

Synthesis

2021 Global Culture Report O.C. Tanner Institute

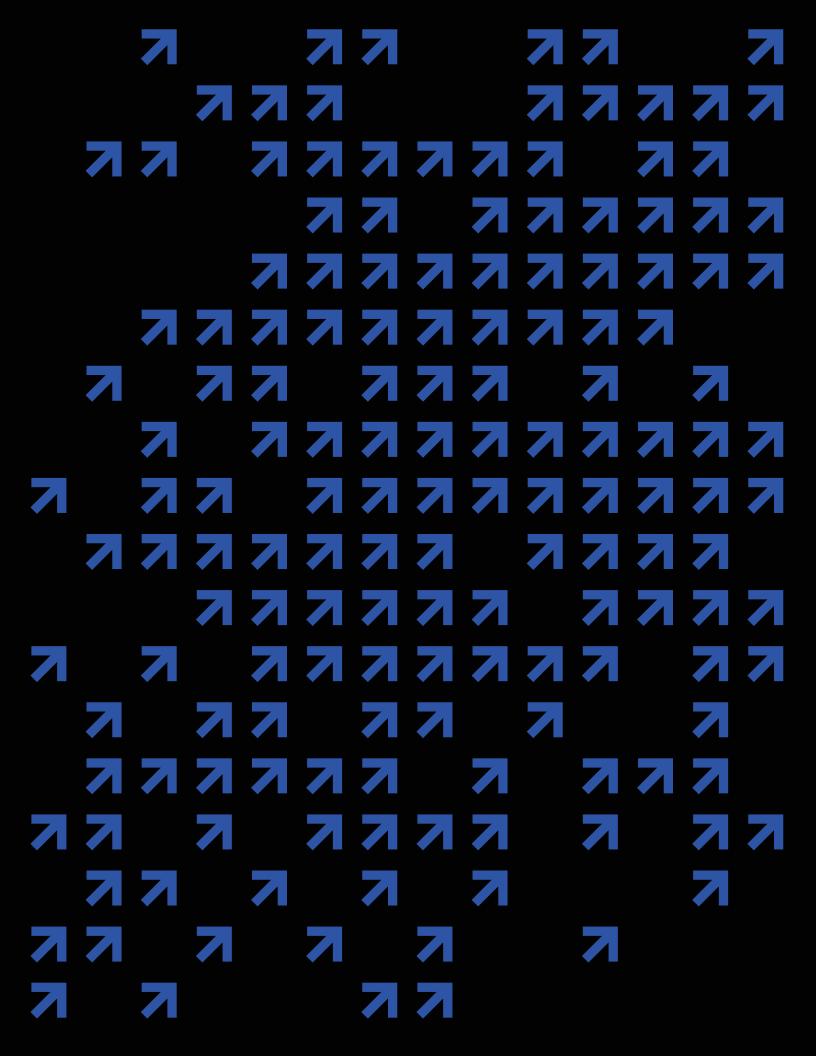


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This year has been illuminating. Unexpected, once-in-a-lifetime challenges have exposed the flaws and strengths of every organization's culture. Those that were thriving before 2020 have, in general, adapted and survived better than those that were not. The year also brought an equally rare opportunity. A window for organizations, leaders, and employees to leverage a sense of urgency and make meaningful improvements to their cultures. Of course, such changes can be challenging, too. But the courageous organizations that prioritize their employees and embrace new technology, interconnectedness, and modern leadership stand to reap huge rewards.

1

In last year's global culture report, we asserted that organizations need to reassess their approach to employee experience and workplace culture. Regrettably, the old, time-based "lifecycle" methodology has proved difficult to uproot.

So, we continue this work in our latest global culture report, examining how outdated and disconnected technologies, programs, strategies, and leadership philosophies can obstruct individual and organizational performance. We see how haphazard implementation of technology has led to a tangle of tools and processes that hinder its effectiveness. Stale and impersonal recognition programs fail to achieve their desired effect on experience and culture. Superficial diversity and inclusion programs merely mitigate legal risk, rather than uplift employees and leverage their unique perspectives. Generational initiatives backfire by highlighting the differences of each group and ignoring similarities. Traditional, autocratic managers cling to dead philosophies that hurt culture and business outcomes. To prosper in a new decade full of uncertainty and adversity, organizations must forcefully shed "normal." They must put the right action behind their good words and commit to a thriving culture.

This, our largest and richest report to date, is a synthesis of multiple research studies involving more than 40,000 employees and leaders from 20 countries around the world. One theme was unmistakable: things must change. The workplace—whether it's in an office, a store, a factory, or a living room—can no longer be a tolerable grind with less-than-positive daily rituals. Instead, work must provide inspiring, challenging, and rewarding experiences for all employees. If there's a new normal to be had, that's it. Because for most employees in many organizations, great experiences have been the exception.

It's been a unique year of change—for employees, families, companies, and countries. No one's been immune to the challenges and uncertainty of a global pandemic that sent much of the work force home in a matter of days, while those left on the front lines struggled to adopt new rules for safety. Millions of people lost their jobs, and millions of retailers, restaurants, and events shut down. Workplaces everywhere, disrupted. Then, at the end of May, a social movement demanding racial equality took hold in many parts of the world, particularly in the US. The need for diversity, inclusion, and equity in all areas of life, including the workplace, became an immediate priority to answer an overdue day of reckoning.

Traditional approaches to many aspects of daily life are gone, and a new normal, when it comes, may not be familiar.

But 2020 is more than a year of crisis. It is a year of opportunity and preparation for the decade ahead. Organizations need to look within themselves and commit to meaningful change. It's not enough to discuss improvements; they must plan and act now.

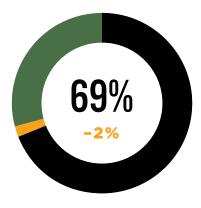
How can companies keep their employees connected when everyone is physically apart? How can corporations create more inclusive cultures, so all employees are their truest selves at work? How can leaders rally their people through hard decisions and fearful forecasts?

The coming year will be a turning point. As workplace norms evolve, so must workplace practices. Without taking steps to improve the employee experience and bring people together, organizational culture will suffer. And with it, productivity, reputation, and profitability.

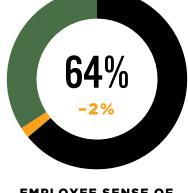
To better understand the pressing need for organizations to evolve, it helps to know which areas of culture need improvement.

CHANGES IN TALENT MAGNET AREAS

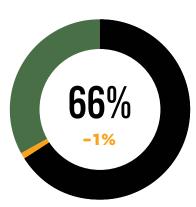
Each year we measure changes in the six core elements of culture that together determine an employee's decisions to join, engage with, and remain at any place of work. We call them Talent Magnets™ because of their power to attract and connect people to their teams and organizations:



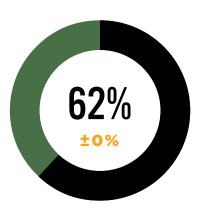
EMPLOYEE SENSE OF PURPOSE



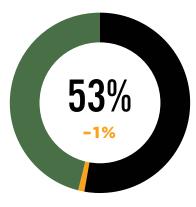
EMPLOYEE SENSE OF OPPORTUNITY



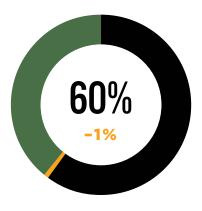
EMPLOYEE SENSE OF SUCCESS



EMPLOYEE SENSE OF APPRECIATION



EMPLOYEE SENSE OF WELLBEING



EMPLOYEE SENSE OF LEADERSHIP

Figure 1. TALENT MAGNET™ SCORES FALL YEAR OVER YEAR The current state of six essential elements that define thriving cultures.



Figure 2. THE TALENT MAGNETS™
Six essential elements that define thriving cultures.

1. Purpose

Your organization's reason for being besides profits. It's the difference you make in the world, why your company exists. If your organization were to disappear, it's the good that would go with it.

Employees need to feel connected to the purpose and understand how their job contributes to it. Once they do, their work takes on meaning and they can do it with a passion that they wouldn't otherwise. Organizations have the responsibility to clearly articulate the connection between work and purpose and create conducive experiences.

2. Opportunity

The chance to develop new skills, contribute to meaningful work, feel challenged, have a voice, and grow.

Opportunity is more than the lure of promotions and pay increases. It's about preparing and empowering employees to make decisions, inviting them to the table, and offering them projects that will expand their skills and relationships. Opportunity is enabling employees to impact the organization and experience the satisfaction of personal and professional growth.

3. Success

The thrill of accomplishment, innovation, breaking barriers, playing on a winning team, and experiencing victories.

Employees must find success at the individual, team, and organizational levels. Most importantly, the success should be nurtured and celebrated with the help of leaders who remove obstacles and publicly recognize wins, large and small, as they happen.

4. Appreciation

Feeling valued for one's contributions and being recognized for one's worth.

Appreciation is as essential to employees as oxygen. Without it, systems fail. People need to know their leaders and peers notice and are grateful for their efforts, especially above-and-beyond work. Appreciation is most effective when delivered in timely, personal, and meaningful ways.

5. Wellbeing

Caring about the employee as a whole—their physical, emotional, social, and financial health. Wellbeing ensures employees can be their strongest, most capable, most authentic selves at work.

The importance of wellbeing is growing because more employees feel stressed, disconnected, and lonely at work. Leaders need to create an environment of inclusivity, work/life integration, and connection to foster a comprehensive approach to wellbeing.

6. Leadership

The mentoring, coaching, inspiring, and facilitating that creates environments of collaboration and support. Leadership ultimately leads to the success of individuals, teams, and the organization.

As the most influential of the six Talent Magnets, leadership cultivates the other five. The best leaders are more than bosses who tell their employees what to do. Great leaders co-create a shared purpose for their teams and empower their employees to do great work.

Our latest research shows that globally, every Talent Magnet index has slightly decreased. Engagement also fell from 72% to 70% this year. Employee Net Promoter Score® remained at 5%, and intention to leave increased slightly from 59% to 60%, while burnout increased 3%.

These numbers are adjusted to remove the effect of Covid-19.

To see our research and perspective on the impact of crisis on culture, please read the Crisis chapter.



AVERAGE ENGAGEMENT SCORE IS DOWN 2% FROM THE PREVIOUS YEAR

While we saw promising gains in all of the Talent Magnets between the first two years of the Global Culture Report, this year marks a drop in all six areas, creating a pivotal time for organizations to improve their cultures. Employees still feel burned out and struggle with wellbeing and leadership. Organizations have an opportunity to step up during these changing times and build the cultures they need for the next decade. The Talent Magnets reflect overall cultural health and are good indicators of where organizations can focus their efforts.

ORGANIZATIONS FACE CHALLENGES ON MULTIPLE FRONTS

In addition to the Covid-19 pandemic, organizations today face adversity that threatens their ability to thrive financially, operationally, and culturally.

When we asked employees what factors are challenging their organization now (summer of 2020), the top five responses were:

#1	Losing business due to Covid-19 (45%)
#2	Adapting to changing economic conditions (37%)
#3	Dealing with new government regulations (34%)
#4	Downsizing or layoffs (24%)
#5	Dealing with changing international trade conditions (23%)

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While these macro-challenges are significant, five equally troubling issues are confronting organizations at the micro-level:

1. Technology infrastructure is falling behind

Even before the pandemic pushed the majority of employees into working remotely, technology infrastructure was a growing concern for many organizations. Nearly a third of respondents (29%) report that their organization has stopped investing in cutting-edge technology, while another 31% report that existing technology is difficult to use.

There is a misconception that employees fear advanced technology at work, when, in fact, they welcome it and are generally excited about it. In many cases, this perceived fear prevents organizations from using technology to improve their employee experience and better connect their people. Even those companies who are investing in new technology often don't successfully integrate it into the employee experience, risking harm to their culture.

2. Stale recognition programs weaken positive impact

Recognition programs have become commonplace, but most have not evolved beyond their original implementation. A significant number of these programs focus more on the technology than the individual, turning what should be a peak experience into a transactional exchange. As a result, they fail to connect employees to purpose, accomplishment, or each other.

Our research finds 45% of employees feel their recognition program is stale and disconnected from what's important in the organization. Additionally, 43% of employees feel their recognition technology is outdated, while 49% report that they use their recognition program as compensation, rather than recognition. These perceptions

contribute to a 37% decrease in employees feeling appreciated. Organizations are missing a crucial opportunity to successfully integrate personalized, meaningful recognition moments into the employee experience—moments that cumulatively improve cultural and business outcomes.

82%

Incidences of mild, moderate, or severe burnout increased 3% from the previous year, leading to a burnout rate of 82% this year.

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3. D&I disparities continue to damage the employee experience

Despite the widespread corporate adoption of diversity and inclusion initiatives, many organizations still struggle to provide all employees equal access to opportunities and advancement. Too often, ineffective D&I programs focus on legal compliance and risk-mitigation, rather than actively understanding and promoting the rich diversity of employees.

Our research reveals that these disparities do not go unnoticed: 35% of respondents report their organization is not doing enough to address discrimination internally. D&I programs perceived as ineffective result in a 78% decrease in engagement, a 66% decrease in the perception of the employee experience, and a 44% increase in moderate to severe burnout. The renewed focus on racial equality in 2020 means that taking a stand to improve inclusion is no longer optional; it's expected.

4. Generation Z experiences setbacks

Prior to Covid-19, Generation Z was poised to inherit a promising work landscape with a strong economy and record-low unemployment. Now, instead of looking ahead to unlimited opportunities, Gen Z is staring into an uncertain future. In March 2020, half of Gen Z's oldest members (ages 18 to 23) reported that they or someone in their household had lost a job or taken a cut in pay due to the pandemic. This was significantly higher than Millennials (40%), Generation X (36%) and Baby Boomers (25%) who reported the same.¹

As Gen Z enters the workforce, organizations will find these employees are similar to other generations in many ways, but have slightly different communication preferences and leader expectations. Blending a new generation into the workforce can create frustration if organizations don't adapt to the needs of each one and help them all work together.

5. Leadership development still grooms gatekeepers

Modern leaders connect employees to purpose, accomplishment, and one another, and they play a central role in creating successful cultural and business outcomes. As a result, integrated strategies for inclusive, modern leadership development are key to ensuring organizations are able to adapt to a changing workplace.

Unfortunately, far too many organizations continue to perpetuate traditional leadership development programs that select only a few "high-potential" candidates for training and advancement. Consequently, leaders still learn how to gatekeep, rather than mentor and advocate. Our research confirms that 58% of organizations still embrace this outdated practice, and just less than half (49%) of organizations offer leadership development opportunities to all

employees. If organizations want to create modern leaders—or move to more of a shared-leadership model of management—they will need to expand how, and to whom, they offer leadership training.

Addressing these five issues ensures a stronger culture that enables organizations to succeed during uncertain times in the near future, as well as overcome the challenges of the next decade. Organizations would be prudent to start implementing changes now.

SYNTHESIS: AN UNEXPECTED OPPORTUNITY DURING TIMES OF CRISIS

syn·the·sis *n*. the combining of often diverse concepts into a coherent whole

Times of crisis either tear people apart or bring them together.

The people who comprise organizations represent different geographies, experiences, mindsets, races, genders, ages, abilities, talents, preferences, and perspectives. So how do organizations rally all of these different people? Connect them to one another? Help them work successfully together?

As we determine how to integrate technology, recognition, and a new generation—as well as strive to improve inclusion and leadership—we need to factor in the many layers of people, data points, and employee experiences. This complex task requires intentional, disciplined synthesis.

Instead of absorbing people into an existing culture, organizations

"We are approaching a new age of synthesis. Knowledge cannot be merely a degree or a skill.... It demands a broader vision, capabilities in critical thinking and logical deduction without which we cannot have constructive progress."

-LI KA-SHING, HONG KONG BUSINESS MAGNATE, INVESTOR, AND PHILANTHROPIST

should aspire to synthesize a stronger, more resilient one. As in chemistry, synthesis combines different elements into a new entity that's greater than the sum of its parts. A synthesized culture involves uniting all of your employees, complete with all of their differences, in ways that ensure they work together towards a common goal and achieve unprecedented results.

Organizations, fortunately, are a natural place of connection for people. While the world continues to feel more separated and isolated in a time of widespread crisis, employees are turning to their organizations for a sense of community, purpose, and security. Prior to the pandemic, employees often thought of co-workers as their family and workplaces as their second home. Nearly three-fourths (74%) of employees discuss their hopes and dreams for the future with their colleagues, and 83% say their work family makes them happier.² When employees suddenly began working remotely and distancing themselves from most of society, their work projects became critical places for connection.

For many employees, their organization's purpose provides a common identity when other points of connection are in flux. An organization's purpose can bring meaning to an employee's personal life and help them feel they're making a difference in the world.

This next year of uncertainty and change presents a choice for organizations. They can assume their culture is good enough and risk having people feel disconnected, disengaged, and tempted to look elsewhere. Or, they can do what's necessary to build a great employee experience and culture that appreciates, recognizes, and combines the talent of each individual to create business success. This report is for anyone who's curious about the second option.

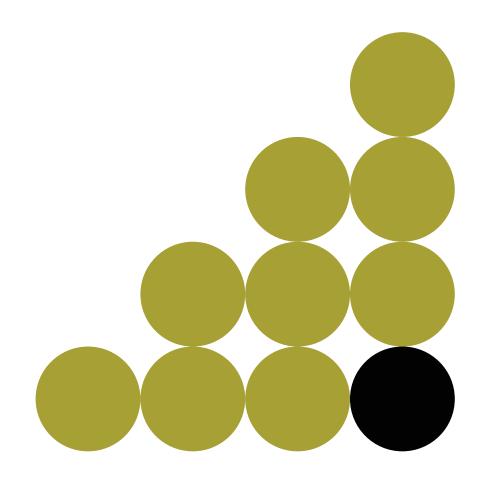
Introduction Sources

- "Worries About Coronavirus Surge, as Most Americans Expect a Recession—or Worse," Pew Research Center, March 2020.
- 2. "This study identified the 5 people that make up a 'work family'—which one are you?" Ruth Umoh, CNBC, December 14, 2017.



In 2020, organizations faced a virus with no cure, a reckoning of racial justice, and an unprecedented opportunity.





10x

NON-THRIVING CULTURES ARE 10X
MORE LIKELY TO BE NEGATIVELY IMPACTED BY
CRISIS THAN THRIVING CULTURES

It's no secret that adversity is a key ingredient for progress. And this year has provided enough challenge, struggle, and pain to go a very long way. Simultaneous, cascading crises have stretched, pushed, and nearly severed the connections that hold our societies, economies, and political systems together. We see clearly how much organizational cultures depend on transparency, leadership, and valuing people. But as necessary as adversity is for progress, it is far from sufficient. Without embracing the difficulty and the change ahead, organizations will stagnate and ultimately fail. We have work to do for ourselves and each other. Equally important, we have hope. Let's get to it.

INTRODUCTION

For most organizations, the beginning of 2020 was filled with cautious optimism. Business investment spending had slowed, but promising advancements in technology—coupled with moderate-but-steady consumer spending—set expectations for more innovation and economic growth. Households continued to benefit from a strong labor market, low unemployment, and rising disposable income, all of which fueled consumer confidence. Experts predicted growth over the coming year would be slow, but steady.¹

Then, a novel coronavirus went global.

57%

of companies anticipate "major" changes to their culture as a result of the pandemic²

Between March and April, the US alone lost more than 20 million jobs across all industries. Logically, but no less frighteningly, a massive decline in consumer spending and a 14% drop in GDP over the first two quarters followed. By late July, it was clear that any attempts to defeat the virus by freezing the economy had not produced the rebound many envisioned. We now see investment spending declining due to lower consumption, while market and consumer uncertainty continue to rise.³

"There's always an opportunity with crisis.
Just as it forces an individual to look inside himself, it forces a company to reexamine its policies and practices."

-JUDY SMITH, CEO, SMITH & COMPANY

As alarming as these economic indicators are, the disruption to the underlying cultures of countless organizations is equally troubling. For many, the shared experiences, stories, and connections that influence how employees interact, think, and work are fractured. According to a study by SHRM, two-thirds of companies say keeping employee morale up is a challenge, and one-third say the same about maintaining company culture.⁴ The pandemic is not only altering how organizations do business; it's testing our ability to preserve the thriving cultures that make business possible.

GLOBAL DISRUPTION NEGATIVELY IMPACTS ORGANIZATIONAL CULTURE

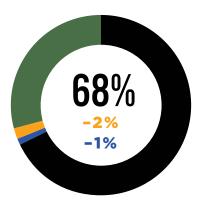
As reported in the Introduction, the year-over-year trend for cultural outcomes and engagement was already on a slight decline. With the widespread disruption resulting from Covid-19, this downward trend has only accelerated, and we see it in lower scores for cultural outcomes and engagement and increased scores for burnout.

Impact of Covid-19 on cultural outcomes:

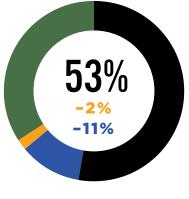
-11%	Engagement
-6%	Employee Net Promoter Score
+15%	Burnout
-5%	Intention to leave

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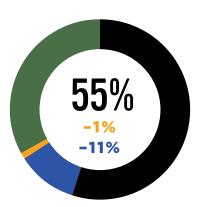
Interestingly, the two areas that appear almost immune to the effects of the pandemic are purpose and intention to leave. With economic uncertainty likely to linger through next year, employees may not feel comfortable leaving their jobs quite yet. They may also still find their work provides them with purpose as their social and personal lives suffer from social distancing and isolation.



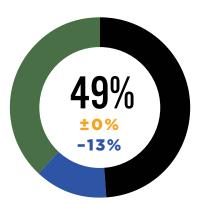
EMPLOYEE SENSE OF PURPOSE



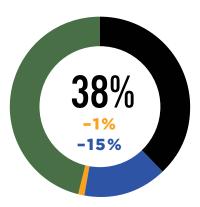
EMPLOYEE SENSE OF OPPORTUNITY



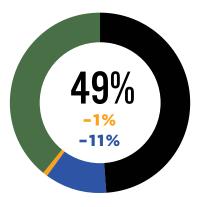
EMPLOYEE SENSE OF SUCCESS



EMPLOYEE SENSE OF APPRECIATION



EMPLOYEE SENSE OF WELLBEING



EMPLOYEE SENSE OF LEADERSHIP

Figure 3. COVID-19 STRIKES THE TALENT MAGNETS™
The pandemic takes a large toll on the six essential elements that define thriving cultures.

SOME CULTURES DO BETTER THAN OTHERS

The pandemic has significantly impacted the culture of all organizations, but those that went into the crisis with a healthy culture have weathered the storm far better than those that did not. The difference in impact between thriving and non-thriving cultures on cultural outcomes and overall satisfaction levels is profound:

IMPACT OF COVID-19 ON THRIVING CULTURES	IMPACT OF COVID-19 ON NON-THRIVING CULTURES
-1%	-52%
-3%	-53%
-5%	-63%
-1%	-51%
+13%	+81%
-1%	-49%
	-1% -5% -1% +13%

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"We use our culture to frame [the pandemic]. We always had a collaborative culture and a supportive one. We are engaging our employees more than ever. We are an agile culture, and we pivoted to the needs of our employees. I also think this situation made us do things over a matter of weeks that might have taken us years to do otherwise."

-TRACY KEOGH, CHRO, HP

THE IMPACT OF ORGANIZATIONAL (RE)ACTIONS

In response to the economic and operational challenges of the Covid-19 pandemic, organizations have made difficult decisions to protect their long-term viability. But many of these actions have had unintended consequences on employees and culture:

1. Making layoffs and furloughs

At the beginning of the pandemic, 49% of companies were considering layoffs,⁵ and a month into the pandemic Gallup's research found nearly 20% of companies did cut jobs.⁶ Unemployment in the US increased from 3.8% in February 2020 to 13% in May 2020.⁷ The absence of these employees, even though many were working remotely, has taken a painful toll on culture.

