

HR Leaders Monthly

January 2021

In This Issue

HR Needs a More Responsive Approach to Strategic Planning
Page 4

How to Build Workforce Resilience for Future Disruptions
Page 10

The Case for an Employee Data Bill of Rights
Page 14

Building a New Employment Deal With Brian Kropp
Page 19

Use the Hybrid Workforce Model to Diversify Location Strategy After COVID-19
Page 23

Why Breaking Promises to Employees Is Breaking Businesses
Page 27

Quant Corner: Employees With Access to Resilience Training Go Above and Beyond
Page 32



Gartner®

HR Leaders Monthly

Contents

HR Needs a More Responsive Approach to Strategic Planning	4
How to Build Workforce Resilience for Future Disruptions	10
The Case for an Employee Data Bill of Rights	14
Building a New Employment Deal With Brian Kropp	19
Use the Hybrid Workforce Model to Diversify Location Strategy After COVID-19	23
Why Breaking Promises to Employees Is Breaking Businesses	27
Quant Corner: Employees With Access to Resilience Training Go Above and Beyond	32

Authors

Josh Bittinger
Devika Chopra
Jane Gergen
Brian Kropp
Aaron McEwan

Alex Pavel
Arvind Rawal
Lauren Romansky
Jonah Shepp
Morten Wendelbo

Creative

Shivani Bhola
Nicole Daniels

Editor

Melanie Meaders

Legal Caveat

© 2020 Gartner, Inc. and/or its affiliates. All rights reserved. Gartner is a registered trademark of Gartner, Inc. and its affiliates. This publication may not be reproduced or distributed in any form without Gartner's prior written permission. It consists of the opinions of Gartner's research organization, which should not be construed as statements of fact. While the information contained in this publication has been obtained from sources believed to be reliable, Gartner disclaims all warranties as to the accuracy, completeness, or adequacy of such information. Although Gartner research may address legal and financial issues, Gartner does not provide legal or investment advice and its research should not be construed or used as such. Your access and use of this publication are governed by Gartner's Usage Policy. Gartner prides itself on its reputation for independence and objectivity. Its research is produced independently by its research organization without input or influence from any third party. For further information, see "Guiding Principles on Independence and Objectivity."

Any third-party link herein is provided for your convenience and is not an endorsement by Gartner. We have no control over third-party content and are not responsible for these websites, their content or their availability. By clicking on any third-party link herein, you acknowledge that you have read and understand this disclaimer.

Editor's Note

By Brian Kropp and Lauren Romansky



If 2020 was a year of disruption and uncertainty, the global business environment in 2021 is likely to be more of the same. As organizations continue to rebound from the impact of the COVID-19 pandemic, HR remains under pressure to respond to emerging events without losing sight of longer-term challenges and opportunities. This edition of Gartner's HR Leaders Monthly covers some key issues HR leaders are focused on going into the new year and offers our latest insights as well as a look at where our research is headed.

One topic that comes up more often in our conversations with HR leaders is resilience. In an increasingly volatile environment, employees' ability to withstand change and disruption is becoming a critical factor in whether organizations succeed or fail. In this journal, you will find a first look at our ongoing investigation into how HR can build resilience among individual employees and the workforce as a whole. This issue examines how HR strategy adapts to an environment of continuous change, with insights into how HR leaders can better align their strategic planning with the business's overall strategy and communicate about strategy more effectively. Also on the strategy front, we consider how the widespread shift to remote work gives HR leaders a larger role in their organizations' location strategies.

Another change organizations currently face is an evolving relationship between employers and employees. For better or worse, the COVID-19 crisis has broken down boundaries between employees' work and personal lives and given business leaders a more intimate, humanized view of the people who work for them. In this month's featured interview, we share our own insights about what the "new employment deal" means for the future of work. Other articles highlight timely, important conversations about trust. What makes employees trust or distrust their employers? How should talent analytics address employees' rights regarding their personal data? These are just some of the critical questions HR leaders will have to answer in 2021.

HR Needs a More Responsive Approach to Strategic Planning

By Devika Chopra



In today's rapidly changing business environment, HR leaders must continually adjust their strategies to keep up with changes in the business. This article provides HR leaders with a framework for creating, communicating and updating an HR strategy.

The rapid pace of change in the external environment — including technology, demographic and social shifts — has forced organizations to adapt and recalibrate their business strategies. To keep up with changes in the business, HR leaders must continually adjust their strategies (see Figure 1).

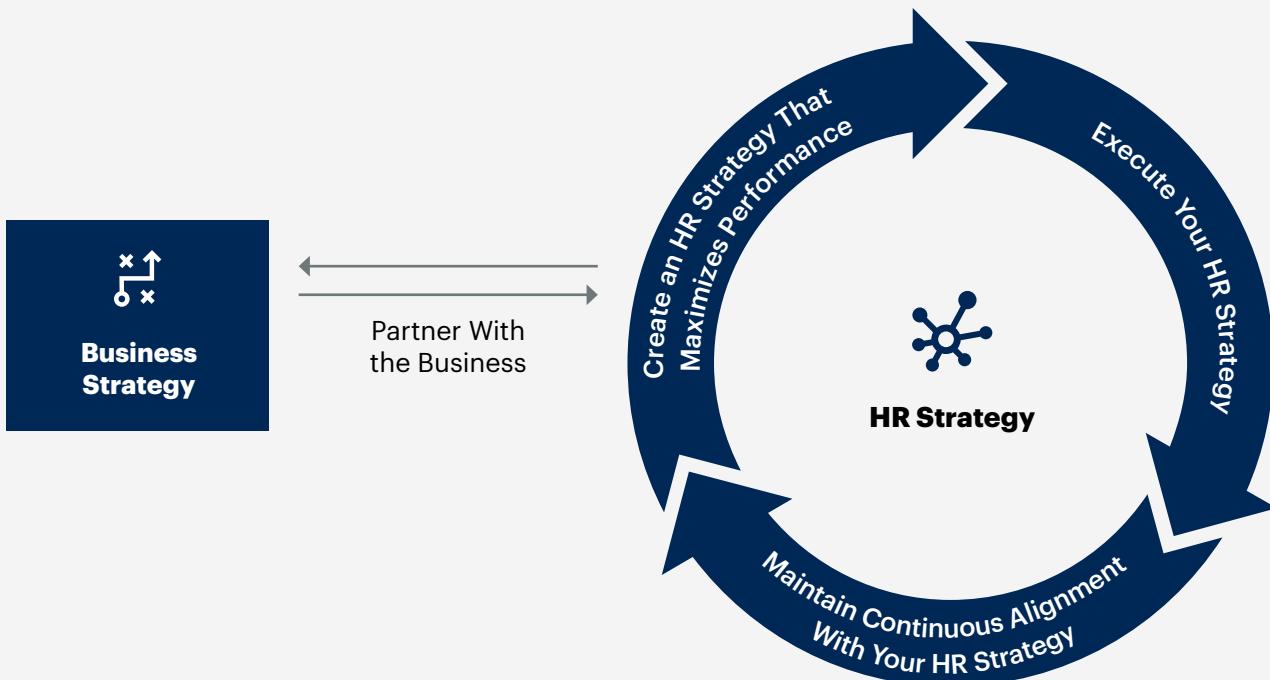
However, despite business volatility, only 28% of HR leaders report reviewing their strategies more than once per year, and only 12% change their strategies more than once per year.¹ Unsurprisingly, most organizations (66%) point to a lack of integration with business needs as the top barrier to effective strategic planning.² This situation puts HR at risk of falling behind in

meeting the needs of the business and relevant stakeholders instead of proactively planning for and supporting changes in the business.

HR leaders must establish strategies that satisfy their organizations' needs and feed into the broader planning process. The following steps will help HR leaders successfully create and update their organizations' HR strategies:

- Prepare for HR strategy planning.
- Understand business strategy and its talent implications.
- Connect business strategy to HR strategy.
- Communicate HR strategy.
- Adapt and monitor HR strategy.

Figure 1. Relationship Between the Business Strategy and the HR Strategy



Source: Gartner

Prepare for HR Strategy Planning

Before building an HR strategy, HR leaders should have an answer to the following three questions to carve out a successful strategic planning process:

- **What does an HR strategy plan entail?** An HR strategic plan is a document that establishes the direction of the HR function based on the organization's business needs. It can be a single page or a full binder of documents depending on the size and complexity of the business. HR leaders should familiarize themselves with the key elements that constitute a strategic plan for HR, such as a strategy summary, a communication plan and performance scorecards. This knowledge will help them understand the steps involved in the strategic planning process.
- **Who should be involved in the HR strategy planning process?** HR leaders should identify

key functional stakeholders who play a critical role in the strategic planning process and specify responsibilities for each role. For example, the CEO and executive committee would likely approve the strategy and key investments, while each business unit leader would provide input on business strategy and feedback on the HR function's performance.

- **What cadence should the strategic planning process follow?** Only 48% of HR leaders believe their HR strategic planning processes are integrated into their organizations' overall strategic planning processes.³ To improve this trend, HR leaders should first ensure their planning calendars align with those of the business; however, they shouldn't limit themselves to this approach. To be more responsive to market shifts, HR leaders should adopt a hybrid planning process based on the calendar as well as defined reevaluation triggers.

