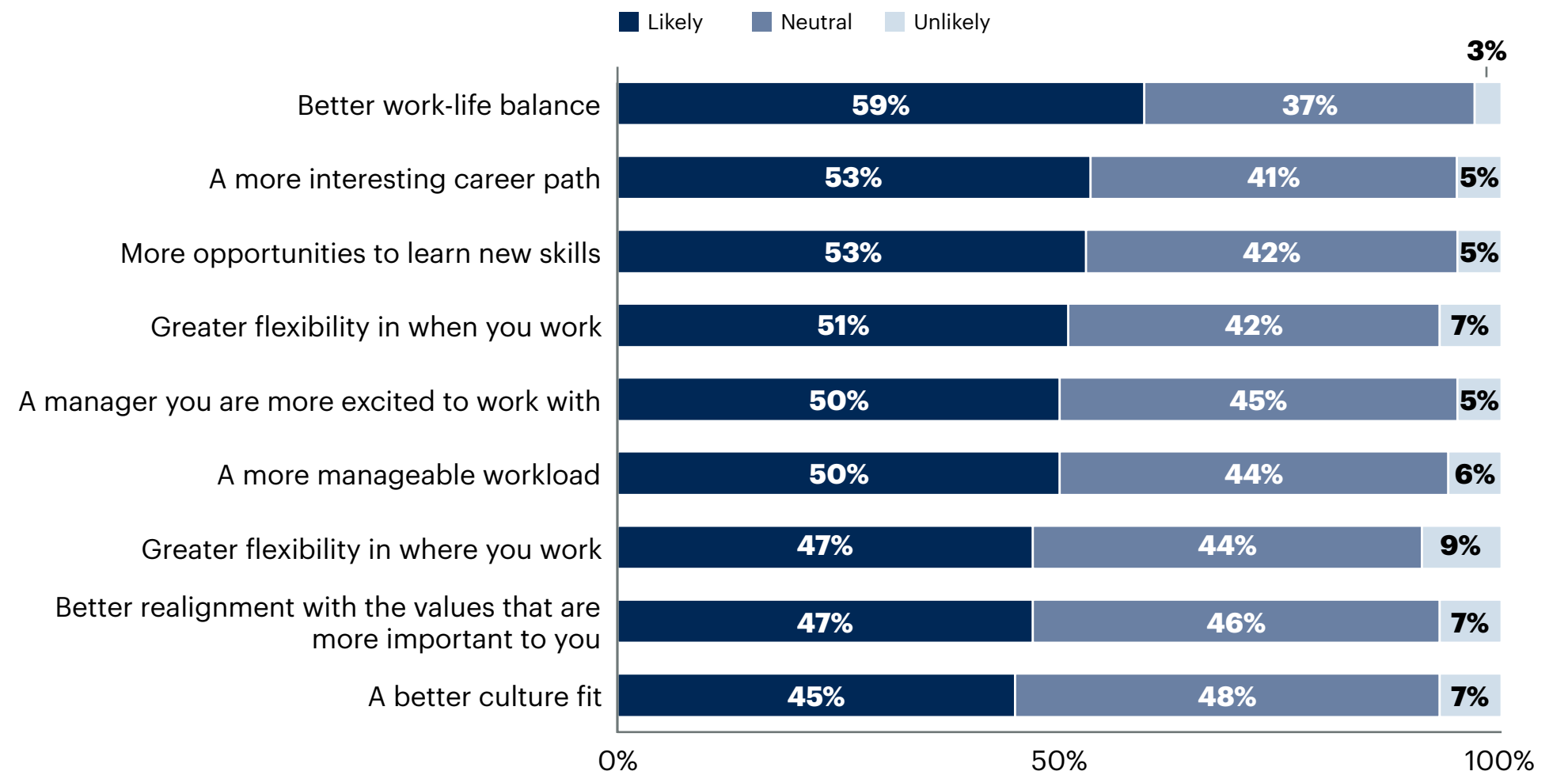
When evaluating disparities, there are two things to look at: the size of the gap and the time it takes to close the gap. Let's focus first on the size. If pay gaps within a role are not explained by factors such as experience or performance, total rewards leaders should try to keep them as low as possible. A narrow majority of employees find pay differences of up to 5% tolerable.¹ Consequently, our advice is that to minimize negative employee perceptions, rewards leaders should keep the gap for base pay as close as possible to 5%.