When an organization conducted a layoff or furlough, we saw a(n):

91%	decline in employee Net Promoter Score	
36%	increase in intent to leave the organization	
57 %	increase in disengagement	
20%	increase in fearfulness	
80%	increase in feeling isolated	

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2. Returning to the workplace too soon

Many organizations have debated the right time to bring remote workers back, and many workers have not felt ready.

When employees believed their organization was unprepared at the time it required them to return, we saw a(n):

46%	increase in fearfulness
23%	increase in reporting a tense work atmosphere
31%	decrease in engagement
18%	decrease in productivity
23%	decrease in trust in leaders to consider their wellbeing

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Pressuring workers to return to the office also has a significant impact on their health and wellbeing. Those who had to return were 19% more likely to feel depressed, 16% more likely to feel burned out, and 22% more likely to be scared about Covid-19 in the workplace.

3. Cutting recognition

For many businesses, less revenue has meant less recognition. During Covid-19, organizations have cut career anniversary programs by 17%, performance recognition programs by 20%, and everyday-effort recognition programs by 7%.

Consequences include:

lower employee Net Promoter Score	
higher intent to leave the organization	
decrease in engagement	
increase in mental exhaustion	
decrease in likelihood employees feel supported by the organization	
	higher intent to leave the organization decrease in engagement increase in mental exhaustion decrease in likelihood employees feel supported

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It may not always be obvious—and at times it may feel risky—but the pandemic gives every organization an enormous opportunity to evolve and improve its culture. When employees believe their culture adapts quickly to change, the odds are 475% greater that they will believe their organization sees disruption as an opportunity for learning and growth. The truth is cultures will inevitably change. The 2020 pandemic has forced and accelerated change. But organizations can still choose how.

Now is the time for leaders to transition from being traditional bosses to modern mentors capable of helping their people navigate the psychological uncertainty of a radically different work experience. Technology readiness is no longer an aspirational consideration, but a survival necessity. Inclusion is no longer an optional aspect of workplace culture; it's something employees of all backgrounds demand. Above all, recognition has never been more important because it gives the most essential part of any organization a desperately needed sense of appreciation and security during times of uncertainty and transition.

"There will be interruptions, and I don't know when they will occur, and I don't know how deep they will occur. I do know they will occur from time to time, and I also know that we'll come out better on the other end."

-WARREN BUFFET, CEO, BERKSHIRE HATHAWAY

CASE STUDY—WHAT CHINESE COMPANIES TAUGHT US ABOUT TRANSPARENCY

The coronavirus infected China weeks before it reached the rest of the world, and many Chinese companies quickly adapted and innovated. The key for many of them was transparency.

They regularly kept their teams up to date on the state of their business and shared information that was direct, honest, and personal. After a major engineering and technology company shut down one of its R&D centers that represented the future of the business, employees asked the CEO why. His answer: "If we cannot survive the next three months, we will have no future."

Leaders knew their actions were under a microscope and that not all employees would be happy with them. But when workers understood the business situation and had the information behind decisions, they felt that "we are all in this battle together and fighting the same enemy." Transparency enabled organizations to rally their people to make the changes needed to survive the crisis.8

RECOMMENDATIONS & IMPACT

To help leaders of organizations navigate the Covid-19 crisis, our research supports taking the following actions:



Be transparent with employees

During times of uncertainty, companies must assess their leadership practices and how they engage their people. Leaders who communicate decisions honestly, completely, and proactively build trust and reassure their employees.

Organizational transparency is paramount to protecting culture, particularly during challenging times. For organizations that have been less than transparent in the past, this crisis provides an opportunity to change perceptions.

By the numbers, organizations that increased transparency with employees since the start of the crisis saw:

72%	increase in employee satisfaction
174%	increase in trust that leaders have employee wellbeing in mind as they make operational decisions
241%	increase in the employee Net Promoter Score
85%	increase in employee engagement
152%	increase in employee motivation to do more
37%	decrease in fearfulness about Covid-19 in the workplace

2 Stay connected to employees

"You've got 3,000 to 4,000 people at home and they need a community.

We have been creating online communities that have nothing to do with how much you're going to sell this week."

-MOHAMAD ALI, CEO, INTERNATIONAL DATA GROUP

As we continue to work remotely and socially distance, we lose the easy opportunities to catch up with one another in the hallways or the break room. Employees have to make more of an effort to stay connected virtually, and organizations need to actively foster connection across teams.

We suggest leaders make an effort to connect with employees daily, in one way or another. Likewise, one-to-one meetings have always been an effective way for a leader to check in on work and progress, but they can be even more important for employee wellbeing and engagement. Our research last year showed a meaningful impact when leaders had regular one-to-ones with their people.

This year we see a statistically significant difference in the effectiveness of one-to-ones held weekly versus every other week (biweekly) and monthly:

OUTCOMES	WEEKLY ONE-TO-ONES COMPARED TO BIWEEKLY
Engagement	+58%
Fearfulness	-47%
Personal productivity	+31%
Purpose	+19%
Opportunity	+24%
Success	+15%
Appreciation	+24%
Wellbeing	+23%
Leadership	+36%
Burnout	-15%

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During a crisis, one-to-ones should allow time for mentorship and coaching; asking about concerns and wellbeing; listening to employee feedback; and providing purpose, opportunity, and appreciation.

CASE STUDY—STAYING CONNECTED DURING COVID-19

HP is engaging with employees in even more ways during the pandemic. Examples include weekly town halls through Zoom with doctors to give updates on Covid-19 as well as homeschooling seminars for parents. The company has also taken new steps to support employees' mental health and invested in more leadership training to help managers take care of their people. Managers check in with their teams regularly, and the CEO uses video to reach more people and speak with them directly.

As a result of these efforts, HP finds employees are more able to connect on a global level and have a greater sense of inclusion. Says Tracy Keogh, CHRO at HP, "You are leading through a crisis and connecting with your people. This is the most authentic time in business history."

CASE STUDY—USING RECOGNITION TO CONNECT EMPLOYEES AND BOOST MORALE

Since the start of the pandemic, Puget Sound Energy (PSE) has used their recognition platform to help leaders stay connected to employees. Karl Frunz, PSE's Recognition Lead, regularly encourages leaders to recognize their people in a variety of ways:

- Sending positive messages and thanks to their teams
- Celebrating company results, like compliance (an important industry measure)
- Using ecards to reduce stress and retain connection
- Encouraging leaders to celebrate and make service anniversaries meaningful

The company recognized its IT teams with special packages, certificates, and handwritten notes to thank them for helping employees transition to remote work and continuing to support their IT needs. PSE also created a special award to reinforce and recognize employee safety. Providing services and taking care of customers doesn't stop in a pandemic, and neither does recognition at PSE.¹⁰

(3)

Leverage the power of recognition

Recognition has always been important, but during times of crisis it's even more crucial in helping employees feel seen, valued, and connected.

Our research shows recognition has had a larger impact on both employee perceptions and business results this year:

47%	increase in employee engagement (a 48% higher increase than pre-Covid)
66%	more likely to have employees be Promoters on the standard eNPS scale (a 23% higher increase than pre-Covid)
47%	more likely to have employees innovating and performing great work (a 63% higher increase than pre-Covid)

Recognition also affects how employees feel about a crisis. Employees recognized in the previous seven days are:

47%	less likely to be fearful about Covid-19 in the workplace	
44%	less likely to feel their organization is underprepared for the crisis	
103%	more likely to feel supported by their organization	
67%	more likely to feel their organization cares about the wellbeing of people over the bottom line	

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Be proactive about addressing inequality and discrimination

Both the pandemic and racial unrest in 2020 have elevated equality and discrimination issues that impact society. But they've also highlighted how employees interact with each other, leaders, and clients. The way an organization responds to issues of discrimination—both internally and within the community—has a direct impact on how workers view the integrity of their culture, their leadership, and their roles within the organization.

According to our surveys, 59% of employees are satisfied with how their leaders respond to instances of racism or discrimination. Additionally, 58% feel safe sharing their thoughts about racism or discrimination with leaders and colleagues.

When employees are satisfied with how their leaders respond to instances of racism and discrimination, and when leaders connect their responses to the company's purpose and values, the impact on cultural outcomes is clear and powerful:

OUTCOMES	LEADERS TAKE TIME TO ADDRESS EMPLOYEE CONCERNS ABOUT RACISM OR DISCRIMINATION	LEADERS RESPOND WELL TO INSTANCES OF DISCRIMINATION AND CONNECT RESPONSES TO PURPOSE AND VALUES
Engagement	4x	10x
Sense of inclusion	6x	12 x
Purpose	4x	7x
Opportunity	4x	9x
Success	5x	10x
Appreciation	4x	6x
Wellbeing	2x	3x
Leadership	4x	8x
Burnout	-15%	-34%
Depression	-17%	-22%

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Employees respond positively to organizations that are willing to take a stand and make their values known. Nearly half (42%) of employees believe their organization would publicly communicate their opinion on issues of race and discrimination, even if it meant losing customers. Additionally, 77% report that their organization's response aligns with their personal values. When that happens, the sense of inclusion increases 14x and belonging increases 5x.

CASE STUDY—COMMITTING TO RACIAL EQUALITY

During the summer of 2020, the global design firm IDEO directly addressed how it had perpetuated inequality in the past and how it would change going forward. The company's public statement supporting diversity and inclusion admitted that it had not done enough and detailed its failures as an organization—from staying silent on issues, to poor choices of words in social media posts, to slow progress on making systems and processes more inclusive.

The company then outlined specific actions and commitments it's making in the areas of talent, training, community, design, and culture. It pledged to publicly share demographic information, change hiring practices to be more inclusive, actively work to recognize and reduce bias, provide more training and pay equity, financially support external organizations for social justice, and improve collaboration by sharing tools with diverse organizations.

CONCLUSION

Organizations have a unique opportunity to treat the crises of 2020 as important catalysts, make positive changes, and invest in the lives of their employees and their communities. Even small improvements, when implemented daily, will have a large, lasting impact on culture. And a stronger culture will help any organization be more ready, resilient, and adaptable for the next crisis.

"This [pandemic] experience has raised the level of importance of having trust in each other to be successful in whatever is the mission of the company. It has also emphasized our interconnectedness as well as our responsibilities to each other."

-JANE DELGADO, PRESIDENT AND CEO,
THE NATIONAL ALLIANCE FOR HISPANIC HEALTH

CRISIS-4 KEY TAKEAWAYS

The crises of 2020 have dramatically changed the employee experience and how workplaces function.

Layoffs, returning to work too early, and cutting recognition have unintended consequences on culture.

There will be no return to "normal." Organizations must change and improve their cultures for the future.

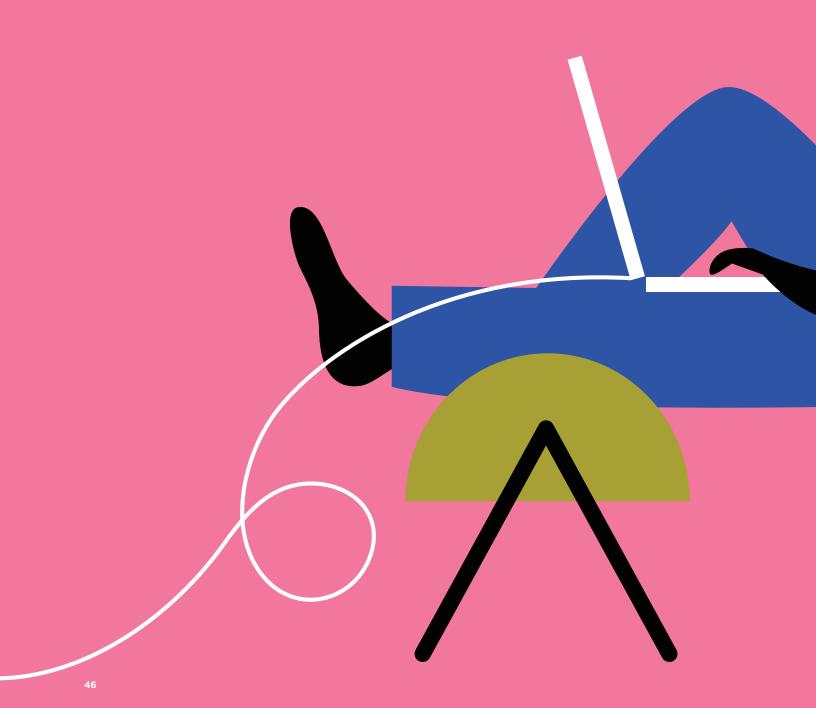
To thrive, organizations must double down on best practices like modern leadership, recognition, and inclusion.

Crisis Sources

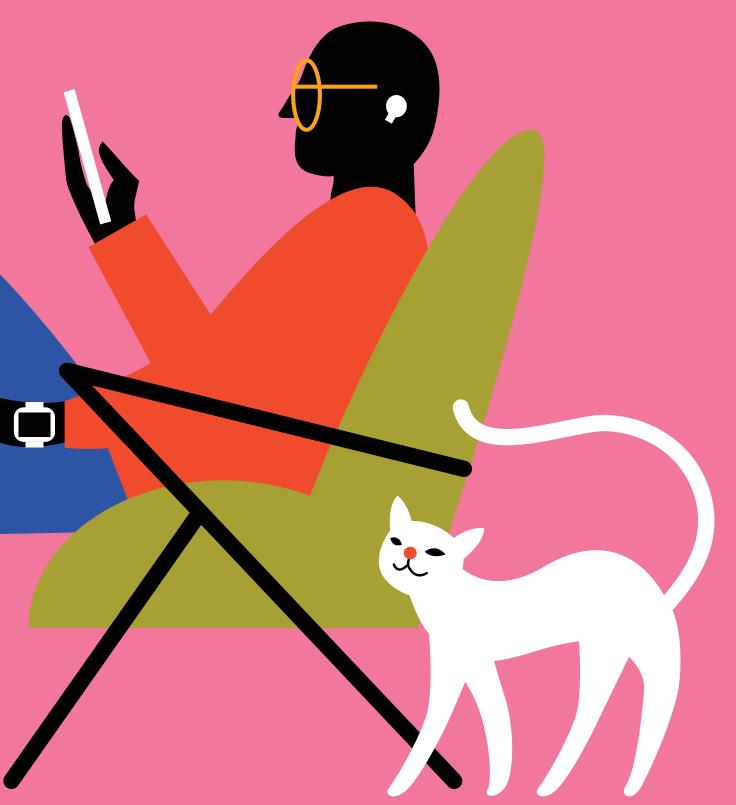
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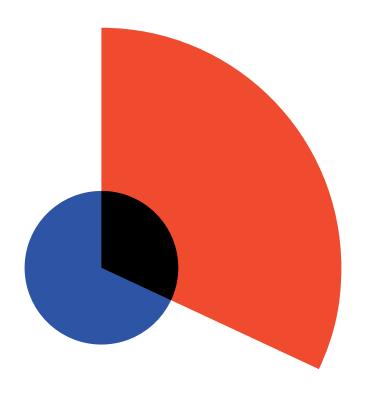
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Technology



New technology is far more successful when it's introduced and integrated in ways that strengthen culture.





%

OF ORGANIZATIONS ARE CULTURALLY READY TO ADOPT NEW TECHNOLOGY

The past ten years have seen a dramatic rise in new technologies that allow us to work in more efficient and powerful ways. But any technology becomes less effective when it exists on its own—independent, disconnected, or haphazardly implemented. Such conditions compromise both business performance and day-to-day employee experiences, often sabotaging the best efforts of the organization and its people. So now, and for the foreseeable future, organizations must focus on the critical task of integrating technology, achieving an ecosystem of sorts, where different tools interact seamlessly to support a thriving culture full of excellent peak and micro employee experiences.

INTRODUCTION

The pace of technological innovation shows no signs of slowing down, and it's rapidly shifting how, where, and when we work.

New technology not only enables employees to work more flexibly, it also makes the work smarter, faster, and more efficient. For example, real-time data is more accessible and accurate than ever, which helps people make better decisions at every level.

Some may question whether technology is living up to the promise of connecting us in a world that at times feels increasingly disconnected, especially during a global pandemic accompanied by social and political turmoil.

But we should also ask whether organizations are fully leveraging technology to improve the thousands of micro-experiences employees have at work. Because there's one thing we know for certain: bad experiences with technology can create or exacerbate disconnection, isolation, and burnout in the workplace—especially when the workplace is remote.

So how does an organization effectively integrate technology everywhere it can make a difference without negatively impacting the employee experience? Ideally, different technologies would seamlessly connect and complement one another, creating a cohesive network of tools and interactions. Futurists and researchers¹ often portray a fully integrated workplace with dystopian images of artificial intelligence and robots replacing humans. But it's just as easy to imagine advanced technology implemented in ways that improve culture.

"Technology is often looked at as a silver-bullet solution to problems and challenges, so implementation becomes the primary focus. As such, organizations find they have not made work easier or people more productive, they just added more work, steps, or complexities—and increased dissatisfaction and frustration."

-CHRIS HAVRILLA, VICE PRESIDENT, HR TECHNOLOGY AND SOLUTION PROVIDER RESEARCH, BERSIN BY DELOITTE

EMPLOYEES ARE EXCITED ABOUT NEW TECHNOLOGIES

Contrary to dystopian predictions, most employees feel good about the future of technology in the workplace. A full 77% believe advanced technology will improve their work experience, even in organizations where jobs have been eliminated by it. What's more, 65% of employees are "hopeful," and 62% are "excited" about the potential of artificial intelligence (AI) and machine learning.

77%

of employees believe their work experience will be improved by implementing new technology

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This means less than one-third of employees are afraid of how technology could impact them in the future, which is very different from the popular narrative that workers think AI will steal their jobs. Interestingly, of the third who were fearful, individual contributors were about twice as worried or skeptical of AI and machine learning as leaders. That difference is even more pronounced in industries most likely to be changed by these types of technologies: banking/finance, communications, energy, construction, manufacturing, oil and gas, IT, and transportation. Millennials are the least worried about new technology. Baby Boomers are the most fearful.

CASE STUDIES—HOW ADVANCED TECHNOLOGIES ARE TRANSFORMING EMPLOYEE EXPERIENCES

Recruitment: Hilton Hotels uses AI to help source, screen, and interview candidates, so hiring managers can focus on courting the right people, rather than on the search process. As a result, the speed of hiring has increased 85%.³

Learning and Development: GE Healthcare tested augmented reality (AR) for their on-the-job training. With "smart glasses" that transpose enhanced instructions and visualize steps on the assembly line, newly trained workers completed jobs 46% faster.

Great Work: Boeing's wearable technology includes a voice-activated search function, so employees such as electrical engineers can quickly filter through the diagrams in dozens of manuals. It also overlays schematics to take them through every process, step by step.

HR: More and more functions use bots to help answer frequently asked questions about policies and benefits. These bots quickly provide accurate answers and help assess the employee experience. Genpact, the global professional services firm, uses them to promote self-service, but they can also identify patterns in employee communications with HR to predict performance issues or attrition.⁴

MACHINE LEARNING IN HEALTHCARE For nearly six vears. MD A

For nearly six years, MD Anderson Cancer Center has used AI to improve patient care, patient experience, and employee engagement. The health histories of patients update in real time as the technology learns and remembers their preferences and behaviors, and integrates with medical information taken during office visits. This helps their doctors and nurses prescribe more personalized, up-to-date recommendations at the most opportune times.⁵

Al technologies are, in fact, already impacting different areas, including recruiting and training, performance management, workplace safety, and data protection. Deloitte found that 41% of employees are using automation "extensively" across many areas of their organization, while only 38% expect Al to eliminate their jobs in the future completely.²

Our study found the most common types of new technology are:

- #1 Machine learning (40%)
- **#2** Natural language processing (34%)
- #3 Neural networks (32%)

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Furthermore, 26% of organizations are planning to introduce this technology soon. And 82% of those who have already implemented report that it has impacted their employee experience positively.

Our research also indicates employees are optimistic about their organization's ability to implement future technologies well. About two-thirds of employees feel their organization will keep up with the latest technology and achieve seamless integration of new tools.

Organizations are in the early stages of adopting advanced technologies, and the good news is that employees don't view them with a critical or fearful eye. Most are excited because they've already seen a positive impact, and they're hopeful their organizations will implement them successfully. Employees are ready, but are their organizations?

ORGANIZATIONS ARE NOT READY FOR NEW TECHNOLOGIES

While employees anticipate new technologies will change work for the better, their employers may not be ready to deliver. We found technological readiness is strongly tied to an organization's culture, and the culture largely determines how successful new technology will be. In addition, employees who are more positive about their culture are more open to changes in their employee experience, including technological changes. Our research identifies four critical factors that we call the Cultural Technology Innovation Readiness (CTIR) Index:

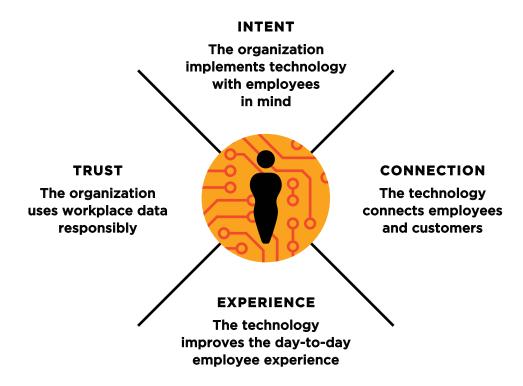


Figure 4. CULTURAL TECHNOLOGY INNOVATION READINESS (CTIR) INDEX Four factors connected to culture and success.

Readiness is fundamental to any technology's success. According to the data, when employees rate the organization highly in each CTIR component, there is a:

14%	decrease in fearfulness of the future of technology
29%	decrease in the perception that technology is hard to use at the organization
70%	increase in likelihood to believe new technology will create (rather than eliminate) jobs

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Unfortunately, we found only 32% of organizations scored well. Similarly, Deloitte found that only 26% of employees said their organizations were "ready or very ready" to address the impact of new technologies.⁶

Leaders and employees have differing opinions on whether their organizations consider the employee experience when making decisions about technology. A study by PWC shows 90% of C-suite executives believe their company assesses employee needs when implementing new technology, but only 53% of employees agree. And while 92% of senior leaders are satisfied with the technology experience their organization provides for making progress on their most important work, only 68% of staff agree.⁷

Organizations may think new technology serves the needs of employees, yet they may overlook some crucial steps in the process. Asking for employee input when considering technology, involving employees when vetting providers, and soliciting feedback after technology is implemented can help employees feel they have a voice. Including them in technology decisions also demonstrates leaders care about how the new tools affect them. All of this is important to remember because the experience employees have with technology will ultimately determine its success or failure.

TECHNOLOGY READINESS AND COMPANY CULTURE ARE INTRINSICALLY LINKED

As previously stated, the strength of an organization's culture determines its technology readiness. Some cultures are more agile and open to changes like new technology. Others are more fearful or slow to change and less willing to accept risk for innovation. Those with high trust in leaders or a strong belief that the organization cares about employee wellbeing will be more likely to accept the uncertainty that comes with new technologies.

Cultures that excel in the six Talent Magnets (purpose, opportunity, success, recognition, wellbeing, and leadership) invariably have higher CTIR scores. When you have a strong culture that enables employees to thrive, they will be more likely to trust you have their best interests at heart and more open to your efforts to help them work better.

Having a clear, meaningful purpose increases the odds of CTIR by

40%

Providing employees with ample opportunity to grow and do challenging work increases the odds of CTIR by

171%

Empowering employee success increases the odds of CTIR by

143%

Helping employees feel appreciated increases the odds of CTIR by

105%

Prioritizing employee wellbeing increases the odds of CTIR by

59%

Strong leadership practices increase the odds of CTIR by

92%

Notably, the inverse is also true: Technology can help you build your culture. According to Jordan Birnbaum, VP and Chief Behavioral Economist at ADP, "To the extent that you want certain principles to be a bedrock of your organizational culture, that means you have to make them available to people every time. Technology offers an opportunity to make sure that the organization's intentions for the kind of culture it wants are communicated with regularity. If a company establishes that collaboration is important, how do you support it? What tools facilitate it?"

