

2020 REPORT

State of People Strategy

The New World of Work



Introduction

All around the world, workplaces are changing.

In a year marked by a global pandemic and a growing movement against racial injustice, change has permeated all aspects of society — our work environments included. Remote work, new challenges around work-life balance, hiring freezes, and layoffs have all become standard operating procedures — but so has corporate activism, as more [companies speak out](#) for social change.

And though the lasting effects of those changes remain uncertain, HR teams have found themselves navigating the current reality and looking for ways to continue empowering employee growth, building morale, and encouraging company-wide communication. All while maintaining their ongoing workplace initiatives, negotiating hirings and layoffs, and building a successful, thriving team.

So how exactly are they achieving those goals?

To find out, we reached over 1,000 HR and People Team professionals to participate in a survey between **July 14th 2020 and August 4th 2020**, receiving 570 fully completed responses. Respondents came from companies of 1 to 6,000 employees and throughout the United States, Canada, Mexico, and 36 other countries around the world across nearly all continents. They worked across industries and ranged from HR generalists to C-Suite executives.

570

Completed responses

Over 1,000 HR and People Team professionals participated in the survey between July 14th 2020 and August 4th 2020.



27%

Director of People/HR



25%

C-Suite



26%

VP/Head of People/HR



11%

People OPS



25%

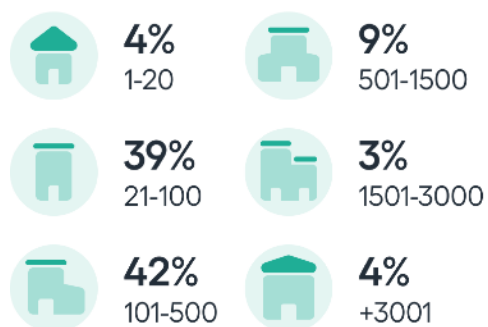
HR Generalist



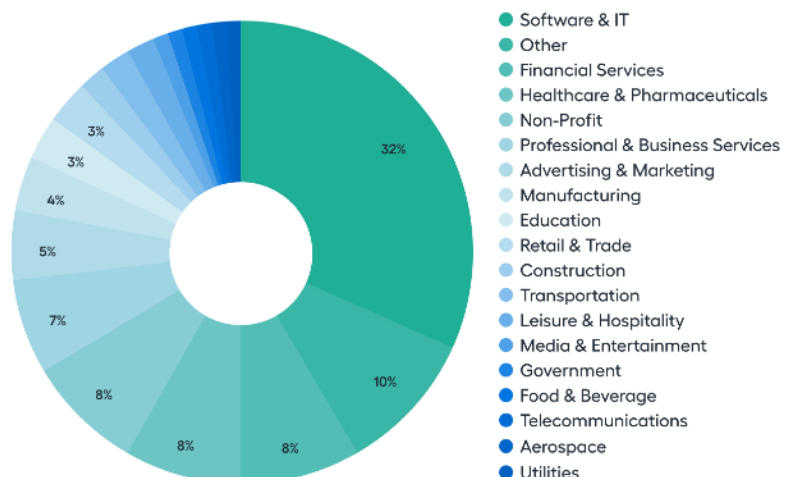
7%

Recruiting

Company Sizes



Industries



The report that follows articulates and condenses what our respondents had to say.

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Evolving HR and People Teams

Evolving HR and People Teams

This year alone saw HR and People teams tasked with helping their employees through new remote work protocols, rising uncertainties, and increased job insecurity. As the US encounters [one of the highest unemployment rates since World War II](#), companies like LinkedIn and Airbnb have seen mass layoffs, while industries from [restaurants to retail](#) have been upended completely. Other organizations have hit the brakes on hiring for the first time in years, keeping headcounts stagnant — and leaving many employees waiting for the other shoe to drop.

All of which has put more pressure on HR departments to take on a slew of new responsibilities from being “crisis managers” who are combatting declining morale while also starting up and maintaining programs to encourage communication, inclusion, and growth. And teams have stepped up to that role, often at the cost of their own bandwidth. With a seat at the executive table, or a position reporting directly to the top, HR has led their organizations through this year’s changes, introducing new initiatives and prioritizing key metrics that help them prepare for whatever’s ahead.

