THE GREAT RETENTION

THE STATE OF CULTURE

REPORT

How Employee Experience is Transforming the Workplace

2023

cooleaf

Table of Contents

Foreword

John Duisberg
Co-host,
The Great Retention Podcast

We started The Great Retention because of a culture shift. People are tired of being led blindly; they want to follow leaders with a clear vision who put their core values first. People don't want to watch from the sidelines as you define their future, they want to be key stakeholders in building that future.

As with every major shift, the new era of work brought on plenty of growing pains. Increased economic uncertainty created an air of hesitancy; companies aren't sure which investments to make, layoffs happen daily, and essential initiatives like DEIB have been halted. Add the rise of AI in the mainstream, and we're looking at the potential for major transformation in every sector.

With so much room to grow, sound leadership is more essential than ever to sustain great organizations. A great leader will inspire and motivate their team, set clear goals, and lead by example. Above all, their commitment to putting their people first will be unmatched.

Prioritizing people is the most important step forward for every leader. This is true for the Girl Scout troop hoping to sell the most cookies, the startup ready to go public, and the multinational corporation—every organization imaginable benefits the most when humans come first.

That's what The State of Culture report is all about. We're engineering greatness and taking notes from our community along the way. What makes The Great Retention podcast unique is that as you grow and change, we're learning with you.

I'm excited for you to read what you've helped us put together. Welcome to The State of Culture.

Introduction

Since the beginning of The Great Retention movement in 2022, we've interviewed over 30 leaders from across industries. This report is inspired by their great leadership.

Conversations on The Great Retention podcast with innovators like Sangram Vajre, Cherie Caldwell, and Josh Pickus taught us what it takes to grow the best cultures. And while no one CEO or CHRO leads the same way, they all have one key to success—putting people first.

Each leader we feature on the show has a unique take on what it means to put people first. Their particular perspectives helped grow a movement that's greater than we could have imagined.

Great Retention Alumni

Carl Streck
MountainSeed

Josh Pickus
Net Health

Richard Kopleman
Aprio

Mark Gannon
TekStream Solutions

Rene Henderson
American Auto Shield

Mike Nolte
Uprise Health

Christy Walsh
Drew Eckl & Farnham

Donald Knight
Greenhouse Software

Nigel Zelcer
Jabian Consulting

Cass Gilmore
FluentStream

Sangram Vajre
GTM Partners

Mike Gustafson
Search Discovery

Scott McMichael
Improving

Tricia Sciortino
BELAY

Kevin Henry
BlueLinx Corporation

Cherie Caldwell
Salesloft

Kim Shamley
Soles4Souls

Katie Cox Branham
Salesloft

Jeff Perkins
Greenlight Guru

Brenda Leadley
Allianz Global

Joshua McAfee
Humans Doing

Andre Peart
ConConnect

Bridgett Hart
ibex

Julie Ann Crommett
Collective Moxie

Kiley Skadburg
The Iowa Clinic

Angelique Hamilton
Circulo Health and
HR Chique Group

Roger Barnette
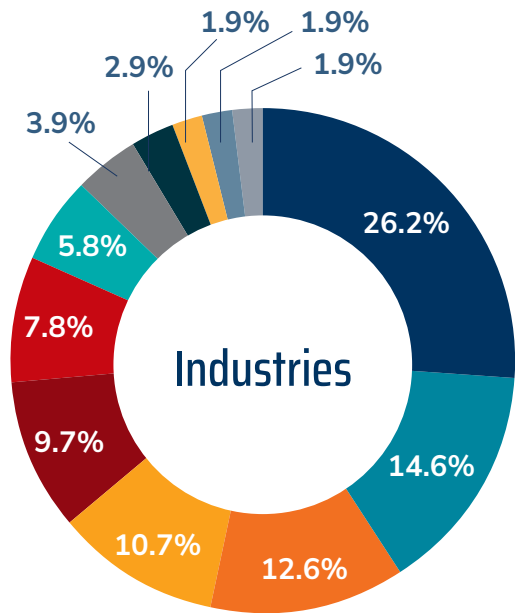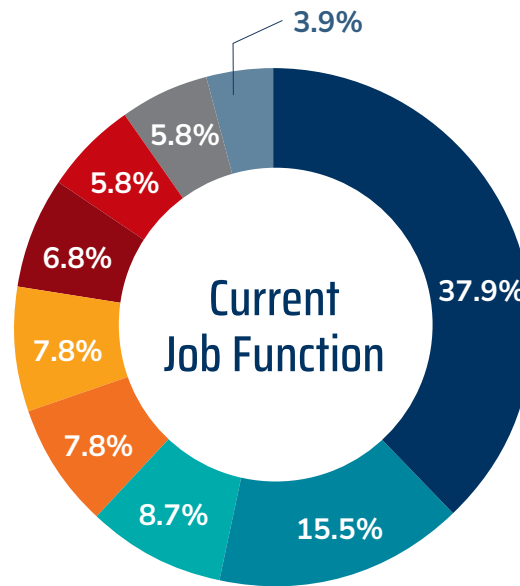MessageGears