Effective technology is technology that delivers great employee experiences.

TECHNOLOGY AS AN ECOSYSTEM

Technology has traditionally functioned to keep organizations running. It has evolved with the workforce to help employees stay connected to their work and each other. Advances in technology over the past decade allow organizations to better interact, share information, and learn from one another. And they've helped build communities within work where employees can collaborate and thrive.

Think of existing and future technology as an ecosystem within an organization, one where tools and programs benefit from interaction. Data, input, and feedback flow back and forth in a network that is continually transforming. In the best ecosystems, the elements work together to improve the interactions employees have with each other and with the organization. This includes their HR needs, the tools and resources they use to do their work, communication to and from leaders, social experiences with peers, and connections with customers.

While a technology ecosystem is made up of hardware and software, even more important is the data that passes through it. This data allows

the ecosystem to learn and provide insights to users, becoming almost a living, breathing part of the organization. With these insights, leaders can understand and improve the experiences their employees have at work and build better cultures in very specific ways.

As in other ecosystems, old technologies become obsolete, requiring organizations to regularly re-evaluate and adjust tools to optimize the employee and customer experience.

If organizations implement technology into their ecosystem well, they will succeed in both the adoption of the technology and the overall employee experience. Our research found that, on average, 69% of employees are satisfied with the technology at their organization. Every one-point increase in satisfaction yields an 11% increase in the odds of having an excellent employee experience.

And when technology becomes well integrated with the culture, organizations see an impact on business results:

5x	higher employee engagement
4x	higher likelihood of an eNPS Promoter
4 x	higher likelihood of growing revenue
63%	better customer service
9%	lower likelihood of employee layoffs
47%	lower likelihood of an employee looking to leave
35%	decrease in incidences of moderate to severe burnout

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RECOMMENDATIONS & IMPACT

Organizations must think about technology as a living part of their culture and intentionally use it to empower employees and improve their overall experience. There are three things to keep in mind:

When considering new technology, its impact on the employee experience and culture must be the top priority

During times of uncertainty, companies must assess their leadership practices and how they engage their people. Leaders who communicate decisions honestly, completely, and proactively build trust and reassure their employees.

"Solving culture at scale is the future of HR tech."

-LASZLO BOCK, CEO, HUMU

Before purchasing or implementing any new technology, here are a few important questions to ask:

- Why are we implementing this new technology?
- How will it impact our people?
- How does it improve their everyday experience?
- How might it be a burden or negatively impact their experience?
- How does it integrate with existing tools employees already use?
- · How does it affect employees' work output?
- Does it make things easier for them or help them be more productive?
- How does it help people connect to our organization's purpose?
- Does it enable employees to better interact and collaborate?
- How does it reflect or strengthen our culture?

Seek employee input and take their feedback. Have them sit in during vendor demos and beta test new tools. Include them in the rollout and change management plans. Recruit them to be champions of new technology to help engage others.

Don't forget to include all segments of your employee population, including remote workers, global locations, and contractors. A crossfunctional look at employees of various levels, functions, and ages is important. If you treat employee experience and culture as the North Star, your choices will be clearer and your technology initiatives will be more successful.

When organizations consider people and culture in making technology decisions, they see:

6 x	higher CTIR score
6 x	higher likelihood of an aspirational engagement score
7 x	higher likelihood of an aspirational purpose score
4x	higher likelihood of an aspirational success score
3x	higher likelihood of aspirational opportunity, appreciation, and leadership scores

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The aspirational score is an empirically based target that best-practice companies strive for. When reached, organizations maximize benefits from a particular cultural element.

"Delivering a winning employee experience means leveraging technology to provide employees an experience at work that is comparable to their experience as consumers. Providing a consumerized platform to employees is no longer a "nice to have"—it is considered table stakes, and this trend is expected to accelerate in the future."

-LISA STERLING, CHIEF PEOPLE AND CULTURE OFFICER, CERIDIAN

CASE STUDY—A NOT-SO-SWEET IMPLEMENTATION

The Hershey Company wanted to implement enterprise resource planning (ERP) software, engaging every part of the organization at the same time rather than iteratively. The ensuing chaos from every business process being revamped all at once cost Hershey \$150 million in revenue and led to a 19% decrease in share price as well as a 12% loss in international market share.

Hershey didn't consider the employee experience in its technology overhaul, which caused turmoil in all areas of the company when a new system was introduced. A perfect technology system cannot overcome a lack of foresight on how it will impact employees.⁹



Integration, not just implementation, is crucial

Focusing on the employee experience, it becomes clear that integration is as important as implementation. Why? Today's work tools and the amount of associated information are overwhelming, the pace of work itself is accelerating, and employees are burning out. Every day, the average worker uses 11 different technological systems to do their job, and 27% of employees say they lose almost an entire day each week to irrelevant emails and messages.¹⁰

Employees need technology to improve how they work. They need tools that help them perform their jobs without adding complexity or requiring additional effort. So before providing additional tools, consider integrating new technology into existing workflows. Doing so creates a true technology ecosystem that brings efficiency and simplicity to the employee experience, as well as data and insights to improve it.

The best integrated experiences are intelligent, knowing the optimal timing, frequency, and method of a key activity to be performed. An integrated solution provides an encouraging nudge or a just-in-time moment of coaching within the flow of the processes employees already use to help them succeed in performing those key activities.

If employees perceive new technologies as useful and easy, those technologies can smoothly enter the flow of work within an organization.

Every individual has a different personal level of technology acceptance in the workplace. Even those who trend towards very open acceptance may resist if it disrupts their flow of work. As we enter that flow of work, simplicity and familiarity are key to the acceptance and use of any given tool.

The goal is to become part of the ecosystem and enter the flow of work with minimal disruption to both the employee's experience and their actual job. When this happens, organizations enable employees to seamlessly engage in the provided tools.

It's equally important to remember that "in the flow of work" isn't limited to just integrating with other types of technology. To be truly integrated, technology must be part of employees' familiar use of tools, as well as their processes, environment, and interactions with coworkers.

When technology is well-integrated, the impact is high:

10x	higher likelihood of an aspirational employee experience
5x	higher likelihood of an aspirational success score
2x	higher likelihood of an aspirational wellbeing score
3x	higher likelihood of employees who are eNPS Promoters
58%	higher likelihood of employees saying they will do more to help customers

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Develop and follow a change management plan for any new technology

Don't assume employees will easily adopt new technology. Change management plans ensure employees have an optimal experience with new systems. Without such plans in place, adoption of the latest technology drops 51%, and the overall employee experience decreases by 32%.

Change management plans for technology should include the following:

Consideration of the organization's culture and workplace dynamics
Senior leader commitment and advocacy
Feedback and input from employees about the best technology options (i.e., employee involvement)
Education strategy for both leaders and employees
Focus on behaviors
Answers to questions and potential resistance that employees have to the new technology (rather than try to convince resisters, plan for open dialogue)
A strategy to bring leaders into the change, clarify behaviors, and support their follow-through
Opportunities for employees to explore the technology and discuss their needs
Employee ownership of the new technology by involving them early and often
A robust post-rollout plan, including feedback loops, reviews, briefings, etc.
Employee-generated success stories

The most common missing elements of new technology change management plans are communication and training. Without adequate communication and training, new technology increases stress, and employees feel a lower sense of success. This decreases readiness by 79% and confidence in the organization by 29%.

But communication and training are just the beginning. Real change management isn't simply disseminating information about a change. Like integration, it's more than implementing new technology tools; it's building technology into your organization's current ecosystem and actively addressing how it will complement employee experiences.

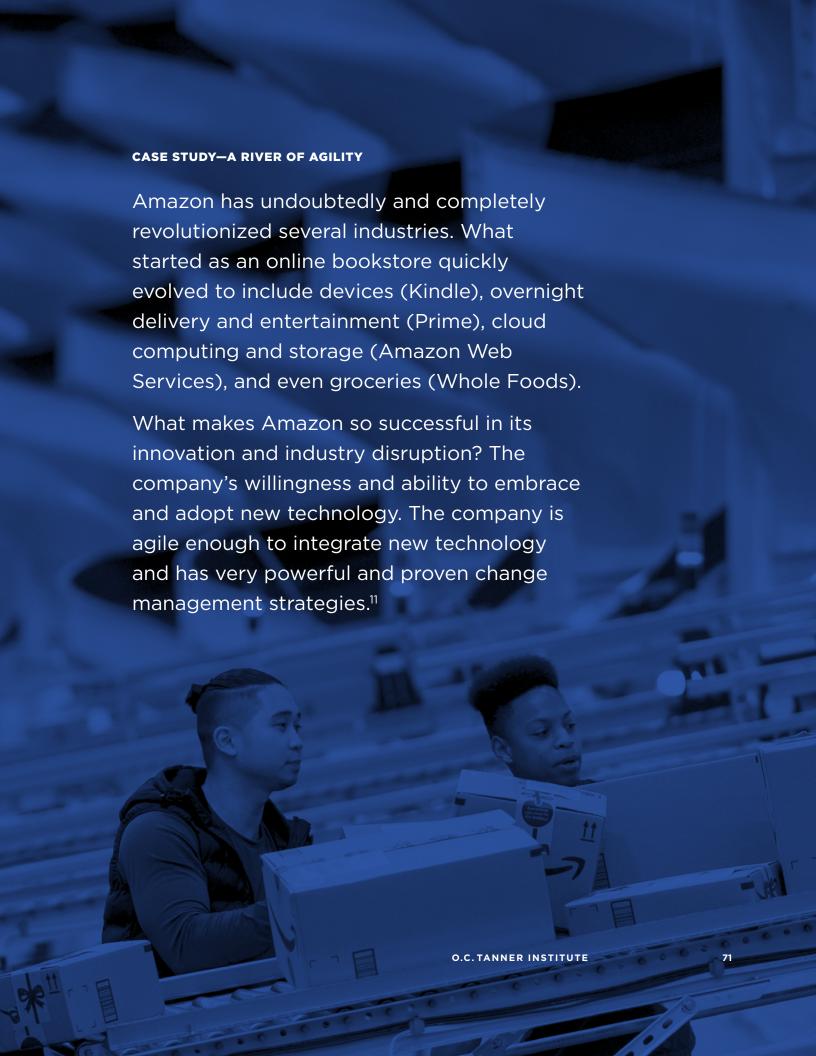
49%

Employees who are satisfied with technology at their organization have a 49% greater employee experience

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A crucial part of an effective change management plan is changing behaviors. This includes helping people understand and practice behavior change, developing the case for change through inclusion of key audiences, adjusting strategies to employees' unique needs and perceptions, and creating nudges and behavioral cues to support the change.

In addition to communicating and educating why the change is needed and valuable, organizations should engage employees in the change itself and build advocate networks with people who employees trust and value. Furthermore, while organizations do a lot of work and communication before and during a technology rollout, they often cut back immediately after. The best change management plans include robust post-rollout activities as well.





Deloitte uses AI to personalize the employee experience. New employees receive information specific to their role that's also relevant to their needs and interests. Michael Gretczko, a principal at Deloitte, calls this creating "moments that matter." For example, what new employees need is different than what a tenured manager about to retire needs. Customized information can be sent when an employee starts their job, gets a promotion, changes roles, hits a specific milestone, or accomplishes something great.¹²

CONCLUSION

Technology enables organizations to help their employees work smarter, make their processes easier, and move forward together. It can give companies a competitive advantage, as well as the potential to make the world better. But it only works if it meets employees' needs by truly integrating with the organization's ecosystem.

Employers must introduce new technology thoughtfully and intentionally. Without considering how new tools will affect employees and implementing a comprehensive change management plan, advanced technology may fail. And while the employee experience and culture are often forgotten when organizations implement new technology, they are the first things we should think about. When employees have a positive experience with technology, it changes their entire perception of their organization.

Employees are much more likely to believe technology has improved their experience when it is integrated effectively:

EMPLOYEES WHO SAY	ODDS OF AGREEING THAT ADVANCED TECHNOLOGY HAS IMPROVED THEIR EMPLOYEE EXPERIENCE
Technology improves team interaction	+72%
Technology makes my job easier	+48%
Technology created jobs in the past year	+46%
My organization integrates technology well	+45%

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TECHNOLOGY-4 KEY TAKEAWAYS

Technology has the potential to strengthen work cultures, but most organizations fail to leverage it.

Employees are excited—not fearful—of new technologies at work.

When considering new technology, its impact on the employee experience and work culture must be the top priority.

The goal of new technology should be complete integration, not simply implementation.

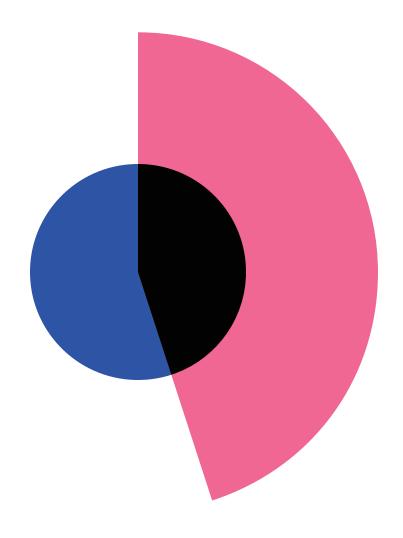
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45%

OF EMPLOYEES FEEL THEIR RECOGNITION PROGRAM IS STALE AND DISCONNECTED FROM WHAT IS IMPORTANT AT THEIR ORGANIZATION

Many leaders use recognition to engage and retain employees. The problem: Most organizations think of recognition as a stand-alone initiative, rather than a crucial piece of their culture. This has allowed the majority of programs to become stale and lose much of their impact on individuals and teams. The solution: Organizations need to look closely at their recognition strategies-from career anniversaries to celebrating everyday achievements and ensure each initiative supports their culture and the employee experience. Whenever possible, recognition should integrate with the flow of work to make it more timely, authentic, and effective. The outcomes are difficult to overestimate.

INTRODUCTION

Despite all the connections technology enables, employees still often feel separated from each other. Employee recognition, at its core, exists to help people feel more attached to their peers, their work, and their organization. And it's even more important in challenging or uncertain circumstances.

Unfortunately, good efforts and the best intentions are no match for outdated employee recognition practices. As the workforce and workplace have evolved, most recognition programs have not. Virtual teams, decentralized work, and new technology integration require equally progressive approaches to recognition.

Making it an inextricable part of culture is the only way to ensure recognition achieves its purpose. A fusion, rather than an infusion, is overdue and necessary. It's also entirely possible when you combine modern tools of communication with genuine, personalized appreciation.

87%

of employees said their organization's recognition program is stale, outdated, or used as disguised compensation

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EXCELLENT RECOGNITION PROGRAMS ARE RARE

While recognition is a fundamental way to show appreciation for employee accomplishments, not all organizations have formal recognition programs in place to do so. Service anniversary recognition, for example, seems commonplace, but our research shows only 68% of employees have a program for it. Likewise, 64% of employees said they had a program to recognize work that exceeds expectations, and only 56% of employees had a program to thank people for small efforts that made a difference.

Even when organizations do offer recognition programs, they are often outmoded and less effective:

- 45% of employees say their recognition program feels stale and disconnected from what is important to the organization
- 43% of employees say the technology they use for recognition at work feels outdated
- 49% of employees report they use their company's recognition program as compensation, rather than recognition

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These types of perceptions take a toll on employee morale. According to the data, employees who held them are 37% less likely to feel appreciated.

So why are almost half of employee recognition programs outdated and disconnected? In many cases, the programs were launched as discrete HR initiatives or employee benefits offerings and were not designed to evolve. In other cases, employee recognition wasn't a priority, so organizations didn't invest the time, resources, or strategic planning to update or modify the programs. In general, recognition programs are most effective when they are part of a larger initiative tied to cultural goals, so they can grow and adapt with the culture.

CASE STUDY—TACO BELL'S RECIPE FOR RECOGNITION

According to Frank Tucker, former Chief People Officer, Taco Bell had a traditional employee recognition program for years. People used it, but it didn't generate much excitement. So the company developed a new solution that incorporated a variety of symbols, styles, and celebrations to better match their fun and energetic culture.

Of course, excellence and success aren't possible without every team member, which is something the company communicates often. Meaningful awards with a strong narrative and a healthy career anniversary program now support the core values. And a spectrum of parties—from small fiestas among teams to large Live Mas Meetings in the corporate HQ café—help carry and define the culture across the company.

"You want to celebrate people. It's one of those human elements that people want to feel recognized. We try to celebrate it wherever we can. I think it's a big part of what makes Taco Bell special," says Tucker.¹

RECOGNITION ISN'T AN INTEGRATED PART OF WORKPLACE CULTURE, YET

Organizations achieve best-in-class recognition when they make it a foundational, integrated piece of their culture. Recognition that's inconsistent, arbitrarily used, or only available to certain employees can't provide any long-term impact.

It may help to define "integrated" in this context. It means noticing and appreciating success is the norm—accomplishments elicit more than silence, rewards don't feel automated, and recognition is an instinctive, natural response to great work across the enterprise.

Through years of research, the O.C. Tanner Institute has developed eight specific measurements, based on employee perceptions, to determine the level of recognition integration, as visualized on the following page.

Using all eight measurements, our study finds only 16% of organizations have reached a high level of recognition integration:

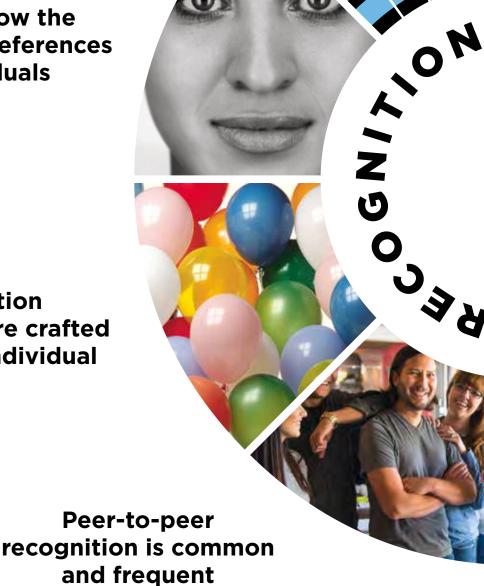
- 1. Recognition is an everyday part of the culture (53%)
- 2. Recognition programs & technology continually improve (49%)
- 3. The organization recognizes large and small efforts (29%)
- 4. Recognition is seen throughout the organization (53%)
- 5. Peer-to-peer recognition is common and frequent (65%)
- 6. Recognition experiences are crafted around individuals (40%)
- 7. Leaders know the recognition preferences of individuals (51%)
- 8. Leaders frequently recognize employees (65%)

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Leaders know the recognition preferences of individuals

Recognition experiences are crafted around the individual







Recognition programs and technology continually improve

The organization recognizes both large and small efforts

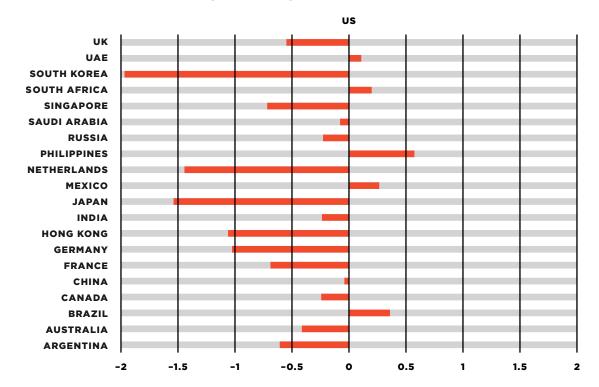
Recognition is consistently seen throughout the organization

Integrated recognition is evident when it happens frequently and in personal ways.

The research of WorldatWork, a global association for HR management professionals and business leaders, had similar findings: only 17% of organizations have "deeply embedded" recognition programs, and, at the other end of the sample, 19% have no recognition program at all.²

Logically, integrating recognition becomes more complex as organizations grow and spread out. For example, larger or multinational corporations must consider all of their locations because integration varies significantly from country to country and many geographies may have their own siloed initiatives. The chart below shows standardized scores of integration compared to the US.

Level of recognition integration relative to the United States



As organizations work to integrate recognition into their cultures, they find that different employees have different perceptions of it. Below are some notable examples of how likely various groups are to feel recognition is embedded in their culture:

- Individual contributors are 32% less likely, while leaders are 46% more likely
- Minority employees are 39% less likely
- Non-remote workers are 4x more likely
- Female employees are 34% less likely; side note:
 a Deloitte study found that while employees want to be thanked for everyday efforts, 36% of women prefer that thank-you to be written³
- Gen Z is the least likely generation to feel recognition is embedded in culture. Millennials and Gen X are more likely (16% and 15% respectively), and Baby Boomers are the most likely (33%)

Understanding these differences becomes especially important as organizations expand their diversity and inclusion efforts because ensuring recognition is available and given to employees equally is a vital part of integrating it.

No doubt, recognition integration takes a concerted effort and investment, and not just in financial resources. It takes commitment from all levels of leadership, time to develop strategic recognition practices, and patience to nurture recognition across all areas of the business. But the results are well worth the work.

Organizations with integrated recognition are:

more likely to have highly engaged employees
more likely to have increased revenue over the past year
less likely to have layoffs over the past year
less likely to have employees suffering from burnout

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Plus, employees are 3x more likely to report an extraordinary employee experience when recognition is embedded in the culture.

"There is now the expectation
that we appreciate great work.
Appreciation has become a part of
who we are. People use that word
and talk about it. It's part of the
heartbeat of our organization, and
it provides all of us hope when
we see the good things people are
doing across the organization."

-KAREN ACKERMAN, VP OF HUMAN RESOURCES, CENTRA HEALTH

CASE STUDY—BANKING ON BETTER RECOGNITION

Business Development Bank of Canada (BDC) had a number of employee recognition programs, including a program for monetary rewards and a more exclusive President's Award. But with a fresh company brand makeover in 2016, BDC wanted to integrate and align recognition with their culture and connect it to the new brand. So, they designed a new online, multidirectional recognition strategy and tools that would enable every employee to appreciate their peers and celebrate important career milestones.

Overall, BDC found success because updated recognition tools and practices helped them reinforce the strong culture they already had, while making it easier and more accessible to appreciate accomplishments that laddered up to their brand promise.

"Appreciating our peers is increasingly embedded in the way we do things. It is becoming common practice," says Karine Clément-Debrosse, Senior Advisor, Employee Experience at BDC.⁴

RECOGNITION BECOMES MORE TECHNICAL AND MORE PERSONAL

The future of employee recognition will carefully blend new technologies and individualized experiences ("tech and touch," for short). Technology will facilitate the act of recognizing great work. But software-only initiatives that rely on a Facebook-type wall of accolades or recognition transactions consisting of emailed thank-you notes are not enough.

Moving forward, organizations will supplement the latest tools with personal, meaningful, genuine recognition experiences. Intentionally pursuing a high-tech and human-touch recognition strategy will make all the difference in helping people thrive and deliver great work.

RECOMMENDATIONS & IMPACT

The future of recognition is a blend of current technology and personal, high-touch experiences. To do this effectively, organizational leaders should consider the following recommendations:

(1)

Apply modern recognition technologies

The right technology can expedite giving and receiving recognition, communicate employee accomplishment throughout the organization, and make it easy to choose exciting rewards. It can also provide useful data to evaluate success and integrate into other HR or performance management tools. Nonetheless, many organizations are not using modern recognition technology, and they face an uphill battle: only 40% of employees believe their organization will invest in future innovative recognition technology.