In this section, we’ll look at the state of the modern HR team. Given all they’ve faced this year, has HR finally earned C-level representation at most companies? What are they working on and how do they measure success? The data reveals a profession that’s moved past its reputation as a risk management or compliance function. If HR was already on course to being more deeply strategic at their organizations, 2020 only proves the trend is continuing.

HR Within the Organizational Structure

While HR departments represent just a small percentage of organizations overall, their role has become increasingly important, as they lead companies through both hiring and layoffs, and help employees navigate the year's workplace changes. And as it turns out, they're in an excellent position to do all of that.

Today, People teams across industries and in companies of all sizes are reporting to the C-suite, either directly to the CEO or to a dedicated CHRO position which reports directly to the CEO. That's critical to enabling them to meet their goals, allowing them to affect change and bring employee concerns to the top levels of the executive chain through the CEO or through HR's own seat at the table.

“The role of the CHRO or HR leader is to always be thinking about and contributing to the impact of people “

“The role of the CHRO or HR leader is to always be thinking about and contributing to the impact of people — they need to be in the executive and leadership meetings to be able to do this.” said Farrah Jessani Mitra, founder of Green Reed, a leadership development and executive coaching company.

Measuring HR

The world has shifted, creating a host of new priorities — and survey results show that both new and old key performance indicators (KPIs) have risen to the top as a result. Today, organizations are most interested in the following metrics:

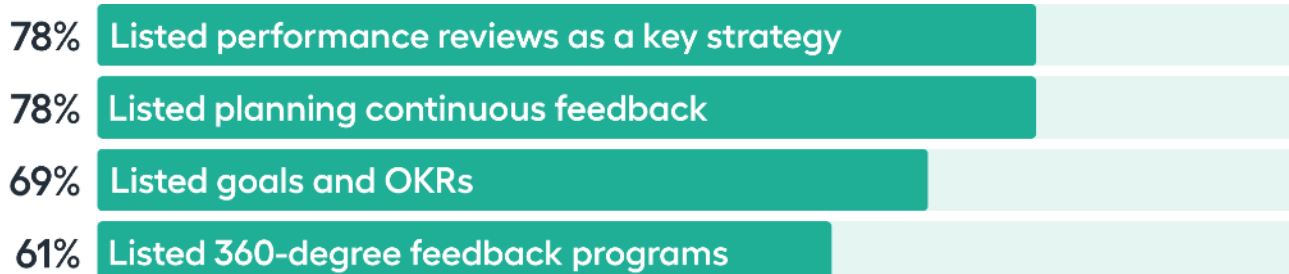
- With the rise of remote work, **employee productivity** has been a top concern among many HR teams. Small companies see it as more important than those at the mid-market and enterprise levels, though.
- **Employee engagement** is something HR teams are particularly focused on this year. Almost half (48%) listed employee engagement as one of their top three most-crucial initiatives for the 12 months ahead, as they try to maintain employee culture and ensure work-life balance within a remote work environment.
- **Performance reviews**, and the information they offer, are still as important as ever, with 89% of organizations using at least one type of performance review.

While always something to watch, HR teams are especially focused on **voluntary turnover** as a KPI this year as they try to keep their talent in place even through the frustration and uncertainty of rising burnout and increased layoffs.

Performance Management

Thirty-three percent of companies listed performance management initiatives as critical in the next year, making it the fifth-most-popular initiative cited by HR teams. However, small companies reported performance management as key over 50% more than mid-market or enterprise businesses. This is likely because mid-market and enterprise companies already have performance management processes in place, while small businesses are still building out their efforts.

Of those that listed performance management as an important initiative for the year ahead:



Learning and Development

Learning and development, supported by 37% of organizations, was the fourth-most-popular initiative planned across companies for the next year. But, focused on helping their top talent grow, it rises in importance for enterprise businesses.