Tanisha Tulloch
EZRA Coaching

The Survey

To create this report, we sent The State of Culture survey to over 6,000 HR practitioners, C-level executives, Presidents, Directors, Managers, and Administrators. Survey respondents span a range of industries including HR, IT, Healthcare, Finance, and Hospitality.
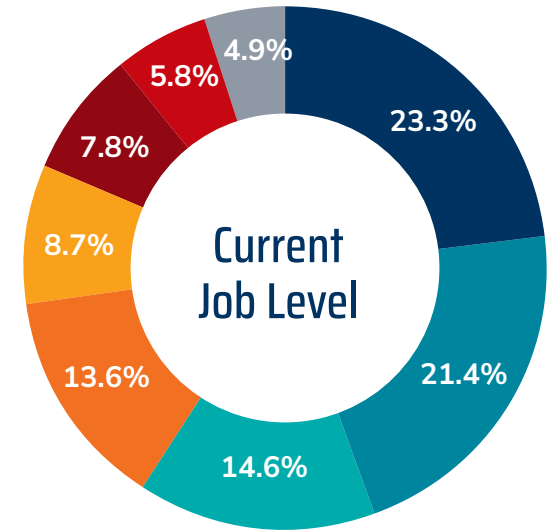
Demographics

Industries

- 26.2% Human Resources
- 14.6% IT / Software
- 12.6% Construction / Manufacturing
- 10.7% Finance
- 9.7% Nonprofit
- 7.8% Education
- 5.8% Real Estate / Housing
- 3.9% Public government
- 2.9% Healthcare
- 1.9% Telecommunications
- 1.9% Hospitality
- 1.9% Arts & Entertainment

Legend:
- Human Resources
- IT / Software
- Construction / Manufacturing
- Finance
- Nonprofit
- Education
- Real Estate / Housing
- Public government
- Healthcare
- Telecommunications
- Hospitality
- Arts & Entertainment

Current Job Function

- 37.9% People Operations / Human Resources
- 15.5% Administrative
- 8.7% Product Dev / Engineering
- 7.8% Business Development / Sales
- 7.8% Community and Social Services
- 6.8% Customer Success
- 5.8% Marketing / Brand
- 5.8% Accounting / Finance
- 3.9% Quality Assurance

Legend:
- People Operations / Human Resources
- Administrative
- Product Dev / Engineering
- Business Development / Sales
- Community and Social Services
- Customer Success
- Marketing / Brand
- Accounting / Finance
- Quality Assurance

Current Job Level

- 23.3% Senior Manager / Manager
- 21.4% Administrator
- 14.6% Director
- 13.6% C level executive (CIO, CTO, COO, CMO, Etc.)
- 8.7% Vice President
- 7.8% Entry level
- 5.8% President or CEO
- 4.9% Senior Vice President

Legend:
- Senior Manager / Manager
- Administrator
- Director
- C level executive (CIO, CTO, COO, CMO, Etc.)
- Vice President
- Entry level
- President or CEO
- Senior Vice President

Areas of Interest

We asked our community to tell us about the current state of the workplace and the future of HR with a focus on nine core areas:

Leadership Challenges

Work Environment

Core Values

Employee Retention

Employee Experience

Workplace Wellbeing

Diversity, Equity, Inclusion, and Belonging (DEIB)

Employee Recognition

The Future of HR

Questions included:

What types of tools or technologies do you use to connect remote workers within your organization?

Is employee retention currently a business priority for your organization?