In our Technology chapter, we discussed Cultural Technology Innovation Readiness (CTIR), which also applies to recognition technology. When organizations scored higher in CTIR, they were 3x more likely to have recognition embedded in their current culture, and employees were 59% less likely to feel their program is stale, 63% less likely to feel it's outdated, and 41% less likely to feel it's used to disguise compensation.

Organizations that choose to upgrade their recognition technology should focus on two main aspects: integration and innovation.

Technology integration. Many organizations and even some recognition providers opt for separate portals and systems to support recognition, expecting employees to step out of their normal workflow to participate. In some cases, this may be necessary, as many organizations do not have a robust technology ecosystem, or they grapple with dispersed employee groups that use technology differently (or rarely use it at all). For these organizations, separate systems may be required.

But for most others, the goal should be to bring recognition into the flow of everyday work. They should seek to embed the ability to recognize employees directly into employees' existing processes. This means including the capability to recognize others in email, web browsers, social tools, intranets, HR portals, and other programs employees already use daily. For offline employees, this means enabling mobile access and implementing ways to interact with online recognition technology within their existing tools and spaces.

Placing recognition in the flow of work facilitates giving and receiving recognition more quickly and frequently. And recognizing in real time is a distinct advantage. Brian Kropp, VP of the HR practice at Gartner, says, "Every day that passes between when a positive employee behavior happens and when the recognition is given, the value of that recognition declines."⁵

Having an organizational focus on technology integration leads to a 3x higher likelihood that recognition is embedded within a culture. It also decreases the perception that recognition is stale by 55%, outdated by 51%, and used to disguise compensation by 57%.

Technology innovation. Tools like artificial intelligence (AI) and machine learning enable organizations to use recognition data to inform culture efforts and assist diversity and inclusion initiatives in entirely new ways. Data showing who is recognizing, being recognized, and for what, can be integrated with other demographic and performance information to help improve the employee experience for everyone.

Currently, less than half (45%) of organizations are considering using advanced technology to support recognition efforts and enrich their understanding of culture, and just over half (52%) are using it to support diversity and inclusion efforts. But advanced technology can be a powerful complement to these initiatives.

CASE STUDY—CONNECTING THE DOTS IN UNCONSCIOUS BIAS

A company's annual culture/engagement survey revealed women and line-level supervisors felt less appreciated than other employees. However, recognition program data showed no decrease in the amount of recognition these employees received.

Using advanced technology to analyze the data more closely, the organization discovered employees recognized each other with different language. Men received recognition with stronger positive statements and at a higher magnitude than women and line-level supervisors.

Going a step further, the company blended the data from its engagement survey, recognition program, and performance management system. This analysis revealed these employees received less-than-fair performance reviews and were more likely to feel disconnected from the organization.

The data informed a targeted strategy and the creation of employee personas for training leaders who might be susceptible to unconscious biases. Ultimately, the new approach was more cost effective, easier to manage, and more impactful in addressing the root causes of the survey results.

"Employees can do their banking on their phone, they can buy a car on their phone, they can get directions on their phone. But when they come to work, they often have to step back in time in terms of the dated technologies they're asked to use. You don't want your technology getting in the way of people's ability to recognize one another."

-BRIAN KROPP, GROUP VP, HR PRACTICE, GARTNER



Connect employee accomplishments to customer impact

Many organizations have created compelling purpose statements and employee value propositions that inspire and engage employees. But what's often missing is a fundamental connection between the employee and the customer value proposition. Some have tried to bridge the gap by recognizing employees based on customer feedback. While this has an impact, there is opportunity to make a more direct connection between employees' work and its impact on customers.

Why is this important? Because employees want to feel they are making a difference; that their work matters. The best way to demonstrate this connection is by showing how an employee's work affects the lives of customers, clients, patients, or end users. It gives their work meaning and relevance. We asked customerfacing employees to rank the recognition they receive based on how important it is to their overall employee experience. The result: Recognition from direct leaders and recognition from customers nearly tied for the most important form of recognition.

Organizations have typically focused on recognition for years of service, achievement, and everyday effort. But they should also focus on creating more formal processes for customer feedback and linking employee accomplishments more directly—and consistently—to customer impact. When organizations have recognition programs in all four areas, employees are far more positive about recognition at their organization.

Probability of having an aspirational score:

SCORES	SERVICE ANNIVERSARY RECOGNITION ONLY
Able to handle frustrations at work	105%
Feel connected to something bigger	71%
Feel more connected to person who recognized me	51%
Feel that recognition is a part of everyday culture	55%
Feel that the organization continually implements new recognition programs/technology	11%
Regularly see recognition at work	29%

There's also a dramatic impact on an employee's view of their overall experience and their organization:

	SERVICE ANNIVERSARY
OUTCOMES	RECOGNITION ONLY
Engagement	42%
Likelihood of being a Promoter	Not significant
Employee experience rating	41%
Purpose	69%
Opportunity	19%
Success	32%
Appreciation	25%
Organizational growth	15%

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SERVICE ANNIVERSARY AND PERFORMANCE RECOGNITION	SERVICE ANNIVERSARY, PERFORMANCE, EXTRA- EFFORT RECOGNITION	SERVICE ANNIVERSARY, PERFORMANCE, EXTRA- EFFORT, CUSTOMER RECOGNITION
226%	133%	371%
226%	152%	455%
121%	164%	394%
311%	577%	1,627%
318%	898%	2,458%
284%	497%	1,374%

The aspirational score is an empirically based target that best-practice companies strive for. When reached, organizations maximize the benefits from a particular cultural element.

SERVICE ANNIVERSARY AND PERFORMANCE RECOGNITION	SERVICE ANNIVERSARY, PERFORMANCE, EXTRA- EFFORT RECOGNITION	SERVICE ANNIVERSARY, PERFORMANCE, EXTRA- EFFORT, CUSTOMER RECOGNITION
201%	325%	926%
130%	270%	525%
146%	299%	675%
155%	249%	597%
176%	329%	1,123%
239%	373%	1,325%
281%	478%	941%
105%	287%	493%

3

Elevate the recognition experience

The growing role of technology in employee recognition raises the risk of recognition practices becoming transactional, rather than an authentic expression of appreciation. This can make recognition feel less genuine and reduce its effectiveness at improving culture. Again, effective recognition combines the best of tech and touch, but even with the right technology, the human touch is often missing. The goal is to move recognition from transactions to meaningful experiences for all involved. Personalization plays an important role and is something leaders and teams can incorporate in the specific ways they present recognition.

A full 70% of employees say recognition is most meaningful to them when it is personalized. That doesn't always happen, however. Only about half of employees believe their leader understands how they want to be recognized, and about one-third of employees report the way they receive recognition makes them feel uncomfortable.

When organizations invest effort into understanding how individuals want to be recognized, and then personalize recognition based on those preferences, there is a substantial impact:

ORGANIZATION	
INVESTS EFFORT	LEADER INVESTS
TO UNDERSTAND	EFFORT AND
EMPLOYEE	PERSONALIZES
RECOGNITION	RECOGNITION
PREFERENCES	EXPERIENCES
+146%	+747%
2 x	11x
+95%	+337%
3x	8x
	INVESTS EFFORT TO UNDERSTAND EMPLOYEE RECOGNITION PREFERENCES +146% 2x +95%

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Advanced technologies have a place in personalizing recognition. Al's deep data-mining capabilities allow organizations to understand and individualize recognition experiences and awards, especially across diverse, distanced teams.⁶ This tailoring helps reinforce the sense that employees are valued as individuals for their contributions. But ultimately, the leader plays the most important part in personalizing the recognition experience.

The next few pages outline ways leaders and peers can personalize the recognition experiences for service awards, achievements, and everyday efforts. You'll notice that the relative importance of the award, the setting, and the presentation elements differ based on the type of recognition given. There are also global nuances to keep in mind, as employees in different geographic regions have different preferences. Organizations can use these insights to create special, genuine recognition experiences for their people.

CASE STUDY—EXPANDING THE REACH OF RECOGNITION

Banner Health has always understood the importance of recognition in workplace culture. However, the company had no way to recognize its 6,000+ volunteers for their contributions. The missing piece was a recognition program that would make it easy to recognize team members and volunteers all over the company, whether they were in the next room or in one of their 200 locations.

By implementing an online social recognition component, Banner's MVP (Most Valuable People) Program gives everyone at Banner the opportunity to recognize people across the entire healthcare system and connect great work back to Banner's core values. The company also set up MVP appreciation stations inside several of their facilities for customers, family members, and friends to recognize caregivers directly by writing notes of thanks.

At Banner Health, customers and their families can feel a culture of appreciation the moment they walk in the doors. "Today, we are now seeing this becoming part of the fabric of the organization, rather than some add-on project, some add-on tactic," says Peter S. Fine, CEO and President. "It's now starting to filter out into the organization as an expectation of the culture."

Service award programs

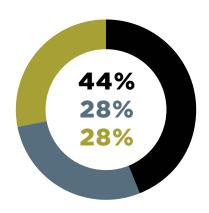
When acknowledging years of service or career celebrations, the awards themselves are important to the employee, as is having a celebration to reflect on their career with coworkers and leaders.

Relative importance of each aspect for career anniversary recognition:

Type of award (44%)

How recognition is given (28%)
Where the recognition experience occurs (28%)

Relative importance is the influence the attribute has on opinion and judgment formation.
Relative importance always adds up to 100%.



The awards employees found most meaningful for service award recognition are (in no particular order):

- Gift/merchandise
- Custom or personalized symbols
- Meal out*
- Cash or gift cards*
- Experiential gifts*

^{*}Note: In the US, these types of awards do not offer tax advantages that come with having a service award program that includes tangible awards.

The most preferred elements of a service award recognition experience are:

- Connecting employee's work to organizational purpose
- Appreciating the impact employee's work has on their teams
- Showing how employee's work impacts customers
- Demonstrating how employee contributes to the success of their organizations

Employees also enjoy individual celebrations with their leader as well as larger celebrations with their teams.

This said, we do see nuances in different geographic regions. For example, in China and Saudi Arabia, employees prefer to hear stories about their above-and-beyond achievement during career celebrations, while in Russia, the UAE, and the UK, they like to be appreciated for how they interact with others. Employees in the UK also favor more subdued, conservative recognition experiences.

Achievement recognition

To celebrate achievements, employees value being recognized in front of their coworkers and leaders. And if it's relevant to the achievement, they like to hear how their work benefited their teams.

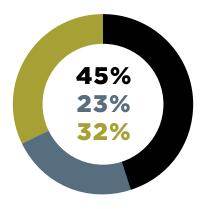
Relative importance of each aspect for achievement recognition:

Type of award (45%)

How recognition is given (23%)

Where the recognition experience occurs (32%)

Relative importance is the influence the attribute has on opinion and judgment formation.
Relative importance always adds up to 100%.



The awards employees most preferred for achievement recognition are (in no particular order):

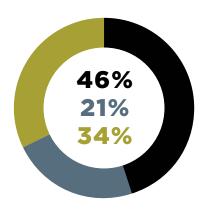
- Custom or personalized symbols
- Experiential gifts
- Gift/merchandise
- Cash or gift cards

Overwhelmingly, employees want their recognition to include the impact their work had on their teams and the organization.

Like career anniversaries, there are global nuances for achievement recognition. Employees in Brazil, Mexico, and South Africa like to see how their work affects customers. Conversely, praise for a unique skill set is preferred in China, Hong Kong, Singapore, the UK, and the US. Employees in Australia, the Netherlands, and the UK prefer their achievements be recognized in one-to-one settings.

Everyday-effort recognition

As with achievements, the success of everyday-effort recognition depends more on where it takes place than how it's presented. Most employees prefer it be in front of their teams and like to be appreciated for the impact their work had on their coworkers.



Relative importance of each aspect for everyday-effort recognition:

Type of award (46%)

How recognition is given (21%)
Where the recognition experience occurs (34%)

Relative importance is the influence the attribute has on opinion and judgment formation. Relative importance always adds up to 100%.

The most popular alternatives to a group setting are a one-to-one discussion or a verbal thank-you. And favorite awards for extra effort include (in no particular order):

- A meal out
- Gift/merchandise
- Experiential gifts
- Cash or gift cards

Global nuances exist here, too. Employees in Brazil, China, Saudi Arabia, and Singapore prefer hearing how they contribute to the success of their organizations, while Dutch, French, Mexican, and Russian employees favor knowing how their work impacts customers. Countries where employees would rather pass on this type of recognition than be recognized too publicly are Australia, Brazil, Canada, France, Germany, Hong Kong, and Japan.

CONCLUSION

Employee recognition is more important now than it has ever been. It can neutralize the negative effects of isolation, disconnection, and burnout, especially in difficult times. It connects employees to their organization's purpose, their personal and team accomplishments, and each other. And it enables employees to thrive even as the workplace constantly evolves. But it only works when it's done well.

Current recognition strategies and programs must be reassessed to ensure they support organizational culture and the employee experience. And for recognition to be most effective, it must seamlessly integrate with both the culture and the natural flow of employees' work.

The organizations that thrive in the next 10 years will create cultures that value and appreciate their employees. Recognizing individuals proves to them that they belong and are a critical part of the organization's success. Those that do this effectively, with the right mix of tech and touch, will see a powerful impact on their people and business results.

RECOGNITION-4 KEY TAKEAWAYS

The best recognition experiences blend technology with personalization.

Recognition tools should be integrated into the everyday flow of work.

Employees want to know how their work impacts their customers.

The recognition experience must be elevated from the transactional to the personal.

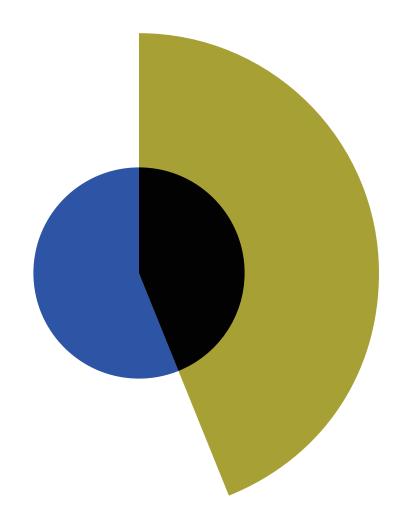
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44%

OF EMPLOYEES SAY THEIR
COMPANY'S DIVERSITY AND INCLUSION
EFFORTS FEEL SINCERE

Just because organizations spend a lot of money and effort on diversity and inclusion objectives does not mean they will be successful—especially if their initiatives do no more than mitigate legal risk or focus on reducing exclusion. Inequity is common because most initiatives do not go far enough. For example, they still mistakenly define inclusion as the opposite of exclusion. Or they are often aware of one-dimensional employee demographics, but seldom look at complex minority combinations. Or they do not yet build inclusion practices into employees' everyday experiences. Fortunately, the path to a more inclusive, more equal, and more successful culture is now more clear than ever.

"Companies that embrace diversity and inclusion in all aspects of their business statistically outperform their peers."

-JOSH BERSIN, PRINCIPAL AND FOUNDER, BERSIN BY DELOITTE

in·clu·sion *n*. the act of including, the state of being included

INTRODUCTION

For many years, in multiple countries, dozens of rigorous studies have demonstrated the same conclusion: organizations with diverse and inclusive cultures deliver dramatically better results. Companies, corporations, government agencies, and other enterprises that possess inclusive cultures are twice as likely to meet or exceed financial targets, 6x more likely to be innovative and agile, and 8x more likely to achieve better business outcomes.² Over three-fourths (78%) of organizations recognize these advantages and prioritize diversity to improve their cultures. However, most diversity and inclusion (D&I) initiatives fail to deliver on objectives and are often seen by both employees and leaders as hollow and ineffective.

Some of this may be due to the origins of D&I programs as risk-mitigation exercises for legal compliance that have led to enduring resentment among senior leaders. Strategies and technologies for D&I also tend to defeat themselves by segmenting people into categories, rather than celebrating the differences in individuals.

True inclusion runs much deeper than the variety of an organization's employee demographics. It's better reflected in the employee experience itself—the everyday interactions with coworkers, leaders, policies, and practices. To achieve an inclusive culture, leaders must first reframe how they think about inclusion. For example, many companies will spend significant time, money, and effort to hire for greater diversity. But if they don't provide the opportunities for diverse employees to thrive, that hard-won talent will soon leave.

Johnny C. Taylor, Jr., President and CEO of SHRM, says, "We often forget the 'I' in the D&I conversation. The challenge is in having a culture where all employees feel included. It's a major investment to bring talent into your organization, so why bring them in if they're not happy when they get here? You've got to get the inclusion part right."³

Addressing D&I, especially now, when society is demanding racial equality and respect, requires us to reconsider what inclusion means within our organizational cultures. Real inclusion is a synthesis, a coming together, of unique individuals with their own combination of experiences, skills, perspectives, and personalities to enhance culture and business performance. Hiring diverse employees and then telling them to homogenize if they want to succeed is not a viable inclusion strategy. To be effective and sustainable, inclusion must start before the recruiting process, extend beyond onboarding, and permeate the entire employee experience.

"Inclusion and fairness in the workplace is not simply the right thing to do; it's the smart thing to do."

-ALEXIS HERMAN, FORMER UNITED STATES SECRETARY OF LABOR

FOR MOST ORGANIZATIONS, D&I INITIATIVES HAVE NOT WORKED

While organizations have implemented various strategies for promoting diversity and inclusion, few have made positive headlines. Only 44% of employees say their organization's D&I efforts are sincere, while even fewer (34%) feel they are effective or believe inclusion is part of their culture.

Furthermore, employees who self-identify with any minority group (by race, gender, disability, or sexual orientation) have a very different experience at work:

31%	are more likely to feel D&I initiatives are insincere
67%	are more likely to feel D&I policies seem more interested in labeling than accepting employees
83%	are more likely to feel their organization talks about diversity in ways that box employees into traditional categories that don't accurately express who they are

Our research also shows minority employees face microaggressions at work far more frequently than other employees. (Microaggressions are generally small, commonplace indignities, intentional or unintentional. They may take the form of jokes, negative comments, backhanded compliments, derogatory questions, or any other minor insult, verbal and non-verbal.)

For example, we found employees with disabilities are much more likely to experience microaggressions from peers, leaders, and senior leaders than their colleagues without disabilities.

MICROAGGRESSION SOURCE	ABLE-BODIED	DOCUMENTED DISABILITY	% DIFFERENCE
Team member	24%	56%	80%
Leader	19%	54%	96%
Senior leader	17%	48%	95%

They're also 54% less likely to feel they belong at an organization and 115% more likely to suffer from severe burnout.

Gay, lesbian, and bisexual employees report similar experiences with microaggressions.

MICROAGGRESSION SOURCE	HETEROSEXUAL	GAY/LESBIAN % DIFFERENCE	BISEXUAL % DIFFERENCE
Team member	27%	41%	41%
Leader	21%	50%	53%
Senior leader	20%	33%	33%

They're also 63% less likely to feel they belong at an organization and 98% more likely to suffer from severe burnout.

Additionally, the Center for Talent Innovation found 59% of Latino men and women in the US experience microaggressions in the workplace, 63% do not feel welcome at work, and 46% of Black women feel their ideas are not heard or recognized.⁴ Simply put, microaggressions are an extremely large obstacle to inclusion, regardless of organizational attempts to celebrate diversity.

The reality is employees who identify as "different" in some way suffer greater burnout, feel a lesser sense of belonging, and experience more instances of microaggressions:

Employees who identify as "different" in some way are:

126%	more likely to suffer from severe burnout
38%	less likely to feel a sense of belonging
76%	more likely to experience a microaggression from a leader (144% from a senior leader)
95%	more likely to experience microaggressions from peers

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These employees find it much more difficult to be their true selves at work because they face discrimination and bias for simply being who they are.

Ironically, even well-intentioned D&I programs can damage workplace culture if employees believe the programs are ineffective. In such circumstances, employees are 4x more likely to think

organizational D&I initiatives are not supported by leaders, twice as likely to think discrimination is a real problem at their organization, and 31% more likely to think their employer is more interested in labeling than accepting them.

Other consequences of poorly executed D&I initiatives on employee experience and culture in general include:

78%	decrease in engagement
66%	decrease in the perception of the employee experience
44%	increase in the rate of moderate to severe burnout

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For organizations to achieve an effective D&I strategy, they must completely rethink their efforts and redefine inclusion.

"When we listen and celebrate what is both common and different, we become a wiser, more inclusive, and better organization."

-PAT WADORS, CHRO, SERVICENOW

INTERSECTIONALITY IS OFTEN IGNORED

Many organizations have a blind spot for intersectionality (a combination of two or more identities—race, gender, ability, sexual orientation, etc.—in the same person).⁵

This can create multiple disadvantages for intersectional individuals because they may experience discrimination based on any or all of their identities. For example, a Black LGBT woman might encounter microaggressions for her race, sexual orientation, and gender. Intersectionality multiplies potential discrimination and the impact of it.

A comparison of transgender and cisgender employees (those whose gender matches their assigned sex at birth) highlights the difference intersectionality makes. According to the data, a person who is transgender, regardless of whether they're male or female, experiences more microaggressions due to this additional identity.

MICROAGGRESSION	CIS MAN/	TRANS MAN/	
SOURCE	CIS WOMAN	TRANS WOMAN	% DIFFERENCE
Team member	26%/28%	54%/41%	70%/38%
Leader	22%/22%	51%/36%	79%/48%
Senior leader	21%/21%	42%/29%	67%/32%

The intersectionality factor is also evident in the experiences of Black women in the US:

MEASURES	COMPARED TO WHITE WOMEN	COMPARED TO BLACK MEN	COMPARED TO WHITE MEN
Feel sense of opportunity at their organization	-30%	-47%	-63%
Have received recognition in the past month	-65%	-64%	-74 %
Feel like they belong	-46%	-34%	-48%

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Ultimately, there are many employees whose multi-dimensional identities defy single, traditional categories. And unfortunately, the intersectionality of people means there is the potential for layers of bias and discrimination against them. This inequality in experience affects more than just the individual employee—it negatively impacts their peers and the culture as well.

"There is no such thing as single-issue struggle, because we do not live single-issue lives."

-AUDRE LORDE, BLACK AUTHOR AND CIVIL RIGHTS ACTIVIST

TO INCREASE INCLUSION, THINK SMALL

There are several existing models for addressing diversity, inclusion, and equality, but most of them miss a few important elements.

Some models take a top-down view showcasing strategies or initiatives the organization can implement to increase D&I in the workplace. They focus on compliance and social responsibility, or on efforts that touch employees at key milestones in the employee lifecycle, such as improving diversity in hiring and practicing inclusion in promotions and performance reviews. However, these models may lack senior-leader endorsement, meaningful prioritization, and funding. Additionally, they often overlook the small—and nearly infinite—everyday employee experiences.

Last year's report demonstrated how the employee experience is comprised of frequent, common micro-experiences like the conversations people have with their teams, the environments in which they work, the messages they get from their company, and the feedback they receive from their leaders. It's these little experiences that cumulatively determine how employees perceive their organization. And to address them, it helps to get curious. How can we make the employee experience itself more inclusive, not just when an employee gets hired and promoted, but when they go to lunch or meet with their leader? How often are they invited to work on special projects? How do they feel about the tools and resources they have? Do they receive appropriate recognition for their work?

Because these micro-experiences are often where discrimination and microaggressions occur, they clearly belong within the scope of D&I.

CASE STUDY—INCORPORATING INCLUSION INTO EVERY EXPERIENCE

AutoDesk understands that their most impactful inclusion efforts are not formal programs or initiatives, but rather encompass the everyday interactions employees have with the company. Danny Guillory, Head of Global Diversity and Inclusion, recommends companies "determine the moments of truth in the workplace where any individual can impact diversity and inclusion. What is most impactful is not what the CEO says, not what I say, but the experiences I have with the five or six people I work with every day. What are the key moments almost every employee touches where they can have an impact?"

