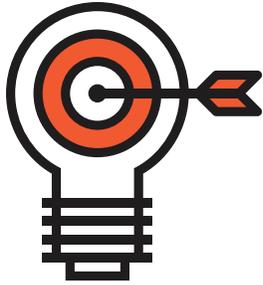


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TALENT PULSE

PROPRIETARY RESEARCH FROM HCI

Employee Experience in a
Volatile World: Strategic
HR Holds the Key



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Talent Pulse from the Human Capital Institute (HCI) explores the latest trends and challenges in strategic human capital management. Through quarterly research reports, *Talent Pulse* provides practitioners and decision makers with insights and tools to work better today and prepare for the future of work.

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SUMMARY

As our work and personal lives become increasingly integrated, employees and organizations strive to create community, transparency, and productivity in the workplace. Perhaps more than ever, the impacts of employee stress and burnout are detrimental to both the individual and the company. Chronically stressed individuals might suffer severe physical or mental illness, financial struggles, or dysfunctional interpersonal relationships at work and at home. Organizations face increased absenteeism, reduced productivity, and high turnover.

Holistic employee experiences that improve work-life balance can offer a high return on investment, but organizational awareness and responsiveness are critical to doing it right. In previous research, HCI established the definition of a *Mindful Organization*: one that actively engages with its employees to understand their needs and reduce workplace stress. Mindful organizations report better business outcomes, including:¹

- ✓ Greater gender diversity in senior positions
- ✓ Lower turnover in critical positions
- ✓ Higher employee engagement
- ✓ Stronger talent pipelines for critical positions

To spearhead this evolution to becoming a mindful organization, the HR professional must first become more strategic. This mandate is not new—business and thought leaders have persistently argued for a more strategic approach to talent and people management for decades. Research also shows that High Performing Organizations (HPOs) with stronger HR-business partnerships report more favorable business and talent outcomes.² However, the rapid pace of change in today's economy (exacerbated by COVID-19) and a persistent lack of time and resources mean HR is often ill-equipped to prioritize longer term strategic objectives over immediate needs.

The path to becoming a Mindful Organization begins with HR, but not with picking and choosing a certain selection of benefits. Rather, HR leaders must understand the business strategy first. They must reboot the HR-business partnership by proactively consulting with business stakeholders and people managers to better understand needs and priorities, down to individual departments or functions. They must build their business and financial acumen to make more

informed recommendations that suit the needs of the organization and its employees. Then, they must leverage that understanding to craft a holistic employee experience that supports employees to do their best work while driving the desired business outcomes.

In this *Talent Pulse*, we learned:

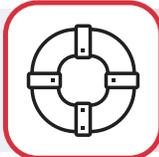
- ✓ Now more than ever organizations must prioritize the employee experience by becoming a mindful organization.
 - Mindful organizations report better business outcomes.
- ✓ The pre-requisite to creating positive employee experiences is strategic HR and strong HR and business partnerships.
 - HPO's report stronger HR and business partnerships.
- ✓ HR must overcome three critical challenges in order to become strategic partners.

Part 1: Overcoming Three Critical Challenges to Becoming a Strategic HR Function

We know organizations that boast strong HR capabilities and embed HR expertise across business units have a competitive advantage. Robust HR practices can support employee productivity and engagement, assist the workforce in meeting regulatory and safety obligations, and help deliver on the organization's strategy. However, HR alone cannot drive these initiatives across the finish line. In times of rapid change and competing priorities, HR must be responsive to the evolving needs of the business and its people. They must be proactive and agile, working with people managers to anticipate rather than just react to fluctuating needs. This cannot be achieved without collaborative partnerships between HR and the business. Unfortunately, HCI research shows that fewer than a quarter of all organizations strongly agree that their HR practitioners and people managers work well together.³

Three critical challenges must be addressed to successfully reboot the relationship between HR and the business. When HR functions can overcome these critical challenges, they are able to build credibility and deliver results-oriented solutions grounded in the business strategy. This is the foundation upon which an HR function should examine the employee experience in its current state and make recommendations on where to go in the future.