How would you rate the importance of employee experience to an organization's business success?

Does your organization have an employee experience leader?

Does your organization prioritize employee wellbeing and mental health?

What actions have you taken to improve and promote DEIB within your organization in the previous year?

Findings

We asked, you answered!

To everyone who completed the survey and shared it with their network, thank you.

We couldn't have done it without you.

We're excited to share our first State of the Culture report with you.

Leadership Challenges

Our community is no stranger to change and the challenges that come with it. A rapidly changing economy, the emergence of practical workplace AI, and the lingering effects of the pandemic made 2023's environment one of constant change.

Economic challenges reshaped a majority of organizations; over 50% of survey respondents say their organizations experienced layoffs or downsized this year and more than 40% report being impacted by budget freezes.

Fostering engagement, especially in remote work settings, remains a key challenge for organizations, many of whom are still adjusting to working fully remote. Over 50% of respondents agree that fostering employee engagement and managing uncertainty are their biggest hurdles.

> "
>
> Leaders: Give yourself grace and be flexible. we're all experiencing collective change and varying needs around shifting work environments. Gather feedback, listen, and be willing to adapt to the needs of your people.
>
> **Christy Walsh**
> ▶ Episode 7: Preserving Teamwork Values With the Shift to Remote Working

Over 50%
of survey respondents said their organizations went through layoffs or downsized this year

More than 40%
report experiencing budget freezes

Over 50%
of respondents agree that fostering employee engagement and managing uncertainty are their biggest hurdles

Work Environment

Increased flexibility and new options for how we work are abundant. Remote and hybrid work mean endless new possibilities; teams can work from any location and use technology to connect and communicate with their coworkers and clients.
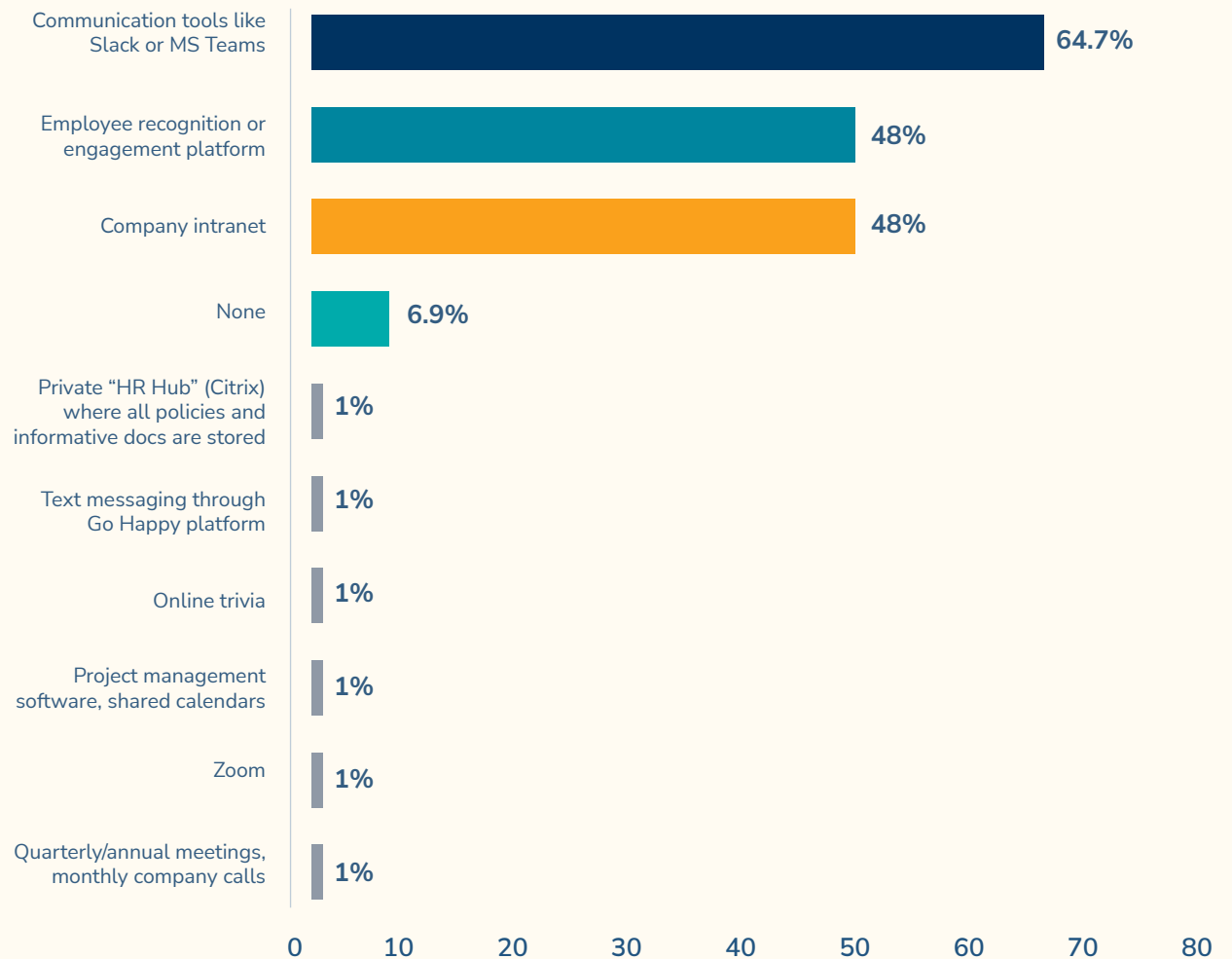
With the rise of flexible working options, it's no surprise that hybrid models are the most common way we work; 64% of survey respondents work in hybrid environments (50/50 remote and in-person).

