Welcome to Inspirus’ 3Q 2023 Inspirus Trends & Forecasts Report. The 2Q report shattered all records, with 12,600+ professionals reading it, an increase of 22% from the 1Q report. We’re happy to provide our fresh insights to industry professionals who share our passion! For our new readers: our Trends Reports draw upon the collective wisdom and thought leadership of Inspirus team members to reveal what we see as trending now and our vision of how these trends will impact the future of our industry and our clients’ programs. And now that Inspirus is a Pluxee company, owned by the multinational Sodexo Group, we’re better able to use the collective support and learnings of employee engagement leaders in 31 countries to better support 1) U.S. organizations facing dynamic changes in the workplace, and 2) employees who have increasing expectations of well-being and fulfillment.

What’s changed since 2Q? Economic forecasts are mixed. Deloitte Insights predicted that the U.S. economy would return to normal in 2Q 2023, although it cited concerns about ‘an impending slowdown.’ The Bureau of Economic Analysis (BEA) reported that the U.S. gross domestic product (GDP) increased at an annual rate of 1.3% in the first quarter of 2023. However, profits decreased 5.1% in the first quarter after decreasing 2.0% in 4Q 2022. The Conference Board recently forecasted that some parts of the economy would weaken, leading to a recession. This outlook was influenced by numerous factors including inflation, Federal Reserve hawkishness, persistent banking crises, reduced government spending, and consumer spending and income, and business investment trends. Their forecast of GDP growth is much more conservative, slowing to 1.0% in 2023, and then falling to 0.0% in 2024.

So, what does this all mean for U.S companies? First, an impending slowdown. The Bureau of Economic Analysis (BEA) reported that the U.S. gross domestic product (GDP) increased at an annual rate of 1.3% in the first quarter of 2023. However, profits decreased 5.1% in the first quarter after decreasing 2.0% in 4Q 2022. The Conference Board recently forecasted that some parts of the economy would weaken, leading to a recession. This outlook was influenced by numerous factors including inflation, Federal Reserve hawkishness, persistent banking crises, reduced government spending, and consumer spending and income, and business investment trends. Their forecast of GDP growth is much more conservative, slowing to 1.0% in 2023, and then falling to 0.0% in 2024.

When organizations do need to backfill, they are getting creative to tap into alternative talent pools to fill those roles. Yahoo suggested that 2023 would remain a candidate-driven market, and that has proved to be the case. Even as unemployment continues to drop, employee trends rather than market trends are stalling the arrival of an employer market, at least in the foreseeable future. Organizations are using all their creative juices to find and lure in valuable workers including considering boomerang employees, leveraging social media, upping the ante with unique perks, offering referral rewards and more.

And let’s not leave AI out of the conversation! Organizations that recognize and embrace that disruption from AI is here — not just coming — are ensuring that their workforce buys into how AI can help the organization, not hinder it. With the World Economic Forum predicting that “85 million jobs will be lost to automation” between 2020 and 2025, many company leaders still aren’t sure how AI will fit into their business model. A study by IBM found that only 35% of companies reported using AI in their business and about 42% are exploring AI. We’re seeing that early adopters of AI improve both their operational efficiency and their customer experiences.

These are just a tiny fraction of our findings — there are many more in the pages that follow. I hope you find this report holds value for you and your organization. Our goal remains: deliver fresh insights, unique perspectives, actionable strategies and of course, best practices to help organizations elevate employee engagement and create a thriving culture.

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Focusing Retention Efforts on High Performers

The talent market is shifting, according to the latest figures. Several years of mismatched unemployment rates and job openings gave job seekers and employees an advantage over organizations. While there are plenty of challenges ahead, the same strategies employers have used to navigate the talent landscape in recent years may no longer be the most effective.

The national unemployment rate made history in March 2023, matching the lowest rate since 1969 of 3.5%. At the same time, the JOLTS report indicated job openings are also at a post-COVID low point, decreasing to 9.6 million in March 2023, in large part due to the Federal Reserve’s efforts to control inflation by raising interest rates, but edged up to 10.1 million in April. Layoffs and discharges have continued as well, increasing to 1.8 million (+248,000) and 1.2%, respectively.

Fewer organizations are actively looking for new hires right now, and the threat of a recession still looms on the horizon. However, organizations that can retain their valuable employees for longer may have an easier time riding out the storm. And the strategies and tactics they use to boost employee retention—especially in high performers—must be different than those they used a year ago, amid the height of the Great Resignation.

These changes impact employers as much as employees, so it’s crucial to understand what’s trending from both perspectives to chart a path forward.

Employee Retention: From the Company Perspective

We’re finding that employers are finally able to relax some of the focus and resources they’ve been devoting to talent acquisition as they reorient toward employee retention.

Benefits:
• Organizations are prioritizing high-performing employees and recognizing the value they contribute. This presents an opportunity to cultivate employee engagement with recognition from your top executives.
• With that focus comes greater opportunities for career growth. Organizations can invest more in professional development, rather than challenging employees to merely fill in the gaps created by layoffs and resignations.

Challenges:
• If companies are not hiring as many new employees, it could mean that they are not growing as quickly as they would like—or that growth is stalled—which could result in flat revenue and impact strategic planning in the coming year.
• Organizations should be very concerned with voluntary exits as they are a signal to high performers that better opportunities exist elsewhere. They may not leave immediately, but they may start to look or begin to show signs of quiet quitting.
• Voluntary exits and low employee engagement could impact the company’s ability to innovate, compete in the market, or take on new projects.

Employee Retention: From the Employee Perspective

We’re noticing that when companies place more focus on valuing employees and building engagement, employees aren’t as eager to look for reasons to quit or let their performance lag.
Benefits:
• Employees who feel more valued and more secure in their jobs are less likely to look for new opportunities elsewhere.
• Employees who feel valued have higher levels of engagement and are more likely to innovate and contribute to a thriving culture.

Challenges:
• Some employees may still be unhappy with their current roles, but the fear of change in this uncertain economy outweighs their unhappiness and/or desire to make a change.
• Layoffs and voluntary exits change the operational and social fabric of workplaces, prompting more departures from their peers.