Understand Business Strategy and Its Talent Implications

Before building an HR strategy, it's crucial for each HR leader to know the organization's business strategy inside out. This knowledge will allow them to better understand the organization's short- and long-term strategic business priorities, enabling greater alignment between the HR strategy and the business strategy.

HR leaders should work with senior business leaders to verify what the business priorities will mean for the HR function. If the organization does not have an overarching strategy, talking to business leaders will elucidate its goals and priorities so the HR function can support them appropriately.

Once they fully understand the current business strategy, HR leaders should identify emerging trends that could affect the future business strategy — including trends in technology, in the industry and in the broader economy. They should then have business leaders validate

their findings. Doing so will help HR leaders identify HR activities that are critical to achieving each strategic business objective as well as the skills employees need to support future business needs.

Connect Business Strategy to HR Strategy

The next step in developing an effective HR strategy is to evaluate the organization's current capabilities and skills and identify gaps between the current state and future needs. HR leaders should enlist executives from functions throughout the organization as well as the HR leadership team to determine which capabilities will have the biggest impact on the execution of future business strategy. Based on these conversations and their own knowledge of the organization, HR leaders should prioritize the capabilities that are most critical. A simple way to do this is to rate each capability based on its importance to strategic priorities, which provides a view of the relative importance of all capabilities (see Figure 2).

Figure 2. Capability Prioritization

Illustrative

Scoring System		Strategic Priorities			Total
		Obtain 65% of Revenue via Online Sales	Grow Market Share in Asia by 5%	Introduce New Product Line	
HR Capabilities	Sourcing and Staffing	2	2	1	5
	Change Management	2	2	2	6
	Employee Performance Management	1	1	0	2
	HIPo Employee Development	1	2	1	4

Focus HR strategy planning on the 5 to 7 capabilities with the biggest impact on future business strategy.



Once HR leaders understand their organizations' capability needs and gaps, they must define objectives and develop proposals for filling these gaps. Determining specific and measurable objectives is necessary to ensure the strategy is working and is beneficial.

Having developed HR objectives, HR leaders should then identify clear metrics with which to measure progress to ensure the HR function remains on track.

Determining specific and measurable objectives is necessary to ensure the strategy is working and is beneficial.

Communicate HR Strategy

According to our survey data, only 57% of HR leaders believe their strategic plans communicate the link between HR and the business to support buy-in and work prioritization.³ This is often because HR communicates the strategic plan infrequently and only to a limited group of stakeholders. After finalizing the strategic plan, HR leaders should create a communication plan targeting all relevant stakeholders — including the executive team, functional leaders, managers,

employees and HR vendors — who will either resist or support the plan's execution. The plan should consider the communication goals for each stakeholder group and accordingly tailor the "what," "how" and "when" of the message each will receive.

For example, a communication plan for the executive team might include a high-level overview of the strategy and budget for approval. Senior leaders within the HR function, on the other hand, should receive more detailed information about the strategy as well as the measures of success. And for HR staff, the communication goal should be to minimize uncertainty and reduce resistance to future changes by explaining the new strategy, how it will support the organization's plans and what changes will result from it.

In addition to developing a communication plan, HR leaders should adopt a storytelling

After finalizing the strategic plan, HR leaders should create a communication plan targeting all relevant stakeholders ... who will either resist or support the plan's execution.

format — such as the situation-impact-resolution (SIR) format — for sharing the strategy with key stakeholders. Formats like SIR enable employees to see themselves within the story and relate it to their experience, their problems and their opportunities. To maintain employee engagement, it is important that employees understand how their work connects to the goals of the organization, which storytelling can help achieve.

For immediate impact, HR leaders should talk with relevant stakeholders to identify business-driven, management-driven and function-driven strategy triggers for their organizations.

Conclusion

In business today, change isn't merely constant; it's exponential in both pace and scope. The rapidly changing business environment complicates HR's efforts to support business priorities. To ensure greater business-HR strategic alignment, HR leaders should:

- Understand the business's priorities and their talent implications.
- Identify critical capability gaps.
- Establish HR objectives and initiatives to support the business priorities.
- Set up a mechanism for continually monitoring and adapting the HR strategy.

¹ 2Q20 Gartner Global Labor Market Survey

² September 2020 Gartner Polling on HR Strategy Planning

³ 2020 Gartner HR Score Diagnostic Survey

Adapt and Monitor HR Strategy

The final step is to establish a mechanism for monitoring and evaluating progress and adapting the HR strategy based on evolving business priorities. While there is no one-size-fits-all approach to adjusting HR strategy, HR leaders must make this a proactive process and not simply an annual task. A simple and effective way to do so is to identify obvious and nonobvious changes in the broader business that will indicate when HR should reevaluate its strategy.

For immediate impact, HR leaders should talk with relevant stakeholders to identify business-driven, management-driven and function-driven strategy triggers for their organizations.

Preemptively identifying these triggers prepares HR leaders to act quickly when they occur instead of falling behind the rest of the business.

After establishing these triggers, HR leaders should proactively monitor business changes to ensure the function can meet the business's needs as efficiently as possible and improve overall business outcomes.



Top 5 Priorities for HR in 2021

Gartner surveyed over 800 HR executives across more than 35 countries and all major industries to assess their priorities and expected challenges for 2021.

This report highlights the key findings from the survey, detailing:

-  The five initiatives CHROs and HR leadership are prioritizing in 2021
-  How changes in the business landscape will impact each of these priorities
-  Actions HR leadership should take to address each priority in the year ahead

View the key findings and assess your top priorities for 2021.

[Download Report](#)



How to Build Workforce Resilience for Future Disruptions

By Jane Gergen



HR leaders are focused on building resilience in 2021, primarily by supporting individual employees through the pandemic. However, in this early look at our ongoing research, we show that HR leaders must take a broader view of resilience, considering the workforce as a whole over the long term.

In response to unprecedented levels of change and disruption in 2020, many HR leaders are prioritizing resilience — the ability to endure, and bounce back after, a disruption. In a recent Gartner survey, HR leaders ranked “balancing organizational efficiency with resilience” as the postpandemic trend of greatest interest.¹ In response, we’re conducting ongoing research to help HR leaders understand resilience and embed it in their organizations. Following is an early look at our findings so far.

Common Focus Area: Short-Term Individual Resilience

Organizations that are struggling financially during the pandemic have asked us how they can cut costs without significantly damaging their long-term business prospects. We’ve found that those maintaining profitability have focused on keeping their employees from burning out despite increased workloads and change.

Although the problems organizations face may vary, HR leaders have predominantly focused on individual resilience during the pandemic — improving employee well-being and helping employees absorb change so they continue to be productive throughout the disruption. Most HR leaders have expressed pleasant surprise at how employees have continued to maintain productivity despite additional stressors at work and home. Some HR leaders have even reported an increase in employee effectiveness as hierarchical barriers or functional silos have broken down during the pandemic, improving collaboration and decision-making speed.

Challenges in Improving Short-Term Individual Resilience

However, while employees appear to have been resilient thus far, HR leaders have nagging concerns. Many HR leaders wonder how long employees can maintain their current pace of work before burning out. Forty-nine percent of employees have low mental energy (the ability to maintain a positive mood, manage stress and avoid burnout) during times of change.² When employees become fatigued, they are over three times as likely to resist all changes and about half as committed to staying with the company.³ For 69% of employees, the pandemic is the most stressful time of their professional careers;⁴ 62% say they feel burned out, and 55% report being lonely, which reduces their ability to remain focused and productive.⁵

One way HR leaders can improve performance and reduce burnout over time is to pay attention to the many small changes employees are coping with. While most change management initiatives focus on large changes, such as acquisitions and major system upgrades, we've found that small changes, such as co-workers leaving and incremental technology updates, have a larger cumulative impact on employees' mental energy. When organizations focus on supporting employees through small changes, which represent 96% of all changes, they improve employee mental energy by twice as much as when they focus on managing large changes.²

HR leaders can also improve employee well-being through benefits — quickly adapting



benefits to meet new employee needs. However, they must also reduce stigma around mental health to increase utilization of these benefits.

Unfortunately, leaders are unsure what other measures have helped employees sustain their performance during the pandemic. Many HR leaders implemented numerous changes in a short window of time out of necessity, making it difficult to identify which actions, if any, supported employee productivity and should remain in place to prepare for future disruption. And it is doubly important to identify which changes have been beneficial because some of the levers HR leaders have used to increase resilience in the past are no longer available. For example, some HR leaders have found they can't rely on company culture to motivate employees who have moved to remote working.