However, fully remote settings are surprisingly uncommon, representing only 8% of respondents.

Regardless of where we may work, we're more connected virtually than ever before. We rely on tools like Slack and Microsoft Teams to keep us in the loop and up to date. And, despite the ability to connect in person post-pandemic, our dependence on virtual communication doesn't seem to be lessening.

65% of organizations use a platform like Slack or Microsoft Teams to connect their remote teams, making these tools the most popular way to promote workplace connection.

What types of tools or technologies do you use to connect remote workers within your organization?

Category	Percentage
Communication tools like Slack or MS Teams	64.7%
Employee recognition or engagement platform	48%
Company intranet	48%
None	6.9%
Private "HR Hub" (Citrix) where all policies and informative docs are stored	1%
Text messaging through Go Happy platform	1%
Online trivia	1%
Project management software, shared calendars	1%
Zoom	1%
Quarterly/annual meetings, monthly company calls	1%

Core Values

> **"** Lots of organizations have values. Our behaviors are what actually make them real and bring them to life.
>
> Kevin Henry | ▶ Episode 15: Being a Consistent Leader

Core values are deeply ingrained principles that guide an organization's actions; they serve as its cultural cornerstones. Whether you have core values in place or you're working on defining them, it's no question that they're instrumental for success.

> **Nearly 80% of survey respondents agree that core values positively impact the employee experience.**

What's more, core values are a powerful way to stay on track in times of stress and uncertainty. As the heart of an organization, they add purpose to every aspect of work. This sense of purpose is critical for aligning every team member to the overall mission and goals of an organization.

Survey respondents agree that core values are critical for driving engagement. Over half of HR leaders tie employee recognition to core values, making this the most popular strategy to foster a commitment to mission and purpose.

Employee Retention

Investment in employee retention is more than just a strategic decision; committing to a thriving culture means unlocking your employees' untapped potential.

Our greatest asset is our team members. When talented individuals choose to join our teams, they're committing to our success. That's why being a champion for your people is vital to success. HR leaders recognize this; **over 80% report that employee retention is their top priority.**

Surprisingly, even as most teams prioritize retention, turnover is still a major challenge. Almost 70% of survey respondents say turnover increased or remained the same within their organizations in the past year.

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Great organizations have team members who really love the work they're doing. It's the obligation of a leader to help team members find that love.