Of those that listed performance management as an important initiative for the year ahead:



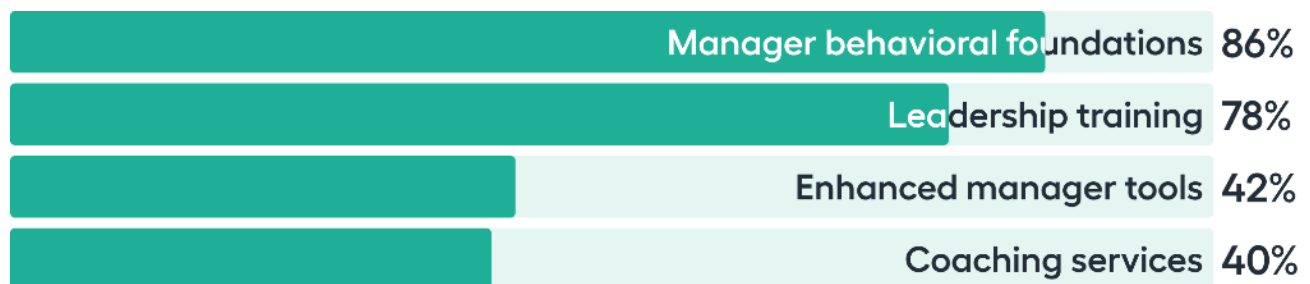
Career pathing, in particular, “*is very hard and critical*” Jessani Mitra said.

“Employees want to feel that they are growing and learning and progressing, especially when hiring top talent. But it can be tricky to define a career path in companies where roles and needs are varied or changing all the time — especially in smaller tech companies where they might be building the organization over time and rapidly growing, or in larger companies where it’s a massive lift to do this exercise.”

Manager Enablement and Training

HR teams work closely with managers to build out employee culture — and, as such, are prioritizing the actions that will help them do so. The second-most-popular initiative for the year ahead, manager enablement and training was listed by 46% of organizations as a priority.

The most important manager enablement initiatives include:

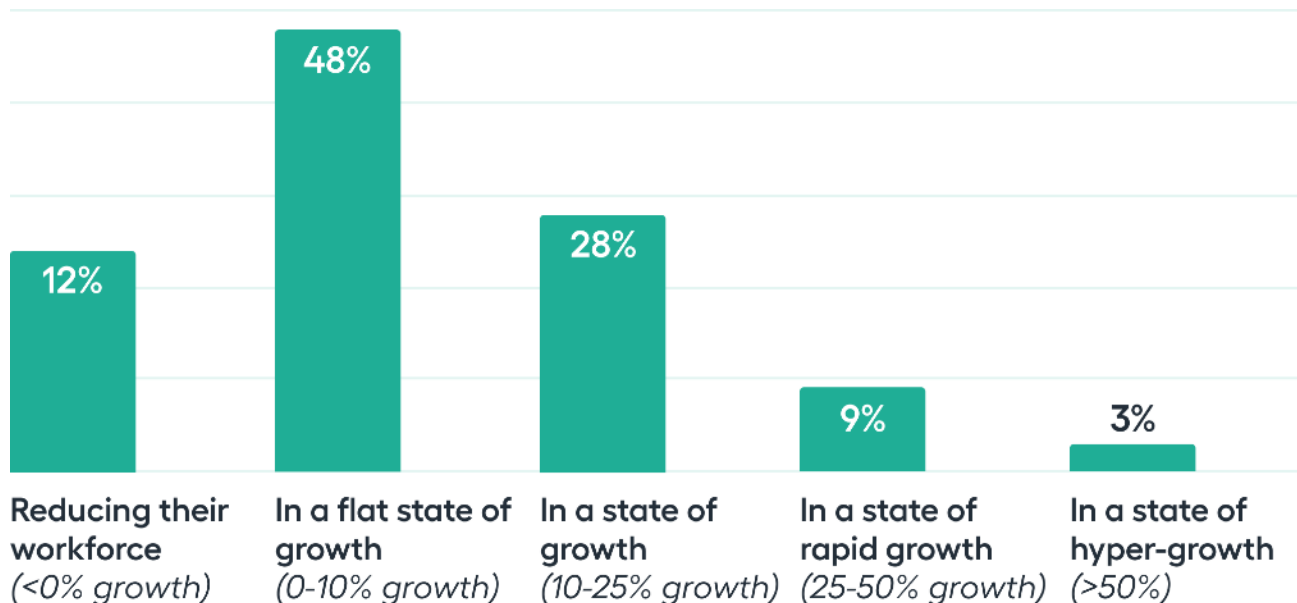


Respondents also put a high level of importance on manager feedback — putting managers at the forefront of employee communication and continued growth. This is especially true as remote work has become more popular, with companies currently using one-on-one conversations with managers as a primary method for monitoring employee culture and morale. And as HR is forced to take on new responsibilities, they are leaning on managers to help be their eyes and ears for how employees are feeling and communicating back what’s needed.