Why organizations need to focus on high performers
As many organizations have learned over the last few years, turnover is expensive. In fact, large U.S. businesses lose at least $1 trillion yearly due to voluntary employee turnover, much of which could have been prevented. With turnover now declining, leaders can concentrate their retention focus on high-performing individuals — and there is data to support that these individuals are crucial to a company’s productivity and success. A recent study of more than 600,000 researchers, entertainers, politicians and athletes found that high performers are 400% more productive than average ones, making the ROI for retaining top performers crystal clear.

How to retain high-performing employees
Here’s what’s trending to keep high-performing individuals happy, productive and in their roles.

1) Offer competitive base salaries or hourly wages. Competitive compensation boosts employee job satisfaction and helps organizations retain their best workers. If more money is not in the cards due to budget restraints, offer other valuable perks like more time off or child-care stipends. Personalized compensation packages are an effective emerging trend. “Pick your pay” is an excellent way to retain and attract high performers!

2) Reward high performers for achievements. Shine a light on notable accomplishments, big and small. This acknowledges positive behavior and shows rising stars on the edge of greatness that higher performance nets more rewards and recognition.

The top two reasons employees left (or considered leaving) their job are that they didn’t feel their work was valued by the organization or that they lacked a sense of belonging, according to Harvard Business Review (subscription).

Effective organizations create a culture of recognition that ensures employees feel valued, that they belong and that satisfies their sense of purpose.

3) Keep employees motivated. Keeping employees energized and motivated has many facets. We talked about rewards and recognition above, but companies do not have to stop there. Successful organizations are also pursuing additional avenues, like those outlined in the sidebar at right, to inspire employee motivation.

Looking for more examples? Thomson Reuters shares 20 great examples of what they do to motivate employees by encouraging their workforce to be curious and challenge the status quo.

4) Become a destination company. Encourage your high performers to recruit their peers (who are also likely high performers) to your organization by showing them the culture they covet. Hiring high performers while cultivating a healthy work culture can turn an organization into an employer that works.

Motivation That Works
Offering flexible work arrangements to give employees more control over their work schedule and help them better manage their personal responsibilities.

Investing in employees’ professional growth — including training programs, mentorship opportunities, and career advancement paths — to help employees feel valued which increases happiness and motivation.

Focusing on creating a positive workplace culture that fosters collaboration, communication, and innovation, and helps employees feel supported, increasing their motivation and engagement levels.

Using technology like Connects to enhance the employee experience and create a more dynamic and engaging work environment that can help motivate employees to perform at their best.
of choice, which in turn attracts top talent. Turnover is inevitable but replacing employees who leave with high performers helps everyone in the organization and invests in future success.

Leading companies know the value of culture, according to a Korn Ferry survey of senior executives from the World’s Most Admired Companies (WMACs). According to survey respondents, culture is the most underrated determinant of a company’s future success and 87% said they will remain committed to culture during a potential downturn. Prioritizing culture and behaving consistently according to organizational values are attractive qualities for high-performing individuals in your organization and in the talent market.

5) Promote career growth opportunities. Create internal opportunities for professional growth so your best people don’t have to look elsewhere. Offer experiences that center around collaboration and upskilling and devote time for continuous education. Communicate clear promotion opportunities — not just through internal job postings but also with clearly defined career paths within your organization — so employees can set goals and progress toward them. Adopt or expand mentorship programs and involve employees in cross-training and succession planning to help them identify their interests and goals, and feel valued for their contributions. Ultimately, you want to help employees connect the dots that you are investing in them as a future leader of the organization if that aligns with their ambitions.

A culture of recognition drives the retention of high performers
Everyone deserves recognition — and most employees crave it. Recognition motivates every individual to give their all. When recognition is integral to work culture, high performers tend to be easy to identify and, because those individuals are the greatest assets an organization has, focusing retention efforts on those people is an investment in the business. Retaining high-performing employees can reduce turnover and save on hiring costs, build more productive and effective teams, and create a resilient organization strong enough to endure economic downturns. We’re seeing a growing trend of employers prioritizing the retention of high performers, and those who don’t will most certainly struggle to remain competitive and relevant.
Getting Creative to Tap Into Alternative Talent Pools

With unemployment shrinking, how employers cultivate their talent pipeline will garner greater focus — and with this shift must come some new strategies. In a report in late 2022, Yahoo News suggested that 2023 would remain a candidate-driven market. The report asserted that applicants would continue to have the upper hand and negotiate for better pay and perks because many organizations would still need to compete for top talent. We’ve found companies are still concerned with talent acquisition despite the challenges they face in a competitive talent landscape, an exhausted workforce and pressure to control costs.

With companies likely to remain focused on talent acquisition in 3Q and beyond, here are some strategies to lead the pack in securing top talent.

Leverage “Quiet Hiring”
Gartner reports that “quiet hiring” offers new ways to secure ‘in-demand talent’ vs. adding new full-time employees. The strategy involves reskilling current employees so they can fill role gaps created by separations and promotions. We outlined how to approach “quiet hiring” — along with quiet quitting and quiet firing — in a blog article in February 2023.

Consider Boomerang Employees
Millions of employees quit their jobs during and after the Covid-19 pandemic, in search of better culture, higher pay, and more growth opportunities. But a recent Paychex study reports that 80% of employees who left their jobs during The Great Resignation now regret it. The trend of “boomerang employees” is on the rise in the U.S. in 2023. A 2023 Harvard Business Review report shows that 28% of new hires in a multiyear study were boomerang hires who had resigned within the previous 36 months. Employers can reduce turnover and increase the chances that high performers will return by treating exiting employees fairly and making it clear the door is always open. But this trend doesn’t mean you should exclusively focus on people who left your organization. Be open-minded about candidates with a short tenure in their current positions, as they may be looking to get out of a role they previously thought was a good fit.