Autodesk encourages leaders to foster an environment where employees feel included in every meeting. Ideas such as distributing materials to review ahead of time, so an employee whose first language isn't English, or who's more introverted and not comfortable speaking up, can be prepared; rotating meeting times for employees in different time zones or with non-typical work schedules; being conscious of communication styles to avoid biased language like "mansplaining;" giving credit accurately; and calling out those who interrupt to ensure everyone has a chance to be heard.⁶

EXCLUSION AND INCLUSION ARE NOT OPPOSITES

On the surface, it may appear that inclusion and exclusion are two sides of the same coin. The prevailing assumption around these terms is that when one goes up, the other goes down, and vice versa. Our research demonstrates that while exclusion and inclusion are related and do impact each other, they are not opposing measurements along the same continuum. They are separate groups of behaviors and should be considered, measured, and managed as such.

As part of this year's research, we designed and tested two indices to measure inclusion and exclusion independently. What we've found is a more nuanced and complete picture of the employee experience. We see that as much as they are separate, inclusion and exclusion interact in a powerful way to influence culture, and we cannot improve inclusion without addressing exclusion.

Many forms of exclusionary behavior exist in the workplace. The data show five types have the most impact:

- Experiencing personal exclusion from special projects
- Experiencing personal exclusion from promotional opportunities
- Witnessing exclusion of another from promotional opportunities
- Witnessing instances of intentional discrimination
- Witnessing instances of unintentional discrimination

Is exclusion prevalent? Yes. Only 15% of employees report never having witnessed or personally experienced exclusionary behaviors. And the probability that a minority employee experiences or witnesses exclusion at their organization is 64% higher than for a non-minority employee.

With deep racial tensions and protests across the US during the summer of 2020, many may wonder if exclusion is a larger problem in America due to the country's history and broad demographic mix. Do other countries suffer from the same issues to the same degree? Our data show that exclusion is a big problem for employees and organizations across the globe, and the issues go well beyond race. Employees can feel excluded or marginalized based on gender, ethnic group within a race, class, sexual orientation, and other differences, which occur frequently in many countries. The table gives a good sense of the spectrum:

COUNTRY	% DIFFERENCE IN PROBABILITY OF EXPERIENCING OR WITNESSING EXCLUSION BETWEEN MINORITY AND NON-MINORITY EMPLOYEES
Argentina	+21%
Australia	+45%
Brazil	+32%
Canada	+16%
China	+46%
France	+53%
Germany	+49%
Hong Kong	+39%
India	+35%
Japan	+31%
Mexico	+44%
Philippines	+38%
Russia	+52%
Saudi Arabia	+49%
Singapore	+38%
South Africa	+39%
South Korea	+28%
United Arab Emirates	+27%
United Kingdom	+56%
United States	+37%

"The point isn't to get people to accept that they have biases, but to get them to see that those biases have negative consequences for others."

-THERESA MCHENRY, HR DIRECTOR, MICROSOFT UK

Inclusion, on the other hand, should be measured separately from exclusion because the perception of inclusion has a different effect on employee experience, culture, and business outcomes than exclusion. Also, different experiences create an employee's perception of inclusion. We found five perceptions of inclusion (in no particular ranking):

- Every employee has access to the same opportunities
- Employees feel comfortable talking about D&I with leaders
- Leaders appreciate all aspects of individual employees
- Organization understands rather than categorizes employees
- Leadership represents employee opinions

The probability that an employee in any minority feels their organization is inclusive is 34% lower than it is for a non-minority employee. In the US, race and ethnicity play a significant role. Black employees are 9% less likely to feel their organization is inclusive than their white coworkers, while Asian, Hispanic, and Latino employees are 30% less likely to feel their organization is inclusive.

Similar to exclusion, inclusion is a challenge in many countries where minorities feel their organization's culture is less inclusive than non-minorities do. In Argentina, Germany, Japan, Russia, South Africa, and South Korea, there is a considerable difference in the perception of inclusion between minority and non-minority employees.

COUNTRY	% DIFFERENCE IN PROBABILITY OF FEELING ORGANIZATION IS INCLUSIVE BETWEEN MINORITY AND NON-MINORITY EMPLOYEES
Argentina	-23%
Australia	-1%
Brazil	-17%
Canada	-11%
China	-16%
France	-11%
Germany	-30%
Hong Kong	-1%
India	-14%
Japan	-80%
Mexico	-12%
Philippines	-17%
Russia	-54%
Saudi Arabia	-4%
Singapore	-1%
South Africa	-41%
South Korea	-25%
United Arab Emirates	-4%
United Kingdom	-14%
United States	-35%

"We want a culture that is inclusive of everyone and where everyone who joins feels they have opportunities to succeed and grow."

-NELLIE BORRERO, MANAGING DIRECTOR, GLOBAL INCLUSION AND DIVERSITY, ACCENTURE

As mentioned previously, inclusion and exclusion play separate roles in employee perceptions of how inclusive their culture is. Both low exclusion and high inclusion can positively impact perceptions. But reducing exclusion without increasing inclusion can only do so much. When organizations simultaneously foster inclusion and minimize exclusion, we see much greater results:

OUTCOMES	LOW INCLUSION SENTIMENT + LOW EXCLUSION	HIGH INCLUSION SENTIMENT + HIGH EXCLUSION	HIGH INCLUSION SENTIMENT + LOW EXCLUSION
Purpose	+56%	+481%	+922%
Opportunity	+65%	+1007%	+1294%
Success	+41%	+802%	+1269%
Appreciation	+86%	+536%	+1580
Wellbeing	+136%	no effect	+806%
Leadership	+48%	+613%	+939%
Engagement	+114%	+834%	+2000%
Burnout	-58%	-44%	-93%



Figure 6. THE BIFURCATION OF EXCLUSION AND INCLUSION Inclusive and exclusionary behaviors are related but impact culture independently of each other.

The lesson here is organizations that only address acts of exclusion or only focus on making their cultures more inclusive will fail to maximize their results. Real, lasting progress requires effort on both fronts. When everyone in the organization—from senior leaders to interns—works daily to help employees feel included and empowered, and, at the same time, minimizes the negative experiences among minorities and employees who feel different, D&I efforts will be successful.

"Diversity, or the state of being different, isn't the same as inclusion. One is a description of what is, while the other describes a style of interaction essential to effective teams and organizations."

-BILL CRAWFORD, PSYCHOLOGIST AND AUTHOR

CASE STUDIES—TRAINING LEADERS ON INCLUSION

Organizations often assume leaders know how to build an inclusive culture. The truth is many don't, and few know how to do it well. Some examples of companies educating leaders on the realities of inclusion:

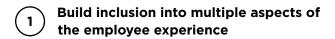
Bankwest wanted a training method to demonstrate inclusive leadership in action. The answer was a virtual reality training series that allowed leaders to truly feel different interactions and learn from coworkers' perspectives. 100% of participants agreed that the training was engaging and helped them internalize situations their colleagues face daily.⁷

American Express recently rolled out mandatory inclusion training for all leaders at the VP level and above. Training begins with what inclusion is and why it's important. Then, in small groups, they discuss specific strategies for fostering inclusion.8

Merck & Co. requires every leader to have unconscious bias training and teaches them how to handle real-life issues like childcare and disability accommodations, as well as how to structure meetings, allocate resources, and use language that advances inclusion. Leaders then account for it in their performance reviews.⁹

RECOMMENDATIONS & IMPACT

Organizations should take the following steps to increase inclusion and enhance their cultures:



Effective diversity and inclusion efforts require everyone to understand and act—not just HR, a single department, only senior leaders, or other specified employees.

When we ask employees in the research why D&I initiatives have been inconsistently adopted and ineffective,

38%	report senior leaders do not prioritize D&I
32%	report other employees do not care about D&I
30%	report there is no organizational commitment to D&I

To make a culture inclusive, inclusion must be built into many parts of the employee experience. D&I efforts must be ongoing and consistent, not just one-off events, which may explain why half of employees feel inclusion initiatives are not a continuous priority.

Inclusion efforts should also focus on the everyday employee experience. A few specific suggestions:

Identify ways to help employees feel included. Start by examining team interactions, messages from senior leaders, conversations with direct managers, and the work environment. Organizations will know they've hit the mark when employees say the organization recognizes, appreciates, evaluates, and supports them equally.

Ensure employees have a voice, are given opportunities, and can accomplish great work without feeling excluded or being treated differently because of who they are. Make certain bias and exclusion are understood and called out. What employees see, hear, and experience from the organization should reinforce that it cares about inclusion.

Create programs with purpose and ensure they are embraced.

Develop a plan with measurable goals and provide resources, tools, and training to help all employees be more inclusive. Hold leaders accountable, and have senior leaders talk about inclusion in their divisional and departmental meetings. Check in with employees to see how things are changing. When inclusion is treated as an intentional priority, it will become part of the culture.

Communicate consistently and frequently to leaders and employees to ensure inclusion stays top of mind. Our research shows just over half of employees say their senior leaders have communicated their D&I goals, 10% of employees do not recall seeing any communication about D&I, and over one-third say a month or more goes by between D&I communications.

"D&I needs to be something that every single employee at the company has a stake in."

-BO YOUNG LEE, CHIEF DIVERSITY AND INCLUSION OFFICER, UBER

When employees hear about inclusion initiatives or see the results of initiatives at least monthly, we see significant impact. Specifically, employees are:

49%	more likely to feel inclusion initiatives are effective
56%	more likely to feel inclusion initiatives are authentic
69%	more likely to feel inclusion is part of the culture

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Teach leaders how to lead more effectively through inclusion

An essential part of revitalizing a D&I strategy is to develop leaders who have modern leadership skills. Leaders who mentor rather than direct, connect instead of gatekeep, and nurture a sense of purpose tend to foster more inclusive environments. Modern leaders are also more emotionally intelligent and able to navigate the complex, intersectional identities of their employees. By contrast, leaders who fail to cultivate inclusive environments tend to take a one-dimensional approach to D&I. They are often unaware of their biases and avoid complex conversations around diversity, inclusion, and intersectionality.

Modern leaders increase the probability an employee will feel their organization is inclusive by 9x. Employees of modern leaders also feel more included, engaged, and have improved employee experiences and culture scores. But cultivating modern leadership requires work at both the individual and organizational level. A couple suggestions:

Educate leaders on the fundamentals of intersectionality, enabling them to embrace their own unique identities and increase their awareness of various identities in others. Modern leaders are more likely to share personal experiences about their own intersectional identities (which leads to employees being 31% more likely to have an aspirational employee experience) and ask their employees about their experiences as well (which leads to employees being 2x more likely to feel their organization is inclusive).

Help leaders effectively communicate to employees that their unique identities are appreciated and valued. Employees who feel that appreciation are twice as likely to have a sense of belonging and twice as likely to have a high sense of all six Talent Magnets (purpose, opportunity, success, appreciation, wellbeing, and leadership). Odds of engagement and promoting the organization (eNPS) also double.

9x

Employees with modern leaders are 9x more likely to feel their organization was inclusive

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Encourage leaders to talk to employees in person about D&I efforts rather than rely on email. When leaders use meetings, employees are 197% more likely to feel an increased sense of belonging. When they use one-to-ones, that sense of belonging increases to 225%.



Invest in technology to assist D&I efforts

Forward-thinking organizations are employing new technology to help create diverse and inclusive cultures. Al, machine learning, natural language processing, and sentiment analysis can already help with recruiting, career development, training, and engagement. We also find the odds an employee agrees that their organization is inclusive increases when it has implemented technology in various areas of the employee experience:

TECHNOLOGY	% INCREASE IN ODDS OF FEELING THE ORGANIZATION IS INCLUSIVE IF IMPLEMENTED
Job recruiting	47%
Professional development	60%
Performance management	16%
Engagement	17%
Leadership development	38%
Analytics	21%

Organizations that implement at least one element of D&I technology experience extremely positive cultural and business outcomes, including 152% greater odds of increasing revenue:

EMPLOYEE OUTCOMES	% INCREASE IN ODDS IF ANY D&I TECHNOLOGY IS IMPLEMENTED
Agree that organization is inclusive	158%
Report an aspirational employee experience	130%
Are a Promoter on the eNPS scale	123%

As with all inclusion initiatives, ongoing communication is key to ensuring D&I technology succeeds. When employees receive regular updates on how the technology is enhancing inclusion, they are:

3x	more likely to feel the technology is effective and improving D&I
3x	more likely to feel their employee experience has improved
2x	more likely to understand why their organization implemented D&I technology

CASE STUDY—TECHNOLOGY REFINES RECRUITING

Zillow, the online real estate and rental marketplace, decided to expand their recruiting pool by making the company's communication feel more inclusive. When reaching out to "passive" candidates (people they are interested in speaking with but who have not yet applied), Zillow knew the wrong message—even a subtle one—could ruin their chances. So they used software to help them create outreach emails and recruitment materials with gender neutral language. This seemingly small change has increased the number of applicants who identify as women by 12%.¹⁰

CONCLUSION

When talking about inclusion efforts in the workplace, leadership needs to change the conversation. It's no longer about how to mold a diverse set of employees into an existing culture; it's about how to create a culture that embraces who every individual is. Inclusion celebrates the intersection of different backgrounds, genders, races, abilities, sexual orientations, and other attributes. It allows organizations to discover new possibilities that only emerge when the perspectives, skills, and talents of many unique people are represented, respected, and integrated. And, of course, it's ultimately as good for business as it is for employees.

If we evolve how we think of inclusion and ensure employees feel it in both peak and micro-experiences, the elusive dream of an inclusive organization becomes achievable.

"Diversity is the mix. Inclusion is making the mix work."

-ANDRES TAPIA, SENIOR CLIENT PARTNER, KORN FERRY

INCLUSION-4 KEY TAKEAWAYS

Inclusion is seeing and valuing individuals for their unique selves, rather than labeling or categorizing based on demographics.

Exclusion and inclusion are not opposing dimensions on the same axis. They play separate roles in how inclusive an organization's culture will be.

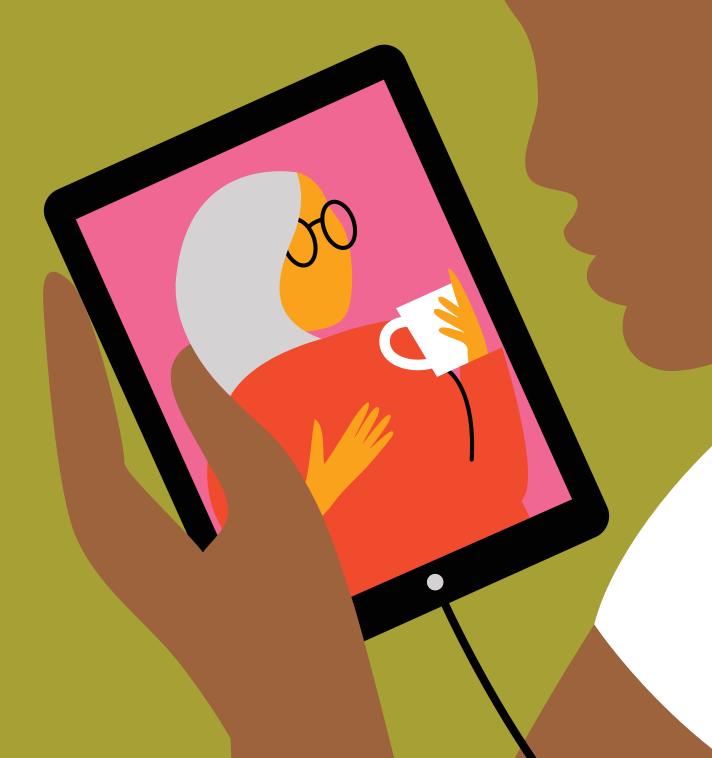
Inclusion efforts are most effective when focused on the employee's everyday experience.

Frequent, consistent communication and education about inclusion efforts are critical to the success of D&I initiatives.

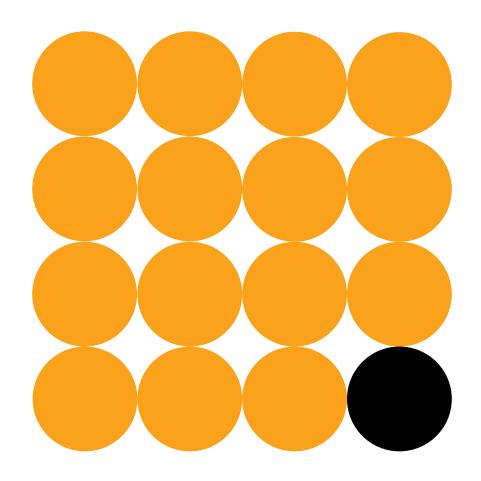
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Generations



Each generation of employees is more alike than different. And they all crave modern leaders and consistent recognition. 141



16x

ORGANIZATIONS WITH HEALTHY
CULTURES ARE 16X MORE LIKELY TO RETAIN
THEIR GEN Z EMPLOYEES

To harness the energy of their workforce and succeed in a challenging decade, organizations must quickly integrate Generation Z. These new employees offer refreshing points of view and vibrant personalities that can elevate existing cultures. Moreover, because they share cultural priorities and preferences with other generations, integrating them well can improve employee experiences for everyone. The key to success is leadership. Every generation responds best to modern leaders who handle inter-generational conflicts by fostering collaboration and valuing individual differences. We say individual, because all generations of employees are remarkably similar.

INTRODUCTION

It's been more than a decade since a debate began about the interactions of multiple generations in the workforce. When Millennials entered offices in the mid-2000s, their expectations and approach to work created almost immediate friction between their generation and the two before it, Generation X and Baby Boomers. Today, we're starting to see similar chafing with the arrival of Generation Z, the youngest cohort (as old as 23) who are just launching their careers.

These generations will only function successfully together when organizations fully understand them and integrate them into their cultures by building strong employee connections.

The best approach to this applies the principles and practices of modern leadership in which leaders act as mentors and advocates for their new Gen-Z colleagues, as well as more tenured employees.

Our research indicates Gen Z is not fundamentally different from other generations. Perceptions that they are poor communicators who would rather hide behind screens than interact with others are unsupported. In truth, Gen-Z employees prefer face-to-face communication and want to feel that they belong. They are also willing to work hard when given purpose, opportunities to grow, and concern for their wellbeing. These traits combined with impressive digital literacy make Gen Z extremely valuable.

As we'll demonstrate in this chapter, inaccurate stereotypes only hinder connection and collaboration, generational fault lines are more imagined than real, and each of the generations are more similar than they are different. While there are some nuances worth noting in how to lead each generation, ultimately, they all need the same things from their culture: a sense of purpose, connection, and appreciation—all of which are possible with the right strategies in place.

"Every generation, no matter how paltry its character, thinks itself much wiser than the one immediately preceding it, let alone those that are more remote."

-ARTHUR SCHOPENHAUER, GERMAN PHILOSOPHER

GENERATIONAL FRICTION AND SUPERIORITY

Multigenerational workplaces have never been easy for leaders. The latest data show 75% of managers believe managing multigenerational teams is a challenge, and 77% of employees (across all generations) say "different work expectations" are a challenge.¹

Misconceptions can create conflict when employees of different generations work together. Millennials may see Baby Boomers as old and out-of-touch and get frustrated when they are slow to adapt to new technology or new ways of working. Gen X might believe Millennials are lazy and narcissistic and feel annoyed when they skip over normal processes and apparently cut corners to get work done. Baby Boomers are aghast when Gen-Z employees leave work at 3:00 to attend a yoga class.

When it comes to collaborating, our study found the generations have various comfort levels with each other. For example, when a Gen-Z employee is working with a Gen-X peer, there is a 67% increased likelihood the interaction will be frustrating for the Gen-Z employee. Similarly, Millennials have a 57% increased likelihood of frustration when interacting with a Gen-Z employee and a 46% increased likelihood of frustration when working with a Baby Boomer.

Gen-X employees have a 38% increased likelihood of frustration when they interact with someone from Gen Z and an almost identical increased likelihood (39%) when it's a Millennial. And when Baby Boomers interact with Gen Z or Millennials, there's a 26% and 78% increased likelihood (respectively) that it will be frustrating for the Baby Boomer.

Millennials are the most likely (53%) to project a sense of superiority and admit that they approach things differently than other generations, but they also feel their approach is better (52%). Likewise, they acknowledge they have difficulty relating to coworkers of other generations (37%), but believe stereotypes of other generations are accurate (47%). Boomers, on the other hand, do not feel their organization should tailor the employee experience to fit their needs.

On a positive note, despite common misperceptions, all generations have a preference for in-person collaboration, which reinforces the need to promote opportunities for connection in the workplace.

% AGREEMENT	GEN Z	MILLENNIALS	GEN X	BOOMERS
Approach problem-solving differently from other generations	49%	53%	42%	35%
Approach problem- solving better than other generations	49%	52%	45%	35%
Use technology as part of the solution	57 %	62%	51 %	41%
Prefer collaborating in person	66%	73%	70%	70%
Have a hard time relating to other generations	36%	37%	29%	22%
Believe stereotypes of other generations are true	46%	47%	38%	27%
Feel organization should tailor employee experience to them	57%	62%	54%	46%

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"When we decided not to sell our business, people called us a lot of things besides crazy—things like arrogant and entitled. The same words that I've heard used to describe our generation time and time again. The Millennial Generation. The 'Me' Generation. Well, it's true. We do have a sense of entitlement, a sense of ownership, because, after all, this is the world we were born into, and we are responsible for it."

-EVAN SPIEGEL, CEO, SNAPCHAT

GENERATIONAL PREFERENCES

We asked employees to assess their likelihood of joining and staying with an organization for at least five years based on several attributes. The results show similarities and differences between the generations, but there are many more of the former than the latter. Culture is far and away the most crucial element employees consider when joining and staying with an organization, regardless of the generation they belong to. And employees from all generations want leaders who regularly recognize them from their contributions.

The key takeaway is that even if generations have different nuanced preferences, they still all have the same ultimate desire: to work for an organization that cares about and appreciates them.

As the table below shows, culture is the top priority, particularly for Gen Z and Baby Boomers, and, perhaps not surprisingly, job security is least important to Gen Z. Income is more important than benefits to Gen Z and Gen X.

MEASURES	GEN Z	MILLENNIALS	GEN X	BOOMERS
Importance of cultural aspects	51%	41%	40%	45%
Importance of job security	11%	16%	18%	17%
Importance of income	24%	21%	25%	19%
Importance of benefits	15%	21%	17%	18%

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The benefits of most interest to Gen Z include paid time off, mental-health days, and activities that create a sense of community for them—things that help create a healthier lifestyle and strong sense of wellbeing. In general, Gen Z also cares less about the brand name or reputation of an organization, and more about its purpose and culture.²

We also examined the importance of the Talent Magnets (six attributes of workplace culture most important to a person's decision to join, engage, and stay at an organization: purpose, opportunity, success, appreciation, wellbeing, and leadership) compared to their direct leader and the work itself. We found Talent Magnets to be slightly more important for the younger generations. For Baby Boomers, the Magnets, their direct leader, and their work have nearly equal importance.

	'			'
MEASURES	GEN Z	MILLENNIALS	GEN X	BOOMERS
Importance of Talent Magnets	41%	41%	37%	34%
Importance of leader	28%	31%	32%	34%
Importance of the work itself	32%	29%	31%	33%

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On a more granular level, we found the Talent Magnets of opportunity, purpose, and wellbeing resonate most with Gen Z. This makes sense given that Gen-Z employees say they want to make a difference, grow, and be challenged at work; however, they are also less willing to devote their entire lives to work. For Millennials, the most important Talent Magnets are opportunity, purpose, and success. Gen X places the highest importance on wellbeing and opportunity. Boomers choose purpose and appreciation.

MEASURES	GEN Z	MILLENNIALS	GEN X	BOOMERS
Purpose	2.7	0.8	0.5	1.5
Opportunity	3.3	1.0	0.7	0.3
Success	1.8	0.8	0.6	0.9
Appreciation	2.1	0.6	0.6	1.4
Wellbeing	2.7	0.5	0.9	0.6
Leadership	1.0	0.3	0.4	1.0
Standard	0	0	0	0

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Table entries are the utility of each aspect, where a higher score means higher utility in the overall calculation of preference.