Hiring Trends

Months into a global pandemic, hiring is still being impacted, with 60% of organizations either reducing their workforce or in the midst of a hiring freeze. But there is some good news too: even in the current environment, some companies are still in a state of growth.

Of the organizations surveyed:



The list of those industries most impacted contains few surprises. As people have put aside their travel plans and day trips, and [manufacturing plants shut down temporarily](#) to slow down the COVID-19 spread, Leisure and Hospitality, Transportation, and Manufacturing reported the least amount of growth. And as those same people stayed at home for both work and leisure — spending [more time online than ever](#) — Telecomm, Media and Entertainment, and Software and IT saw the most.

Top 3 Initiatives for the Next 12 Months:

When asked which People Strategy initiatives were the most important to them in the 12 months ahead, the top five answers included:



Challenges in the Face of Change

Challenges in the Face of Change

Mental health. Burnout. Emotional exhaustion.

In any given year, these are problems HR teams face as they handle the day-to-day duties and emotional requirements of their job: managing employee grievances, navigating layoffs, maintaining employee morale, and building company-wide communication. But in light of everything that has occurred across the globe over the last several months, many of those challenges have been even more intense.

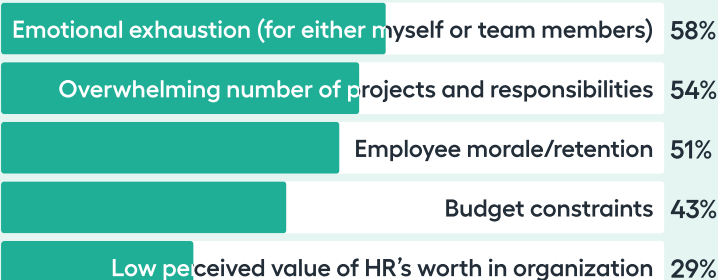
“When in People or HR, you’re often managing tricky people situations relevant to specific individuals or business situations.”

“It’s not COVID specific, but I do think COVID probably graduates it even further,” Jessani Mitra said. *“When in People or HR, you’re often managing tricky people situations relevant to specific individuals or business situations. During COVID, you’re also responsible for managing the new challenges you and your employees are facing — such as kids at home, sick family members, health concerns, financial issues, etc. This is very taxing.”*

It’s not surprising, then, that emotional exhaustion, feeling overwhelmed by projects and responsibilities, and employee morale are among the greatest challenges listed by HR and People professionals. Employee retention and budget constraints, meanwhile, rise in importance for mid-market and enterprise companies.

Top 3 Challenges HR Teams Faced in 2020:

When asked to rank the “top three” challenges their teams faced this year, these challenges were ranked



Emotional Exhaustion

“Employees [are] worried about losing their jobs because our company [is] affected by outside factors that impact our business,” one respondent wrote. Add to that the fear of getting sick, feelings of isolation from sheltering in place, and the challenges of working from home with kids, and it’s no wonder that emotional exhaustion was significantly heightened among employees and HR teams themselves this year.

“Employees [are] worried about losing their jobs”

Of those that named emotional exhaustion as a top-three HR challenge, 54% are VPs and Directors of People/HR, and all HR respondents listed the following as causes:



Respondents from Government, Telecommunications, and Retail and Trade reported higher emotional exhaustion rates than other industries — not surprising, especially for the Retail sector, which has faced a rollercoaster of changes, including [permanent store closures](#), [mass layoffs](#), and [a sudden shift](#) towards more digitally based offerings. Concerns of emotional exhaustion were lowest among employees at larger companies, meanwhile, where more support is generally available and tasks can be spread across a larger team. Twenty-two percent of respondents from small companies listed it as an issue compared to 17% of enterprise-level companies.