Our analysis also shows that if these gaps do exist, total rewards leaders have about nine months to fix them, starting from the time employees learn about the gap.¹ During this time, to help retain employees, total rewards leaders should ensure employees know the organization is aware of the gap, how it plans to close it and on what timeline.

In addition to keeping the gap low and closing the gap quickly, another way to reduce the discomfort with pay disparities is to offset the differences between employees using nonmonetary factors. There is already a prevalent example of this: paid time off. To reward their loyalty, most organizations allow employees to earn more PTO with tenure.

Our data shows prospective employees are also attracted to non monetary aspects of the employee value proposition. Our survey asked job candidates if they would sacrifice 10% of their pay for several attributes such as better work-life balance or greater flexibility in where to work.² Figure 2 shows that in most cases, candidates selected the offer with one of these attributes. The good news is that these attributes are tangible levers total rewards leaders can pull to retain tenured employees while existing pay gaps are being closed.

» **Figure 2: Likelihood to Accept a Job With Each Attribute Over a Job With 10% Higher Pay**
Percentage of candidates



n = 3,621

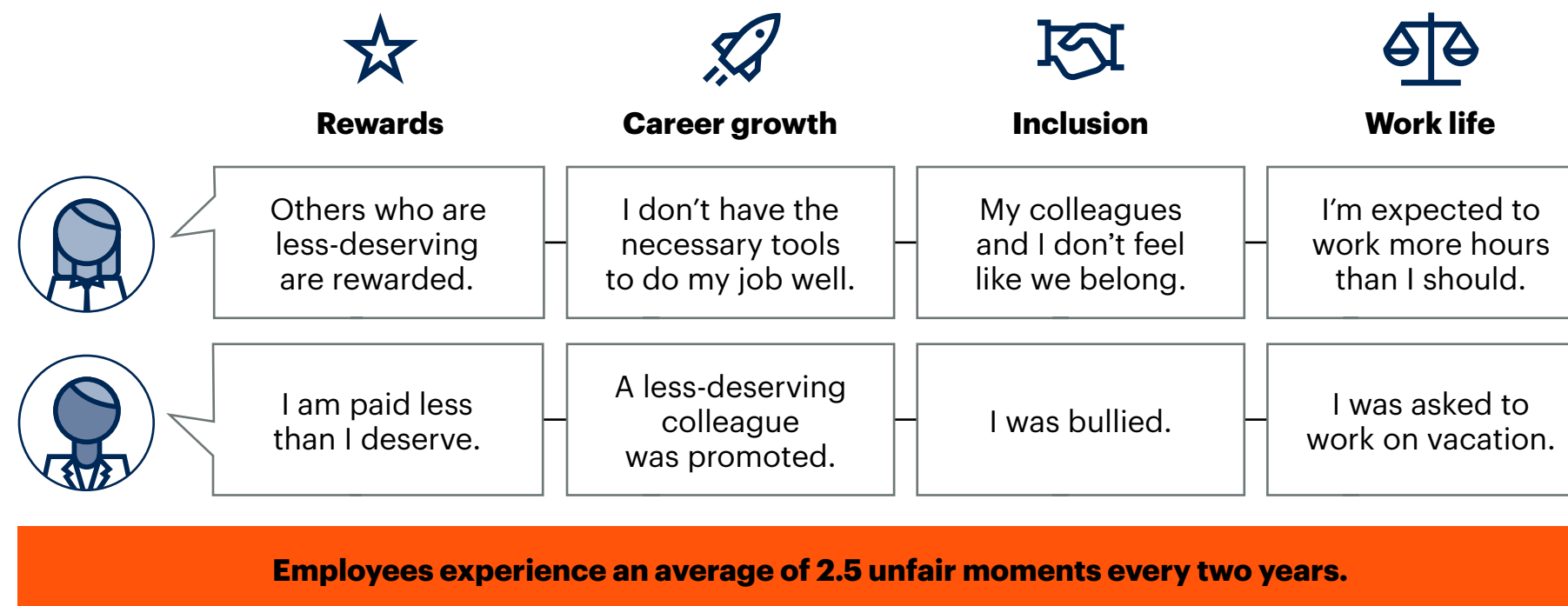
Source: 2022 Gartner Pay Equity and Transparency Employee Survey

