The people development balancing act

Where short-term performance
meets long-term strategy

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Executive summary

Taking the pulse on modern people development

" People are critical to any business—they're the ones who serve customers, who innovate new products, and, ultimately, the ones who'll enable the business to fulfill on its long-term strategy. This new research shows too many companies over-emphasizing short-term performance and under-emphasizing longer-term strategic capabilities. Yet, without these capabilities, today's organizations will never achieve their full potential.

CLAUS JOHANSEN, CEO,
ELOOMI, A DAYFORCE COMPANY

Every business needs to attract the very best talent. They want those that join to deliver outstanding performance. And they want them to stay, grow their skills, and help drive long-term company success.

The reality today, however, is that there is a widespread talent shortage in many sectors. In others, the rules of the game are changing, requiring skills and capabilities virtually unheard of until recently.

Nothing stands still.

But developing people can be complex. Changes across technology, the competitive environment, and employee expectations make ensuring you have the right employees with the right skills challenging.

It's a balancing act. Between what the business needs right now and what it will need in the future. Between what senior leaders see as the business's mission and how employees need to engage to help drive it forward. And between competing items on never-ending HR to-do lists.

What's working and what's not in people development today

To gain a better picture of the key challenges facing businesses, HR, and learning and development professionals, we commissioned new in-depth research into how companies are approaching people development today.

We asked over 1,500 business professionals in medium-sized companies about their experiences of people development. Job roles span senior leadership, heads of HR, learning and development leads, and front-line employees. The data covers the US, UK, Denmark, Norway, Finland, and Sweden.

The results paint a picture of an environment where there is an increasing tension between long-term ambitions and a short-term narrow focus on day-to-day performance.

We see senior management's view of people development at odds with how employees experience it.

And we see HR and L&D leaders struggling to free up time from manual administration to focus on what really matters to the business.

Let's dive in.

People development in 2024

The drive for immediate performance

Most businesses will talk about their people as a key factor in their success or failure. While it has been over 20 years since Steven Hankin of McKinsey & Co coined the term "the war for talent," the reality is that most businesses are in constant competition for the best and the brightest people.

In short, talent matters. A lot.

Unsurprisingly, everyone in our research agrees that people development is important. Most go further with **80%** saying that it's very important.

So far, so expected.

What do we even mean by people development?

A core challenge is that "people development" is a very broad term.

It encompasses everything from expanding and deepening individuals' day-to-day skills to a wider focus on long-term personal growth, wellbeing, and career development.

This means that, in the same breath, we could be talking about an employee's ability to use a key piece of software and their long-term career aspirations. This can make it difficult to focus our efforts on what really matters to the business.

So, we asked business leaders: what do you actually want these development programs to deliver?

The reality is that the answer splits into two parts:

1. What people development should deliver at an employee level

2. What it should deliver for the broader business

Ideally, of course, the two should be highly interconnected. As we'll see, this is not always the case.

> **❝** Management should have clear goals or objectives and managers should be checking in with employees around how and how well those goals are being met, regularly. Without this type of 'keeping score' it is hard for anyone to determine where they stand, what needs to be worked on, and when.
>
> **SENIOR BUSINESS LEADER**