Employee Morale and Retention

Maintaining employee morale and making workers feel valued is a challenge at any time, but especially with so much change underway.

In a year where restaurants, retail shops, and event spaces were forced to temporarily shut their doors, and a rapid decline in tourism [put millions of jobs at risk](#), the Leisure and Hospitality and Retail and Trade sectors had the biggest challenge in maintaining employee retention and morale. But other sectors suffered too.

Across industries, the most significant contributors to employee morale and retention concerns included:

68%

Employee burnout.

The Healthcare industry, at the epicenter of pandemic response, had the highest rate of burnout, at 40%.

49%

Employees not feeling like they're growing.

This was particularly prevalent in the Financial Services and Construction industries, cited by almost 30%.

43%

Employees not feeling recognized.

This was at its highest within the Construction sector, cited by 36% of respondents.

All of that adds up in the current environment, Jessani Mitra said. “Employees want to be challenged and fulfilled, but it can similarly feel hard to process the ambiguity and change.”

Employee Engagement

Part of keeping up company morale is maintaining employee engagement — so, with the challenges HR teams currently face, it makes sense that this is the number one initiative HR teams are pursuing this year, with 48% of organizations making it a priority.

Of the organizations that named employee engagement initiatives as important:

73%

said culture initiatives were a big part of this effort

65%

named engagement surveys and remote team engagement programs

63%

listed wellness and work-life balance initiatives

Opening up Communication

Opening up Communication

Communication is critical to monitoring and maintaining employee morale, especially in this rapidly changing environment. And tools like performance reviews, engagement surveys, and one-on-one manager meetings help HR teams build those chains of communication company-wide.

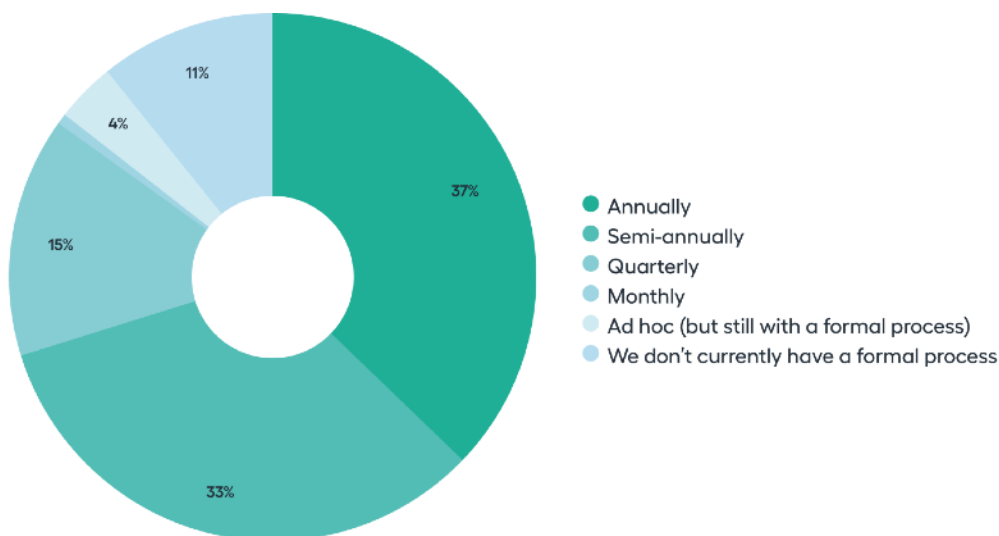
How HR professionals are using these tools, though, and the importance they place on them, differs from organization to organization.

Performance Reviews

A culture of “continuous, frequent feedback” is critical, Jessani Mitra said. And that starts with performance reviews. So it’s no surprise, even in the current work environment, that a full 89% of the HR teams surveyed have some kind of review process in place. But when it comes to reviews, every company has a different goal and objectives — and the style of review organizations use, the frequency of their reviews. The type of feedback they ask for can vary significantly as a result. To understand where those differences lie, consider each.