Note: Percentages may not add up to 100% because of rounding.

2 Minimize Unfair Moments Across the Entire Employee Experience

Unfair moments are present across the entire employee experience, from promotions, to awards, to performance evaluations, to inclusivity, to flexibility at work (see Figure 3). Regardless if these moments are related to pay or not, they are influential in shaping employees' opinions, feelings and levels of trust toward the organization. Because most employees don't really understand how pay is determined, they translate these feelings onto perceptions of pay. So, if an employee thinks your organization is unfair or unethical, they are also very likely to believe they are paid unfairly.

» Figure 3: Sample Unfair Moments Across the Entire Employee Experience



Source: Gartner

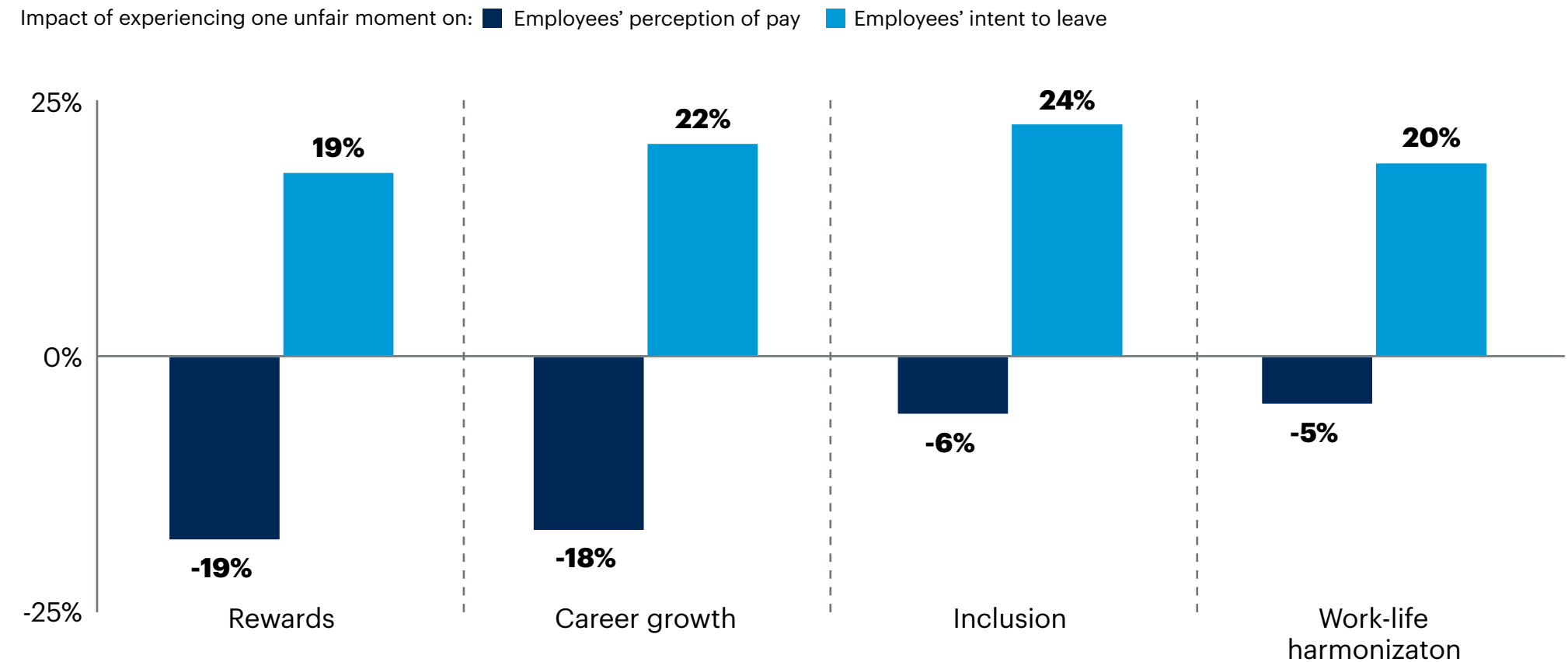
Our data reveals just how frequent and costly these unfair moments are. Employees worldwide experience an average of 2.5 unfair moments every two years.¹ And these unfair moments have two big negative impacts. First, they reduce pay perceptions dramatically, and secondly, they dramatically increase employees' intent to leave the organization (see Figure 4).¹

