New data reveals:

Why employee *development* should be HR's top *PRIORITY*

Rethinking employee development

When it comes to the employee experience, people leaders tend to focus primarily on outcomes – be it survey results or performance reports. However, as organizations strive to optimize and improve the holistic experience, a focus on the process of achieving those outcomes can make a massive impact. Culture Amp's people scientists have looked at data from millions of employees across 6,500+ organizations, and have identified growth and development as key drivers of engagement, retention, and performance.

It's critical for organizations to take a thoughtful and strategic approach to employee development, but traditional approaches to development take a great deal of time and individualized support. Employees are typically expected to squeeze time into their day-to-day or outside of work hours to drive their own development, and managers often don't have the bandwidth or resources to provide support. Left to their own devices, employees can easily get stuck or focus on skills that are out of sync with the company's long-term goals.

Your company can overcome these challenges by taking a new approach to the employee development process. HR has an incredible opportunity to empower managers and individual contributors with a structure or framework that embeds development into the employee experience and provides a clear path to growth. Before implementing a new process, company-wide buy-in is a must.
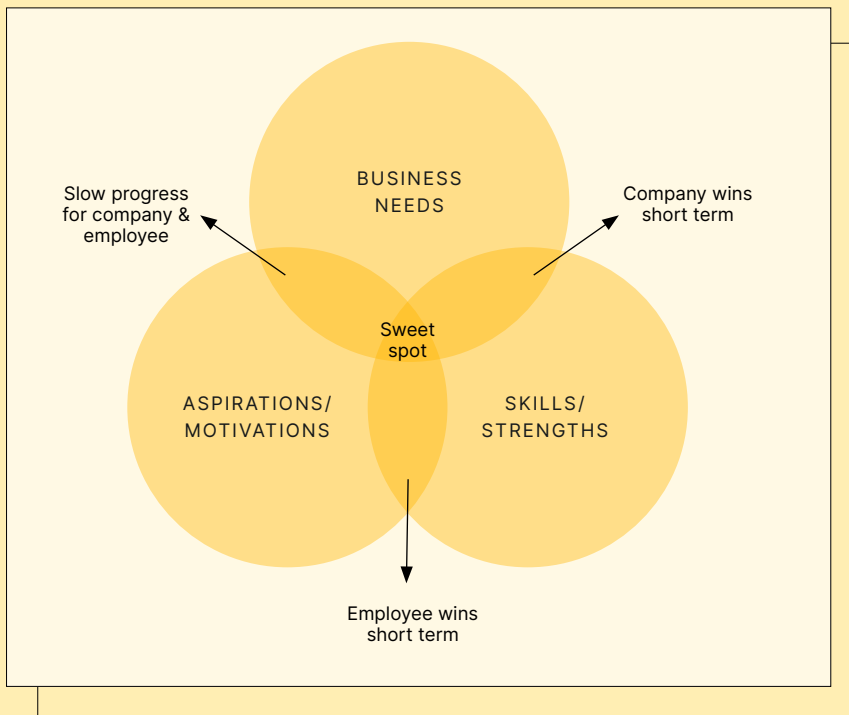
In this report, we'll share key findings, tips, and best practices from our people scientists that demonstrate how investing in development can improve three key areas: **employee retention, engagement, and performance.**

A *balanced* process

The ideal employee development strategy takes into account three core aspects: business needs, current skills and strengths, and individual aspirations. In order to grow your people and your business, development needs to go beyond the traditional focus of simply building skills.

Employee development should ideally sit in a "sweet spot" that intersects:

- Business needs and alignment,

- Individual aspirations, motivations, and passion, and

- Individuals' skills and strengths

[Venn diagram]

Slow progress for company & employee

BUSINESS NEEDS

Company wins short term

Sweet spot

ASPIRATIONS/ MOTIVATIONS

SKILLS/ STRENGTHS

Employee wins short term

Keep this *balance* in mind as you dig into the tips and best practices in the report.

Takeaway

"Employee development should be both good for the employee and good for the company. To ensure that's the case, look for opportunities to frame or assign company needs in terms of employee interests.

But be honest about places where there is no match. Disappointment can also be a developmental experience if it leads to alternative goals that are more achievable or helps an employee move on and find a better fit. It also ensures that you are making space for people who are better matched to the needs of the business."