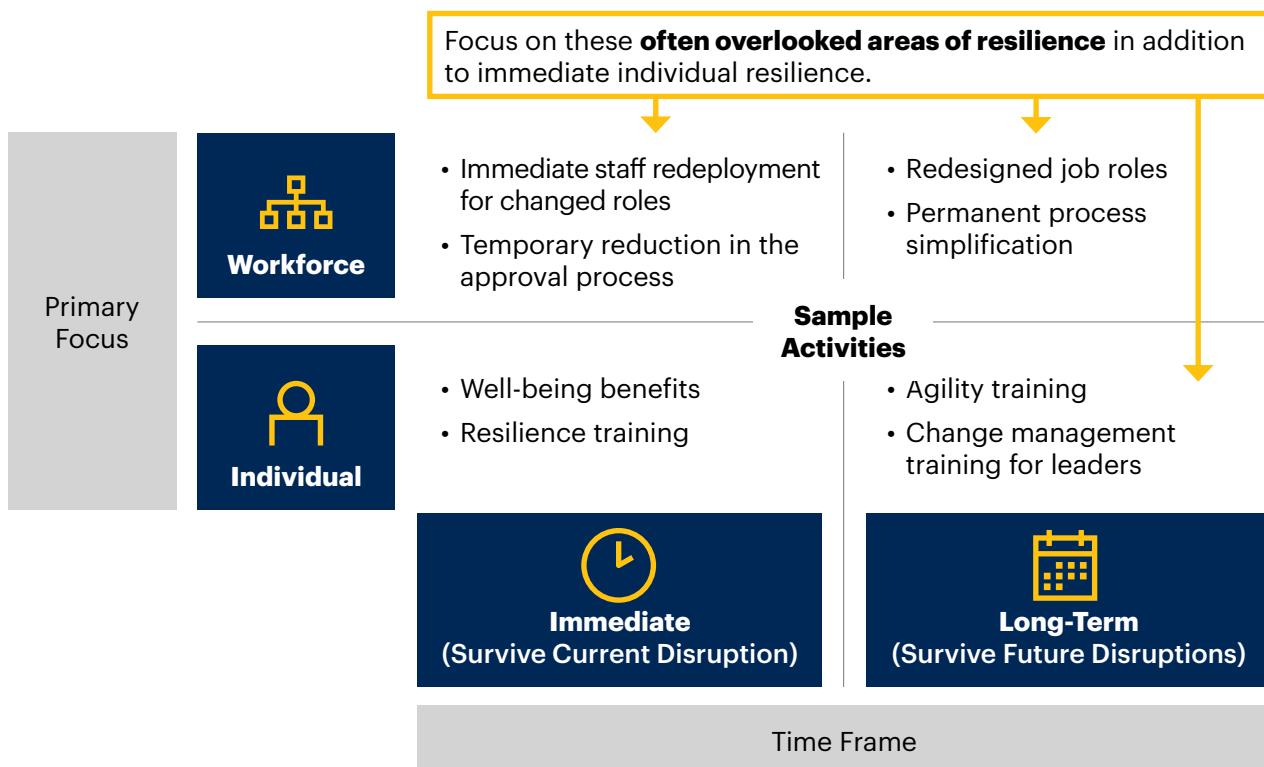
The largest impact on employee productivity during the pandemic may have come from shifts in organizations' processes or ways of working, such as talent management changes.

HR leaders often don't analyze the impact of these process-level changes on resilience because they were introduced with other goals in mind. But without an understanding of the factors that drive resilience, organizations do not know which changes to keep and remove as the disruption continues.

Taking a Broader View of Resilience

While our research is still developing, we believe HR leaders must focus on the resilience of the entire workforce as well as that of individual employees, and they must focus on both immediate and long-term time frames (see Figure 1). When HR leaders primarily focus on improving individual resilience in the immediate term, they become dependent on individual employees to maintain resilience on their teams. As employees cycle through the organization, HR leaders have a never-ending job of developing resilience afresh and miss out on potential cost efficiencies.

Figure 1. Dimensions of Resilience



Primary Focus

A focus on workforce-level resilience involves adopting tools and processes to ensure the organization has the right people in the right roles to maximize ongoing productivity as it recovers. For example, some organizations identify potential weak points in their talent “supply chains” and address them through systemic steps such as hiring in advance of need for critical operational roles with historically high turnover.

Investing in workforce-level resilience is important for multiple reasons — not least because it will help HR leaders see the full return on their investments in employee-level resilience. Previous organizational policies and practices (such as on-site work and multilevel approvals) may have hindered individual resilience. For example, employees may not value or use a newly released mindfulness app if organizational processes encourage working overly long hours. If organizations do not question the value of the old ways of working that have been upended during the pandemic, they may reintroduce them to the detriment of employees’ productivity.

Investing in workforce-level resilience is important for multiple reasons — not least because it will help HR leaders see the full return on their investments in employee-level resilience.

Furthermore, a focus on workforce resilience will help organizations identify and target key employee segments that have low resilience because of either the nature of their work or recent strategy changes. This approach reduces dependence on specific individuals — a move that will be increasingly important when the disruption ends and employees have more external job opportunities.

Making resilience part of an overall talent management strategy also ensures the organization plays to its strengths in identifying the right drivers of resilience. For example, the organization might leverage a strong employment brand to attract more diverse skill sets as a way of weathering future unpredictability.

Time Frame

Having a long-term focus for resilience efforts involves applying what was learned in the current disruption to potential future disruptions. Taking a long-term view is important because many of the changes organizations are experiencing in this pandemic will continue after it ends. On average, employees face 39 changes per year, and we expect this number to continue to rise.² If HR leaders understand what actions did and did not enable them to make it through the pandemic, they will be able to find solutions faster and more efficiently during the next inevitable disruption.

Taking a broader view of resilience will also help HR leaders understand and communicate with various internal functions, which often define resilience differently or focus on different aspects of it. For example, IT may focus on workforce-level resilience in the short-term through business continuity management, while total rewards will likely focus on improving individual well-being in both the short and long term.

Continuing the Conversation

Is considering resilience by primary focus and time frame helpful? Do you see some areas of resilience as higher priorities than others? What areas of resilience are most difficult to address? Have you taken actions that were particularly effective at building resilience?

We want to hear from you! To share reactions or a resilience success story with our research team, please email jane.gergen@gartner.com to set up a call.

¹ 2020 Gartner Agenda Poll

² 2020 Gartner Employee Change Impact Model Survey

³ 2019 Gartner Change Fatigue Survey

⁴ [2020 Workforce Attitudes Toward Mental Health](#), Ginger

⁵ June 2020 Gartner Coronavirus Employee Sentiment Survey on Returning to Work

The Case for an Employee Data Bill of Rights

By Jonah Shepp



As opportunities for employee data collection grow, HR analytics leaders must balance the organization's need for data with employees' increasing expectations of privacy and transparency. A "data bill of rights" can help make employees feel like partners, not targets, in talent analytics.

Organizations today have access to more data about their employees than ever, and the amount of data available to them continues to grow. The accelerated transition to remote work for many employees in 2020 created opportunities for employers to expand their talent analytics capabilities with additional and new-in-kind data. Employee data will therefore play a major role as organizations adjust to the post-COVID-19 reality — whether their employees return to work in the office, continue working primarily from home or both.

At the same time, employees are more aware of the data being collected about them. Talent analytics made headlines in 2020 as the media scrutinized the technologies employers used to manage their suddenly massive remote

workforces. Amid a wider conversation about data ethics and privacy, people are asking more questions about the personal data they share with organizations, whether as consumers or as employees.

When using digital technology, employees increasingly expect their experience at work to match their consumer experience. They are used to companies collecting some data from them when they download smartphone apps or shop online, but they expect to know what data is being collected and what the company will do with that data. They also expect the ability to opt out. However, most organizations don't take this same approach to collecting employee data. Only 18% of employees say their organizations treat them as data partners.^{1,2}

True data partnership means employees understand what data is collected, why it is collected, how it will be used and by whom, and how it will be protected. The main advantage of a partnership approach is that when employees see themselves as data partners, they are 2.3 times as likely to be comfortable sharing

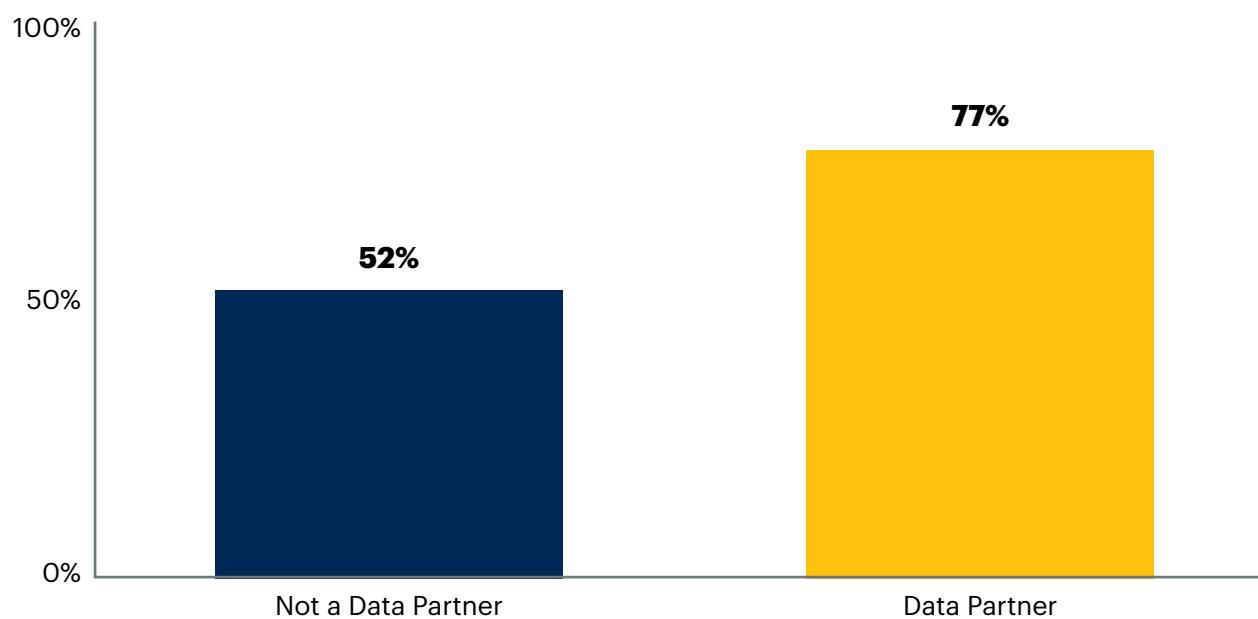
work-related data with the organization and five times as likely to be comfortable sharing personal data.^{1,2} They are also 1.4 times as likely to show high levels of discretionary effort (see Figure 1).