When we looked at different leadership attributes, we found employees of every generation want leaders who regularly recognize them for their contributions. Gen Z and Baby Boomers both seek leaders who regularly connect with and teach them. Millennials strongly prefer the same enlightening leaders, and Gen X leaders who connect their work to the overall purpose of the organization. All generations place a high value on connecting to purpose, accomplishment, and one another.

MEASURES	GEN Z	MILLENNIALS	GEN X	BOOMERS
Leaders connect you to others in the organization	0.4	0.4	0.5	0.6
Leaders connect your work to the overall purpose	0.8	0.3	0.7	1.2
Leaders mentor you/ teach you new things	1.1	0.6	0.8	1.9
Leaders regularly recognize your accomplishments	1.3	0.6	0.8	1.9
Leaders regularly hold one- to-ones with employees	1.0	0.2	0.4	0.9
Standard leaders who do nothing remarkable	0	0	0	0

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Table entries are the utility of each aspect, where a higher score means higher utility in the overall calculation of preference.

The final set of preferences we analyzed involve the actual work employees do. Work that helps employees feel like they've accomplished something is critical to every generation. Gen Z favors work that's customer-focused, while Millennials and Gen X prefer work that's more internal-facing. Baby Boomers identify most with work that strongly influences their direct environment.

MEASURES	GEN Z	MILLENNIALS	GEN X	BOOMERS
Makes you feel like you accomplished something	1.7	0.4	0.7	1.8
Teaches you new skills	1.6	0.4	0.7	1.1
Enables you to build a network	1.6	0.2	0.4	0.9
Helps you make a difference for your customer	2.0	0.2	0.5	0.7
Works with a high amount of influence in your direct work environment	1.5	0.2	0.4	1.3
Works routinely—rarely changes significantly	0	0	0	0

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Table entries are the utility of each aspect, where a higher score means higher utility in the overall calculation of preference.

CASE STUDY—HELPING EMPLOYEES FIND PURPOSE

It's clear most employees (especially those in Gen Z) want their work to have meaning beyond a paycheck, and the culture at global consumer goods company Unilever helps them find it with training designed to guide them to their own personal purpose. About 3,000 of Unilever's 9,000 employees have completed the training so far. The company believes connecting people to a purpose "enables them to bring their best selves to work, which is good for business."

Jonathan Atwood, VP of Sustainable Business and Communications for Unilever, says, "We all want the same thing. We want to be part of something that changes everything."⁵

"Employers can appeal to Gen Z talent by keeping things interesting. It's essential to offer roles with clear progression and training programmes so that talent will continue to grow and learn. We also find that offering unique rewards and benefits, such as flexible working hours, along with regular teambuilding exercises also pays dividends."

-BEN GAMBLE, HEAD OF AGENCY, SHOUT ABOUT

Bottom line: The four generations in the workforce today are far more alike than their stereotypes would have you believe. Hence, organizations can engage and create great employee experiences for everyone simultaneously if they focus on improving common drivers like purpose, connection, and recognition.

45%

of Gen-Z employees
want work that has meaning
and purpose beyond
earning a salary³

30%

of Gen-Z employees
would take a 10%-20% pay
cut to work for a cause
they care about⁴

THE IMPORTANCE OF MODERN LEADERSHIP

In last year's report, we examined the importance of modern leadership—leaders who mentor and coach rather than just direct. Modern leaders champion, support, and empower their people instead of simply command and supervise.

One in three Gen-Z employees say they would work harder and stay with an organization longer if their leader was a "supportive" one.⁶

Baby Boomers with direct reports may be more inclined to hold onto traditional leadership practices, such as judging productivity based on time vs. outcomes or gatekeeping career development. (After all, that's the model many of them know best.) But our research shows Baby Boomers thrive when their leader practices modern principles—more than any other generation in most cases.

<u> </u>	<u> </u>			
GENERATION	LEADERSHIP	LEADERSHIP	LEADERSHIP	
	WITH MODERN	WITH MODERN	WITH MODERN	
	EXPERIENCE	A HIGHER ENPS	BETTER ENGAGEMENT	
	EMPLOYEE	ODDS OF HAVING	ODDS OF HAVING	
	A BETTER			
	HAVING			
	ODDS OF			

Gen Z	19 x	14x	44x

Millennials	15 x	12 x	29x
-------------	-------------	-------------	-----

Gen X	16 x	14x	41x
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Baby	20-	114-	104-
Boomers	5UX	L /X	TO / X

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CASE STUDY—REVAMPING RECRUITING FOR GEN Z

Virgin Hotels has changed much of their hiring process to attract and accommodate new employees entering the workforce.

Because Gen Z is keen to try out different jobs in the same company, Virgin created a program where they can do just that. And since Gen Z isn't as interested in filling out forms, Virgin ditched the typical online application for a new quiz called the Virgin Hotels Compatibility Test. Potential hires have three-minute interviews with three different interviewers who advance candidates to the next round.

The company also uses virtual reality in its onboarding, emojis to replace words in the internal corporate newsfeed, and career days at high schools to meet students who won't follow a traditional path to the workforce.

These fresh, personal touches do a better job of attracting young employees who will advance the culture of Virgin hotels.¹⁰

Another thing to note: diversity and inclusion matter greatly to Gen Z, and not just as they relate to race and gender, but also identity and orientation.⁷ Over three-fourths (77%) of Gen-Z employees say an organization's level of diversity affects their decision to work at the company,⁸ and 69% of those who work at a diverse company would stay longer than five years (compared to 27% whose company is not diverse).⁹

"Gen Zers are enthusiastic, willing to take risks and explore new ideas. They value diversity in experience and encourage the inclusion of everyone from all walks of life, which is highly beneficial to teamwork, especially across different generations."

-DANNY BROOKS, CEO AND CO-FOUNDER, VHR

A NEED FOR REGULAR RECOGNITION

Every generation in our research says "recognizes accomplishments regularly" is the most important attribute in leaders. For Gen Z, recognition is crucial to help them feel they are making a difference and to retain them longer. In a separate study of 600 Gen-Z employees, 79% said more recognition would increase their loyalty to their employer, yet 76% said they are "seldom to never" eligible for rewards and 50% didn't feel their leaders recognize strong job performance.¹¹

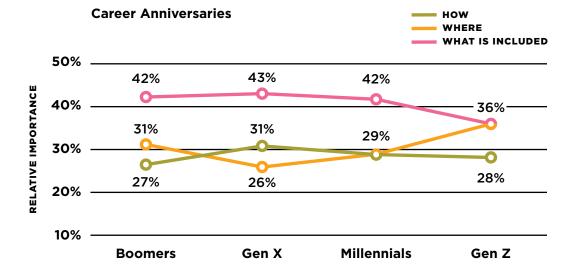
In our Recognition chapter, we lay out the importance of different elements of recognition: where it occurs, how it's presented, and what awards are most effective. In this chapter, we'll recommend meaningful ways to recognize three types of accomplishments (years of service, achievement, and everyday effort) for the four different generations.

Years-of-Service Recognition

How: A presentation is most important to Gen X (31% relative importance) and least important to Boomers (27%). All generations (except Gen Z) rank "appreciating the impact on the team" as an important component of this recognition. Gen Z prefers to have stories told about their above-and-beyond achievement.

Where: All generations generally prefer celebrating career anniversaries in front of their teams. And while a scenario with no presentation is predictably the least desirable, Gen X employees also balk at video messages and department town halls.

What to include: Gen Z employees, in particular, prefer an experiential gift.

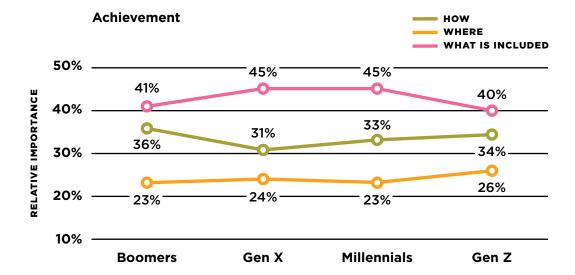


Achievement Recognition

How: Gen Z places slightly higher importance on the presentation than other generations. They like to hear how their work contributes to the organizational purpose and see how it impacts customers. The other generations' preferences are consistent with the findings in our Recognition chapter.

Where: Gen Z, Millennials, and Gen X favor achievement recognition in front of their teams. Employees of all generations generally do not want video messages for achievement recognition. (It ranks at the bottom next to "not having a presentation.")

What to include: Gen Z highly values an experiential gift. The other generations' preferences are consistent with the findings in our Recognition chapter.

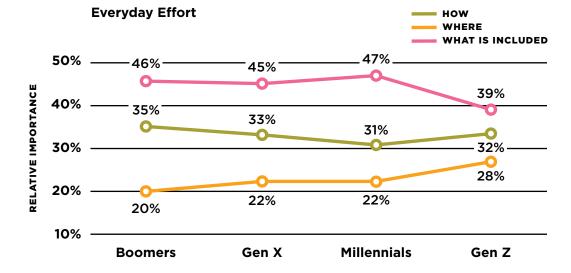


Everyday-Effort Recognition

How: The method here is much more important to Gen Z than their predecessors. Presentations that demonstrate how they contribute to the success of the organization are most valued.

Where: Gen Z, Millennials, and Gen X like recognition in front of their teams. Video messages are demotivating for Gen Z and Boomers. Both would rather forego recognition for everyday effort than receive it via video message.

What to include: Gen Z once again prefers an experiential gift to cash. They also appreciate a meal out. For Millennials, cash or gift cards and experiential gifts are equally desirable.



"Generation Z are good multitaskers and desire constant feedback.
They also want clear goals, rewards, and personal challenges to keep them involved in the workplace and their personal lives."

-DR. ROBYN JOHNS, SENIOR LECTURER IN HUMAN RESOURCE MANAGEMENT, UNIVERSITY OF TECHNOLOGY (SYDNEY)

RECOMMENDATIONS & IMPACT

To help employees thrive, organizations should consider taking or improving the following actions:

(1)

Practice modern leadership

All generations, but especially Gen Z, thrive under modern leaders who mentor and help them feel connected. This includes sharing information, creating a sense of belonging, periodically checking on their wellbeing, and valuing their career goals.

The most important leadership traits to Gen Z, in order:

#1	Makes me feel like I belong
#2	Is a mentor more than a boss
#3	Makes sure I am doing okay
#4	Values my career goals
#5	Is collaborative

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Interestingly, for Gen Z employees, these trait preferences differ based on the generation of their leader. The older the leader, the more important mentorship is. If the leader belongs to the Millennial or Gen-Z generations, the employee looks for more transparency and support.

ORDER OF IMPORTANCE	GEN-Z LEADER	MILLENNIAL LEADER	GEN-X LEADER	BABY-BOOMER LEADER
#1	Shares information freely	Champions my decisions	Is a mentor more than a boss	Is a mentor more than a boss
#2	ls a visionary	Makes me feel like I belong	Makes me feel like I belong	Values my career goals
#3	ls collaborative	Is a mentor more than a boss	Is an expert in their field	Empowers me to design my projects
#4	Makes me feel like I belong	Is decisive	Holds team members accountable	Celebrates my accomplish- ments
#5	Makes sure I am doing okay	ls collaborative	Gives me autonomy	Makes me feel like I belong

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The importance of modern leadership can't be overstated. Employees of all generations highly value leaders who are clear and open about their processes and decisions. In order to fully engage and inspire employees, organizations must practice modern leadership, no matter the age of their leaders.

CASE STUDY-LEADING AND COACHING GEN Z

VXI, a customer experience company, works with a disproportionately high number of Millennial and Gen-Z employees (78%), so it appreciates the nuances of leading Gen-Z employees and practices modern leadership in the following ways to help them thrive:

Leaders communicate the company's vision and purpose, stay abreast of current technologies, and are open to new ideas and suggestions. They also actively listen and engage in honest dialogue with employees.

Knowing it can be difficult for Gen Z to receive constructive feedback, they only give performance feedback in one-to-one settings and coaching environments.

Because Gen Z craves recognition, they provide ample opportunities for it, including hosting weekly appreciation events.

And, they actively pursue external awards to give Gen Z employees a sense of pride in the work they do.¹²

2

Recognize accomplishments regularly

Preferences and best practices may vary by generation, but leaders should be sure to give meaningful, personalized recognition often. As examples, here are three common types of recognition applied to Gen-Z employees:

To recognize extra effort, call out the specific ways employees contribute to the success of the organization. Receiving the recognition in front of their team, along with a meal out or an experiential gift, is preferable.

To reward an achievement, emphasize how it contributes to the organization's purpose or how it impacts customers. Typically, Gen Z likes the recognition to be public with an experiential gift as an award.

To celebrate years of service, share specific stories about how the employee has contributed over that time. For this type of recognition, experiential gifts and custom symbolic awards generally mean the most to Gen-Z employees.

	ODDS OF	ODDS OF
DUTCOMES	ENGAGEMENT	ENPS
Collaboration is an essential part of culture	185%	116%
mployees collaborate n projects	111%	57%
mployees feel connected colleagues	236%	112%

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(3)

Foster in-person collaboration

During our focus groups, Gen Z underscored the need for personal collaboration. In situations like selecting or staying with a company, they say it can make all the difference.

We often hear that Gen Z would rather text than talk, that they grew up behind smartphone screens, and that they don't know how to communicate in person. We found the opposite to be true—Gen Z craves collaboration and feels interactions are most meaningful when face to face. In fact, three-fourths of Gen Z employees prefer in-person feedback from managers.¹³

According to our research, when Gen Z is part of a workplace culture that provides regular opportunities to collaborate face-to-face, the odds of an increased engagement score were almost 10x higher.

Collaboration is also strongly linked to modern leadership, and better in-person interactions will impact engagement, eNPS, and work culture for all employees.

ODDS OF INCREASED PURPOSE	ODDS OF INCREASED OPPORTUNITY	ODDS OF INCREASED SUCCESS	ODDS OF INCREASED APPRECIATION
138%	103%	128%	124%
92%	140%	111%	111%
139%	145%	178%	122%

CASE STUDY—ATTRACTING GEN Z TO SAP

The multinational enterprise software company hires nearly 7,000 Gen-Z and Millennial employees every year. To do this, SAP takes many steps to attract and retain its young workforce. A quick sampling:

Knowing Gen Z may not want to commit or stay several years, SAP allows employees to change roles every three months and provides two-week shadowing opportunities with people in different roles. Both programs encourage employees to own their careers.

The SAP employee value proposition is "Bring everything you are. Become everything you want." So the company highlights employee stories to encourage people to find others like themselves, identify potential mentors, and build an inclusive culture.

An alumni network helps employees stay connected to the company even after they leave. Plus, there's a formal "talent community" where interested candidates (including those who aren't initially hired) can stay informed about new jobs.

All of these forward-thinking initiatives make SAP a place where Gen Z wants to work.¹⁴

CONCLUSION

One of our biggest discoveries this year inspires a lot of hope for organizational cultures wrestling with the challenge of integrating four generations of employees. Contrary to stereotypes and anecdotes, research shows the generations are more alike than they are different. They all want to feel appreciated for their work and connected to their organization's purpose, which confirms that culture is the most important job attribute for everyone, and that everyone thrives under modern leadership.

However, there are nuances organizations should address in the employee experience:

Baby Boomers want leaders who will mentor them and teach them new skills. They also enjoy doing work that has a high amount of influence in their environment. And they have strong feelings about receiving recognition via video. (The advice: steer clear.)

Gen-X employees are looking for purpose in their work. In terms of recognition, they prefer presentations with their teams over larger gatherings or video.

Millennials value opportunity. They want to develop new skills and test them with challenges. They respond best to leaders who champion their decisions and recognition that involves experiential awards.

Gen-Z employees care most about purpose, opportunity, and their wellbeing. They like to see how their work connects to the organization's purpose and impacts customers. They want opportunities to do great work. And they want to be recognized regularly with experiential gifts, symbolic awards, or even a meal out.

When an organization handles culture, leadership, and recognition well, Gen Z employees are:

13x more likely to be Promoters on the eNPS scale

15x more likely to be engaged

16x more likely to stay with the organization

11x more likely to innovate

Likewise, other generations in the organization are:

9x more likely to be Promoters on the eNPS scale

13x more likely to be engaged

12x more likely to stay with the organization

10x more likely to innovate

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Over the next decade, organizations should prioritize culture, modern leadership, and consistent recognition to improve engagement among Gen-Z employees. (These priorities will uplift the other generations, too.)

Organizations that have great cultures, modern leaders, and excellent recognition also see business success. Specifically, they are 4x more likely to have grown in revenue and 3x less likely to have laid off employees in the past year. Those are results employees of any generation can enjoy.

GENERATIONS-4 KEY TAKEAWAYS

Gen-Z employees are not fundamentally different from other generations.

Gen Z wants to work for organizations that care about them and regularly show appreciation for their contributions.

Contrary to popular belief, Gen Z prefers face-to-face interactions.

Modern leadership enables employees of every generation to thrive.

Generations Sources

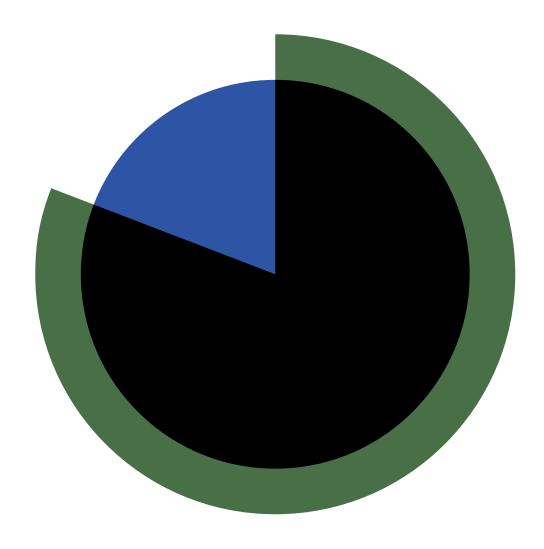
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Organizations that treat every employee as a leader create the best leaders—and the best cultures.





81%

OF MODERN LEADERS WORK IN ORGANIZATIONS WHERE ALL EMPLOYEES VIEW THEMSELVES AS LEADERS

Last year, we identified a new leadership framework to replace traditional philosophies. We also demonstrated how organizations and leaders who use it achieve superior results by connecting employees to purpose, accomplishment, and one another. This year, we focus our attention on how organizations can develop the best leaders. It requires a fundamental shift that starts with expanding the definition of leader to include all employees and providing them greater autonomy and opportunity broadening access to leadership development so that every employee can grow. Because when you improve the odds for individual success, the chance of business success is even greater.

INTRODUCTION

Business leaders of the future will guide, mentor, and inspire the most diverse and dispersed workforce in history. And it won't be easy, to say the least. Over just the next decade, leaders will face the challenges of accelerating technology, a new generation of coworkers, and still-unknown consequences of the pandemic. To succeed, they will need to be adaptable, forward-thinking, and, as we introduced in last year's report, modern.

Modern leaders are an effective, progressive, emotionally intelligent species who reject the traditional leadership model of commanding, evaluating, and gatekeeping. Instead, they focus on coaching, developing, and empowering their people to do great work. These leaders connect the work to a greater sense of purpose, facilitate collaboration and inclusion, openly share information, and show appreciation. They also know how to combine the skills of a diverse pool of talent and create magnificent results from the mix. Organizations and teams with modern leaders are much more likely to have thriving cultures with higher engagement, retention, and employee Net Promoter Scores.

Regrettably, modern leaders are rare. A survey of CEOs by Fortune found only 7% of CEOs think their company is building effective global leaders.¹ Another survey found only 21% of employees believe their managers effectively lead them.²

Organizations must develop their future modern leaders now by taking a new approach. In fact, our research suggests organizations should train and empower every employee—whether they directly manage people or not—to view themselves as a leader.

MODERN LEADERSHIP INDEX

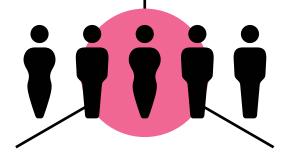
Modern leaders act much more like mentors than bosses, and they care deeply about the growth of the people who report to them. They excel at connecting employees to purpose, accomplishment, and one another. This year, we created an index to measure modern leadership. We found that while 64% of leaders qualify as average, only 17% are bona fide modern leaders. Of the remainder, it's important to note that any leader who fails to connect employees to purpose, accomplishment, and one another isn't just metaphorically treading water—they're negatively impacting employee experiences, their culture, and business outcomes.

PURPOSE

The connection of people's work to the organization's purpose, including understanding what employees do and caring about more than just results

ACCOMPLISHMENT

The sense of satisfaction and achievement created by defining success, advocating for employees' development, and showing appreciation



ONE ANOTHER

Interpersonal connections fostered by encouraging collaboration inside and outside teams and introducing employees to potential mentors

Figure 7. MODERN LEADERSHIP INDEX
The three key connections leaders create for employees.

"Management is about arranging and telling. Leadership is about nurturing and enhancing."

-TOM PETERS, AUTHOR, IN SEARCH OF EXCELLENCE

of employees look to their leaders to promote a shared vision³

Connection to purpose

Connection to purpose at work is important, particularly during challenging times. When employees struggle to find meaning and direction in a world disrupted by crisis, their organization's purpose gives them an invaluable lifeline. Purpose inspires individuals to see the why in their work and collaborate with others to find a common way forward. Modern leaders help employees understand the organization's purpose and their place in it.

Modern leaders also excel at helping employees see the importance of their work relative to the purpose. This entails understanding their employees' jobs, so they can articulate the impact of contributions in ways that are meaningful to employees. We found 60% of leaders connect the purpose of employees' work to what employees value, but fewer than half (44%) of leaders completely understand what their employees do. This discrepancy leads to much poorer cultural and business outcomes.

When leaders do not connect employees to purpose:

OUTCOMES	% CHANGE IN ODDS OF HAVING AN ABOVE-AVERAGE SCORE
Purpose	-82%
Opportunity	-90%
Success	-89%
Appreciation	-89%
Severe burnout	+532%
Engagement	-89%

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CASE STUDY—THE IMPORTANCE OF SPECIFICITY

Principles of modern leadership have existed for decades. We all know the famous story of the janitor who, when asked by US President John F. Kennedy what he did at NASA, said, "I'm putting a man on the moon," and promptly went back to mopping the floor. But what you may not know is NASA leaders identified and connected the dots for each one of their thousands of employees.

Focusing on a specific part of NASA's purpose (advancing science by first landing on the moon), leaders built milestones and objectives to achieve it—essentially creating a "ladder to the moon" that clearly showed how every employee's daily contributions made the landing possible. Employees felt they were more than just a part of something bigger; they understood exactly how they fit and why they were important. The mission succeeded because NASA employees saw their efforts connected to a milestone that connected to an objective that connected to the overall purpose.⁴

Connection to accomplishment

Modern leaders regularly communicate what success looks like, appreciate their employees when they achieve it, and make others aware of their employees' accomplishments.

Currently, 62% of leaders communicate what success looks like and 52% make others aware of their employees' success. Only 57% of employees feel appreciated by their leaders. And leaders who do not connect their employees to accomplishment see diminished cultural and business outcomes.

When leaders do not connect employees to accomplishment:

OUTCOMES	% CHANGE IN ODDS OF HAVING AN ABOVE-AVERAGE SCORE	
Employee experience	-87%	
Purpose	-82%	
Opportunity	-93%	
Success	-92%	
Appreciation	-92%	
Leadership	-97%	
Severe burnout	+490%	

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Connection to one another

Instead of acting as gatekeepers (or even barriers) to information and relationships, modern leaders function as links. They are invested enough in the success of their employees to encourage collaboration both in and outside their teams. They oppose silos and introduce people who can help each other succeed, which also fosters a sense of belonging.