Showcase Company Culture on Social Media
Companies that highlight their culture and values on social media have historically attracted top talent who want to work for a company that aligns with their beliefs. In 2023, we expect social media platforms will continue to play a crucial role in showcasing a company’s culture. One company that has shown its positive company culture on social media is Muck Rack. Inc. named Muck Rack to its 2023 list of Best Workplaces, and according to Inc.’s survey of Muck Rack employees, the company snagged a score of 91.11, with 97% of its workforce reporting they feel engaged at work.

With 1 billion monthly active users and with reportedly solid reach to users in the U.S. ages 18 and up, it’s no wonder recruiters are also using TikTok. When it comes to social media, it’s crucial to be mindful and intentional about which platforms you use (hint: be most active where your target audience is!) and ensure the content you post is relevant to your desired audience. Use your social media presence to highlight what is unique about your culture, through testimonials from employees, behind-the-scenes videos and messages from your executive leadership. If you’re hosting recruiting events — whether online, in-person, or both — promote those on your social media accounts as well.
Provide Opportunities for Growth and Development

Companies are offering opportunities for growth and development, such as mentorship programs and training, to attract top talent who want to continuously learn and advance in their careers.

- Offering mentorship and coaching programs. Microsoft provides mentorship and coaching programs to employees to help them grow, develop their skills and advance their careers within the company. Mentorships can be as formal or informal as your company’s size and culture can support; the benefits exist regardless of scale.

- Encouraging internal mobility. Amazon encourages internal mobility by providing employees with opportunities to work in different departments or locations within the company. This helps employees develop new skills, gain new experiences and advance their careers without having to leave the company. Smaller companies often approach this with cross-functional training.

- Providing leadership training. Deloitte is investing in leadership training programs to help employees develop the skills needed to advance and become effective leaders within the company.

- Offering tuition reimbursement. Starbucks offers tuition reimbursement programs to help employees further their education, showing they’re invested in their long-term growth and development. (This benefit is even open to eligible part-time employees, a rare perk in any industry.) For companies that cannot afford tuition reimbursement, offering flexible schedules and time off for school helps support working students.

- Providing opportunities for innovation. Google provides employees with opportunities to work on innovative projects outside of their normal job responsibilities, helping employees develop new skills and foster a culture of innovation. No matter the size of your team, including employees in brainstorming, problem-solving and planning can foster an entrepreneurial spirit and boost engagement.

Offer Referral Rewards

Employers are offering referral bonuses to employees who refer top talent to the organization, incentivizing their employees to help attract top talent. Here are a few high-profile cash and non-cash examples:

- Gifts and gift cards for products, services, and experiences. Offer employees the option of selecting from a menu of gift rewards to show your gratitude and appreciation for their referral of a successful candidate.

- Additional paid time off. Time is one of the most valuable things an employer can give an employee. Consider offering an extra day off with pay for each referral hire, and possibly an additional day off earned when the new hire reaches certain milestones.

- Recognition. Leverage your employee engagement platform to thank employees who have referred successful candidates. Feature them in your company newsletter or make an announcement during a staff meeting.

- Bonus payments. Many companies offer one-time referral bonuses to employees who refer successful candidates, with the amounts ranging widely depending on the size of the company and the rarity of the skill set. For instance, as employers in many industries struggle to find certain types of candidates, they may offer a higher referral bonus for those positions to incentivize employees to tap into their personal networks.

- Multi-level incentive plans. Globe Life and its affiliates offer at least two recruiting incentive plans; The Pinnacle Club has three levels and features online redemption of high-value merchandise for the referring employee, and Globe Life Liberty National Pro Club offers an incremental 6-level lifetime ladder of rewards for employee referrals.

Being Resourceful for Talent Challenges

The changing talent landscape requires organizational leaders to be creative and flexible — which also means being willing to try new things and move away from traditional approaches that aren’t yielding the results today’s businesses need. By using the trending talent strategies we outlined here, companies can continue to attract top talent — even in a tight talent market — and differentiate themselves from competitors in the job market.

Combine Competitive Pay with Unique Perks

Offering employees competitive pay enhances their overall job satisfaction since they tend to feel valued and are more likely to be motivated to perform at a high level. Competitive salaries can enhance a positive culture because they drive employee satisfaction levels and morale higher.

But go one step beyond to attract the best candidates and retain your high-performing employees: **offer unique perks that speak to today’s modern workers** like home office budgets, paid sabbaticals, mental health re-charge days and paid time off for volunteering. While companies are planning to offer 4.6% salary increases in 2023, some are using these unique perks as an alternative way to both attract and retain valuable employees while controlling costs.
Leveraging AI to Boost Ops Efficiency and Improve Business Outcomes

In our 2Q Trends Report, we discussed how HR professionals are using AI to personalize communications, evaluate performance, elevate the employee experience and more. But in the few months since then, AI has penetrated our workplace and lives even deeper. A technology revolution is occurring right before our eyes. To remain competitive, leaders need to embrace these organizational shifts and technological changes. Depending on how organizations address change management, these shifts could represent massive challenges or stand as indicators of opportunity for growth.

McKinsey reports that ‘making way for applied AI’ is trending in 2023, and we concur. The use of AI presents opportunities to boost operational efficiencies and build better organizations for the long term. Organizations are already using AI to help build their talent pipelines, drastically improve ways of working, and make faster, data-driven structural changes.

Here’s what business leaders need to know about the current state of AI and its potential for helping your organization grow.

The Basics
By now, most of us understand that AI tools are a type of technology that enables machines to perform tasks that would typically require human beings. AI technology involves creating computer programs (often called an engine) that can learn from data to make decisions and perform actions without human intervention. AI comes in many different flavors, too:

• **Generative AI.** These tools create new content. For example, DeepDream by Google uses a neural network to create surreal images from existing photographs and ChatGPT can draft articles or essays drawn from text available on the internet.

• **Applied AI.** This type of AI solves specific problems or performs specific tasks. For example, Apple’s Siri is a personal assistant that can understand and respond to voice commands, perform tasks and provide information.