Establishing a data partnership is good for employee morale, trust and productivity, but the risks of inaction may be even greater. The COVID-19 disruption has expanded the realm of possibility for talent analytics, but it has also changed the employer-employee relationship. In the near future, we predict top-tier employers will be defined by how fairly and humanely they treated their employees during this time. In this environment, organizations that are perceived as misusing employee data risk damaging their employer brands and public reputations.

In the meantime, employee data is driving critical business decisions. Consider the importance of employee health data in managing a safe return to the office after the pandemic lockdown. If employees don't trust their employers to use their data responsibly and aren't willing to share it, how can HR analytics leaders manage that?

Figure 1. Impact of Data Partnership Perceptions on Discretionary Effort

Percentage of Employees Showing High Discretionary Effort



n = 2,500

Source: May and July 2020 Gartner ReimagineHR Employee Surveys



The Employee Data Bill of Rights

To avoid the risks of inaction and reap the benefits of data partnership, HR analytics leaders should establish a “data bill of rights”—a formal declaration of how employees can expect the organization to collect and use their data. The details of employee data policies will naturally evolve with technological change and the organization’s needs, so the data bill of rights functions as foundational principles on which these policies remain grounded. These principles include:

- **The right to purpose** — The organization must have a legitimate business purpose for any data it collects. To ensure this right, before collecting new employee data, clearly identify why you are collecting that data, how you intend to use it and how long you will retain it. Use of employee data should always be limited to defined purposes: If you decide to repurpose data you have already collected, make the new purpose explicit. This principle builds trust among employees that their data is being used appropriately and that the organization does not have ulterior motives for collecting it.
- **The right to minimization** — The organization must not collect more data than it needs to fulfill its defined purpose. That means minimizing both the volume and the sensitivity of the data collected. For example, if you can track remote workers’ productivity by recording how often they open an application or log into a system, don’t use a more invasive tool like keystroke logging or webcam monitoring. The minimization principle ensures the data you collect is truly necessary for the intended purpose. It doesn’t put a specific limit on the volume of data collected, but it does require an answer to the question, “Do we really need this?”
- **The right to fairness** — Whatever data the organization collects, HR must use it in ways that reinforce equal opportunity, access and treatment in the workplace. Collecting employee data can raise the risk of conscious or unconscious bias as well as adverse impacts on employees. For example, monitoring remote employees’ productivity could incentivize

overwork or have an unfair impact on working parents or caregivers. To protect this right, consider any first-, second- or third-order negative effects your data initiatives might have before launching them, and build in guardrails to prevent these situations from arising. Make sure you also have mechanisms in ongoing data projects to identify unintended consequences and enable employees to raise red flags when things go wrong.

- **The right to awareness** — Employees must know what the organization is doing with their data. The organization must lead with transparency and make employees aware of what types of data it is using and for what purposes as well as any changes to that usage. Employees don't need to know everything about the talent analytics program, but they should understand it well enough to know what data the organization is collecting about them and why. To ensure this right, allow employees to ask questions, then answer the ones you can and explain why you can't answer others. There are good reasons not to share certain details, such as disciplinary records or mental health data, but transparency about those reasons will assure employees you are not hiding something from them.

One effective way to practice these principles is to establish a dedicated governance committee to oversee the way the organization uses data. JPMorgan Chase, for example, created a task force comprising the heads of HR, risk and legal to ensure the company uses employee data in ways that balance the business benefits and the need for individual privacy.³ Another approach might be to establish an independent data ethics board chaired by the head of talent management and including talent analytics representatives, the head of privacy, an external expert and employee representatives. This board's mandate would be to ensure any new use of employee data aligns with employees' rights and does not create unfair outcomes.

What About Privacy?

Notably, a data bill of rights does not include a right to privacy, per se. Privacy can be interpreted subjectively; the same data collection activity can feel like an invasion of privacy to

some employees but not to others, depending on how transparent the employer is about its purposes.

When consumers shop online, post content on social media or even carry around a smartphone, they trade some of their privacy for improved services, connections or convenience. Similarly, employees relinquish a small amount of privacy when their organizations collect and analyze employee data, hopefully in return for insights that help them do their jobs better and make the business more successful. The goal of the data bill of rights is to strike a balance between employees' privacy and the organization's legitimate access to the data it needs. If an organization's talent analytics strategy is precise, purposeful, transparent and fair, employees are much less likely to see it as a threat to their privacy.

¹ May 2020 Gartner ReimagineHR Employee Survey

² July 2020 Gartner ReimagineHR Employee Survey

³ [How Companies Can Use Employee Data Responsibly](#). Harvard Business Review



Never fly data-blind



Avoid making costly talent decisions. Put the power of the most accurate, global, real-time labor market analytics, custom research and advisory insights into action to guide your biggest workforce decisions around:



Workforce planning



Location optimization



Competitive intelligence



University analysis



Diversity analysis



Strategic recruiting



Employment value proposition analysis

Backed by 65,000 data sources, 100+ data scientists and 10,000+ HR advisory conversations in the first half of 2020, we take the guesswork out of your talent strategy.

“Think about the value that TalentNeuron brings in terms of business insights. One bad business decision costs the company way more than you could ever spend on TalentNeuron.”

Head of Talent Analytics,
Global Healthcare Organization

Request your personalized demo today!

gtnr.it/tn-request-demo

Interview

Building a New Employment Deal With Brian Kropp

By Jonah Shepp

Disruptions to the business environment in 2020 have put stress on the traditional employer-employee relationship. Brian Kropp, chief of research in Gartner's HR practice, discusses how CHROs can lead their organizations in building a new, more human employment deal.



Dr. Brian Kropp

Chief of Research and Distinguished Vice President at Gartner

Dr. Brian Kropp oversees the lines of business that support CHROs and their leadership teams. He works with this cadre of leaders to develop strategic plans that will attract, groom and retain top talent. Dr. Kropp has authored more than 50 studies at Gartner, and he has led more than 300 strategy sessions with executive teams at global companies as well as executive education sessions around the globe. He is a frequent contributor to CNN, the Economist, the Financial Times, the Wall Street Journal and other top media publications.

How have the events of 2020 changed the employer-employee relationship?

The experience of working in the COVID-19 pandemic has given leaders a lot more vision into their employees' lives outside of work. Last spring, I had many conversations with CEOs whose organizations had gone from almost everyone working in the office to most people working from home. Some of them shared with me that when that shift occurred, they started actually looking inside the homes of their employees. They started to see their families and learn about the real challenges, the real concerns and the realities their employees were facing. They were learning about the lives of their employees and realizing that they have lives outside of their work. So they started to appreciate more that their employees are actually human beings.

And that realization led to an even more profound thought, which is that if we change how we treat our employees — if we treat them in a more human way — not only would those employees be better off, but the organization would be better off as well. So this new perspective on employees' human experience is changing the relationship between employers and employees, and it's leading to a total rethink of the employment deal.

This new perspective on employees' human experience is changing the relationship between employers and employees, and it's leading to a total rethink of the employment deal.

What does the “employment deal” mean, exactly?

The employment deal encompasses what you, as an employer, have committed to provide to your employees and the value those employees, in turn, provide back to you. On a basic level, employees give their labor, their knowledge and their effort in exchange for compensation and the benefits and rewards that are associated with working within an organization.

That's what the deal has historically looked like, but it's evolved over time. It's changed for all sorts of reasons, but the main reason is the nature of the labor market. In periods where the labor market has been more in favor of employees, organizations have done a lot to help their employees be more successful. At times when it's been more in favor of organizations, those organizations started to ratchet back a little bit and try to capture some of the foregone earnings that were associated with those concessions to employees.

So the deal has constantly been changing and evolving, tugging back and forth between the benefits organizations offer to employees and employers' efforts to capture economic returns. But in 2020, that relationship underwent fundamental stress, which is why we're talking about not just changing the old deal but creating a new deal.