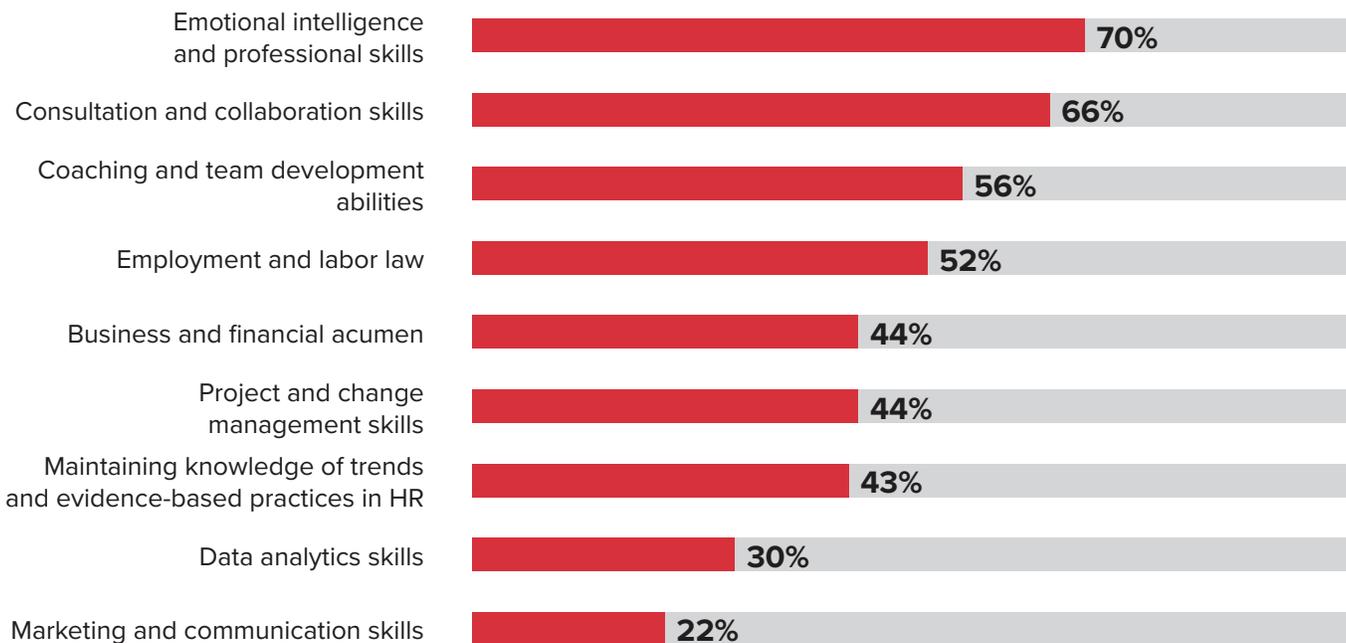
FIGURE 1 **Three Challenges to Strategic HR**

THE CHALLENGE	THE SOLUTION
Gaps in strategic HR knowledge, skills, and abilities	 Grow strategic HR capabilities
Weak relationships and poor collaboration	 Support, advise, and develop people managers
Ineffective use of data and tools	 Identify the tools and measures that are right for your organization

Challenge 1: Closing Strategic HR Skills Gaps

Gaps in strategic knowledge areas undermine HR’s credibility in the organization and diminish its potential to deliver value.

FIGURE 2 **How important do you feel the following knowledge, skills, and abilities are for HR to be considered a successful partner to the business?⁴**