- *Style:* Of the organizations surveyed, most are soliciting either **manager-only feedback** or take a **360-degree** approach that incorporates input from managers, peers, and direct reports. But there are stark differences from industry to industry that demonstrate a different approach to the review process. Media and Entertainment and Advertising and Marketing, for example, are more likely to use 360-degree reviews — showing an appreciation for feedback from all levels of the organization. Government, Food and Beverage, and Aerospace take a more top-down approach — they’re most likely to solicit manager feedback only.

- *Frequency:* How often organizations run their performance reviews also varies. Conducted by 37% of organizations, **annual reviews** are still the most popular. Another 33% of companies have upped the frequency, checking in twice a year with **semiannual reviews** to keep performance top of mind. Finally, 15% use **quarterly reviews**, and 4% conduct more **ad-hoc reviews**, with a formal review process in place — letting companies keep a closer eye on short-term goals and stay flexible against continually moving targets.



- *Type of feedback:* When asked the kind of feedback they ask for, most HR teams said they highly valued both **qualitative and quantitative** feedback, not just one over the other. Most organizations used a combination, allowing them the benefits of both ratings and direct commentary — with 37% using an equal amount of ratings and comments, 27% using mostly comments with some ratings, and 19% mainly using ratings with some comments.

There were notable differences across company sizes in all categories, revealing different priorities and maturity levels regarding the processes in place. Small-sized companies are less likely to conduct formal performance reviews, for example, but those that do conduct formal reviews they run them more frequently than mid-market and enterprise-sized companies. That makes sense, considering that HR initiatives are often harder to roll out

at larger companies. Elsewhere in the data, smaller and mid-market companies also use purely qualitative reviews more than enterprise companies.

When it comes to organizational communication, though, performance reviews are only just the start. While they “summarize and capture progress and skill development, document performance, and ensure fairness for compensation and promotions,” Jessani Mitra said, nothing communicated to employees within a performance review should come as a surprise. To make sure it isn’t, HR teams also have other tools in place.

Engagement Surveys

While performance reviews capture the ongoing progress of employees within their current role, to see how they’re performing and where there’s room for growth, engagement surveys take a pulse of how employees are feeling at any given moment, to determine where they’re struggling and open up a conversation that’s continuous and two-sided.

Of the organizations surveyed:



While HR teams administer a majority of engagement surveys, teams outside of HR administer less than 20% of such surveys. Full engagement surveys are the most commonly used among HR teams, while non-HR teams prefer engagement pulse surveys.

One-on-One Meetings and Manager Feedback

One-on-one meetings, manager feedback, peer feedback, and other forms of employee-led initiatives — both standardized and more informal — help ensure communication remains part of the ongoing company culture. Among them, **manager one-on-ones**, **manager feedback**, **team meetings**, and **goal setting and OKRs** were listed as among the most important employee actions by the organizations surveyed. **Peer feedback**, by comparison, scaled low in terms of its overall importance.

Company support was lacking for many of those employee-led initiatives:

	Live Training	Self-Guided	Literature	Online Platform	No Support Provided
Goal-setting / OKRs	36%	28%	28%	39%	25%
Manager feedback	41%	28%	26%	41%	18%
Peer feedback	22%	19%	18%	35%	39%
Manager one-on-ones	29%	26%	27%	37%	21%
Team meetings	22%	20%	19%	31%	34%
Written updates to managers	15%	15%	19%	28%	48%
Career development planning	23%	23%	26%	24%	40%

The Year in Review: 2020 Trends

The Year in Review: 2020 Trends

The year was dominated by two world-changing events that permeated the workplace and corporate environment in many ways. And while both the COVID-19 pandemic and growing support for the Black Lives Matter movement and rising voice against racial injustice have affected every facet of the workplace this year, some of those changes promise to continue to have lasting effects.

COVID-19: The Rise of Remote Work

As seen throughout the survey, the COVID-19 pandemic has affected all facets of working life, from employees' mental health to overall company morale. But as employees worldwide have been forced to shelter in place and companies have scrambled to support a remote work environment among non-essential workers, there's been a formative change.

"Things keep changing in our company with COVID-19 ebbs and flows and it is hard to stay 'up.'"

Before the pandemic, survey respondents reported, less than 10% of their employees worked from home. COVID-19 saw that number rising suddenly and sharply, and at the time the survey was administered, 100% of their employees were working remotely.