— Kenneth Matos
Director of People Science
Culture Amp

Development's impact on *Retention*

Culture Amp data has revealed that development is the most often cited reason for exiting. As a matter of fact, an employee's dissatisfaction with development shows in engagement survey responses months prior to actually leaving. This demonstrates how important growth is to your employees and how improving development is a massive opportunity to better attract and retain talent.

Employees who don't feel they have access to L&D are *2X* more likely to leave in 12 months.

Lack of career growth and development was the top reason selected at the time of exit (by ⅓ of employees).

SELF-IDENTIFIED REASON FOR LEAVING COMPANY

11.1%
Compensation/ benefits

11.8%
Career change

11.8%
Personal reasons

37.1%
Growth

7.6%
Leadership

13.4%
Work/life balance

7.2%
Manager

Takeaway

"If you want to keep people in a role longer, give them something to look forward to in their career as a result of being in that role. Waiting to 'save' employees who come to you with other offers in hand signals to employees that the secret to advancement is to just threaten to leave. That creates disruptions to workflows, hurts pay equity, and creates other negative ripple effects throughout the organization."

— Kenneth Matos
Director People Science
Culture Amp

If a manager doesn't show interest in their career, the direct report is *2X* more likely to leave in 12 months.

The 3'Es of development are a useful framework for holistic, successful growth:

EXPERIENCE
Stretch projects or tasks employees can take on to help them learn

EXPOSURE
Job shadowing, cross-functional collaboration, networking, professional associations

EDUCATION
Courses, online learning, books, podcasts, workshops

How to use the GROW coaching model

Having thoughtful coaching conversations is a great way to better support your employees' interests, goals, and path forward. The **GROW** coaching model is very well aligned to developmental conversations. As you progress from stage to stage, there are different questions you can ask to help your employees move forward.

G

GOAL:
What are you trying to achieve?
Why is this important for you?

R

REALITY:
What's your current situation?
What obstacles are you facing?

O

OPTIONS:
What options do you have?
What are the pros and cons of each option?

W

WAY FORWARD:
What option works best for you now?
How will you measure success?

Takeaway

"When we frame learning as a more holistic and nuanced range of activities using a tool like the 3 E's, we help employees recognize that development happens every day and isn't just limited to attending a course.

Additionally, employees who have the opportunity to try out other roles through exposure or experience will be less likely to look for this type of growth externally."

— **Dany Holbrook**
Senior People Scientist
Culture Amp

Employees who left were *less favorable* about the statement "I believe there are good career opportunities for me at [Company]."

Employees need to know the company's vision to picture potential avenues for career growth.

Step 1
Identify company and team needs. This will require setting criteria for when new roles will be opened or expanded in scope.
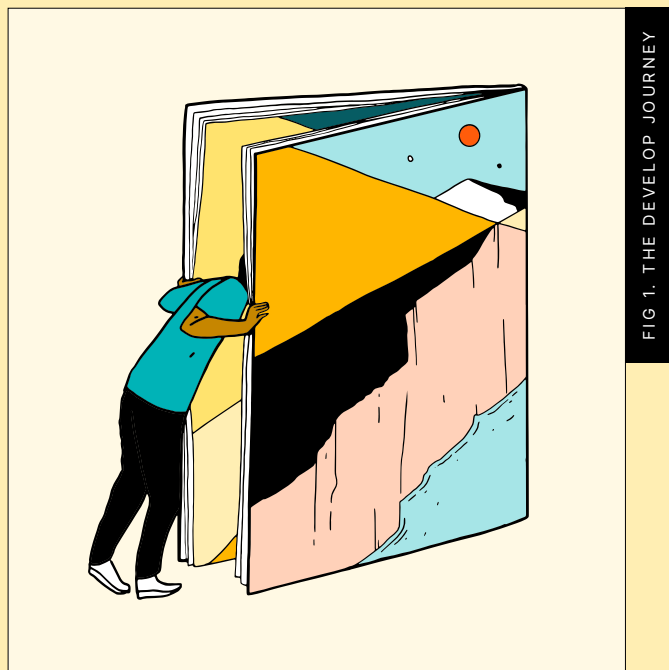
Step 2
Build out career paths so employees can explore roles.

Step 3
Encourage regular development conversations based on career paths and associated competencies.