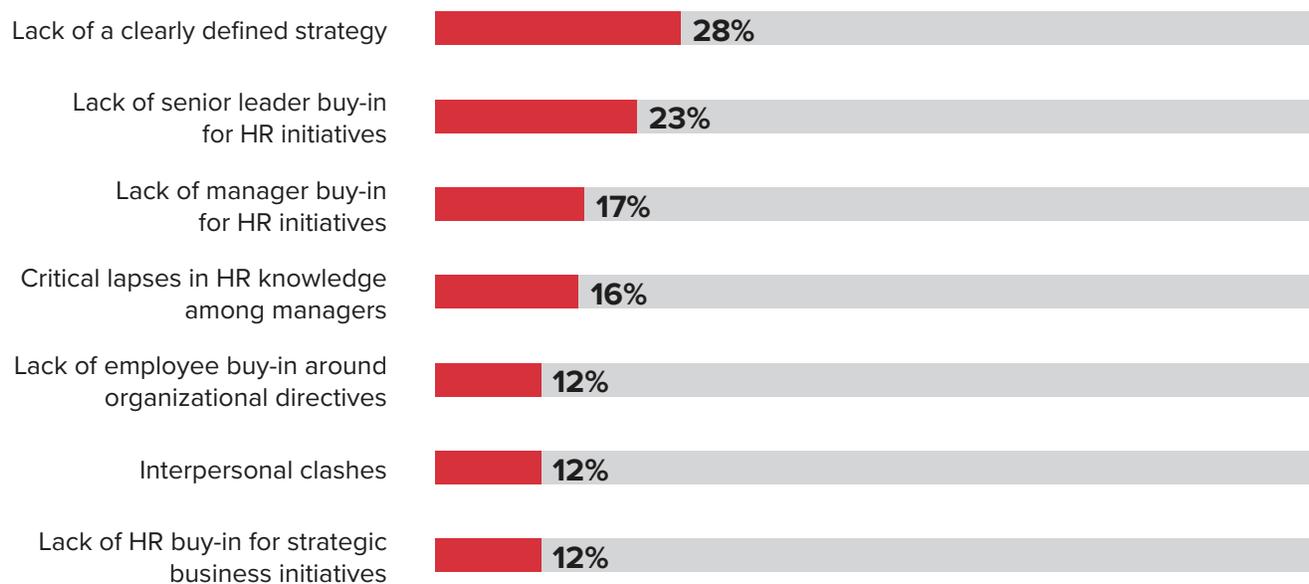


Challenge 2: Building Business Relationships for Effective Collaboration

Organizations that report more favorable talent and business outcomes also report stronger HR-business partnerships. Those with higher scores on HCI's index for high-performing organizations (HPOs), are significantly more likely to view these partnerships as effective. Not only do HPOs have a more positive view of HR-business partnerships, the HR professionals who work for these organizations also indicate higher confidence in their abilities.

FIGURE 3

What are the current, top challenges for developing and sustaining HR and business partnerships at your organization?⁵



Challenge 3: Applying Data and Effective Use of Tools

HR practitioners and teams should proactively identify the tools and measures that are right for their organization and use-case. In many cases this means starting simple.

FIGURE 4 **Please rate your level of agreement with the following.** (Percent of total responses which “Somewhat agree” and “Strongly agree” with breakdown by HPO status.)⁶



HR practitioners can overcome these challenges and build their own strategic capability by focusing on four capabilities underpinning HCI's strategic capability framework:

- ✓ Understanding the business strategy
- ✓ Consulting and collaborating well with business leaders and stakeholders
- ✓ Using data to inform strategies and decisions
- ✓ Applying current and best practices in talent management to create strategy-based solutions.



Part 2: The Culture and Experience Connection

At an organizational level the employee experience and the journey to becoming a Mindful Organization begins with company culture. Many assume that “culture” is something that naturally grows out of a group of people who come together with a common goal. While that can and does happen, HCI research has shown that organizations that set their culture as their strategy are characterized by a people-driven ethos and are more likely to report better talent and business outcomes. They have proactive and integrated HR practices, empower ownership of and contribution to the culture, they listen to employee feedback, they offer effective feedback to employees, they measure metrics that matter, and they invest in the right tools to support the culture.

There is no one definition of what a “good” or “strong” organizational culture looks like. In fact, nearly three quarters of previous HR survey respondents report that they rely on one or a combination of formal theories or definitions of culture but there is little overlap in the responses they provided.⁷ Any organization, regardless of how they define culture, must have a clear vision for what a meaningful positive culture should look like. Decisions to cultivate a culture that attracts, nurtures, engages, and retains the best talent should be intentional and should support business results. They must commit to fostering the right culture first, then creating hire-to-retire experiences that maintain that culture and its associated values and priorities.