Consequently, HR leaders should dedicate significant effort to preventing and/or reducing unfair moments.

3 Provide Critical Low-Risk Information

Most organizations share the total value of pay and how individual performance impacts pay with their employees. However, organizations are a lot less comfortable sharing how organizational performance impacts pay and even less comfortable discussing the organization's pay processes. Only one-third of organizations share how pay is determined, and even fewer share pay ranges for the employee's own position or for different positions. Relative comparisons (e.g., internal or external equity) is the information organizations are least comfortable sharing.¹

» **Figure 4: Impact of Unfair Moments on Employees' Perception of Pay and on Intent to Leave**



n = 3,523
Source: 2022 Gartner Pay Equity and Transparency Employee Survey

Myth-Busting Pay Communication

Cox Enterprises offers one example of how to minimize employees' sense of unfairness by directly addressing employees' false assumptions about pay. Organizations' typical approach to pay communications is to share pay information (verbally or in writing) with employees. In this approach, false assumptions or inaccurate information employees already have about pay are not accounted for.

Total rewards leaders can avoid confusion by combating assumptions or inaccurate information to create a clean slate of pay knowledge before sharing pay information. Cox Enterprises accomplished this, in part, by creating myth-buster games rooted in employees' incorrect assumptions, which the organization collects using existing data sources.

The problem is that without information, people assume the worst. Do employees know pay equity is a priority for most organizations? According to our data, the answer is a resounding no. Only 31% of employees believe their organization makes an effort to ensure pay equity, and only 32% agree the organization has made progress toward pay equity.¹

Employees don't know the hard work HR leaders have done because this is not being communicated to them. Given how much pay information is out there to consume (e.g., from the internet, from friends and family) rewards leaders need to ensure employees are not making decisions based on incomplete or inaccurate information. They need to take charge of the information their employees receive.

Three pay topics have the greatest impact on building employee trust and improving pay perceptions: the organization's commitment to pay equity, the steps the organization takes to ensure pay equity, and pay equity statistics. The goal is not radical transparency, just small steps to turn employees into savvy pay-information consumers. This can be as simple as letting employees know the organization seeks to compensate employees fairly and free from bias. The organization could, alternatively, share that it conducts annual pay equity reviews and makes adjustments across all genders, races and ethnicities. There are many simple and effective ways to demonstrate the organization's commitment to pay equity internally and externally.

Sample Pay Equity Communications



Each of Loews's and its subsidiaries' compensation practices are consistent with Loews's values and are designed to **compensate fairly and free from bias**. As a result, differences in compensation are based on legitimate, nondiscriminatory business-related factors, such as job function, experience, location, level and performance.