What leadership wants: the employee level

We'll start with what business leaders believe people development should focus on at an employee level. What we see in the research data is that senior leaders are focused primarily on short-term employee performance—the here-and-now.
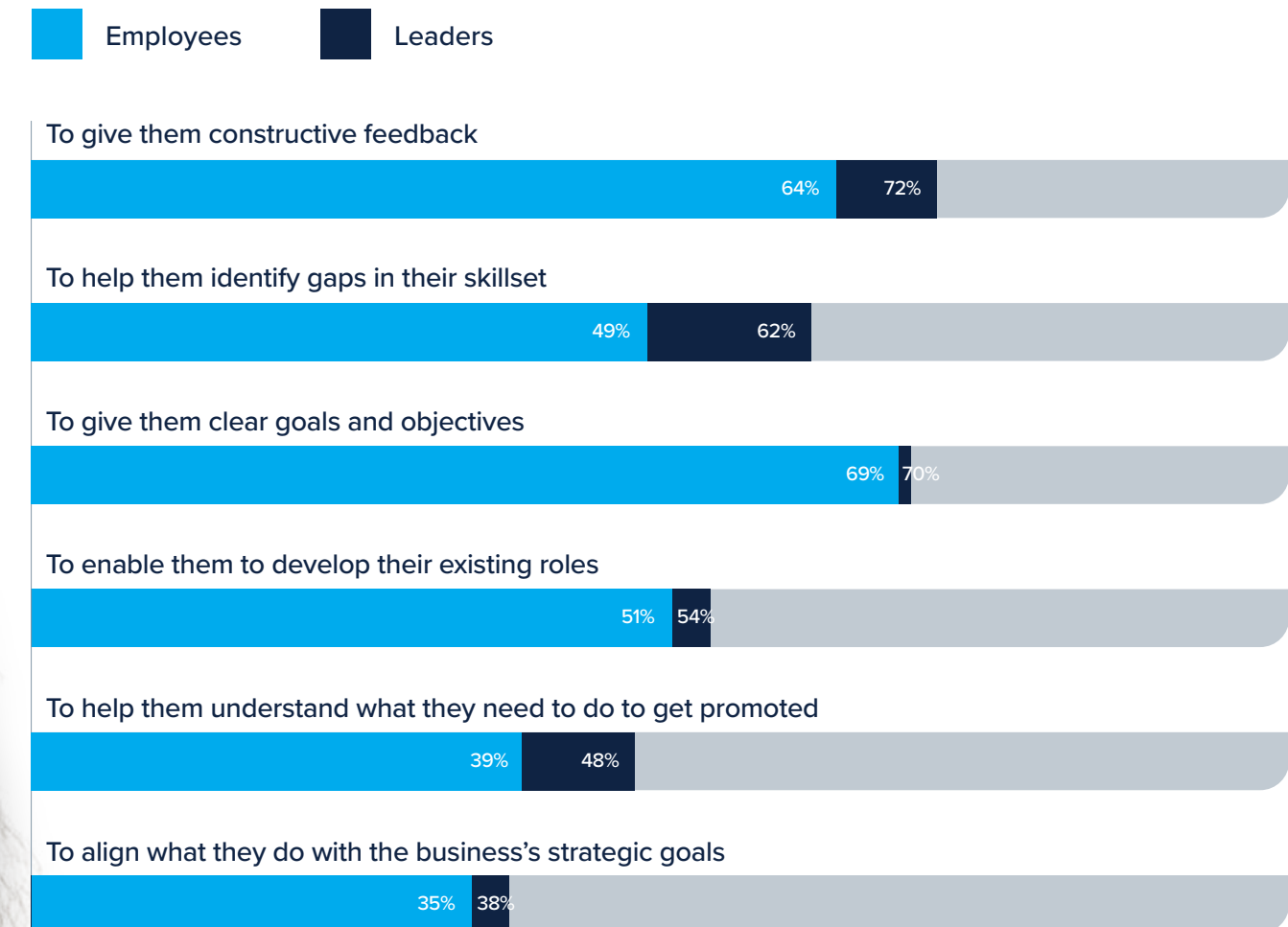
For them, the top three desired outcomes these programs should provide are:

1 Giving constructive feedback (**72%**)

2 Setting clear goals and objectives (**70%**)

3 Identifying gaps in individual skill sets (**62%**)

As one HR leader sums up their program, it's about setting *"more clearly defined expectations and goals; with designated scheduled tasks to track."*

In other words, it's about the day-to-day doing of a role.

What are the desired outcomes for employees of your current people development process?

■ Employees   **■** Leaders

To give them constructive feedback

| 64% | 72% |

To help them identify gaps in their skillset

| 49% | 62% |

To give them clear goals and objectives

| 69% | 70% |

To enable them to develop their existing roles

| 51% | 54% |

To help them understand what they need to do to get promoted

| 39% | 48% |

To align what they do with the business's strategic goals

| 35% | 38% |

What about the long term?

Longer-term people development outcomes lag further behind by some degree:

- Enabling individuals to develop their roles sits at **54%**

- Helping employees understand what they need to do to get promoted is at **48%**

Interestingly, aligning what employees do with the business's strategic goals is the lowest-placed outcome for leaders—just **38%** cite it.

In fact, employees agree. They place this in last place too. Just **35%** say they believe the focus of their company's program is to align what they do with the business's strategy.

Though in the research there does appear to be unmet demand.

Commenting on what these programs should deliver, one employee sums it up: *"Clear and specific goals—having well-defined and measurable goals can provide clarity and direction to individuals, allowing them to align their efforts with organizational objectives."*

Performance today or performance tomorrow?

This is the beginning of a theme we see repeatedly in the research: there is a tension between here-and-now activity and long-term business performance.

The problem is that, if the only thing managers focus on is what's happening today, this week, this month, they can become blind to the factors that will contribute to business growth next quarter, next year, the year after that.

This is important because it is this longer-term growth and competitive performance that will deliver the results a business needs to succeed in its market, hire more great people, and attract investment.

Which brings us to what senior leaders want for the business from people development programs.

What the business needs long term

Strategy, what strategy?

When we ask about the desired outcomes of people development for the business, the focus again tends to be more about shorter-term impact.

The top three desired outcomes outlined by senior management are:

1 Increased employee performance (**63%**)

2 Improved employee development (**60%**)

=3 A greater ability to meet strategic goals (**47%**)

=3 Increased employee engagement (**47%**)

While improved employee development comes in second place, we've already seen that when managers talk about this, they tend to mean people's ability to accomplish day-to-day tasks.