• **Predictive AI.** These AI tools analyze data and make predictions about future events or trends. For example, Netflix’s recommendation engine uses machine learning to analyze users’ viewing history, preferences and feedback to suggest personalized content.

On a very basic level, AI tools can be used for many business tasks that are difficult or cumbersome for humans to take on, such as predicting sales trends, identifying fraudulent transactions or automating repetitive tasks. Because AI tools can perform these tasks much faster and more efficiently than humans, many companies have already adopted AI for those use cases. More forward-thinking companies are using automation for product recommendation engines, warehouse automation, e-commerce and creating original content through generative AI.

For all its benefits, there are risks associated with AI tools and, in some cases, even dangers. AI tools have the capacity to program autonomous weapons, pose security risks, invade privacy and more. Further, there are growing fears that automation and AI will change the way we work and force people into other roles, or worse yet, unemployment. Some experts point out that potential shifts in occupations are imminent by 2030, estimating that between 75 to 375 million workers (3 to 14% of the global workforce) will need to upskill and secure new jobs.

Organizational Shifts Aren’t Coming. They’re Here
Most employees fear AI will replace them in some capacity, with IBM fueling
that fire in a recent Bloomberg interview, CEO Arvind Krishna said the tech company is slowing or suspending hiring for any jobs that could be done by AI — including human resources and other non-customer-facing roles that amount to roughly 26,000 positions. He claims within five years, 30% of roles (approximately 7,800 jobs) could be replaced by AI. But, that figure may include not retiring for jobs that would become vacant.

Other experts have pointed out that the adoption of AI tools might create as many jobs as they replace in the form of AI project managers and others who will be needed to oversee the functions of AI. Meanwhile, AI tools might offload administrative work and other repetitive tasks, freeing up the time and energy of humans to focus on creative work such as innovation, collaboration and relationship-building.

AI will play a growing role in HR planning and decisions. According to a November 2022 survey of 300 U.S. human resources leaders conducted by Capterra, a software research firm, companies are already using AI to help them decide whom to lay off. In fact, 98% of the HR leaders surveyed planned to use AI technology to make layoff decisions in 2023. (However, the survey did not provide information on the number of companies that are currently laying off workers and using AI to perform those tasks.)

How to Introduce AI to Employees

Understandably so, many employees are concerned about how the adoption of AI tools will impact their current jobs and future livelihood. The key to introducing AI into mainstream use is to first have open conversations with employees and gain their feedback so that you can incorporate this new technology with as little pain and anxiety as possible. Explain the changes coming with the use of AI and how it will affect their jobs. Listen to and address their concerns. Successfully rolling out AI tools includes providing training and education to help employees understand how to work with AI and how they can benefit (by being more productive and efficient). Applied and predictive AI requires large amounts of data to learn from, so employees need to understand how their work contributes to the data that feeds AI algorithms. The output of AI is only as good as the data it learns from.

Getting Employee Buy-in for AI Tools

Data shows AI has the power to transform workplaces. New research by Stanford and MIT shows generative AI boosted worker productivity by as much as 35%. Despite these findings, the technology still carries a stigma. A higher share of Americans think it will hurt workers more than it will help, according to a recent Pew Research Center report. So, employers must prepare their workforce and their operations to move forward — or risk losing traction very quickly.

Employees are Infrastructure

World Economic Forum predicts that 85 million jobs will be lost to automation between 2020 and 2025. Skill sets for jobs have changed by as much as 25% since 2015, contributing to the skills gap we’re seeing now. By 2027, this number is expected to double. Organizations need to prepare for this inevitable future by investing in upskilling and reskilling now — not just to fill current gaps, but to create internal talent pipelines for the coming years, especially as older workers retire. Don’t risk losing their knowledge; tap into their years of experience by utilizing older workers as mentors and trainers while simultaneously working to train younger workers on emerging technologies. This helps build strength and resiliency within your organization and also contributes to higher employee retention.

Leverage AI as an Asset

Overall, AI tools are a type of technology that can help companies improve their operations and customer experiences. By using AI, companies can streamline tasks, save time and money, and provide better service to customers. This also means AI tools can have a positive impact on the employee experience by reducing menial tasks and improving efficiency. Adapting AI tools can transform how your organization works and what your team can accomplish. But approach with caution: there are far-reaching implications that have not even surfaced yet. Those who start incorporating AI now will build a solid foundation to navigate the challenges ahead.

Preparing Your Workforce for AI

Develop a strategy. Organizational leaders should identify how AI can be used to improve productivity, operations, products and services. They should also consider the potential risks and challenges associated with AI and develop a strategy to manage those when they arise.

Evaluate ethical implications. Companies need to evaluate the ethical implications of using AI, including issues related to bias, transparency and accountability. They should develop policies and procedures to ensure that their use of AI is ethical and responsible.

Prioritize data management. AI relies heavily on data, so companies need to prioritize data management, including data quality, security and privacy. This includes developing policies and procedures for collecting, storing and using data.

Invest in infrastructure. To support AI, companies will need to invest in infrastructure, including hardware, software and networking. Leaders also need to ensure that their infrastructure is scalable and can handle the demands of AI applications as they evolve.
HR Plays a Vital Role in Driving Business Strategy

Over the past several years, we’ve seen a growing proportion of HR leaders secure their seats at the executive leadership table, take on more responsibilities and influence related to business outcomes, and prove that an organization’s people are its biggest asset. Often, HR professionals and leaders spend so much energy on tactical duties — like issuing paychecks, addressing employee issues, and managing the onboarding of new hires — that their role is often seen as transactional. But in reality, HR is — and has always been — a true driver of business strategy, especially as companies leaned heavily on HR during the pandemic.

HR professionals can and should be integral in developing a company’s business strategy by aligning their human resource initiatives with the goals and objectives of the organization. Creating a ‘people first’ employee experience is perhaps the most effective way to do just that.

Promoting a Human-centric Approach

A ‘people first’ approach, as its name implies, involves recognizing employees as unique and individual humans who are the lifeblood of the business. While people first is largely a cultural concept, it comes to life through an organization’s policies, programs and practices.