[Loews Pay Equity Statement](#)



At MetLife, equal pay for equal work is important to us. MetLife **conducts a pay equity review** on an annual basis to examine whether there are differences in pay between people of different genders, races and ethnicities that are not explainable by objective, business-related factors, and has **made appropriate adjustments across all genders, races and ethnicities**.

[MetLife Pay Equity Statement](#)



Four years ago, we were the first bank to **disclose our adjusted pay results** and the following year we became the first companies to **disclose our unadjusted or "raw" pay gaps** for both women and U.S. minorities. These disclosures hold us accountable for the progress we want to make in being a diverse and inclusive company.

[Citi's Latest Update on Global Pay Equity](#)

To summarize, there are three ways organizations should adapt their pay equity strategies to improve employee perceptions of pay:

- Reduce employee discomfort with things that may be unavoidable, such as pay differences.
- Minimize unfair moments across the entire employee experience.
- Provide information employees need to navigate their pay questions effectively.

Total rewards leaders who implement this approach will improve employees' perceptions of pay and generate trust in their employees, which in turn will improve employee performance and retention.

¹ 2022 Gartner Pay Equity and Transparency Employee Survey: This survey was conducted to understand various aspects of organizations' approach to pay equity and communications design. The research was conducted online from 14 April through 19 May 2022 among 3,523 employees with representation from various geographies, industries and functions.

² 2022 Gartner Candidate Survey: This survey was conducted online from 6 May through 7 June 2022. A total of 3,621 candidates from 14 countries, 23 industries and 20 functions were polled on their experiences and behaviors during the hiring process. Respondents were required to have met the following criteria to qualify: (a) applied for one or more job(s) in the past 12 months (b) contacted by at least one organization to complete an assignment or participate in an interview in the past 12 months (c) working at an organization of 1,000 or more employees.