So what does the new deal look like?

The new deal has three main dimensions: radical flexibility, creating a shared purpose and building deeper connections with employees.

Let's start with the first of these: radical flexibility. What's radical about it?

Radical flexibility means giving employees control over where, when and — just as importantly — how much they work. When organizations shifted all these employees to remote work last February and March, the



Radical flexibility means giving employees control over where, when and — just as importantly — how much they work.

biggest question CEOs and CHROs had was, “Will our employees be productive?” And what we discovered — what some of us already knew — was yes, they will be. A lot of skeptics of remote work have been converted this year. Not all of your employees need to work in your office, or even in the same city as your office.

Now, if you’re letting employees work from home (or wherever else they want to work), what if you also let them decide when to work? With all the kids going to school remotely this past year, a lot of working parents have needed more flexibility in their schedules. Also, some people are just better-suited to working outside the typical nine-to-five. If you let them choose their own hours, they’re more engaged and more productive.

If you push that idea just a little bit further, you can also give employees flexibility over how much they work. So, for example, you might be willing to give employees 80% pay for working 80% of the hours they would otherwise. And when you put all three forms of flexibility together, there’s a huge payoff for the organization in that you see more high performers as a percentage of the workforce.

Flexibility is something most HR leaders are familiar with, but these other dimensions — shared purpose and deeper connections — might sound more abstract. How do these concepts work in practice?

This idea of shared purpose comes from a trend we’ve observed over the past several years, that employers are increasingly expected to get involved in the social and cultural debates of the day. Three-quarters of employees expect their companies to take a public stance on social issues unrelated to their businesses. This isn’t something employers can ignore. And we saw this play out in real time this year with the Black Lives Matter movement: All these people out protesting police violence and demanding change were also looking to their employers and saying, “Well, what are you doing about this?”

So a lot of companies put out statements in support of the cause, but the problem is that words aren’t enough. Employees expect you to put your money where your mouth is and take action. We actually found that when companies make statements in support of something their employees feel passionately about but don’t do anything else, those employees become disengaged, and so do the employees who might disagree with the cause. The only thing that actually increases engagement is action.

That means you need a strategy to decide what social issues to get involved in at the level of actually devoting resources to activities. The companies that are doing this successfully are involving employees in co-creating that strategy so everyone feels like they’re participating in the process, even if they don’t agree with what you decide to do.

And when we talk about building deeper connections, this goes back to that idea of the CEO getting to see inside employees’ living rooms.

Blurring the line between work and life?

Not just blurring, but really erasing that line. Historically, when leaders have thought about their employees, they’ve treated their work and their lives as two separate things; leaders would get involved in employees’ work but not their lives. Then, organizations developed the idea of work-life balance, and then work-life integration, but still, work and life were two separate and distinct constructs.

What we’ve learned over the past year — through COVID-19 and everything else we’ve experienced — is that this idea is just wrong. We can’t keep that separation. Work and life are not two distinct things. It’s one thing: You have a life, and as part of your life, you happen to work at an organization.

So this raises a whole series of questions: What do leaders do to support the individuals who happen to be working for them in their personal lives? In their family lives? In their communities?

Work and life are not two distinct things. It’s one thing: You have a life, and as part of your life, you happen to work at an organization.

Part of the new, humanized employment deal is rethinking the way organizations support employees in all these aspects of their lives. And if they do that, not only are their employees better off, but their businesses are better off, too.

What's in it for the employer? How does this deeper connection with employees' personal, family and community lives benefit the business?

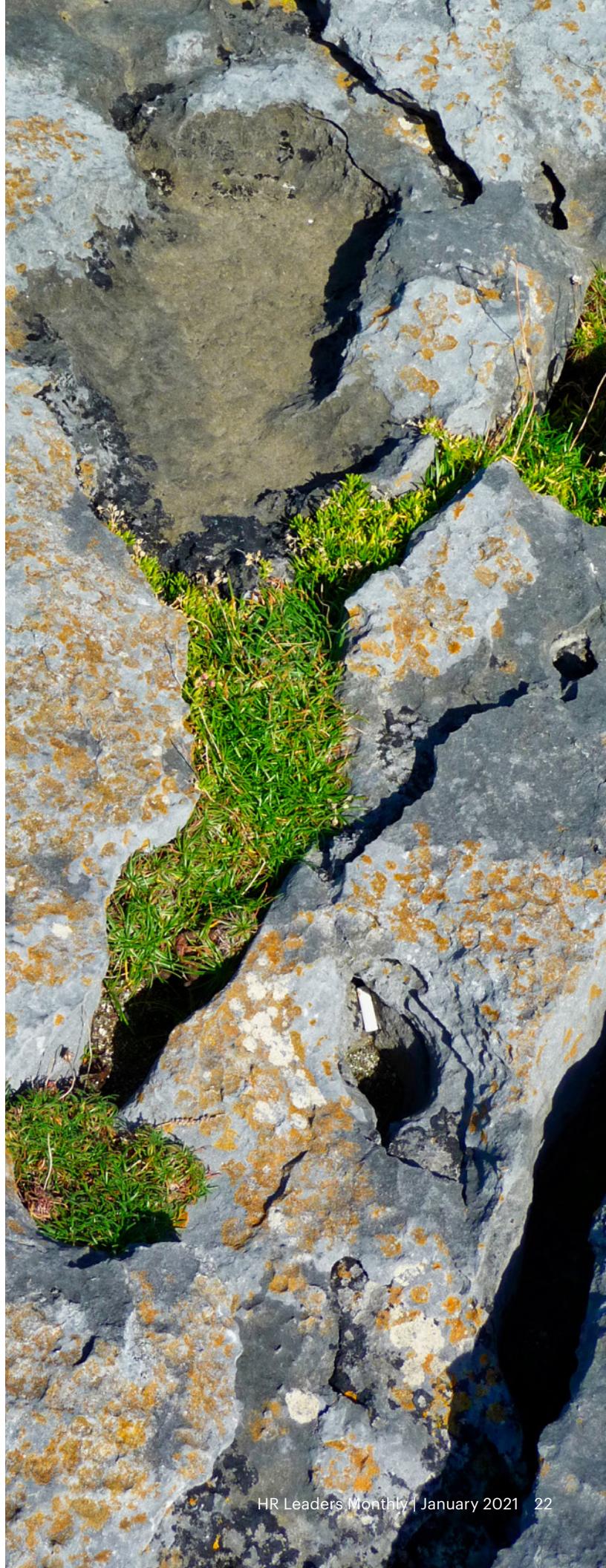
Employers that take a comprehensive approach to improving employees' well-being in all three of these dimensions are more successful at achieving the kind of outcomes everyone wants to see for employees. Employees at these organizations are more likely to say their employers have a positive impact on their mental health, their physical health and even their sleep. So you're getting the benefits of a healthier, better-rested workforce.

More concretely, with the comprehensive approach, employees are more likely to be high performers and give your organization a higher Net Promoter Score. That means they're more likely to recommend you as an employer, which helps you compete for the best talent in the labor market.

What steps do organizations need to take to start building this new employment deal?

On a practical level, leaders need to really shift their approach to talent analytics from understanding the workforce as a whole to a much more targeted strategy of understanding employees as individuals. For radical flexibility, leaders need to understand the unique productivity profiles of each of their employees: where they work the best, when they work the best and so on. For shared purpose, leaders need a much more granular understanding of what their employees care about. And to build deeper connections, leaders need to understand what's impacting the lives of their employees as well as their employees' families and communities.

And philosophically, we need to rethink the traditional, one-dimensional, push-and-pull model of the employment deal, where organizations are making concessions to employees one year and then pulling back the next. In the new deal, the idea is to create win-win situations, investing in employees in ways that improve their lives and strengthen organizations.



Use the Hybrid Workforce Model to Diversify Location Strategy After COVID-19

By Arvind Rawal



The accelerating trend toward remote work is motivating many organizations to rethink their location strategies. CHROs can use our research on remote work and the hybrid workforce model to make better decisions about where they source and place talent in the new work environment.

The disruption in operations during the COVID-19 pandemic offers a lesson in the importance of location strategy and an opportunity for organizations to rethink how and where they source and place talent.

Potential approaches to location strategy range from fully colocated, with everyone working in the same place, to the fully remote model preferred by many tech startups. In the fully remote model, employees are spread out around

the world, collaborate with digital tools and only meet in person a few times a year for strategic planning meetings or team-building retreats. Organizations that do business in multiple geographies may focus on major cities to take advantage of their talent pools, or they may opt for a hub-and-spoke model with satellites in smaller cities and suburbs.

Overall, however, the pandemic has dramatically shifted the context in which organizations select their respective workforce models.

A world in which more employees work remotely gives employers a new level of flexibility, as they are no longer restricted to hiring people who live (or are willing to relocate) within commuting distance of a central office. As organizations begin to diversify the footprints of their critical operations to ensure business continuity in future disruptions, HR leaders can leverage the success of remote work to develop a new talent strategy unbounded by location.