Mike Nolte
▶ Episode 6: Helping Team Members Combine Unique Passion with a Unified Mission
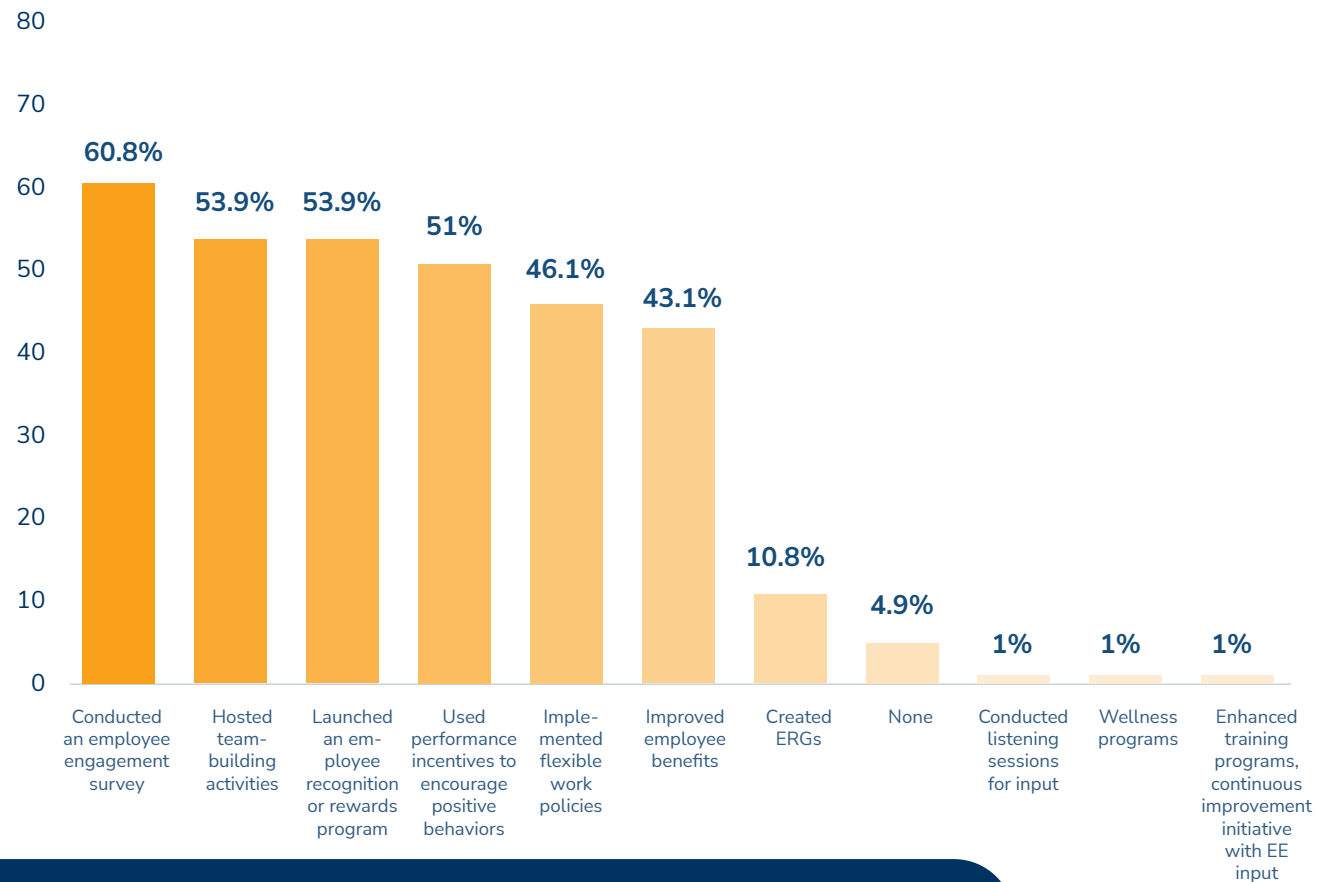
Employee Experience

Uncertain working conditions are a great reminder of how important it is to create an incredible employee experience. We're more separate than ever, so doing everything we can to foster a unified culture is key.

However, while HR leaders agree that employee experience is crucial for a healthy organization, there's still a gap. Over 50% of HR leaders say that employee experience is critical to business success but 55% report that they don't currently have an employee experience leader in place or plan to hire one.

Without a dedicated team leader to facilitate engagement, many organizations rely on activities and tools to create a vibrant employee experience. Here's how the numbers stack up:

What actions have you taken to foster a commitment to improving employee experience within your organization?