Here are some of the ways we’ve seen HR professionals become a vital part of the development and implementation of business strategy by championing a human-centric approach to people management:

**Strategic Workforce Planning:** HR professionals can help identify gaps in the workforce and develop strategies to fill those gaps. They can analyze data to determine the skills, knowledge and experience needed for the current and future workforce and use that intel to create a plan for recruitment, training and development. This includes identifying new, creative talent pools to tap into (see page 5, Getting Creative to Tap Into Alternative Talent Pools). This is a key requirement at a time when more than half (62%) of talent acquisition teams are finding more high-quality candidates through sourcing than inbound applications. HR professionals also leverage competitive recruiting strategies to attract top candidates and work to continually improve the candidate experience to keep talent engaged so recruiters and hiring managers can identify the best possible hires for the organization.

**Talent Management:** HR professionals can identify high-potential employees and create programs that support their growth and development. This could mean creating and managing programs to develop talent internally, such as mentorships, skills training, support for ongoing education and other investments in current employees that reduce turnover and help build pipelines of future leaders. HR can also spearhead succession plans, which ensure that the organization has a pipeline of talent to fill critical positions in the short and long term.

**Employee Engagement:** HR professionals can inspire a positive workplace culture that values and supports employees’ physical, emotional, and mental health. They can empower managers to provide opportunities for
employee career growth/development and encourage the use of employee rewards and recognition programs, which help reinforce desired behaviors and attitudes while simultaneously helping to build a culture of belonging and purpose. Engaged employees are more likely to be productive and committed to achieving organizational goals so investing in employee engagement is also an investment that leads to better business outcomes. And if your organization is struggling to improve employee engagement, know you’re not alone. Average engagement dipped at the height of the pandemic, according to Gallup, and hasn’t quite rebounded yet — so this remains an uphill battle for many employers.

Diversity, Equity and Inclusion (DEI): HR professionals can promote diversity, equity and inclusion by influencing a work culture where all employees feel valued and supported — regardless of their background, gender, race, or other characteristics. Truly diverse work cultures celebrate differences rather than attempt to ignore them. HR can also develop programs to attract and retain a diverse workforce. This is of growing importance to job seekers and employees alike; in fact, more than 75% consider DEI one of their top priorities when making decisions about jobs or companies. Because of this, DEI initiatives and their outcomes can help attract new talent, retain employees and cultivate future leaders. (For more on this see page 14, Diversity Initiatives Declining, Even as Companies Become More Diverse.)

Data Analytics: We’re seeing data continue to play a growing role in HR leadership and strategy. HR professionals can use data analytics to measure the effectiveness of HR initiatives and identify opportunities for improvement. For example, the reporting functionality in Connects, Inspirus’ employee engagement technology platform, provides visibility into the points that have been awarded via recognition through the platform, which helps HR professionals anticipate the spend of each program. Data from HR can help the entire organization make informed decisions and demonstrate the impact of HR programs on business outcomes.

Securing HR’s Seat at the Table
While HR has made great strides in demonstrating its value to the organization at large, the journey is not complete. HR professionals — and leaders in particular — need to remain proactive, continue to invest in people and be prepared to show results. By focusing on the areas we outlined above and building a true people-first culture, HR professionals can contribute to the development and implementation of business strategy, drive organizational performance and create a competitive advantage for the organization.
Supporting Mental Health Increases Employee Engagement

Mental health continues to be a big challenge. We’ve discussed how wellness encompasses more than just the physical but also includes mental, emotional, and financial. Well-being remains a top priority for employers and employees in 2023. Fifty million adults report experiencing some form of mental illness, and half of those with a mental illness do not seek treatment.

In her 2023 Mental Health Trends, Mandie Conforti, LCSW, Senior Director of Employer and EAP Strategy at Spring Health, cites six areas of mental health that are at the forefront right now:

• Treating substance abuse: One in twelve employees is dealing with a substance use disorder (SUD), which means that millions of people are working while struggling with substance abuse.

• Focusing on youth care: Post-pandemic depression, anxiety and behavioral disorders are prevalent among adolescents. Even if you don’t employ this age group, you probably have their parents and other caregivers on staff.

• Offering meaningful diversity solutions: Most support professionals are white and on average 65 years old, making relatable support for diverse groups a challenge.

• Addressing a global and hybrid workforce: Provided solutions need to be accessible and relevant to a geographically dispersed and culturally different workforce.

• Putting basic wellness care into our routines: Creating a balance between work life and home life and all the stress and anxiety that accompany the blending of the two.

• Leveraging AI and machine learning: Machine learning applications can be used to address mental health diagnoses and find options for mental health care.

Lack of mental health support negatively impacts an organization’s bottom line through decreased productivity, increased absenteeism and high healthcare costs for companies, as reported in a study by BeneFitPro.

Here are a few strategies we see organizations enacting that positively impact engagement levels in their workforce:

Provide Access to a Wellness App
We’re seeing more employers offer access to wellness apps as a low-cost investment in employee mental health. A wellness app may be appealing to employers with remote workers, but it can be equally valuable for everyone since these tools put people in touch with mental health resources no matter where they are. When choosing a corporate wellness app, it is important to consider the needs and goals of your workforce. Identifying these may require an employee feedback survey or perhaps the information has already been collected through other recent efforts. Either way, it’s crucial to understand what employees need before choosing a solution to offer them.

Here are some mental health apps to consider:

• Headspace: Headspace is a meditation app that offers guided meditations to help reduce stress and improve mental health.

• Happify: Happify is an app that offers mental health support through a series of science-based activities and games designed to promote happiness and reduce stress.

• Moodkit: Moodkit uses the principles of cognitive behavioral therapy (CBT) to help users identify negative thought patterns, set mental health goals and build healthier habits.

Assessing Mental Health Apps
Here are some questions to ask when selecting a wellness app:

• What health and wellness goals do you want to promote among your employees?

• What features are most important to your employees? (e.g. physical activity tracking, nutrition tracking, mental health support)

• How does the app fit into our mental health and wellness strategy?