Such a sudden switch left HR teams scrambling for solutions:



“Things keep changing in our company with COVID-19 ebbs and flows and it is hard to stay ‘up,’” one respondent wrote. But teams have proven they are able to react with agility. As a [Lattice Report](#) revealed earlier this year, 73% of HR professionals have implemented new communication and meeting procedures and provided employees with additional flexibility. A majority of companies are monitoring employee culture and morale through one-on-one conversations with managers.

A range of new benefits have also been introduced, seemingly to help teams adjust to new workplace realities:



Some companies have even gone one step further, bringing in special insurance coverage for COVID-19, improved parental and caregiver paid leave policies, additional paid time off, or additional mental health days to deal with the short-term effects of the crisis.

And now, with those new policies and benefits in place, it doesn't look like remote work is going to go away, at least not fully, even as the pandemic ends.

Of the organizations surveyed:



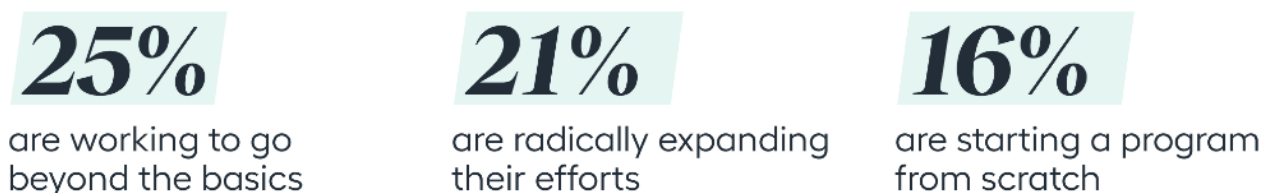
While it may have been borne out of necessity, remote work promises to be a more dominant force in the years ahead — and the work HR and People teams have already done will put a foundation in place as they navigate this new normal.

Black Lives Matter: Expanding DE&I

The death of George Floyd and public swell of support for the Black Lives Matter movement have been an impetus for workplace change, as many companies stand up against racial injustice and inequality both publicly and within their own hiring practices. For many, that's meant doubling down on their diversity, equity, and inclusion (DE&I) programs.

Over 60% of organizations are building on their DE&I programs after the events of this year — either starting from scratch or expanding what they already have.

Of the organizations surveyed:



Only a third of organizations (33%) said that current events have not impacted their existing DE&I efforts and programs, and that they don't plan to make any changes to their programs at all.

Among the top three initiatives for organizations this year, DE&I is a priority for 44% of respondents. And among those that have made DE&I a priority, the commitment often comes straight from the top. While HR leaders were the main advocates of DE&I, listed by 86% of organizations, they were joined by CEOs, who advocated for DE&I 43% of the time. Only as company size increases do DE&I leaders and ERG members eclipse HR Leaders and CEOs as the main advocates.

Those companies are monitoring diversity through hiring, **headcounts**, and **diversity-specific engagement survey questions**, and introducing a range of programs to help build inclusion and diversity organization-wide. Including, in

the case of one organization, incorporating inclusive holidays like Juneteenth into their company calendar.

The most popular initiatives currently being supported include:



For those organizations looking to introduce DE&I initiatives in the next year, the following were prioritized:



Not that there aren't hurdles to be tackled still. When asked to identify the biggest barriers to improving or initiating DE&I programs, respondents listed the **perceived time commitment**, **lack of DE&I program knowledge**, and **indifference**. Meanwhile, respondents from enterprise organizations reported fewer all-company, unconscious-bias training efforts than small and mid-market companies. This is likely due to the fact that a company-wide initiative would be much more costly and involved.

Moving Forward: A Playbook for the Year Ahead

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So what comes next?

While change has been a constant this year, it's clear that HR has stepped up to support their employees through this tumultuous time. They're planning new initiatives to build employee engagement and morale, and keeping the lines of communication open through performance reviews, engagement surveys, and manager one-on-ones.

But how will HR continue to support their teams and achieve their bigger goals even in the uncertain environment ahead?