How HR Leaders Plan to Elevate EVP Strategy and Strengthen Leadership in 2024

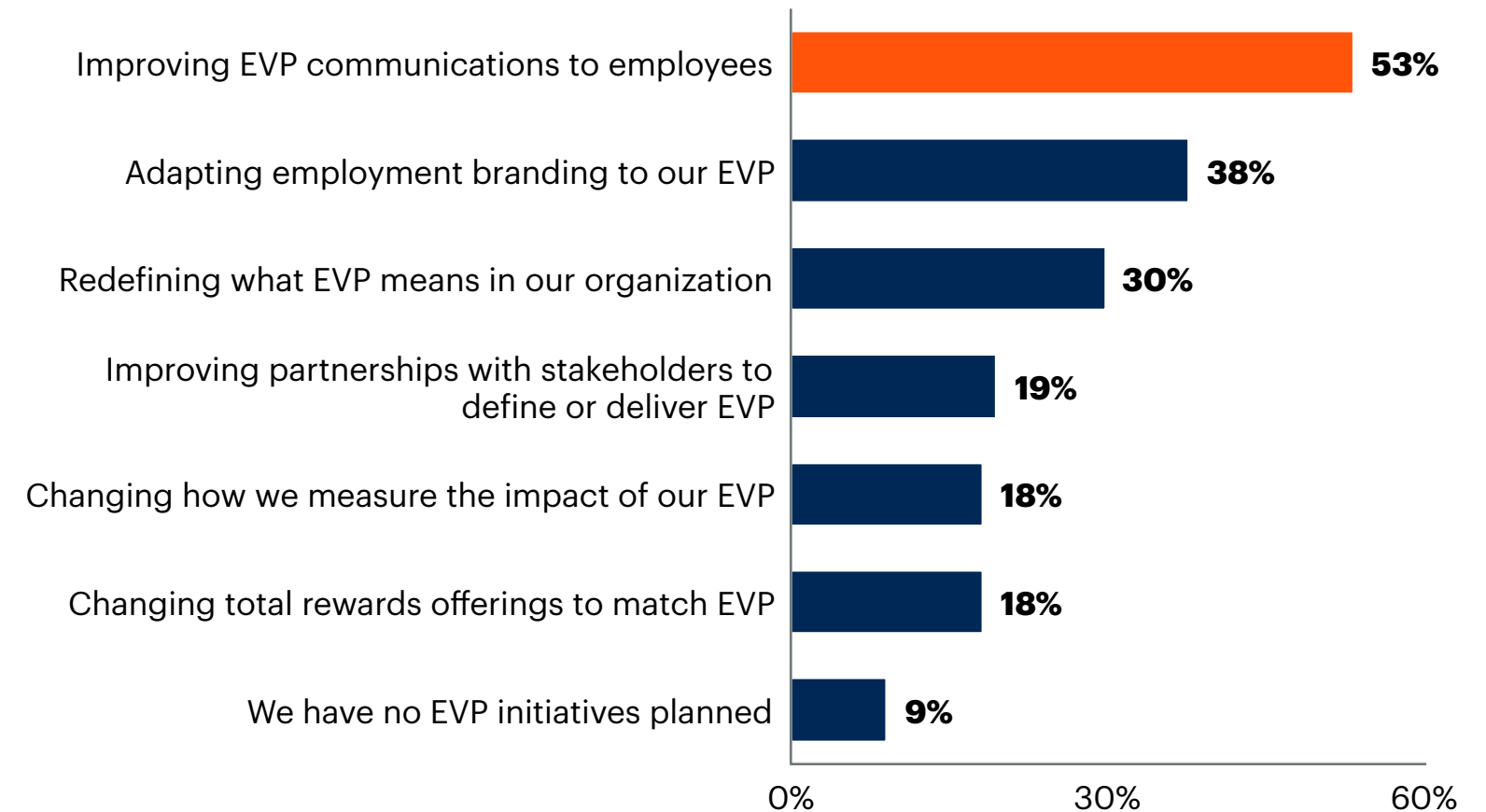
by Bhakti Laul and Dion Love

Strengthening EVP to attract and retain top talent is a key priority for CHROs and HR leaders in 2024, along with building a strong leadership team that is ready to fulfill employee and business expectations.

Labor market conditions in 2023 remained tight, with periodic fluctuations, and many organizations anticipate continued talent shortages in 2024. In the final edition of Benchmark with Gartner for 2023, 53% of HR leaders said they anticipate making improvements in communication with their employees to enhance their organization's EVP strategy in 2024 (see Figure 1). Career pathing, remote work policies, work-life balance and skill development opportunities are the top EVP components HR leaders are focused on for attracting candidates and retaining employees (see Figure 2). In terms of strengthening their leadership, 41% of HR leaders said their organization was doing so through formal leadership development programs (see Figure 3).