• What is your budget for the app?

• Is the app user-friendly and accessible to all employees, including those with disabilities?

• Does the app offer personalized coaching and goal setting?

• What is the app’s privacy policy, and how is user data protected?
Connect Employees to Form a Supportive Community

Despite many companies bringing employees back to the office, we’ve found that remote work is here to stay. The downside of working remotely, and from all parts of the globe, is that employees often feel alone and disconnected from their coworkers. Using a tech platform like Inspirus Connects brings employees together to share in memorable moments and promote company values like work-life balance and teamwork.

Utilize your employee engagement platform to encourage team-building activities and social events. These experiences help employees build social connections and create a sense of community.

For example, Inspirus posts monthly wellness challenges in the Spotlights feature of Connects. It’s a great way to inform the entire employee base of what is going on and how they can participate.

Offer Mental Health Benefits

According to the Kaiser Family Foundation’s (KFF) 2022 Employer Health Benefits Survey, large employers noted a growing need for mental health services. Nearly half (48%) of large companies saw an increase in workers using mental health services, and 29% say that more employees requested family and medical leave in the last year because of increasing mental health issues. Millennial workers (74%) were most likely to use mental health services, just ahead of those in Generation Z (73%). By comparison, 58% of Gen X workers and 49% of Baby Boomers said they used the services.

Forward-thinking business leaders were early to add or expand access to mental health resources — such as counseling, therapy and psychiatric services — but it hasn’t yet become the norm. In late 2022, the Society of Human Resources Management (SHRM) claimed organizations were poised to expand mental health coverage in 2023. But with an economic downturn on the horizon, this may be delayed. Given the high prevalence of mental health challenges and high utilization at companies that already provide those benefits, every employer should find a way to incorporate mental health services in its benefits offerings.

Be Creative – It Pays Off!

Harvard Business Review (HBR) suggests thinking outside the box when redesigning strategies for workplace wellness. For instance, research suggests that prioritizing employee well-being not only improves worker health but can also bring about a host of positive business outcomes such as improved job performance (including increased productivity) and lower levels of employee burnout.

Some creative ways to support employee well-being include onsite spas, group rock-climbing outings and meditation rooms. Human resources tool provider BamboohR fronts the cost for plane tickets, hotel rooms, and other travel expenses to help cover employee vacations, and Washington State-based beverage company Talking Rain Beverage Company offers a wellness program that includes yoga and meditation classes.

Provide Training and Education

We’ve found that companies that provide training and education on stress management, resilience and mental health awareness can better equip employees with more tools to proactively manage their mental health. Positive Psychology recommends implementing stress management training programs that teach employees stress reduction techniques such as mindfulness, progressive muscle relaxation and deep breathing exercises. They also suggest providing employees with educational materials on stress management, such as articles, books and podcasts.

Here are some other ways to provide mental health education:

• Host a monthly mental health “lunch and learn” workshop with speakers from the mental health profession. Send employees a gift card to
DoorDash or UberEats in advance, so they can order lunch to enjoy during the presentation.

• Create a podcast club for employees to discuss mental health-related podcast episodes as a lower-lift alternative to a book club.

• Spotlight mental health tips into your employee newsletter and employee engagement platform.

**Address Work-related Stressors**

We’re seeing more companies take a holistic approach to employee mental health by acknowledging the stressors that arise during the workday — and proactively working to manage them. Employers can address work-related stressors and reduce burnout by prioritizing mental health as part of a holistic well-being strategy that touches all areas and departments.

How this looks will vary from one organization to the next, but there are common themes to the types of support that are effective.

• **Benefits:** In the benefits area, offering flexible schedules, remote work options, employee concierge services, paid time off and mental health support services can help mitigate work-related stressors.

• **Operations:** In business operations, managers can manage employee workloads, provide clear expectations and cross-train employees to act as a backup when needed.

• **Work culture:** Relating to culture, employers can provide opportunities for career growth/development and recognize and reward employee achievements and service anniversaries.

**Mandate Time Off to Recharge**

According to a 2022 survey conducted by the Society for Human Resource Management (SHRM), 1 in 5 employers in the United States offer mental health days above and beyond regular sick leave. Providing employees with the option to take mental health days can help them manage stress and prevent burnout. For example, language app Duolingo offers its employees 20 days of paid time off, with two additional weeks off for winter break to support mental health and wellness. In July 2021, Hootsuite, a social media scheduling platform, wrote in a company blog post, “We’re shutting down the entire company for a full week.” Hootsuite’s rationale was that the “pandemic reminded us how important mental health is. So, we’re making big moves to support our people — including a company-wide week off.”

We’re seeing other companies follow suit, with company-wide shutdowns to support mental health and work/life balance. Web browser Mozilla shut down the entire company for a “Wellness Week.” Money-management giant Fidelity Investments provided employees five additional paid “relief days” to be used for personal and family needs. Hotelier Marriott International added three paid “TakeCare” days off on the Fridays before Memorial Day, the Fourth of July and Labor Day. Other employers have shifted to a four-day work week with Fridays off during the summer — and some of those have made the change year-round to give employees more time of their own.

Some employers — such as hospitals, for instance — can’t realistically shut down company-wide but they can still offer employees additional floating days off to help support mental health. We’re seeing companies do this in the form of a set number of paid days off per year, per quarter, or even per month. And the key to reaping the benefits of this perk is that management has to follow through by ensuring that people take the time off they deserve.

**Prioritizing Mental Health Management**

We’re still seeing rates of burnout, anxiety and depression at record-high levels. Employers that acknowledge the impact mental health has on their workforce will find it’s a “no-brainer” to prioritize mental health support and resources. Doing so will benefit employees — by making it possible for them to access the mental health services and time off they need to recharge — and companies will benefit as well, through higher employee engagement, increased productivity and innovation, and a positive impact on the bottom line. Investing in the overall well-being of employees could potentially offer a higher ROI than any other investment a business could make.
Diversity Initiatives Declining, Even as Companies Become More Diverse

Perhaps one of the greatest positive impacts on companies’ diversity, equity, and inclusion (DEI) initiatives came from a decidedly negative event — George Floyd’s murder in 2020. The resulting uproar was felt not only around the country, but around the world.