Understand the Emerging Work Environment

In some ways, Jessani Mitra predicts, next year promises to be even more fraught with change than this one — at least for HR and People teams. With more companies planning to adopt a hybrid work environment that allows employees to choose to work remotely or not, pros and cons emerge. While it opens up the chance to recruit employees from anywhere, creating a bigger talent pool to choose from, it also has the potential to introduce brand new HR challenges.

“Fully remote or mostly in-person companies can make their dominant model work, but a mixed model is very challenging,” Jessani Mitra said.

“Remote employees can often feel like they are forgotten, miss the benefit of hallway conversations, feel like they are missing out, or feel like they miss crucial communications.”

“I feel like it could be a very challenging year just understanding what the new normal looks like.”

All of the challenges of this year will continue to be challenges next year. It also seems many HR teams are seeing managers as the natural extension of how they can handle these issues. If organizations have new managers, they may consider making training more of a priority or investing in software like Lattice that helps structure more effective manager conversations.

There will also be tough questions to ask. As workers feel freer to move away from cities, should pay be adjusted? *“It could be a very challenging year just understanding what the new normal looks like,”* Jessani Mitra said.

Make Inclusivity and Mental Health Long-Term Initiatives

With more than 60% of companies making some type of change to their DE&I program — whether starting one from scratch, going beyond the basics, or expanding their efforts — HR teams will also need to put in the work to get that exactly right. To be effective, diversity and inclusion can’t just be a short-term goal — they need to be incorporated into a company’s core values. That takes long-term commitment.

If your company is one of those hoping to make this a bigger part of your 2021 strategy, starting with a DE&I-focused employee engagement survey will give you deeper insight into what your employees feel are your strengths and weaknesses in this area. For example, if a large percentage of people feel like they can’t be themselves at work, inclusivity and belonging should be at the top of your concerns list. Then you can build an action plan off of those results. The main thing to remember is that the commitment will be key, so build goals off of that action plan that can be part of company goals for the year — whether as part of People team goals or, even better, executive team goals. That will show deep commitment from the top down.

And that commitment also applies to dealing with the effects of emotional exhaustion. Jessani Mitra says coaching and the right resources to help employees manage exhaustion can help. She adds that HR teams need executive support in helping employees navigate their workload, emotions, and overall mental health — both through the changing work environment and beyond. “A CEO recognizing the load and hardship, and valuing and recognizing the efforts being made, can go a long way,” she said. “It’s also important to take collective ownership, with all leaders leading their own people. HR and People teams’ job is to help be stewards and empower, but there should be collective ownership from leadership and the full team.”

To assess your employees’ feelings, it’s worthwhile to also consider making this a focused employee engagement survey. If this struggle is a huge focus at your organization for next year, consider investing in and overcommunicating about mental health programs or employee training around burnout. As with any changes to employee culture, the trick is to lead by example and involve everyone in building towards common goals, while celebrating achievements along the way. And it also means understanding that — as Jessani Mitra points out — lasting change doesn’t happen overnight.

Whatever the changes look like, it’ll take time for teams to fully evolve. And only once they do can they come out stronger on the other side.

Conclusion

While it may have been a year like no other, 2020 has proven that even in the most trying of times HR and People teams are willing to do what it takes to keep up. As new challenges have emerged, they've responded: setting employees up for success and helping to build morale, prioritizing DE&I, and continuing to expand company-wide communication efforts to make sure no one feels left out. They've done this in the midst of hiring freezes and layoffs, a pandemic, and rising social change.

What comes next for the world — and the workplace — is still unknown. But one thing is clear from the year that's passed: HR and People teams are up to the task.

About Lattice

Lattice is a people management HR software company that aims to help companies drive and retain engaged, high-performing teams.

Lattice's product offerings include a continuous performance management suite, engagement surveys, and career development tools. With Lattice, it's easy to launch 360 reviews, share ongoing feedback, facilitate 1:1s, set up goal tracking, run engagement surveys, and roadmap employee growth.

By combining performance management, employee engagement, and career development in one solution, HR teams get powerful analytics that leads to actionable insights. Lattice is the only company that offers these in one solution.

Lattice works with companies who aspire to put people first and see people as part of how they'll be successful. Whether redefining the beauty industry or building self-driving cars.

All of our customers have one thing in common: they value their employees and want to invest in the development and success of their people.

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Postmates