At the same time, abandoning the physical office entirely is not an option for most organizations, and not all talent can thrive in a primarily or totally remote work environment. Going all-in on remote work is not necessarily the most successful strategy. HR leaders will need to find the right balance between remote and colocated work to suit their employees' roles and work styles. A hybrid workforce model can provide the right level of location flexibility for different employees and teams.

Reasons for Reducing the Office Footprint

Shifting Talent Location Preferences

Five years ago, many organizations were pursuing a consolidation strategy, building larger offices and placing more people under one roof to drive collaboration and teamwork. Major companies were also abandoning suburban campuses and relocating their headquarters to major cities, chasing millennial talent who preferred to live in urban centers.

However, this trend was changing even before COVID-19 as millennials started families and began moving out of cities in search of more space, cheaper housing and better schools.¹ The pandemic has accelerated this shift, with many urban dwellers seeking to live closer to their families or in less densely populated areas with more private outdoor space.

At the same time, COVID-19 has created safety and public health reasons to avoid locating employees in large, crowded offices. Prime office space in a dense downtown business district is less attractive if employees are reluctant to work there or the space can only be occupied at half capacity due to social-distancing regulations.

These disruptions will motivate organizations to consider more diversified and decentralized location strategies. HR's role in this strategic shift is to identify which jobs must be done in a specific location and which can be done remotely. It must then adapt the way the organization sources and places talent to fit the new strategy.

Increasing Reliance on Remote Work

Even before the pandemic, we saw many organizations leveraging the potential of remote work in their location strategies, such as New York financial firms and Bay Area tech companies that opened outposts and hired talent in less expensive U.S. states and cities. The expansion of remote work enables more organizations to tap into the global talent pool, hiring software developers in Bangalore or Warsaw instead of San Francisco or London.



One of the most visible effects of the COVID-19 pandemic on work has been the acceleration of this existing trend: More employees are spending some or all of their time working from home. In the second quarter of 2020, we found that 73% of employees in roles that allow for remote work would take the opportunity to work remotely on a full-time basis if their employers offered it to them.²

Employers also expect remote work to become more prevalent after the pandemic. Our analysis projects that 48% of the postpandemic workforce will work remotely at least some of the time, compared to 30% before the pandemic.³ And in a recent survey, HR leaders unanimously agreed that an optimal mix of remote and colocated work involved employees working remotely at least one day each week. Seventy-four percent said the ideal balance was for employees to work remotely two or three days a week.⁴

Cost Savings

Organizations are also looking to reduce their office footprints to generate cost savings. Sixty-five percent of senior managers we surveyed around the globe believe allowing employees to work from home is an effective way to reduce costs for their organizations.² For businesses facing resource constraints due to the COVID-19 recession, these savings may be very tempting.

However, between the need for in-person collaboration and the fact that some employees are more productive in a colocated setting, physical workspaces will still be necessary in the postpandemic world, even if they are smaller in scale.

Sixty-five percent of senior managers we surveyed around the globe believe allowing employees to work from home is an effective way to reduce costs for their organizations.²

A New Workforce Model for the Postpandemic World

If more employees will work remotely and fewer will need dedicated space in the office, how

much office space do organizations need, and what should they use it for? Thirty-six percent of organizations are still imagining the corporate office as a place for those who cannot work productively at home or need a secure setting to do their jobs. Organizations are also imagining the office will continue to be a space for collaboration and innovation.⁵

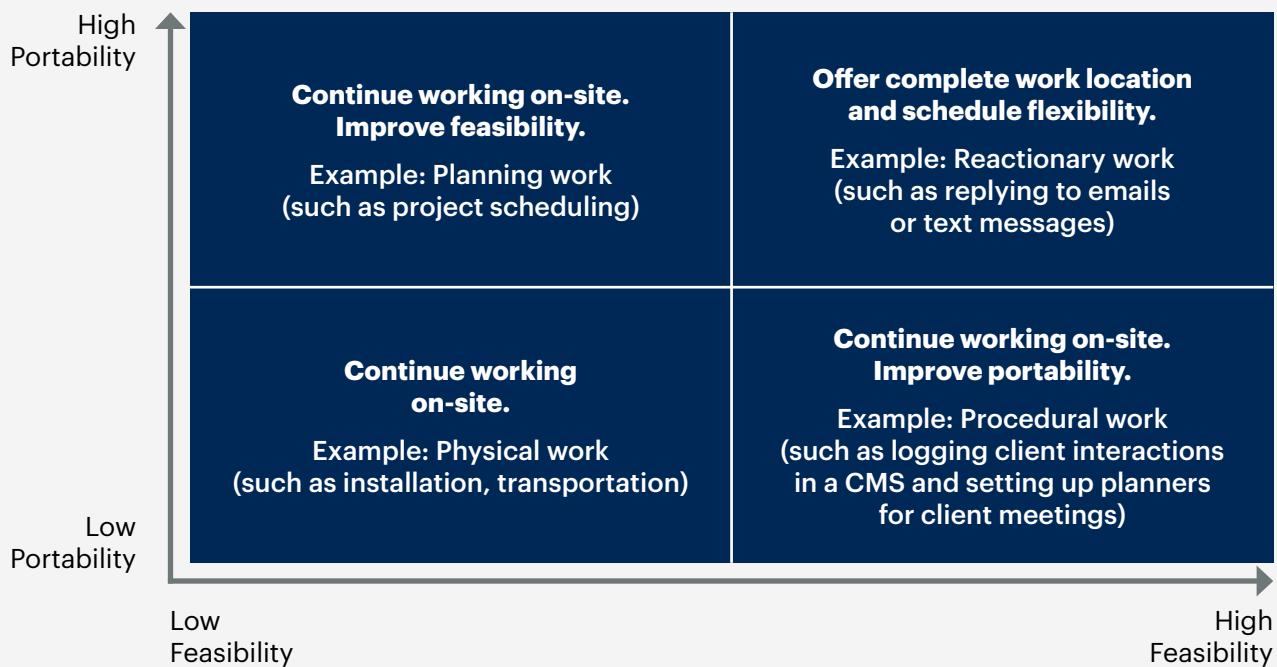
In a hybrid workforce, employees can flow through various work sites, ranging from remote-solo locations to remote microsites of small populations and traditional concentrated facilities (e.g., office, factory, retail store). A hybrid workforce model can deliver cost savings through reduced operating costs, expanded access to lower-cost talent pools and greater autonomy and flexibility for employees.

In a hybrid workforce, employees can flow through various work sites, ranging from remote-solo locations to remote microsites of small populations and traditional concentrated facilities (e.g., office, factory, retail store).

The hybrid workforce model can also help organizations weather changes over time in where employees want to live and work. As the past year has illustrated, these preferences can change quickly. Top-tier cities will likely always be attractive to some employees — especially young people early in their careers — and will still foster unique talent ecosystems. It no longer seems wise, however, to assume the talent located in a particular city today will still be there in five or 10 years. Organizations can benefit from the ability to recruit a highly qualified candidate who lives in the suburbs and is not willing to relocate to the city, or to retain a valuable employee who wants to relocate far away from headquarters.

The hybrid approach can enable organizations to diversify their location strategies, whether through an expanded, location-agnostic work-from-home policy or a hub-and-spoke model with smaller office spaces in less expensive areas. The potential hiring and real estate savings of this strategic shift can then be reinvested in other business priorities.

Figure 1. Hybrid Workforce Model Decision Matrix



Source: Gartner

The Hybrid Workforce Model Decision Matrix

The key challenge for HR leaders in a hybrid workforce model is to identify the best method for deciding at an unprecedented scale which employees they should offer this flexibility to. Working with other functional leaders, CHROs can use our hybrid workforce model decision matrix (see Figure 1) to assess the portability of each role and the feasibility of performing it remotely. This matrix can help them identify the right mix of on-site, remote and hybrid work locations for their organizations.

Using the hybrid workforce model decision matrix, HR leaders can easily identify which employees and roles need to be located in a specific place and which should be more portable or remote-work-friendly.

Conclusion

Managing costs is not the only reason to pursue a more diversified location strategy; it can also

give your organization a competitive advantage in the talent market. The ability to cast a wider geographical net allows employers to recruit from a more diverse talent pool, while location flexibility can make the organization more attractive to talent.

As employer-employee relationships evolve and employees' expectations change, top talent will increasingly evaluate prospective employers by how much choice they offer employees in their locations and schedules. To be an employer of choice in the post-COVID-19 labor market, organizations will need to meet this growing demand for flexibility. HR leaders who figure out how to let more of their employees work from anywhere will enjoy an advantage over those who do not.

¹ Millennials Continue to Leave Big Cities, Wall Street Journal

² 2Q20 Gartner Global Labor Market Survey

³ Modeled based on responses to three surveys: 2020 Gartner COVID-19 Crisis 'Benchmarking Against Your Peers' Webinar Poll, 2020 Gartner Cost Cutting and Employee Experience Survey and 2020 Gartner COVID-19 'How Finance Leaders Are Responding to the Emerging Situation' Webinar Poll

⁴ July 2020 Gartner 'Beyond Remote Work: The Hybrid Workforce Model' Webinar Poll

Why Breaking Promises to Employees Is Breaking Businesses

By Morten Wendelbo and Aaron McEwan



Employers around the world are facing a crisis of trust, with around half the workforce saying they don't trust their organizations. To rebuild trust, HR leaders must identify, acknowledge and address the explicit and implicit promises to employees their organizations are breaking.