Even though many companies were certainly involved in DEI initiatives prior to this, more became involved in the aftermath because it raised awareness and prompted discussions about the importance of company efforts to embrace, understand and engage people, regardless of their backgrounds.

Declining Support for DEI Initiatives

But despite the rhetoric, the reality is a bit dismal. DEI is falling by the wayside in corporate America. In fact, DDI reports that C-suite endorsement of company-wide DEI efforts has decreased 18% over the past two years.

DDI Center for Analytics and Behavioral Research Director Stephanie Neal said that this decline in support of inclusion and belonging at work, “has left many leaders, especially those who are women and from minority racial and ethnic backgrounds, questioning their company and role.”

What are the implications for the future of DEI work and how can HR managers, who are on the frontline and know that inclusion and belonging are key ingredients of employee engagement, help to slow this trend? Randi Bryant, a self-identified “DEI disruptor”, is concerned that DEI is coming to be seen as somewhat of a “soft” area of focus by organizational leaders and told HR DIVE that: “It’s something that they do to be kind to their employees. And they don’t realize that DEI is absolutely necessary for the employees to be kind to each other.”

But, in the same article, Cinnamon Clark, McLean and Company’s practice lead of diversity, equity and inclusion services said that she has seen an uptick in HR interest in the employee experience and said: “I think that — and there’s a lot of evidence to prove that! — ‘employee experience’ is the new way of saying inclusion without being off-putting to some audiences.”

Data Continues to Support Positive DEI Impact

Hopefully, Clark is correct. We’re finding data to support the positive impact of effective DEI initiatives in organizations and the effect of having a diverse workforce on business performance. For instance, InStride has compiled research from multiple industry experts:

- McKinsey research indicates that more diverse and inclusive companies are 35% more likely to outperform their competitors.
- Harvard Business Review indicates that diverse companies are 70% more likely to capture new markets.
- People Management says that diverse teams are 87% better at making decisions.
- BCG research suggests that diverse management teams lead to 19% higher revenue.

In addition, InStride points to additional evidence that diversity isn’t just important for businesses — it’s important for employees as well:

- Glassdoor data says that 2 out of 3 job candidates are looking to land jobs at companies that have a diverse workforce.
- Millennials are particularly attuned to DEI — Deloitte indicates that 74% of this generational cohort believes that their organizations are more innovative when they have a culture of inclusion — 47% are actively looking for that type of culture when considering potential employers.
To combat this trend, it’s important for organizations to understand these positive impacts and how they can harness the power of diversity to achieve them in meaningful and measurable ways. HR and diversity leaders are at a pivotal point here: they must take a lead role to effectively communicate to organizational leaders exactly how DEI affects some key organizational needs.

DEI Impact on Innovation
As Glassdoor reports, 76% of job seekers consider an organization’s DEI policies when they’re looking for a place to work. If companies want to attract (and retain) diverse talent to help them stand out in a competitive marketplace, they need to create a culture that is conducive to inclusion in visible ways.

Organizations are well aware that diverse teams are known to be more innovative. That’s because different perspectives can provide richer insights to drive new ideas and solutions, helping companies remain competitive. That diversity is particularly important in a world increasingly focused on social issues.

DEI Impact on Creativity
When employees from different backgrounds and perspectives come together, creativity and problem-solving are also boosted. Creating diverse teams can lead to the type of creativity needed to create better products and solutions — and to achieve better business success.

Josh Bersin research indicates that inclusive companies are 1.7 times more likely to be innovation leaders. And, as we’ve seen, Harvard Business Review has reported that diverse companies are 70% more likely to capture new markets. It’s the innovation that these companies harness by building a diverse workforce that makes this possible, creating a win-win for everybody in the organization.

Tools like Inspirus Connects can help companies easily and seamlessly capture and showcase creativity by highlighting both individual and team successes. Success breeds success. The more employees are recognized and rewarded for their efforts the more they’ll continue to work together to achieve great things.

DEI and High Performance
Both innovation and creativity drive high performance. The business world is full of examples of companies that failed to innovate and eventually went out of business — companies like Blockbuster, Polaroid and Borders come to mind.

If you want your company to achieve high performance, you’ll need to take steps to build the kind of diverse workforce needed to spur new business ideas and solutions to address market needs.

DEI and Increased Satisfaction and Retention
We’ve seen plenty of evidence that today’s employees value diversity and choose to join — and stay with — companies that have diverse workforces that they visibly value. Employees who feel appreciated for who they are and the unique contributions they can bring to the organization are more likely to stay in their roles longer. Organizations that value diverse individuals drive loyalty and longevity, which contribute to business success.

An important part of satisfaction and retention is being recognized for their efforts. Inspirus Connects helps companies recognize and acknowledge accomplishments and reward desired behaviors, also offering employees an opportunity to recognize each other.

Attracting Top Talent is a Self-fulfilling Prophesy
Companies that provide an inclusive workplace develop a brand that attracts employees looking for a great place to work. As companies gain a reputation for being inclusive, top candidates will come knocking at their doors, wanting to be a part of that culture — a culture that creates a strong community that helps employees from a wide range of backgrounds bond through innovation and creativity.

DIVERSITY
Encouraging Microcultures Creates a Culture of Inclusion and Belonging

Consider the wide range of differences that exist among members of your workforce: differences related to gender, age, racial or ethnic backgrounds, geography and more. Those differences can lead to the formation of microcultures within organizations. The formation of these microcultures has been on the rise since the pandemic and is a trend likely to continue as employees seek to connect with others like them, especially in an increasingly remote and hybrid work environment.

What are Microcultures?
Microcultures are subcultures that are formed when employees with common identities, challenges, job functions, or even geographical locations formally or informally gather and share how the things they have in common impact their work and personal lives.