Action	Percentage
Conducted an employee engagement survey	60.8%
Hosted team-building activities	53.9%
Launched an employee recognition or rewards program	53.9%
Used performance incentives to encourage positive behaviors	51%
Implemented flexible work policies	46.1%
Improved employee benefits	43.1%
Created ERGs	10.8%
None	4.9%
Conducted listening sessions for input	1%
Wellness programs	1%
Enhanced training programs, continuous improvement initiative with EE input	1%

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Culture is like a garden. There are many environmental factors we can't control so we're constantly creating more space for people to grow and evolve.

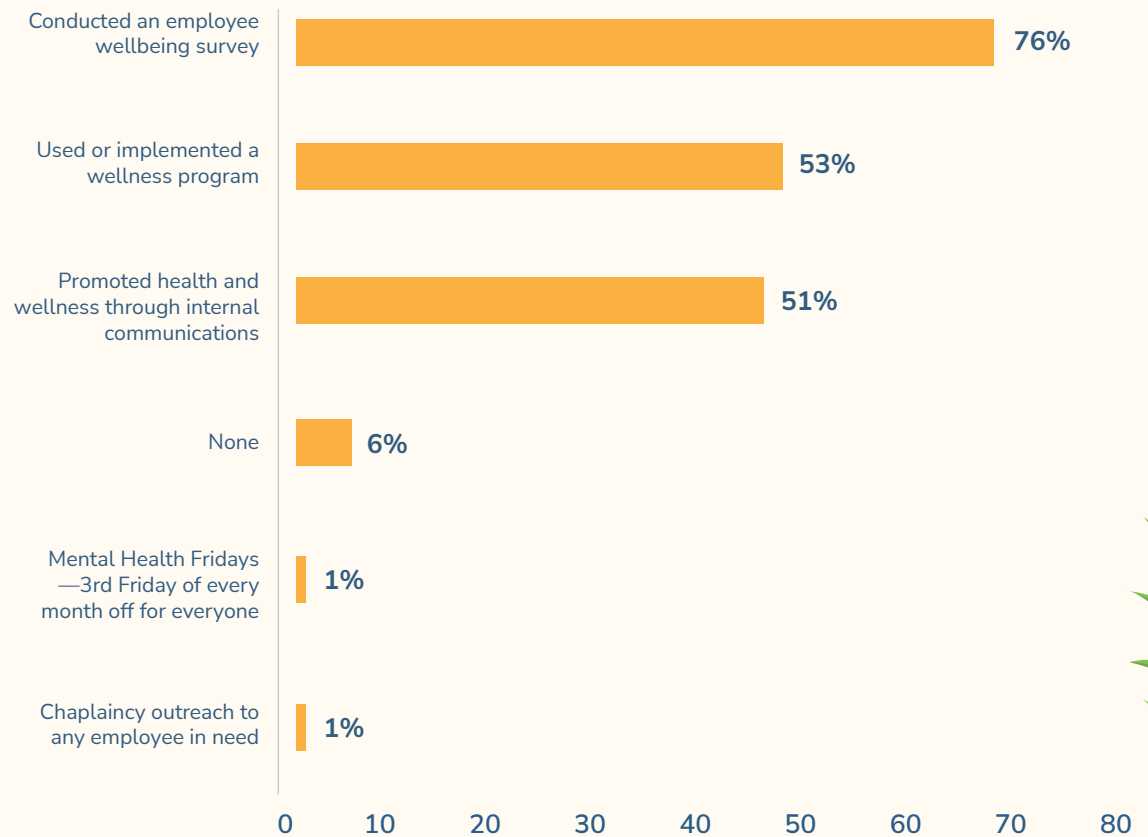Mike Gustafson | ▶ Episode 12: Creating a Culture Where People Thrive

Workplace Wellbeing

Employee wellness programs are more important than ever. An organization's success depends on the physical, mental, and emotional health of its employees.

Post-pandemic, organizations are more intentional about the balance between personal wellbeing and professional growth for their teams.

60% of HR leaders agree that their organizations prioritize employee wellbeing and 70% of organizations offer employee wellness programs.

What actions have you taken to improve workplace wellbeing in the previous year?

Action	Percentage
Conducted an employee wellbeing survey	76%
Used or implemented a wellness program	53%
Promoted health and wellness through internal communications	51%
None	6%
Mental Health Fridays—3rd Friday of every month off for everyone	1%
Chaplaincy outreach to any employee in need	1%

Diversity, Equity, Inclusion, and Belonging (DEIB)

> **"** Commitment to DEIB is a marathon, not a sprint.
>
> Julie Ann Crommett | ▶ Episode 25: The Power of Authentic Storytelling in People Experience

Diversity, equity, inclusion, and belonging (DEIB) are critical elements for business success. Making DEIB a priority not only creates a more welcoming and inclusive workplace for employees, but the unique perspectives and rich experiences of a diverse workforce are key drivers of innovation.