» Figure 1: EVP Strategy Changes for 2024

Percentage of HR leaders



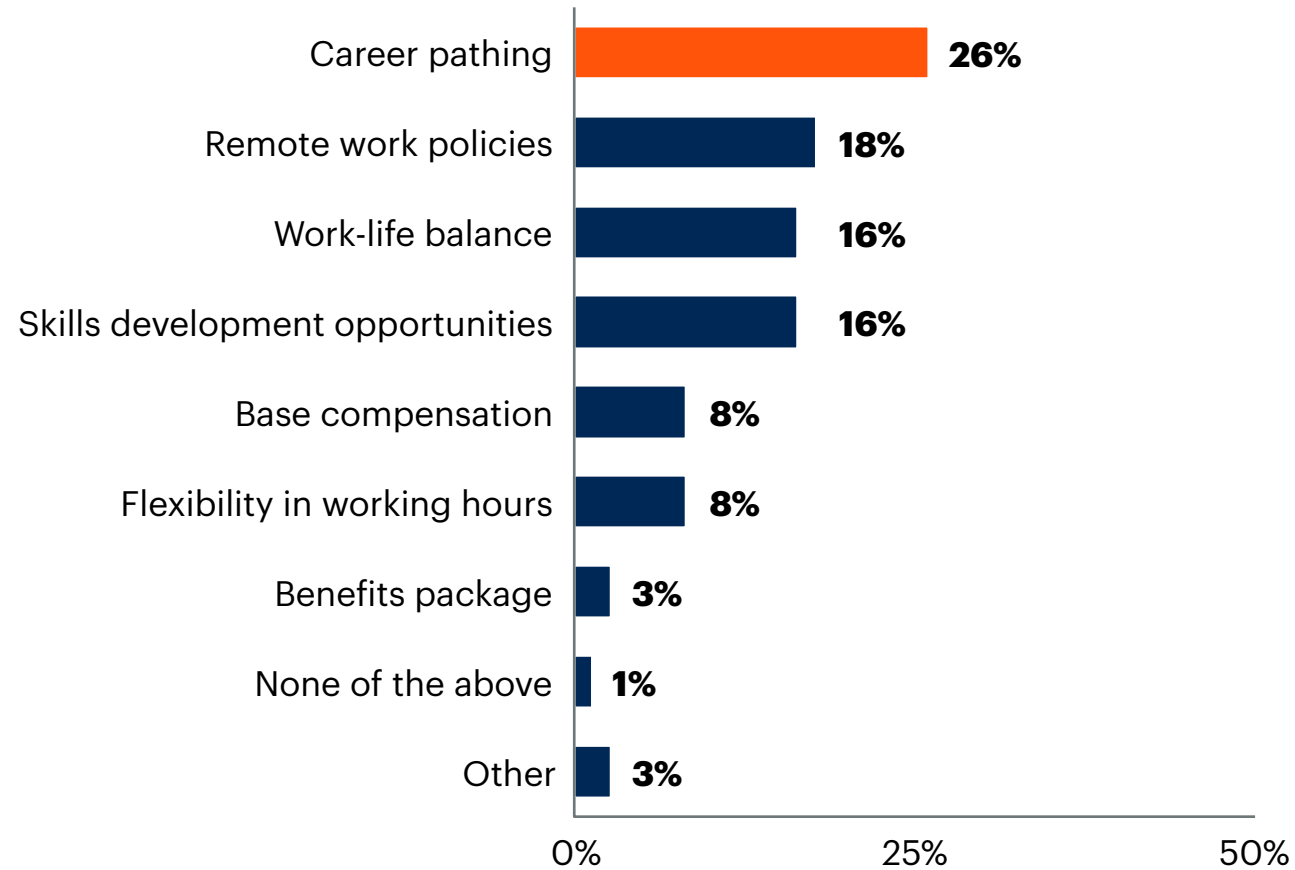
n = 77 (December 2023)

Question: What changes do you anticipate making to your employee value proposition (EVP) in the next 12 months? (Select all that apply)

Source: Benchmark With Gartner: Top Labor Lessons from Labor Market in 2023 (20 December)