The term was first known to be used in 1893, but later microcultures were traditionally groups defined as teams or departments. With remote workstyles, this definition is now evolving. Employees are using technology to form strong relationships with anyone, including those outside their immediate teams, to connect on a deeper level, which is the foundation for microcultures.

Are Microcultures Counterproductive?
Because microcultures are created by smaller groups of individuals within an organization, they can influence the values and behaviors of those within the group and ultimately shape the larger organizational culture.

Are microcultures counterproductive? Should leaders react and squash them because of their vision of a unified culture? Not so fast....

In 2021, hate crimes against Asian Americans increased 339%. Similar impacts have been felt by Black Americans, members of the LGBTQ+ community, Jewish people and others. As a result of this type of backlash, microcultures formed in workplaces and in communities to protect these groups. Both members and non-members of these groups come together in solidarity and support in response to the negativity and targeting.

And the bonds that formed remain.

One drawback of microcultures, which can occur within any organization, is that a microculture can become a pocket of toxicity if not managed properly — leading to impacts like lack of engagement and turnover. According to MIT Sloan Management Review: “By one estimate, employee turnover triggered by a toxic culture cost U.S. employers nearly $50 billion per year before the Great Resignation began.”

It’s important for leaders to commit to assessing their culture from a holistic perspective — for better or worse — which includes the existence of microcultures.

The formation of microcultures needs to happen organically and out of need. While managers cannot artificially create microcultures to fill gaps they see, they can enable them when they start to emerge. And they can manage these microcultures to avoid the creation of toxicity.

Non-Toxic Microcultures Have Many Benefits
When microcultures are embraced as one antidote to toxic culture, it provides a myriad of benefits that can drive business value, supporting
Inclusion, belonging and networking even in remote and hybrid work environments.

**Inclusion**
Companies often take steps to proactively recruit members of diverse communities. They sometimes fail to reap the benefits of this diversity, though, once employees are brought on board. Lack of inclusion can lead to dissatisfaction, lack of engagement and turnover.

It’s important to be proactive and mindful to ensure inclusion.

Inclusion involves efforts and behaviors that can be fostered by organizations and the people in them. Microcultures foster inclusion and promote a sense of belonging by allowing employees to bring a part of themselves to the table that is not always reflected in the majority culture.

**Belonging**
Belonging is the result and outcome of inclusion, something that employees themselves feel. A sense of belonging is important for employees — especially diverse employees — to feel connected. Belonging drives engagement, productivity and retention. Microcultures can offer a boost to belonging.

Microcultures provide a space where employees feel empowered to talk about difficult topics within the group, fueling their confidence to talk about those same topics outside of their group, in their everyday lives. This fuels a sense of belonging, but it can also have many other benefits for improving team culture such as physiological and psychological safety — providing a safe space for more junior staff to speak up or present ideas without fear of failure.

**Networking**
Networking is a natural byproduct of microcultures since participation alone presents opportunities to connect with others. The connection is deepened when common experiences, values and behaviors outside of the majority culture are shared and celebrated.

Managers can be mindful in helping employees network with each other — both formally and informally. Offering these opportunities can build strong bonds and a strong culture on both a broad and micro level.

Microsoft has been exploring the impact of working from home on relationships at work and published their findings in *Harvard Business Review*. Through their research, they’ve found some opportunities for business leaders to take proactive steps to help relationships remain strong which can be applied to the management and support of microcultures.

The broad organizational culture can’t incorporate every employee’s experience and every employee’s difference, but microcultures can, allowing for individual expression broader than the boundaries of a majority culture.

**The Power of (Micro)Culture**
Organizations who, decades ago, recognized the power of microcultures in the context of workplace culture are now finding a resurgence in the post-pandemic environment. When microcultures naturally occur and then are nurtured in the workplace, they create a more meaningful and productive overall organizational culture.

- **Tips to Support Inclusion, Belonging and Networking**
  - **Be proactive.** Make sure managers connect with employees regularly for one-on-ones and take steps to bring employees together.
  - **Make space for social capital to thrive.** Employees today are increasingly bogged down by the rapid growth in meetings of all kinds. Managers can look for ways to minimize these drains on productivity to allow employees more time to connect with each other informally.
  - **Encourage and reward social support.** Building strong networks involves recognizing and celebrating members of the community. Giving employees easy opportunities to do that, through tools like Connects, for instance, can help build a strong community even among a wide range of diverse groups.
  - **Make meetings intentional, inclusive and social.** Don’t leave these interactions to chance. Be mindful in planning and running meetings to ensure they’re inclusive and offer opportunities for meaningful social interaction.
About Inspirus

Employees play a large part in defining a company’s culture: their everyday experiences create the foundational structure that drives an organization to be strong, high-performing, and ultimately successful. Inspirus helps organizations harness the power of their greatest resource — their people — ensuring they feel valued and connected, fostering greater loyalty, performance, productivity and success. Through a SaaS-based technology platform and the support of tenured customer success experts, Inspirus’ recognition, communication, and community building solutions foster engagement to help workplace culture evolve and thrive.

Visit [inspirus.com](http://inspirus.com) for more information.

Inspirus is a Pluxee company.

About Pluxee

Pluxee is the global leading employee benefits and engagement partner that opens up a world of opportunities to help everyone enjoy more of what really matters for them. Through a full range of innovative and digital solutions deployed in 31 countries, Pluxee creates meaningful, engaging and personalized experiences that contribute to the well-being of individuals at work and beyond. From meals and food, culture, recognition, to wellness and mobility, Pluxee's products and services are designed to bring more value to people and organizations. Pluxee supports the purchasing power and promotes the well-being of more than 36 million consumers. Pluxee accompanies 500,000 clients to develop more meaningful relationships with their employees and improve their engagement. Pluxee simplifies the life of 1.7 million merchants every day. Strengthened by its historical ties with Sodexo, Pluxee’s 5,000 employees are committed to increasing its influence as a CSR leader by giving its clients, partners and consumers the means to make more sustainable choices every day.

Visit [PluxeeGroup.com](http://PluxeeGroup.com) for more information.