67%

of employees look to their leaders to create a sense of camaraderie for them⁵

Our research shows only about half (52%) of leaders introduce their employees to potential mentors, and only slightly more (56%) encourage employees to collaborate outside their teams. Connecting employees to one another has an enormous impact on feelings of inclusion. Whether intentional or not, when leaders don't make an effort to connect employees, employees perceive the leader doesn't care about them and doesn't want to help them feel included in the organization. This, predictably, has cultural consequences.

When leaders do not connect employees to each other:

OUTCOMES	LIKELIHOOD OF HAVING AN ABOVE-AVERAGE SCORE
Employee experience	-89%
Success	-94%
Appreciation	-92%
Engagement	-92%
Inclusion	-95%
Exclusion	+162%

Modern leadership requires work in all three areas of the index. We found only 35% of leaders connect their employees to purpose, 36% connect employees to accomplishment, and 38% connect their employees to one another.

The good news is when leaders succeed in all three areas, organizations experience:

10x	greater odds of having a thriving culture
11x	greater odds of having an inclusive culture
7.5x	greater odds of easily adapting to change
6x	greater odds of having leaders with a global perspective

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"The essential work of a conductor has never really been about the exercise of authority. Conducting is really about the creation of a culture of responsibility, of respect, of musical and social awareness, and of listening. Connecting is a metaphor, not for absolute power but for shared experience. for collaboration, for listening."

-TOM SERVICE, AUTHOR, MUSIC AS ALCHEMY: JOURNEYS WITH GREAT CONDUCTORS AND THEIR ORCHESTRAS

RECOGNITION IS A POWERFUL TOOL FOR CONNECTION

In situations where inclusion and connection are critically important (like now), leaders play a major role in helping employees feel seen by both leadership and their peers. And in organizations where diversity is high, recognition is a great way to showcase how everyone can work and succeed together.

Recognition is such a valuable tool because it can improve all three areas of modern leadership. Leaders who recognize their employees' accomplishments connect them to:

Purpose—by affirming how great work contributes to the organizational purpose

Accomplishment—by helping employees feel appreciated and motivated to continue to do great work

One another—by ensuring employees are seen, feel they belong, and know why

Leaders can maximize the power of recognition by doing it frequently, making it personal, and applying it to everyday efforts, not just major achievements. Some leaders believe the more recognition they give, the less meaningful it will become. The data would disagree. As long as it's genuine and sincere, more recognition is always better than not enough. When done right, recognition dramatically increases the odds of connecting employees to purpose, accomplishment, and one another.

	INCREASED ODDS WITH FREQUENT LEADER RECOGNITION	INCREASED ODDS WITH PERSONALIZED LEADER RECOGNITION	INCREASED ODDS WHEN EVERYDAY EFFORT AND ABOVE-AND- BEYOND ACHIEVEMENTS ARE RECOGNIZED
Connection to purpose	5x	5x	2.5x
Connection to accomplishment	7x	5x	3x
Connection to one another	7x	7x	2x

Recognizing effectively also impacts cultural measures:

	INCREASED ODDS WITH FREQUENT LEADER	INCREASED ODDS WITH PERSONALIZED LEADER	INCREASED ODDS WHEN EVERYDAY EFFORT AND ABOVE-AND- BEYOND ACHIEVEMENTS ARE
Thriving culture	10x	RECOGNITION 10x	RECOGNIZED 15x
Inclusive culture	14x	16x	17x
Adaptive organizations (vs. slow-to-change organizations)	8x	8x	16x

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"It's important to understand the value that each of your individual employees is bringing to the table and appreciate who they are as a person, both the impact they make and the character traits that contribute to the diversity and success of your teams."

-SAMANTHA ELLIOT, TOTAL REWARDS PROGRAMS LEAD, BASF

CASE STUDY—CONNECTING EMPLOYEES DURING A PANDEMIC

As employees transitioned to remote work or social distancing in the workplace during the first months of the 2020 pandemic, BASF used recognition and appreciation to help employees feel valued.

The multi-national chemical company encouraged leaders to make its recognition platform a point of connection for their teams to appreciate and recognize great work. Additionally, it asked leaders to reward more behaviors. Things like:

- Embracing a positive attitude
- Lifting a team member's spirits
- Using collaboration tools effectively
- Supporting team members in staying safe
- · Being resourceful

BASF also coached leaders to celebrate employees' years of service in meaningful ways. Samantha Elliot, Total Rewards Program Lead, explained, "Managers are in a position to help create those memorable experiences that tie the employee back to something bigger, especially during these times when everything feels so uncertain."

THE FUTURE OF LEADERSHIP: EVERY EMPLOYEE IS A LEADER

Most modern leaders don't arrive at organizations with their abilities to lead. Nor do they find and practice their skills instinctively. On the contrary, they are the product of cultures that have integrated leadership development and responsibilities into everyday organizational life, where everyone from executives to individual contributors know and live common leadership principles, and where leadership development is open to and expected from all employees. Modern leaders develop in cultures that believe every employee is a leader.

This belief requires every employee to take ownership of their work, projects, and sphere of influence. It allows every employee to develop leadership skills, and the organization benefits from improved cultural and business outcomes and a strong pipeline of leaders as a result. Our research shows the organizations most successful at developing modern leaders don't consider leadership to be an exclusive club—they see and cultivate the potential in everyone.

We also see modern leaders are concentrated (81%) in organizations where all employees are considered part of a shared leadership responsibility, even if they don't have people who report to them.

"Everyone is a leader because everyone influences someone."

-JOHN C. MAXWELL, AUTHOR, LEADERSHIP COACH, AND SPEAKER

When organizations believe every employee is a leader, it increases the likelihood of many positive culture metrics exponentially:

ODDS OF HAVING AN ABOVE-AVERAGE SCORE IN EACH AREA
+153%
+304%
+235%
+171%
+40%
+196%
+194%
+155%
-55%
+179%
+292%

RETHINKING LEADERSHIP DEVELOPMENT

The paradigm "every employee is a leader" can guide how organizations rethink, develop, and implement leadership development.

Historically, companies spend over \$300 billion globally on leadership development each year, with 94% of them planning to maintain or increase that spend.⁸ Yet much of that money is wasted on ineffective leadership development programs. Only 10% of CEOs say their leadership development initiatives have a clear business impact,⁹ and 64% of companies say developing "next generation" leaders is a top challenge.¹⁰

A study by McKinsey found organizations that had the most effective leadership development programs were 6-7x more likely to extend development opportunities across the organization.¹¹ Our research indicates organizations should ensure every employee has access—and encouragement—to develop leadership skills. In fact, leadership development should saturate organizational culture with formal training opportunities.

Finally, leadership development must not be an empty gesture—it has to advance peoples' careers and it needs to be continuous. Leaders can learn concepts in courses, but if they aren't reminded of, exposed to, and practicing what they learn, they will lose 40-80% of it.¹²

To fully synthesize leadership development into the culture, it must be inclusive, abundant, and meaningful.

"I didn't want the 23-year-old to be afraid to speak up in a meeting because they weren't a vice president, and I didn't want people's egos to get in the way of doing great work."

-ED MITZEN, CEO, FINGERPAINT MARKETING

RECOMMENDATIONS & IMPACT

To fully integrate leadership development, organizations should adopt the following ideas:

1 Be inclusive by offering leadership development to all

Josh Bersin, global analyst at Bersin by Deloitte, argues that the model of "getting people ready for leadership" is outdated.¹³ Traditionally, leadership development has been offered to only "high potential"

CASE STUDY—ENABLING ALL EMPLOYEES TO BE LEADERS

Dick Conrow, founder of the manufacturing company C&A Tool Engineering, has taken a shared leadership ethic to the next level—an extremely horizontal level. The company doesn't have supervisors or management in the conventional sense.

Conrow asks: "Why should I pay someone to watch other people do the work? Management means control and nobody wants to be controlled." He trusts his employees know how to do their jobs and believes his job is to help them utilize their individual strengths and then get out of the way.

At C&A, employees are free to work how they see fit. They create their own schedules and choose their jobs. They even decide for themselves if they need to put in overtime to get the job done. They take full responsibility for their work and don't depend on a leader to tell them what to do or how to do it.

With this mindset, Conrow has led C&A from a garage operation to a diversified manufacturing company with more than 650 employees and \$100 million in annual sales.⁷

employees or current leaders. And currently, less than half (49%) of organizations offer leadership training to all employees. Of employees who have not participated in their organization's leadership programs, the most commonly cited reason is they were not invited (36%).

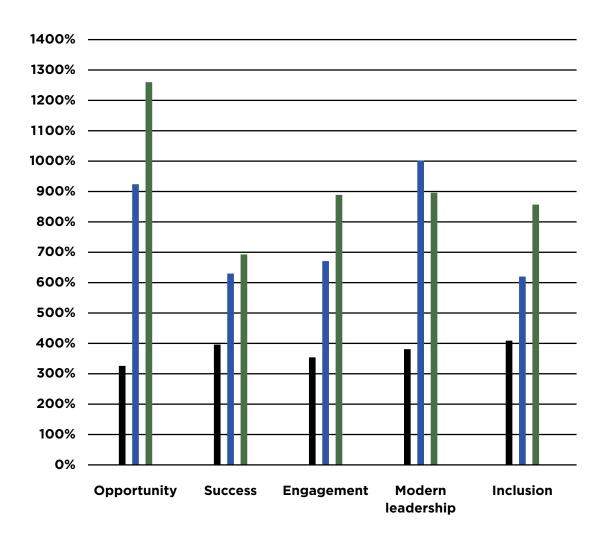
How organizations approach who gets leadership training has a significant impact on how employees view leadership at their company.

The odds of having modern leadership at an organization increase:

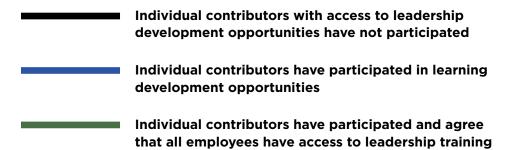
- 5x if all employees can participate in leadership development opportunities
- 5x if leaders do not show favoritism in recognition
- 2.5x if employees disagree that to be a leader you have to know the right people

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Organizations who give individual contributors access to leadership training have significantly higher positive cultural and business outcomes compared to those that do not. This increases even more when individual contributors actually participate in leadership development opportunities and when it's common knowledge that every employee can participate.



% change in odds of above-average score when:



CASE STUDY—GIVING ALL EMPLOYEES THE CHANCE TO DEVELOP LEADERSHIP

The most successful leadership programs are available to all employees in the organization. See how these companies handle theirs:

Goldman Sachs believes in "maximizing the potential of all employees, old and new," so it gives every employee access to classroom or online-based training through Goldman Sachs University and encourages them to participate every year.

Deloitte built the \$300 million Deloitte University Learning Center so all employees could participate in training for their development and advancement. It shows the company's longterm commitment to be an education center for employees.

Seattle Genetics, a biotech company, offers every new employee a one-year pharmacy fellowship where they get hands-on experience, attend leadership courses, meet with executives, and receive opportunities to publish their work.

Triage Consulting has a leadership development program recognized by Glassdoor and the Great Place to Work® Institute. Every new employee receives formal training to strengthen their technical skills, as well as communication, project management, and leadership skills.¹⁴

Not surprisingly, organizations that offer leadership development opportunities to all employees see an increase in inclusion and a decrease in exclusion. They have a higher likelihood of employees agreeing that their leaders have diverse backgrounds and identities, further improving diversity and inclusion efforts.

Individual contributors who participate in leadership development opportunities and know all employees have access to leadership training are:

10x	more likely to feel their organization is inclusive	
82%	less likely to experience or see exclusion at their organization	
5x	more likely to believe leadership at their organization is diverse	

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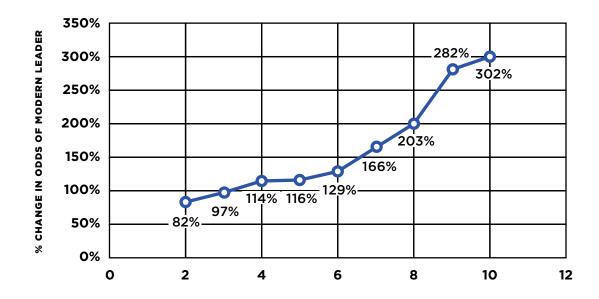
"You don't have to hold a position in order to be a leader."

-HENRY FORD, FOUNDER OF THE FORD MOTOR COMPANY



Provide plenty of opportunities for development

Giving all employees the chance to learn leadership skills is key to developing modern leaders. While it's not sufficient in itself, it appears to be a necessary element given the density of modern leaders at organizations that do. Other supportive data includes the organizational probability of having modern leadership. When organizations had at least one type of leadership development opportunity, the odds increased 328%. And where there were multiple opportunities, the increase grew with them:



NUMBER OF LEADERSHIP DEVELOPMENT OPPORTUNITY TYPES

The definition of leadership development opportunities isn't limited to formal training classes. Much of the development happens when people have new experiences in the workplace. Deloitte's research finds exposure is one of the most important factors in leadership development. Granting employees the opportunity to lead in actual situations can help them develop skills in a memorable way.

Organizations that encourage employees to express leadership behaviors also have a higher concentration of modern leaders. Workers in these places have more autonomy, lead special projects, and provide feedback to peers. By supporting employees in continually practicing and perfecting leadership skills, organizations provide ongoing development and reinforce the idea that every employee is a leader.

MEASURES	INCREASE IN ODDS OF MODERN LEADERSHIP
Feel ownership over their work	+295%
Have autonomy over the way they work	+362%
Encouraged to give feedback to peers	+643%
Take lead on special projects	+399%
Have freedom to occasionally create their own projects	+330%
Regularly give and receive peer recognition	+550%

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(3)

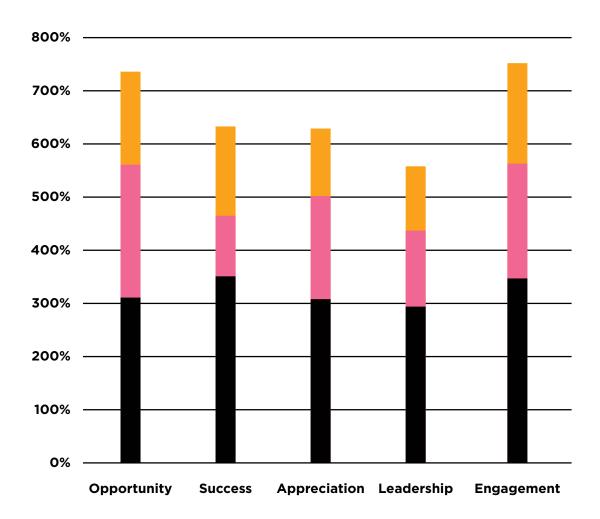
Bake leadership development into the culture

Existing leaders play a pivotal role in developing future leaders by making the development opportunities more meaningful and integrating them into the organization's culture. Specific suggestions for leaders include:

- Model the principles taught in leadership development
- Participate in leadership development opportunities
- · Open opportunities for advancement
- Make the time to keep up with new leadership thoughts and ideas
- Seek out feedback and constructive criticism

When senior leaders model the practices and principles taught in leadership programs, more employees see what good leadership looks like and adopt the right behaviors (instead of developing bad ones or stumbling through trial and error). According to the data, organizations with senior leaders who model modern leadership practices have 226% greater odds of having modern leaders. These organizations also have 6x greater odds of having an above-average score for opportunity, 5x greater odds of having an above-average score for success, and 5x greater odds of having an above-average engagement score.

Of course, that's not the end of the road. Employees need to see that the reward is worth the work and that participating in leadership development leads to greater advancement opportunities. Advancement demonstrates that the organization is serious about developing and retaining its people by filling leadership positions from within. And when this happens, culture scores climb sharply:



% change in odds of above-average score when:



Finally, there is quantified optimism for organizations with leaders who take these specific actions because the odds of having modern leadership increase:

9x	when leaders make the time to keep up on new leadership thoughts and ideas
8x	when leaders are seen accepting constructive criticism
5.5x	when leaders participate in their organization's leadership development opportunities

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"Leadership and learning are indispensable to each other."

-JOHN F. KENNEDY, US PRESIDENT

CASE STUDY-LEADERSHIP DEVELOPMENT GOES VIRTUAL

Walmart recently made a substantial investment to bring virtual reality (VR) training to all of its retail academies.
Beyond a typical classroom experience, this immersive learning will help over 140,000 employees develop leadership skills.

Training covers a range of topics, including how to staff areas of a store, hire new employees, oversee operations, and handle personnel issues. The technology is effective, in part, because it allows employees to experience situations and practice skills outside the scope of their current jobs. As the system coaches them through various scenarios, employees can feel the experiences of being a leader in a more emotional, memorable way.¹⁶

CASE STUDY—THE ROLE OF LEADERS IN LEADERSHIP DEVELOPMENT

The micro-electronic products division of a large electronics company invested in a leadership development program that attendees loved. Based on surveys before and after the training, attitudes clearly improved. But just a couple of years later, participants felt the training had done little to change the company or its culture. It was difficult to apply the principles, the work environment was politically charged, and there seemed to be a lack of strategy.

So, instead of more training, the company redesigned its working processes and culture. It gathered feedback from employees to understand barriers, points of conflict, and poor managerial practices. Leaders reworked teams, roles, and responsibilities, and empowered employees to own their experiences. Then the company used hands-on coaching to help drive change, and a consultant provided guidance to leaders as they conducted performance reviews.

In just two more years, the organization saw a transformation in leadership and teamwork. Performance improved, with double the number of new products developed, and revenue and profits followed.¹⁷

CONCLUSION

Over the next decade, organizations must adopt a new approach to leadership development if they want to create modern leaders who connect employees to purpose, accomplishment, and one another. The approach involves creating leadership development opportunities throughout the employee experience and melding the expectation that "all employees are leaders" into the culture.

Recognition can be both a point of connection for modern leaders to leverage, as well as a way for organizations to reward individual contributors who exhibit modern leadership traits. This reinforces modern leadership practices that improve the employee experience.

Modern leaders will embrace new technology, build a more inclusive workplace, be the mentors Gen Z is desperately searching for, and help see companies through challenging times. They will bring organizations together by unifying diverse employees in a common purpose. And they will appreciate and blend unique skillsets that deliver unrivaled results. In short, modern leaders are compulsory for organizations to thrive in the next decade.

LEADERSHIP-4 KEY TAKEAWAYS

Modern leaders connect employees to three things: purpose, accomplishment, and each other.

Recognition is a powerful tool modern leaders use to connect employees.

Modern leaders develop in organizations where every employee acts as a leader.

Leadership development opportunities should be inclusive, abundant, and meaningful.

Leadership Sources

1, 2, 9, 11.

"6 Truisms of Modern Leadership Development," Heide Abelli, Training Industry, January 9, 2019.

- 3, 5. "Inclusion a Hallmark of Modern Leadership," Janet Foutty, Deloitte, March 7, 2019.
- "4 Lessons on Connecting People to Purpose from NASA's Moon Landing," Zach Mercurio, June 2017.
- 6. "BASF: Tapping into the Power of Employee Recognition during COVID-19," O.C. Tanner.
- "Bold, Insightful Leadership Defines Manufacturer's DNA," Mark Albert, Modern Machine Shop, July 11, 2020.

8, 12. "Top 5 Leadership Development Trends for 2020," Kevin Kruse, Forbes, January 15, 2020.

10, 13, 15.

"Why Leadership Development Feels Broken: And How We're Fixing It," Josh Bersin, July 7, 2019.

- "12 Companies that Offer Exceptional Professional Development Program for Entry-Level Employees," Lindsey Updyke, November 19, 2019.
- "VR Enters Corporate Learning with a Vengeance: And the Results Are Amazing," Josh Bersin, March 9, 2019.
- "Why Leadership Training Fails—and What to Do About It," Michael Beer, Magnus Finnstrom, Derek Schrader, Harvard Business Review, October 2016.





CONCLUSION

A detailed assessment of current culture and relevant trends—as well as dozens of insights for leveraging it—won't do any organization any good if it never leaves these pages.

We challenge you to synthesize and leverage this information to improve your culture. And we encourage you to take specific action (beyond emailing this report to someone up or down the org chart).

Each of us must work deliberately to create great cultures because they don't happen spontaneously, and those that change by themselves inevitably change for the worse.

This year and next will be watersheds for all employers.

Organizations will either intentionally position themselves to thrive for the next decade, or default to a path of fragmented disengagement, turnover, and less-than-inspired work. The stakes are that high and that clear.

Now is the time to move forward. With so much unknown, seize this rare opportunity to shed old practices, policies, or philosophies that would otherwise stop you from integrating new technology in meaningful ways, maximizing the power of recognition, and becoming an inclusive place for all employees.

We recommend starting by crafting a culture strategy and action plan that's focused, with specific milestones to hit as you transition from your existing culture to your aspirational vision. The following steps can help you design and create a culture that thrives:

1. Discover

Where are you now? Where do you want to be? Assess your culture honestly to determine your baselines. This can include a survey, but you may also want to dive deeper with focus groups, interviews, or co-creation sessions. Pinpoint opportunities to improve and establish metrics. Define what success will look like for each group and your organization as a whole.

2. Plan

How will you get there? Develop a strategy that's aligned to your organization's purpose. Design specific experiences you want your people to have at work. Include leaders at the executive level as well as frontline managers to validate and support your strategy.

3. Activate

What tools will you use to help guide your culture in the direction you want it to go? This is where everything comes together. Rally culture-building champions and educate and inspire leaders. Communicate frequently to promote and grow your initiatives and programs. Above all, make the leap from ideas to action.

4. Optimize

How can you ensure you get the most from your efforts? Measure the impact of your culture solutions and look for insights to help improve and set new standards. Feed the momentum. Improving culture is a journey, and in the midst of current challenges it may not be convenient. But decisive steps forward are exactly what employees need to feel confident. Taking action is a powerful antidote to the feelings of powerlessness that come with crises. And fortune still favors the brave.

We wish you every success as you synthesize new insights with your best thinking to create powerful employee experiences and a thriving culture for the coming decade.

"The secret of change is to focus all of your energy, not on fighting the old, but on building the new."

-DAN MILLMAN, AUTHOR, WAY OF THE PEACEFUL WARRIOR

METHODOLOGY

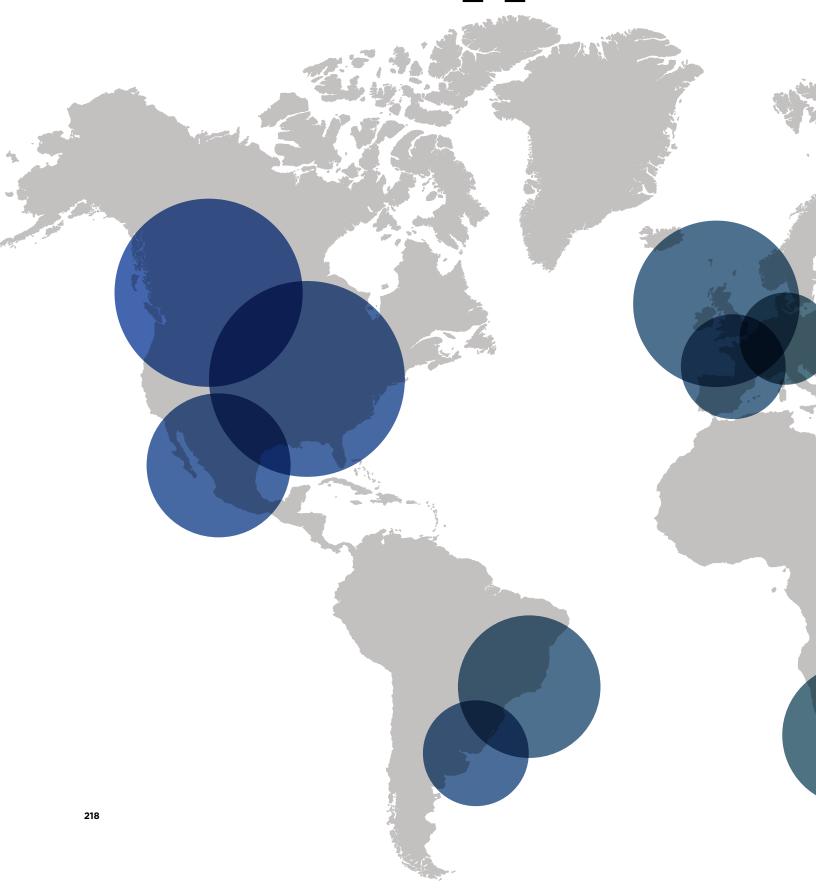
The O.C. Tanner Institute uses multiple research methods to support the global culture report, including interviews, focus groups, crosssectional surveys, and a longitudinal survey.