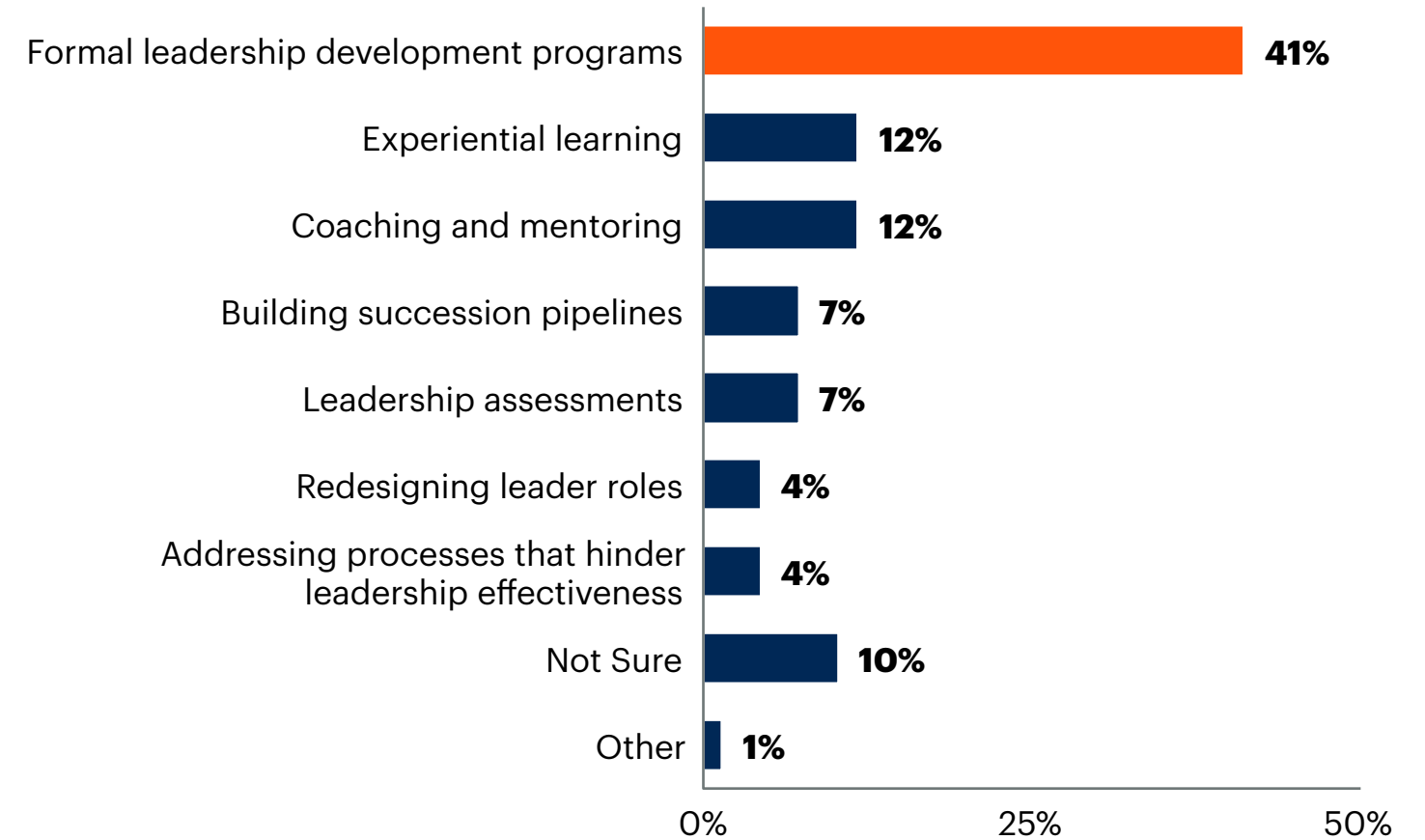


» Figure 2: Top EVP Components for Attraction and Retention of Talent
Percentage of HR leaders



n = 73 (December 2023)
 Q: What aspects of your EVP are most important to improving talent attraction and retention? (Select one)
 Source: Benchmark With Gartner: Top Labor Lessons from Labor Market in 2023 (20 December)
 Note: "PTO/sick leave" was included in the poll, but received zero responses so it was omitted here.

» Figure 3: Investments for Leadership Improvement in 2024
Percentage of HR leaders



n = 68 (December 2023)
 Q: Where are you investing most in improving leadership in 2024? (Select one)
 Source: Benchmark With Gartner: Top Labor Lessons from Labor Market in 2023 (20 December)
 Note: "Peer learning" was included in the poll, but received zero responses so it was omitted here.



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