Organizations that emphasize DEIB are industry leaders in innovation with a competitive edge in the marketplace.

Here's how organizations promote DEIB:

70% of HR leaders agree that their organizations prioritize DEIB, but as years of employment go up, perceived impact declines.
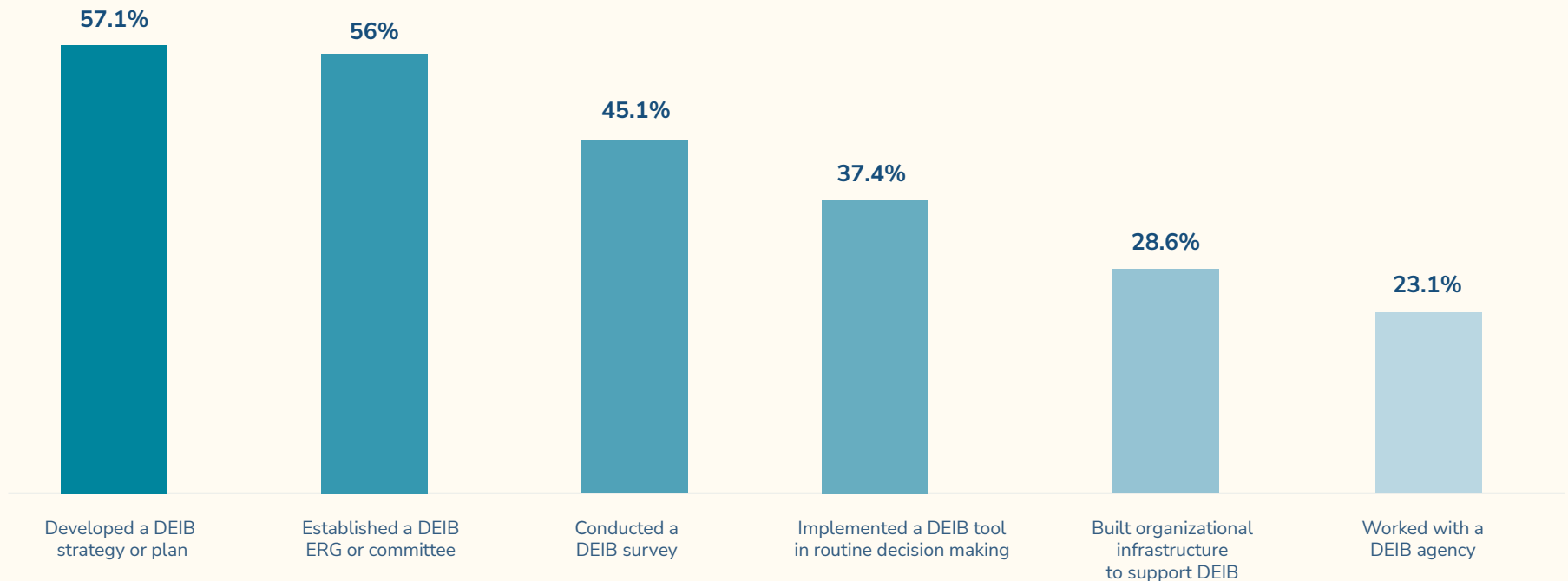
Diversity, Equity, Inclusion, and Belonging (DEIB)

Remember—DEIB is not a sprint, it's a marathon. Without proper planning, the impact of strategies and initiatives will lessen over time. Survey respondents agree; 70% say that their organizations prioritize DEIB, but as years of employment go up, perceived impact declines.

Of respondents in their first or second year of employment, only 14% feel neutral about the impact of their organization's DEIB strategy compared to almost 50% of those who have been employed for eight or more years.

What actions have you taken to improve and promote DEIB within your organization in the previous year?