Qualitative findings came from 12 focus groups and 77 interviews among employees and leaders of larger organizations. The groups were held in December 2019. Each group represented various types of employers, including both private and public entities.

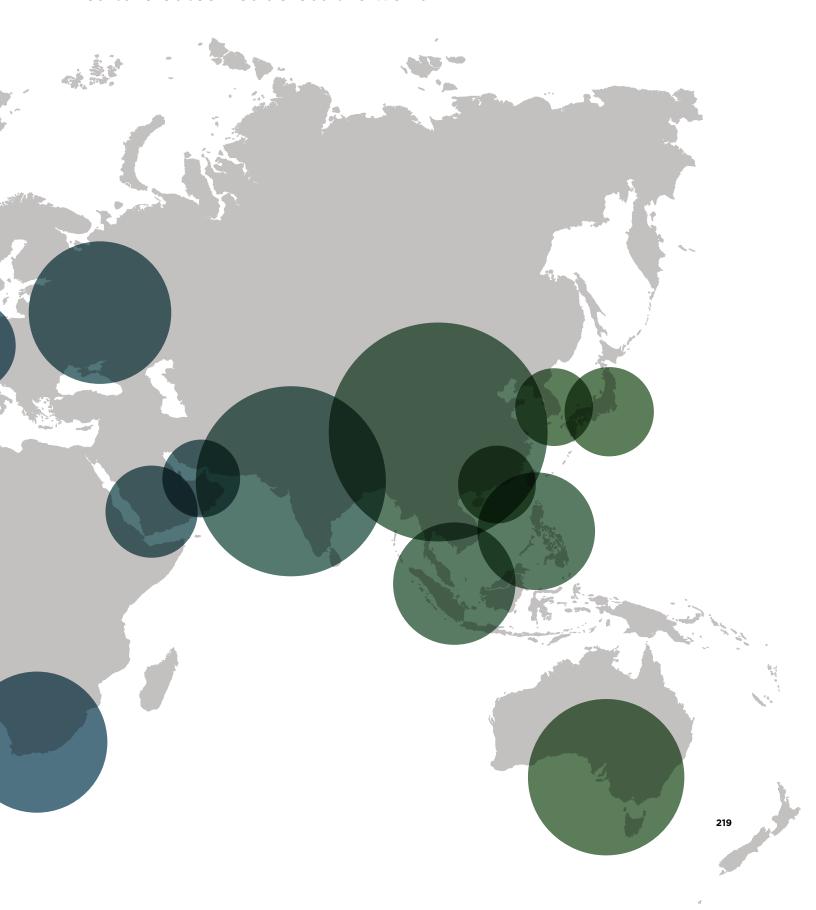
Quantitative findings came from online survey interviews administered to employees across Argentina, Australia, Brazil, Canada, China, France, Germany, Hong Kong, India, Japan, Mexico, the Netherlands, Philippines, Russia, Saudi Arabia, Singapore, South Africa, South Korea, the United Arab Emirates, the United Kingdom, and the United States. The total sample size is 40,175 workers at companies with 500+ employees. Fieldwork took place in March, April, May, and June 2020. The O.C. Tanner Institute collected and analyzed all survey data. This sample is sufficient to generate meaningful conclusions about the cultures of organizations in the included countries. However, because the study does not include population data, results are subject to statistical errors customarily associated with sample-based information.

All figures, unless otherwise stated, are from the O.C. Tanner Institute.

Global Appendix



Talent Magnet index scores and workplace culture outcomes across the world.



Average scores in five key areas organizations should focus on in the next year

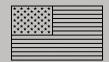
74	TECHNOLOGY	READINESS
	ILUIIIIULUUI	MEMBINEOU

63 RECOGNITION INTEGRATION

67 INCLUSION

39 EXCLUSION

60 MODERN LEADERSHIP



67%

of employees in the United States are engaged

59%

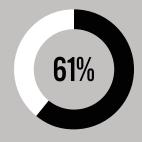
would leave for another job with similar role, pay, and benefits

USA

While employee sense of purpose remains strong in spite of the pandemic, the other five Talent Magnet scores have fallen. Below are the scores specific to the United States:



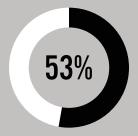
EMPLOYEE SENSE OF PURPOSE



EMPLOYEE SENSE OF OPPORTUNITY



EMPLOYEE SENSE OF SUCCESS



EMPLOYEE SENSE OF APPRECIATION



EMPLOYEE SENSE OF WELLBEING



EMPLOYEE SENSE OF LEADERSHIP

Average scores in five key areas organizations should focus on in the next year

55 RECOGNITION INTEGRATION

60 INCLUSION

27 EXCLUSION

54 MODERN LEADERSHIP



55%

of employees in Canada are engaged

49%

would leave for another job with similar role, pay, and benefits

While employee sense of purpose remains strong in spite of the pandemic, the other five Talent Magnet scores have fallen. Below are the scores specific to Canada:





EMPLOYEE SENSE OF PURPOSE



EMPLOYEE SENSE OF OPPORTUNITY



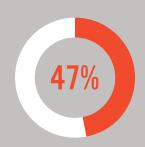
EMPLOYEE SENSE OF SUCCESS



EMPLOYEE SENSE OF APPRECIATION



EMPLOYEE SENSE OF WELLBEING



EMPLOYEE SENSE OF LEADERSHIP

Average scores in five key areas organizations should focus on in the next year

- 81 TECHNOLOGY READINESS
- 67 RECOGNITION INTEGRATION
- 70 INCLUSION
- 26 EXCLUSION
- 62 MODERN LEADERSHIP



67%

of employees in Mexico are engaged

57%

would leave for another job with similar role, pay, and benefits

MEX

While employee sense of purpose remains strong in spite of the pandemic, the other five Talent Magnet scores have fallen. Below are the scores specific to Mexico:



EMPLOYEE SENSE OF PURPOSE



EMPLOYEE SENSE OF OPPORTUNITY



EMPLOYEE SENSE OF SUCCESS



EMPLOYEE SENSE OF APPRECIATION



EMPLOYEE SENSE OF WELLBEING



EMPLOYEE SENSE OF LEADERSHIP

Average scores in five key areas organizations should focus on in the next year

|--|

81 TECHNOLOGY READINESS

71 RECOGNITION INTEGRATION

64 INCLUSION

29 EXCLUSION

60 MODERN LEADERSHIP

70%

of employees in Brazil are engaged

53%

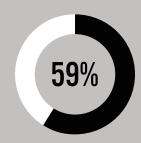
would leave for another job with similar role, pay, and benefits

While employee sense of purpose remains strong in spite of the pandemic, the other five Talent Magnet scores have fallen. Below are the scores specific to Brazil:

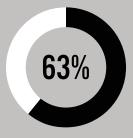




EMPLOYEE SENSE OF PURPOSE



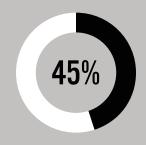
EMPLOYEE SENSE OF OPPORTUNITY



EMPLOYEE SENSE OF SUCCESS



EMPLOYEE SENSE OF APPRECIATION



EMPLOYEE SENSE OF WELLBEING



EMPLOYEE SENSE OF LEADERSHIP

Average scores in five key areas organizations should focus on in the next year

73 TECHNOLOGY	READINESS
---------------	------------------

54 RECOGNITION INTEGRATION

58 INCLUSION

30 EXCLUSION

53 MODERN LEADERSHIP



48%

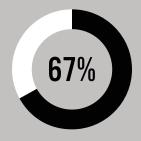
of employees in Argentina are engaged

51%

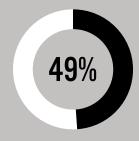
would leave for another job with similar role, pay, and benefits

ARG

While employee sense of purpose remains strong in spite of the pandemic, the other five Talent Magnet scores have fallen. Below are the scores specific to Argentina:



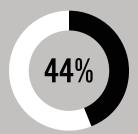
EMPLOYEE SENSE OF PURPOSE



EMPLOYEE SENSE OF OPPORTUNITY



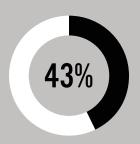
EMPLOYEE SENSE OF SUCCESS



EMPLOYEE SENSE OF APPRECIATION



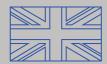
EMPLOYEE SENSE OF WELLBEING



EMPLOYEE SENSE OF LEADERSHIP

Average scores in five key areas organizations should focus on in the next year

- **68 TECHNOLOGY READINESS**
- 53 RECOGNITION INTEGRATION
- 60 INCLUSION
- 28 EXCLUSION
- 54 MODERN LEADERSHIP



48%

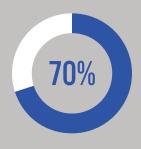
of employees in the United Kingdom are engaged

51%

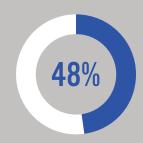
would leave for another job with similar role, pay, and benefits

While employee sense of purpose remains strong in spite of the pandemic, the other five Talent Magnet scores have fallen. Below are the scores specific to the United Kingdom:

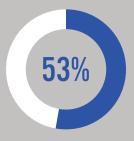




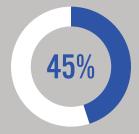
EMPLOYEE SENSE OF PURPOSE



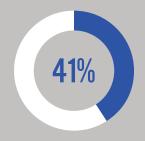
EMPLOYEE SENSE OF OPPORTUNITY



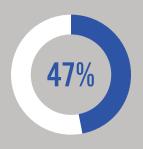
EMPLOYEE SENSE OF SUCCESS



EMPLOYEE SENSE OF APPRECIATION



EMPLOYEE SENSE OF WELLBEING



EMPLOYEE SENSE OF LEADERSHIP

Average scores in five key areas organizations should focus on in the next year

65 TECHNOLOGY	READINESS
---------------	------------------

54 RECOGNITION INTEGRATION

56 INCLUSION

30 EXCLUSION

51 MODERN LEADERSHIP



44%

of employees in France are engaged

50%

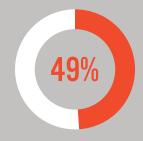
would leave for another job with similar role, pay, and benefits

FRA

While employee sense of purpose remains strong in spite of the pandemic, the other five Talent Magnet scores have fallen. Below are the scores specific to France:



EMPLOYEE SENSE OF PURPOSE



EMPLOYEE SENSE OF OPPORTUNITY



EMPLOYEE SENSE OF SUCCESS



EMPLOYEE SENSE OF APPRECIATION



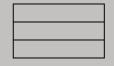
EMPLOYEE SENSE OF WELLBEING



EMPLOYEE SENSE OF LEADERSHIP

Average scores in five key areas organizations should focus on in the next year

- 71 TECHNOLOGY READINESS
- 63 RECOGNITION INTEGRATION
 - 57 INCLUSION
 - 27 EXCLUSION
 - 54 MODERN LEADERSHIP



51%

of employees in Germany are engaged

53%

would leave for another job with similar role, pay, and benefits

While employee sense of purpose remains strong in spite of the pandemic, the other five Talent Magnet scores have fallen. Below are the scores specific to Germany:

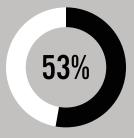




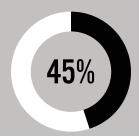
EMPLOYEE SENSE OF PURPOSE



EMPLOYEE SENSE OF OPPORTUNITY



EMPLOYEE SENSE OF SUCCESS



EMPLOYEE SENSE OF APPRECIATION



EMPLOYEE SENSE OF WELLBEING



EMPLOYEE SENSE OF LEADERSHIP

Average scores in five key areas organizations should focus on in the next year

81	TECHNOLOGY READINESS
58	RECOGNITION INTEGRATION
58	INCLUSION
36	EXCLUSION
56	MODERN LEADERSHIP



of employees in South Africa

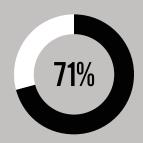
are engaged

51%

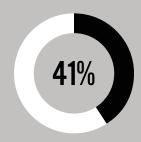
would leave for another job with similar role, pay, and benefits

ZAF

While employee sense of purpose remains strong in spite of the pandemic, the other five Talent Magnet scores have fallen. Below are the scores specific to South Africa:



EMPLOYEE SENSE OF PURPOSE



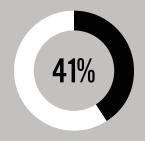
EMPLOYEE SENSE OF OPPORTUNITY



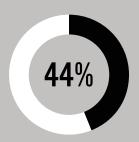
EMPLOYEE SENSE OF SUCCESS



EMPLOYEE SENSE OF APPRECIATION



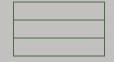
EMPLOYEE SENSE OF WELLBEING



EMPLOYEE SENSE OF LEADERSHIP

Average scores in five key areas organizations should focus on in the next year

- 72 TECHNOLOGY READINESS
- 59 RECOGNITION INTEGRATION
- 55 INCLUSION
- 25 EXCLUSION
- 55 MODERN LEADERSHIP



37%

of employees in Russia are engaged

48%

would leave for another job with similar role, pay, and benefits

While employee sense of purpose remains strong in spite of the pandemic, the other five Talent Magnet scores have fallen. Below are the scores specific to Russia:





EMPLOYEE SENSE OF PURPOSE



EMPLOYEE SENSE OF OPPORTUNITY



EMPLOYEE SENSE OF SUCCESS



EMPLOYEE SENSE OF APPRECIATION



EMPLOYEE SENSE OF WELLBEING



EMPLOYEE SENSE OF LEADERSHIP

Average scores in five key areas organizations should focus on in the next year



55 RECOGNITION INTEGRATION

66 INCLUSION

41 EXCLUSION

59 MODERN LEADERSHIP



63%

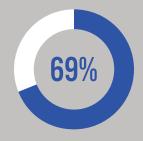
of employees in Saudi Arabia are engaged

58%

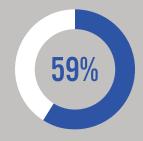
would leave for another job with similar role, pay, and benefits

SAU

While employee sense of purpose remains strong in spite of the pandemic, the other five Talent Magnet scores have fallen. Below are the scores specific to Saudi Arabia:



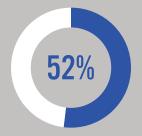
EMPLOYEE SENSE OF PURPOSE



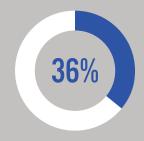
EMPLOYEE SENSE OF OPPORTUNITY



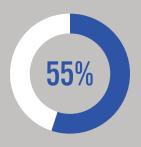
EMPLOYEE SENSE OF SUCCESS



EMPLOYEE SENSE OF APPRECIATION



EMPLOYEE SENSE OF WELLBEING



EMPLOYEE SENSE OF LEADERSHIP

Average scores in five key areas organizations should focus on in the next year

- 78 TECHNOLOGY READINESS
- 54 RECOGNITION INTEGRATION
- 66 INCLUSION
- 43 EXCLUSION
- 58 MODERN LEADERSHIP



64%

of employees in the UAE are engaged

56%

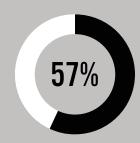
would leave for another job with similar role, pay, and benefits

While employee sense of purpose remains strong in spite of the pandemic, the other five Talent Magnet scores have fallen. Below are the scores specific to the United Arab Emirates:

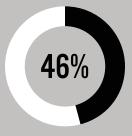




EMPLOYEE SENSE OF PURPOSE



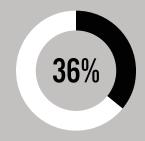
EMPLOYEE SENSE OF OPPORTUNITY



EMPLOYEE SENSE OF SUCCESS



EMPLOYEE SENSE OF APPRECIATION



EMPLOYEE SENSE OF WELLBEING



EMPLOYEE SENSE OF LEADERSHIP

Average scores in five key areas organizations should focus on in the next year

83 TECHNOLOGY	READINESS
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77 RECOGNITION INTEGRATION

74 INCLUSION

51 EXCLUSION

66 MODERN LEADERSHIP



78%

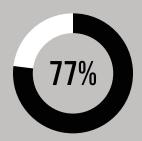
of employees in India are engaged

70%

would leave for another job with similar role, pay, and benefits

IND

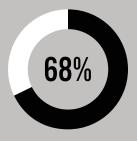
While employee sense of purpose remains strong in spite of the pandemic, the other five Talent Magnet scores have fallen. Below are the scores specific to India:



EMPLOYEE SENSE OF PURPOSE



EMPLOYEE SENSE OF OPPORTUNITY



EMPLOYEE SENSE OF SUCCESS



EMPLOYEE SENSE OF APPRECIATION



EMPLOYEE SENSE OF WELLBEING



EMPLOYEE SENSE OF LEADERSHIP

Average scores in five key areas organizations should focus on in the next year

76 TECHNOLOGY RE	ADINESS
------------------	----------------

72 RECOGNITION INTEGRATION

70 INCLUSION

35 EXCLUSION

62 MODERN LEADERSHIP



62%

of employees in China are engaged

59%

would leave for another job with similar role, pay, and benefits

While employee sense of purpose remains strong in spite of the pandemic, the other five Talent Magnet scores have fallen. Below are the scores specific to China:





EMPLOYEE SENSE OF PURPOSE



EMPLOYEE SENSE OF OPPORTUNITY



EMPLOYEE SENSE OF SUCCESS



EMPLOYEE SENSE OF APPRECIATION



EMPLOYEE SENSE OF WELLBEING



EMPLOYEE SENSE OF LEADERSHIP

Average scores in five key areas organizations should focus on in the next year

54	TECHNOLOGY READINESS
49	RECOGNITION INTEGRATION

48 INCLUSION

32 EXCLUSION

49 MODERN LEADERSHIP



13%

of employees in Japan are engaged

50%

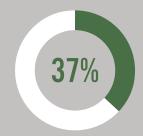
would leave for another job with similar role, pay, and benefits

JPN

While employee sense of purpose remains strong in spite of the pandemic, the other five Talent Magnet scores have fallen. Below are the scores specific to to Japan:



EMPLOYEE SENSE OF PURPOSE



EMPLOYEE SENSE OF OPPORTUNITY



EMPLOYEE SENSE OF SUCCESS



EMPLOYEE SENSE OF APPRECIATION



EMPLOYEE SENSE OF WELLBEING



EMPLOYEE SENSE OF LEADERSHIP

Average scores in five key areas organizations should focus on in the next year

- **70 TECHNOLOGY READINESS**
- 64 RECOGNITION INTEGRATION
- 64 INCLUSION
- 50 EXCLUSION
- 55 MODERN LEADERSHIP



44%

of employees in Hong Kong are engaged

60%

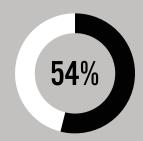
would leave for another job with similar role, pay, and benefits

While employee sense of purpose remains strong in spite of the pandemic, the other five Talent Magnet scores have fallen. Below are the scores specific to Hong Kong:





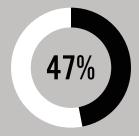
EMPLOYEE SENSE OF PURPOSE



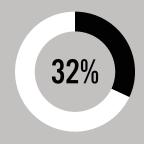
EMPLOYEE SENSE OF OPPORTUNITY



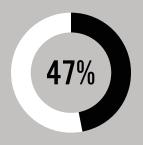
EMPLOYEE SENSE OF SUCCESS



EMPLOYEE SENSE OF APPRECIATION



EMPLOYEE SENSE OF WELLBEING



EMPLOYEE SENSE OF LEADERSHIP

Average scores in five key areas organizations should ocus on in the next year

81	TECHNOLOGY READINESS
66	RECOGNITION INTEGRATION
66	INCLUSION
32	EXCLUSION
60	MODERN LEADERSHIP



64% of employees

of employees in the Philippines are engaged

52%

would leave for another job with similar role, pay, and benefits

PHL

While employee sense of purpose remains strong in spite of the pandemic, the other five Talent Magnet scores have fallen. Below are the scores specific to the Philippines:



EMPLOYEE SENSE OF PURPOSE



EMPLOYEE SENSE OF OPPORTUNITY



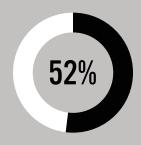
EMPLOYEE SENSE OF SUCCESS



EMPLOYEE SENSE OF APPRECIATION



EMPLOYEE SENSE OF WELLBEING



EMPLOYEE SENSE OF LEADERSHIP

Average scores in five key areas organizations should focus on in the next year

- 71 TECHNOLOGY READINESS
- 61 RECOGNITION INTEGRATION
- 63 INCLUSION
- 44 EXCLUSION
- 56 MODERN LEADERSHIP



50%

of employees in Singapore are engaged

56%

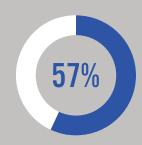
would leave for another job with similar role, pay, and benefits

While employee sense of purpose remains strong in spite of the pandemic, the other five Talent Magnet scores have fallen. Below are the scores specific to Singapore:

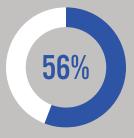




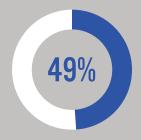
EMPLOYEE SENSE OF PURPOSE



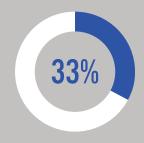
EMPLOYEE SENSE OF OPPORTUNITY



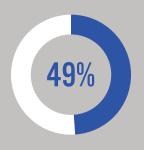
EMPLOYEE SENSE OF SUCCESS



EMPLOYEE SENSE OF APPRECIATION



EMPLOYEE SENSE OF WELLBEING



EMPLOYEE SENSE OF LEADERSHIP

Average scores in five key areas organizations should focus on in the next year

- 72 TECHNOLOGY READINESS
- 59 RECOGNITION INTEGRATION
- 61 INCLUSION
- 37 EXCLUSION
- 54 MODERN LEADERSHIP



53%

of employees in Australia are engaged

55%

would leave for another job with similar role, pay, and benefits

AUS

While employee sense of purpose remains strong in spite of the pandemic, the other five Talent Magnet scores have fallen. Below are the scores specific to Australia:



EMPLOYEE SENSE OF PURPOSE



EMPLOYEE SENSE OF OPPORTUNITY



EMPLOYEE SENSE OF SUCCESS



EMPLOYEE SENSE OF APPRECIATION



EMPLOYEE SENSE OF WELLBEING



EMPLOYEE SENSE OF LEADERSHIP

The O.C. Tanner Institute is a widely respected research and education team focused on delivering valuable insights that help people thrive at work. Our oft-cited data on corporate culture, employee recognition, leadership, and wellbeing opens hearts and minds, inspires change, and empowers organizations everywhere to intentionally create healthy, productive workplace cultures by design. Such cultures drive innovation, engage talent, and deliver on corporate goals.

O.C. Tanner is the global leader in software and services that improve workplace culture through a wide variety of meaningful employee experiences. Our Culture Cloud is a suite of apps and integrations for recognition, team initiatives, wellbeing, and leadership that help shape thriving cultures everywhere. We proudly connect people to purpose, accomplishment, and one another at thousands of the world's most respected companies.

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