WHO YOU ARE	WHAT YOU DO	WHY IT MATTERS
Our culture is the strategy —it guides all that we do.	Proactive and integrated HR practices	Proactive and integrated HR practices anticipate the needs of both talent and the business and align programs and people with culture and strategy. Link your initiatives to their strategic goals. Work to consistently and intentionally communicate the cultural values and behaviors that support your people and the strategy.
We consistently reinforce our positive culture through our collective commitment to our core values.	Empower ownership	Democratize the process of developing, changing and supporting the organizational culture. By empowering employees to more actively participate and contribute to their work community, you alleviate the burden on managers and HR to build culture and engage employees, and you create collective commitment to the organization.
We are all different, but we work to identify our common values .	Commit to employee listening	Solicit feedback, conduct focus groups, and...act! Whether it's through surveys, polls, or discussions, the insights shared in these spaces are often an important opportunity to identify common values for the organization and direct actions and policies to support and engage talent.
We build trust and mutual respect through our frequent communication and celebration of one another.	Offer effective and engaging performance feedback	Feedback needs to be supportive, constructive, and engaging. To do this well, provide training on feedback, monitor and track performance on goals, and promote opportunities for continuous feedback that build trust and mutual respect within and across teams.
We all share accountability for engaging employees and for the success of our organization.	Measure metrics that matter	Measure and monitor business results, the effectiveness of teams, progress on goals, and the engagement of your workforce. This offers a view on potential impacts to both your organization and its culture, and can provide opportunities for growth or change.
We drive organizational success by making it easy to communicate and participate in our workforce.	Invest in tools that support culture	Don't invest in more tools—invest in the right tools. These can free time for employees and drive organizational success by simplifying the collection and analysis of important metrics and communicating results and progress on goals.

Strategic Alignment Between Culture and Employee Experience

Positive employee experiences grow out of a positive organizational culture that is centered on common values and reinforced by collective commitment, shared accountability, and mutual respect. It requires active participation from every member of the organization, including extensive buy-in for the work of building and sustaining the culture. It also requires consistency between policy and practice and clear communication and messaging to align individual behaviors and business processes with business strategy.

Part 3: The Mindful Organization

In Mindful Organizations, HR leaders work with people managers and employees to provide a balanced selection of benefits, policies, and programs across multiple dimensions of the employee experience from compensation and benefits to professional development and flexible work arrangements. Mindful Organizations also take it a step further—they intentionally create a culture that empowers employees to use available benefits to meet personal needs while fulfilling the responsibilities of their roles, and to do so without fear of questions regarding their commitment to the job or their capabilities.

FIGURE 5 The 4 Cs of Mindful Organizations⁸



From a business standpoint, organizational mindfulness requires an awareness of marketplace and workplace conditions that drive business innovation, reliability, and opportunity. Though these conditions are ever-changing and unique to each organization, they result in numerous improved business and talent outcomes including greater gender diversity in senior positions, lower turnover in critical roles, higher employee engagement, and stronger talent pipelines.

If an organization is not mindful of its employees' needs, any mix of policies, benefits, and programs designed to enhance the employee experience might miss the mark (and create more problems than they solve). There is much at stake—a negative employee experience can lead to disengagement, turnover, lowered productivity, challenges in talent attraction and retention, poor customer experiences, and more. All these outcomes have a real impact on the bottom line. HR cannot build these programs without a strategic understanding of employees' needs and challenges and how they fit into larger business goals.

Endnotes

1. HCI. *The Mindful Organization: Crafting Holistic Employee Experiences*. <https://www.hci.org/research/mindful-organization-crafting-holistic-employee-experiences>
2. HCI. *The Great Reset: How High Performing Organizations Build HR Business Partnerships to Thrive in the Resilience Economy*. <https://www.hci.org/research/great-reset-how-high-performing-organizations-build-hr-business-partnerships-thrive>
3. See note 2.
4. See note 2.
5. See note 2.
6. See note 2.
7. HCI. *The Culture Centric Organization: Set Culture as the Strategy to Drive Results*. <https://www.hci.org/research/culture-centric-organization-set-culture-strategy-drive-results>
8. See note 1.



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