Globally, employees and employers face a trust crisis that may cripple business even more than the COVID-19 pandemic. While the impact of an external crisis such as COVID-19 will eventually fade over time, the trust crisis is an endemic problem that will fester within an organization as long as it remains unresolved.

The trust deficit leaves organizations vulnerable to disruption and severely limits the potential of businesses and employees to perform. Where trust suffers, so too does employee well-being, engagement and performance. By extension, the trust deficit makes it much harder for organizations to achieve their goals.

The impact of the trust deficit is striking. Employees who do not trust their organizations

report significantly lower levels of intent to stay, skills preparedness, enterprise contribution, discretionary effort and overall engagement compared to employees who do. Lack of trust is particularly damaging to engagement, where employees without trust outperform only 15% of their colleagues on average (see Figure 1).

Employers are aware that lack of trust negatively affects their businesses, and it is top of mind for many executives, but until now it has been hard to measure the trust deficit or pinpoint its specific consequences.

However, new global research from Gartner shows that 48% of all employees don't trust the organizations they work for.¹

A Crisis of Trust

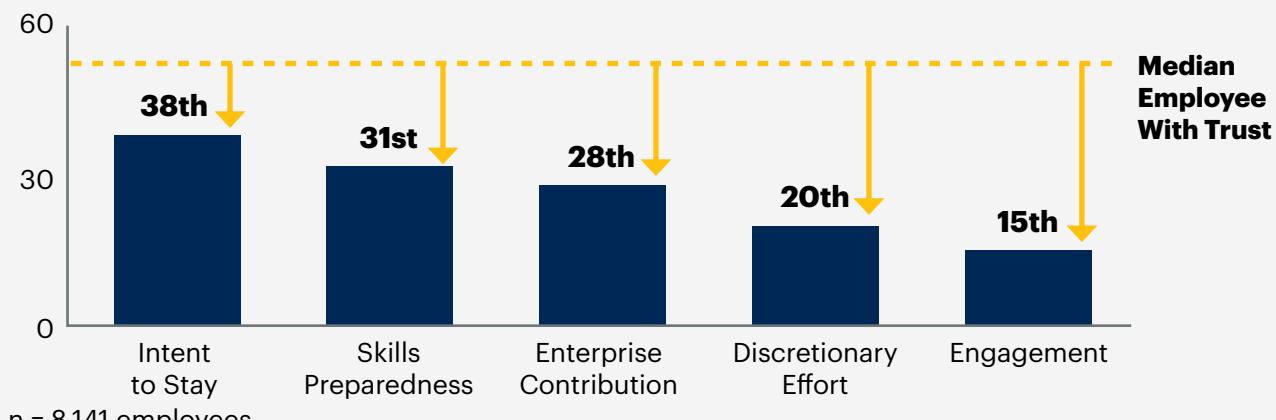
Particularly in times of disruption and crisis, when employees' resilience can determine whether an organization adapts and thrives or stagnates and fails, it is frightening that nearly half of employees lack trust in their employers. Our research also shows that disruptions to

business are occurring at a rapidly increasing pace — even before taking into account the disruption caused by COVID-19 (see Figure 2).

Despite business leaders prioritizing earning their employees' trust, most organizations still struggle — and they often struggle even more to keep it. Trust can deteriorate for many reasons, but our research shows that in virtually every

Figure 1. The Effect of Trust on Major Business Outcomes

Percentile Performance of Employee

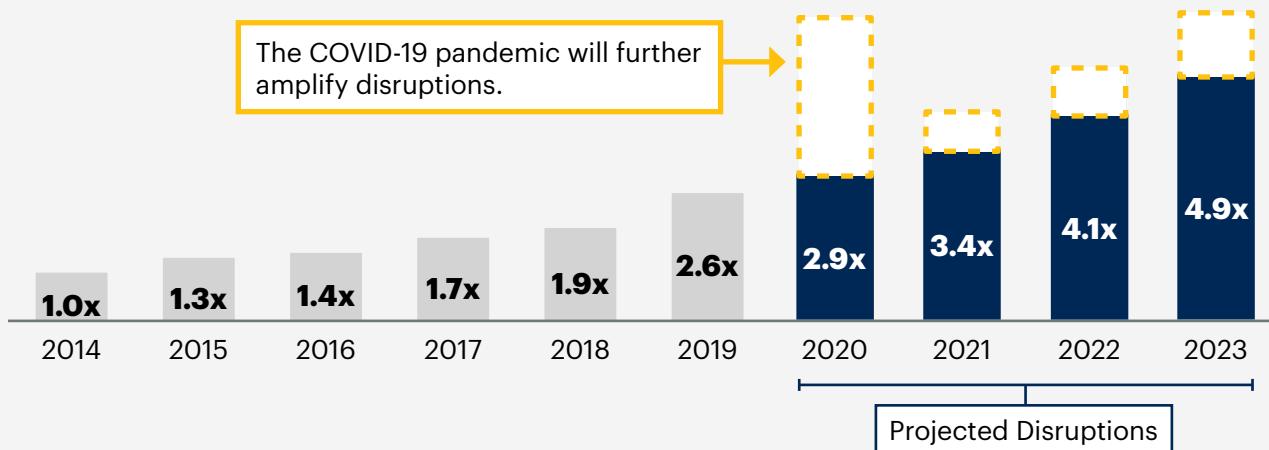


n = 8,141 employees

Source: 2020 Gartner L&D Disruption Survey

Figure 2. Annual Growth of Business Disruptions

Number of Business Disruptions, Indexed to 2014



n = 1,996 global organizations

Source: Capital IQ Data, S&P

Note: The business disruptions measured here include executive leadership turnover, mergers and acquisitions, and international expansions.

instance, trust suffers because organizations fail to keep their promises. The disconcertingly high rate of employee mistrust may be explained by the fact that more than half of employees say they recently experienced a broken promise at work (see Figure 3).

Figure 3. The Prevalence of Broken Promises

Percentage of Employees Reporting a Broken Promise



n = 8,141 employees

Source: 2020 Gartner L&D Disruption Survey

That a broken promise will erode trust is not surprising, but these broken promises cause damage in unexpected ways. The most consequential promises are often not the ones organizations make intentionally but the ones organizations weren't even aware they were making to employees.

Hidden Dangers

Some promises are explicit and formal, such as compensation, the official duties of a role and where the work will take place. Promises like these are generally captured in contracts or employee handbooks, and organizations take care to manage expectations and avoid misinterpretation. When these promises are broken, managers are acutely aware of the consequences, which are often legal. However, of the 13 most important components of the employee value proposition (EVP) — the

factors that drive employees to join and leave their organizations — only three are explicit and formal.²

In today's competitive talent market, it's not uncommon for organizations to make bold claims about benefits such as work-life balance, career and development opportunities, recognition, and diversity and inclusion. These claims are promoted widely through corporate career pages, intranets, job ads and corporate communication and then furthered by recruiters, managers and leaders in their conversations with candidates and employees.

But while HR leaders might consider their EVPs an aspirational statement of intent, employees and prospective employees are just as likely to perceive it as an explicit promise. And employees' perception is their reality. If an employee perceives a promise but the organization fails to deliver, the business pays a price. What's worse, it is difficult for the organization to respond because it is hard to detect when these implicit, informal promises are broken.

To fully appreciate the impact of broken promises, HR leaders need to look beyond the obvious formal and implicit promises and take a more holistic view. Broken promises should be viewed as unfulfilled commitments as perceived by the employee — whether explicitly or implicitly made by the employer. This broader definition gives organizations a much better chance of detecting when an employee believes a promise has been made and addressing it promptly if and when it is broken.

Our research shows that even when organizations break formal and explicit promises, they do a poor job of resolving the subsequent breaches of trust. For example, compensation is the No. 1 reason, globally, that employees join new organizations or leave their current employers.² It's also one of the most explicit promises an organization can make to an employee. Yet Gartner's most recent research on pay issues found that only 30% of broken compensation promises were resolved. In another 43% of all cases, the organization knew a promise had been broken but still failed to resolve it, while in the remaining 27% of cases, the organization was not aware of the broken promise at all.³

So even when organizations are fully aware they have broken promises about an issue that employees care deeply about, they are only effectively resolving the issue 30% of the time. Considering the many other broken promises organizations may not even see, it's no wonder so many employees lack trust in their organizations.