Action	Percentage
Developed a DEIB strategy or plan	57.1%
Established a DEIB ERG or committee	56%
Conducted a DEIB survey	45.1%
Implemented a DEIB tool in routine decision making	37.4%
Built organizational infrastructure to support DEIB	28.6%
Worked with a DEIB agency	23.1%

Employee Recognition

Active employee recognition fosters work cultures that are not only positive but ultimately successful.

Offering praise for your team's accomplishments directly translates into tangible benefits like heightened productivity, enhanced wellbeing, and increased motivation. In shifting landscapes, employee recognition is fundamental for sustainable growth and thriving work environments.

Placing value on the commitment and efforts of employees is widely recognized as a vital piece of business success. 80% of survey respondents believe recognition impacts employee experience, 77% believe that recognition impacts employee retention, and 72% believe that recognition impacts productivity.

With these numbers, it's no surprise that many organizations have a strategy in place to facilitate recognition. Of the organizations we surveyed, **86% report having an employee recognition program or strategy.**
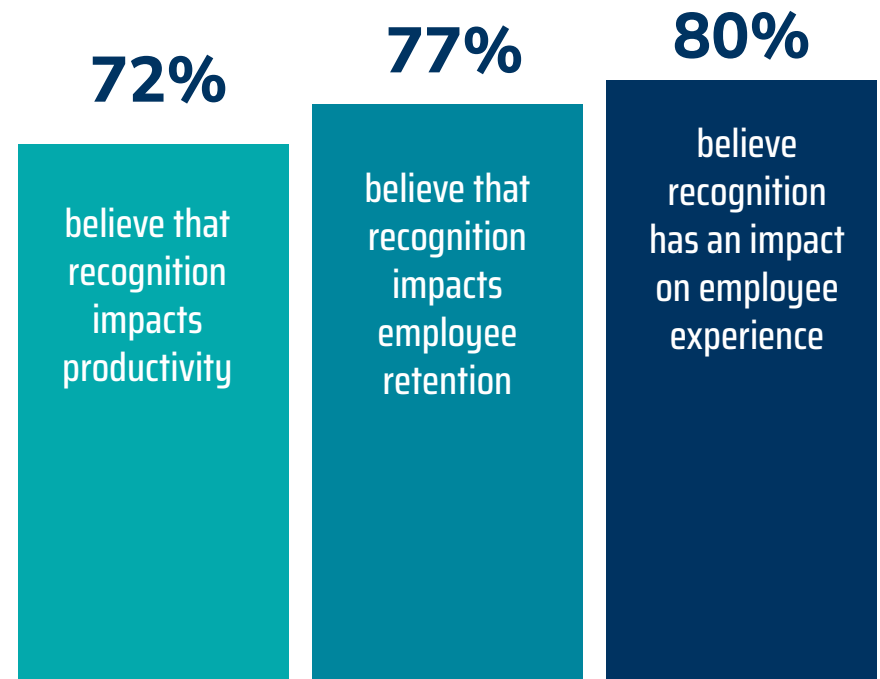
> "
>
> It never ceases to amaze me what people will do when they feel valued and appreciated.
>
> Joshua McAfee
> ▶ Episode 22: Fostering a Culture of Belonging Beginning with Your Interview Process

72%
believe that recognition impacts productivity

77%
believe that recognition impacts employee retention

80%
believe recognition has an impact on employee experience

The Future of HR

In the years to come, artificial intelligence (AI) and increasingly data-driven strategies will transform the way we work. The power of technology will continue to drive more efficient, productive, and decision-driven teams.

In the next 3-5 years, HR will become more data-driven and strategic; over 50% of HR leaders plan to integrate AI into their talent management strategy.

The increase in new technology will require preparedness for new systems and processes; proper training and guidelines will be necessary to create work environments that are ethical and sustainable.

Conclusion

It's time for us to look into our community to solve HR's biggest challenges. How will we motivate and inspire our teams in the years to come? Which goals will guide us now that 2023 is nearing its close?

In the future, organizations will embrace technology like artificial intelligence and data-driven approaches; HR leaders are ready for a more strategic and data-driven HR landscape.

However, technology won't solve every challenge. Initiatives like DEIB and wellbeing will be critical as we navigate the challenges of the new work landscape.

"

A leader's job is to serve and elevate the people of their organization. When we can do that, we all win.

John Duisberg
Co-host, The Great Retention Podcast

Learn more about building a better employee experience at: TheGreatRetention.com

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