You'll want to clearly communicate:

- What roles does the company anticipate maintaining or creating?

- What competencies are expected to be needed for those roles?

FIG 1. THE DEVELOP JOURNEY

Takeaway

"Consider how to share growth opportunities – and your expectations around them – with senior leaders, frontline managers, and individual contributors so it's consistent across the board.

For example, having a consistent and accessible method for sharing jobs you currently have and ones you anticipate forming in the future can help people see opportunities down the road."

— Kenneth Matos
Director of People Science
Culture Amp

Development's impact on *engagement*

Development is a top driver of the level of enthusiasm, connection, and commitment the employee has to an organization. Any company that is committed to improving employee engagement should also be thinking about how to support individuals in working toward their growth goals. This benefits the entire organization as employees become increasingly innovative as they continue to level up their skills and learn from their new experiences.

Employees are *46%* points more engaged when they can **develop skills relevant to their interests** (34% if they disagree and 80% if they agree).

Self-reflection questions are a great way to help individuals identify their strengths, values, and motivators. For example:

- What parts of your role make you feel energized?
- When do you feel you're doing your best work?
- What skills, if you were to improve, would help you accomplish your goals?

Career paths are a great way to drive employee motivation while staying true to business goals. For example, employees can:

- Explore upward and lateral moves.
- See what competencies are needed for their next step.
- Visualize inspiring progression at your company.

Takeaway

"One of the most important parts of employee development is allowing time for self-reflection. You can't figure out the path to get somewhere until you have a good idea of where you'd like to go."

— **Fresia Jackson**
   Lead Researcher of People Science
   Culture Amp

Companies where *managers* show an *interest* in their direct report's career aspirations have employees that are:

15% points more likely to recommend the company (75% to 90%)

21% points more motivated (59% to 80%)

15% points less likely to be thinking about looking for a job (51% to 66%)

13% points more proud to work there (79% to 92%)

10% points more likely to see themselves working at the company in 2 years' time (62% to 72%)

Takeaway

"Development should be guided through regular manager-employee collaboration, conversation, and coaching.

Once the employee has spent time reflecting on their strengths and aspirations, the employee and manager can talk through a variety of potential career paths or development opportunities like stretch projects.

While these conversations should be happening often, designating a specific time will keep both parties accountable. Following a performance review is a great time so that feedback given during the process can be incorporated into their development plan.

In order for managers to be able to effectively coach employees towards the opportunities they want, the HR team needs to provide clarity around your internal promotion or transfer processes."

— Dany Holbrook
Senior People Scientist
Culture Amp

Development's impact on *performance*

Data has shown that companies who focus on development do better on individual performance as well as many business outcomes such as many business outcomes such as headcount growth, funding, and stock price. Further, the data shows that their focus on development preceded these positive outcomes. It's clear that companies who focus on development see improved engagement and retention, so it's no surprise that there are broader ripple effects on the business.

Individual performance

Employees using our development plans see a **30%** average performance rating increase.

Company growth (by headcount)

Companies that focus on development are more likely to experience long-term growth.

Data shows that companies that have created a culture of development grew on average **24.3% points** more than those who hadn't.

Funding

Higher scores on development precede a company receiving funding. Higher scores are also correlated with higher funding per head.

Our people scientists found that companies that focus on employee development received **41.6%** more funding than those who did not. On average, they received **$77k** more per employee.

Takeaway

"How do you know when you should promote internally versus hire externally? A good rule is if an employee could grow into the role in 6 months, consider giving them the opportunity. This will massively help with retention. It also saves time because it takes less time to level up a current employee than to onboard new talent."

— **Fresia Jackson**
   Lead Researcher of People Science
   Culture Amp

Getting started

To ensure successful adoption of your development strategy, buy-in from the top down is imperative. Merely paying lip service to the importance of growth does not empower your people to incorporate it into their work experience. To turn this from a "nice-to-have" into an engaging and successful program, make sure that a development mindset is embedded into the organization's DNA.

The findings in this report will be helpful as you seek buy-in from company leaders. Empower yourself with the data to prioritize a formal development process in your organization as well as a starting point for determining what this process could look like.

With **Develop by Culture Amp**, you can improve motivation and performance with easy, continuous development — at scale. See how you can grow your people and your business.

Learn more about Develop