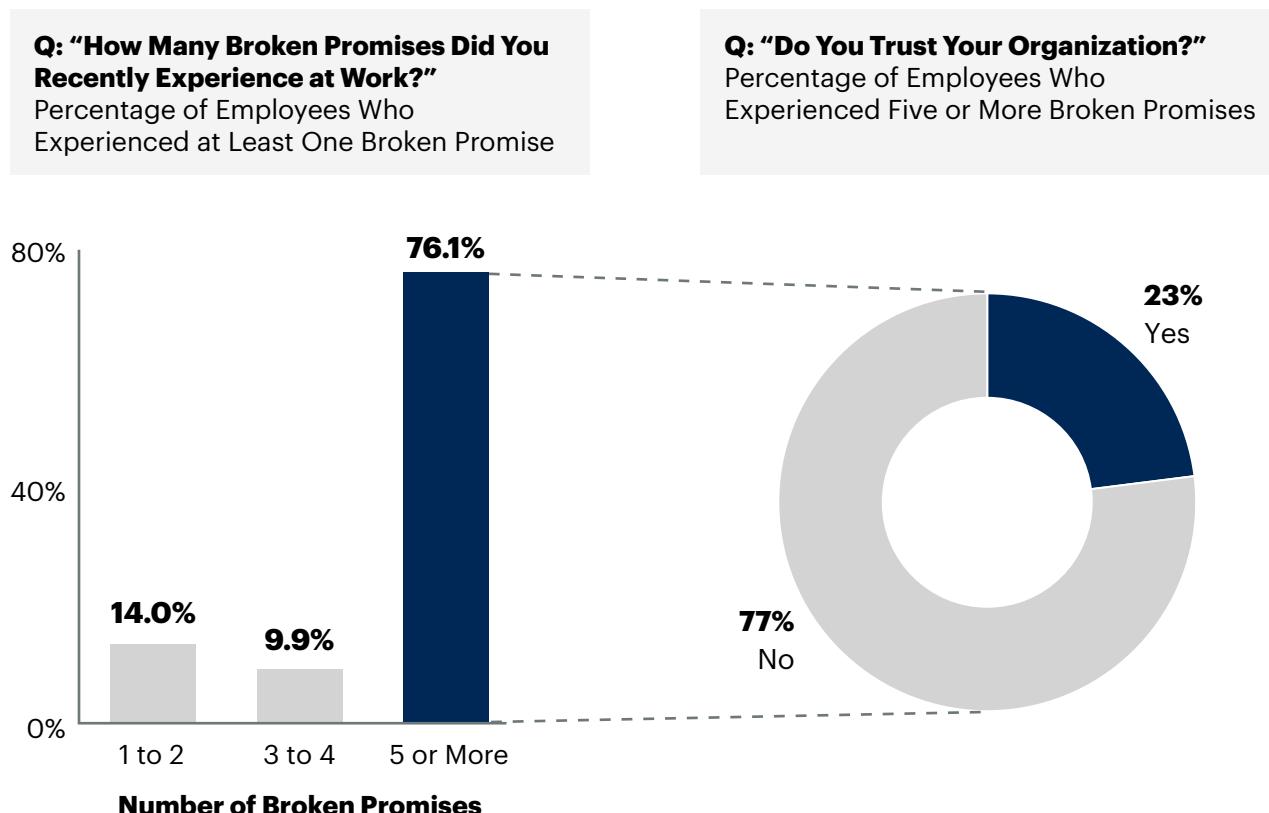
Snowballing Breaches

In examining broken promises more deeply, we found they have a snowball effect. Of the more than half of employees who say they have experienced a recent broken promise, the vast majority have experienced more than one. In fact, three out of four have experienced five or more broken promises. For these employees, the erosion of trust is catastrophic: 77% of employees who experienced five or more broken promises said they did not trust their organizations (see Figure 4).

Of the more than half of employees who say they have experienced a recent broken promise, the vast majority have experienced more than one.

Employees who have experienced multiple broken promises are four times more likely to leave their organizations compared to employees who have not experienced any broken promises. The negative effect on attrition is particularly pronounced for employees on whom organizations rely most in times of crisis and disruption. More than two-thirds of high-potential employees who have experienced five or more broken promises are actively trying to leave their organizations.¹

Figure 4. Erosion of Trust Due to Multiple Broken Promises



Source: 2020 Gartner L&D Disruption Survey

So what can HR leaders do to close this trust deficit? We recommend three approaches:

- **Make the implicit explicit, where possible.**

HR leaders can constructively shape employee perception about things like EVP by purposefully bringing an otherwise implied promise to the surface and making it explicit to avoid misinterpretation and disillusionment. For example, most organizations today cannot guarantee promotions and vertical career progression to even the highest-performing employees, so they should avoid making such claims, even in highly competitive talent markets. Rather, focus on the explicit promises you can deliver on, such as the development of new skills and experience that will increase employees' value in the labor market.

- **Improve listening and detection capabilities.**

HR leaders should carefully monitor employee voice through channels such as social media, new-hire surveys, focus groups, engagement surveys, exit interviews and collaboration platforms for signs of dissatisfaction or misinterpretation of the EVP. By detecting broken promises — including implicit ones — more quickly and accurately, HR can step in to resolve them before they snowball.

- **Identify the promises that matter most to employees.**

Because promises can be made by virtually anyone in the organization at any point in the employee journey, HR leaders should focus their efforts on identifying and resolving the broken promises that matter most to employees. Promises that matter are generally those that impact an employee's workplace and personal experience most significantly, such as reporting lines, parental leave and career progression. By surfacing and resolving promises that impact people personally, professionally and emotionally, HR leaders can more effectively restore or maintain employee trust.

By surfacing and resolving promises that impact people personally, professionally and emotionally, HR leaders can more effectively restore or maintain employee trust.



¹ 2020 Gartner L&D Disruption Survey

² 2Q20 Gartner Global Talent Monitor Survey

³ 2020 Gartner Employee Pay Perceptions Survey



Quant Corner

Employees With Access to Resilience Training Go Above and Beyond

Josh Bittinger

Over the course of 2020, employees demonstrated remarkable resilience in the face of radical changes to their work experiences.

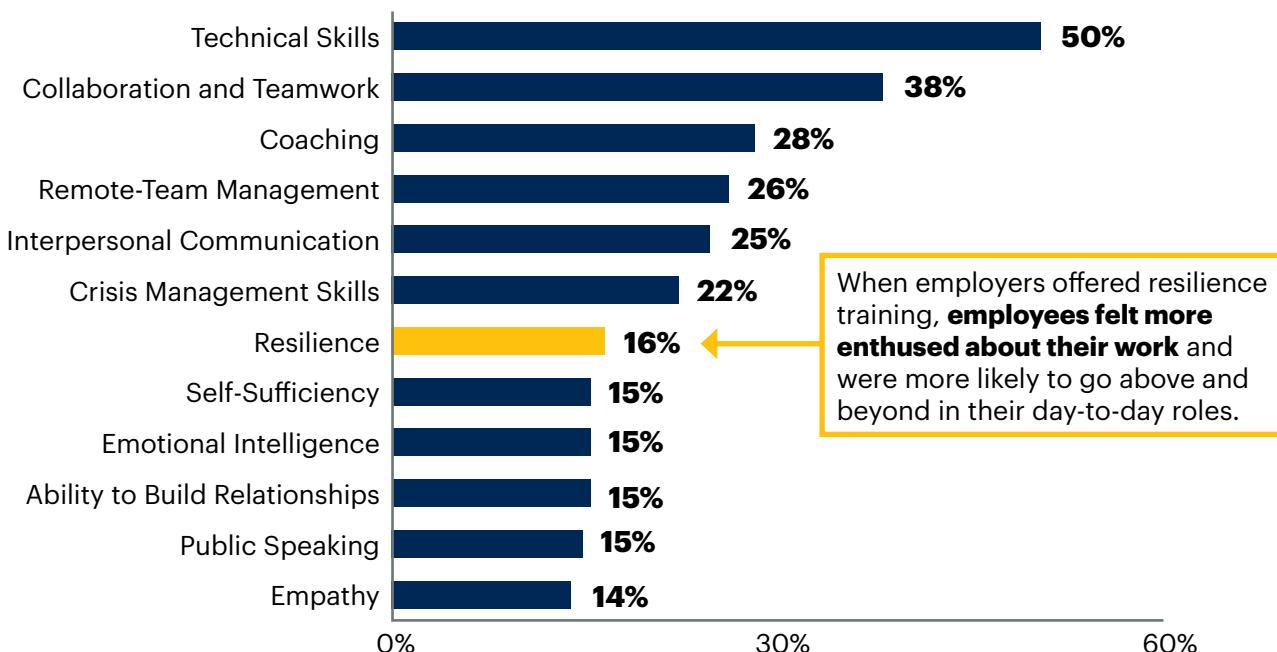
Results from our L&D Disruption Survey suggest that much of that resilience comes from external factors, with only 16% of employees indicating that their employers provide them with access to training about resilience. This is in stark comparison to the amount of employers offering

training around technical skills (50%) and collaboration and teamwork (38%) (see Figure 1).

Access to training did not vary by employee level, with 15% to 18% of employees at each level having access. When employers offered resilience training, employees felt more enthused about their work and were more likely to go above and beyond in their day-to-day roles.

Figure 1. Employee Access to Training for Variety of Skills

Percentage of Employers Offering



n = 932

Source: 2020 Gartner L&D Disruption Survey

When employers offered resilience training, **employees felt more enthused about their work** and were more likely to go above and beyond in their day-to-day roles.