Is the focus on strategic goals just talk?

Interestingly, we do see leaders placing a greater ability for the business to meet strategic goals in joint third place (**47%**). However, we've already seen this isn't matched by employee perceptions of these programs—they placed this in last place for what they believed employers were looking to achieve.

It's not just employees, HR also places this strategic focus in last place. Just **43%** say this is a desired outcome for employees of these programs.

There is an obvious issue here. If as a business you need to see outcomes based on meeting longer-term strategic goals, how do you do this if your focus is almost entirely on the here-and-now?

And if you set a business objective of strategic alignment at an organizational level but this is not supported at an employee level, how will this translate into real-world results?

Translating the ambition into action

While no one would argue that businesses need to be equipped to meet their strategic objectives, the evidence in the research shows little commitment to making this a reality on the ground where it matters.

Of course, to determine whether you're succeeding or failing, you need to know what to measure and track the right metrics.
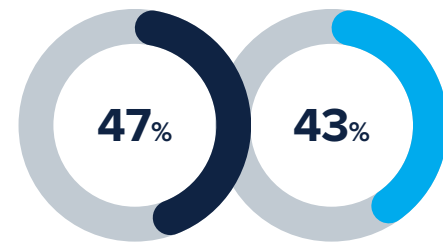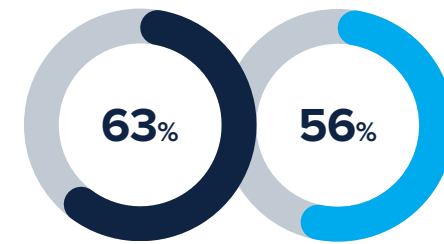
That's where we go next.

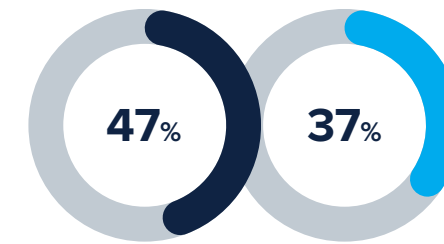## What are the desired outcomes for the business of your current people development process?
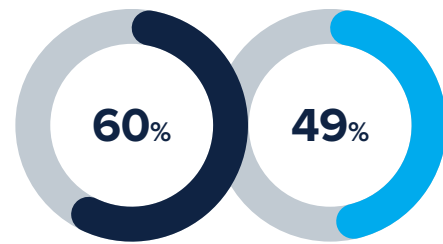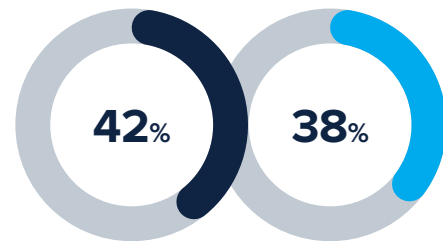
60% **49%**
Improved employee development

47% **43%**
A greater ability to meet strategic goals

63% **56%**
Improved employee performance

47% **37%**
Increased employee engagement

42% **38%**
Greater employee retention
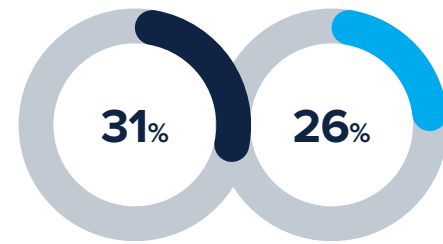
31% **26%**
Increased ability to hire good-fit employees
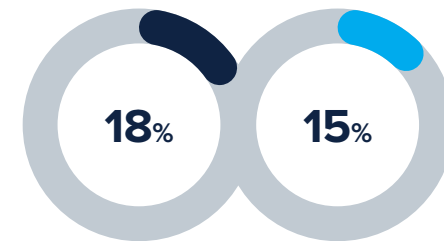
18% **15%**
Lower staffing costs
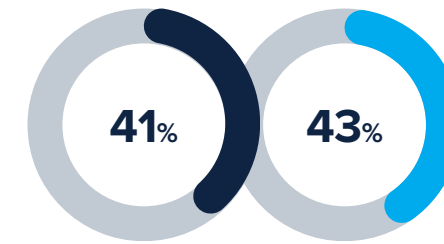
41% **43%**
Increased productivity
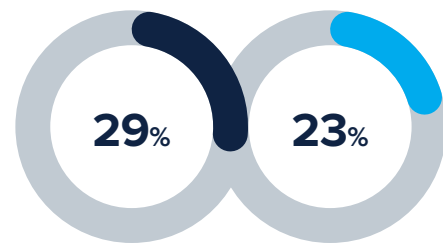
29% **23%**
Greater innovation
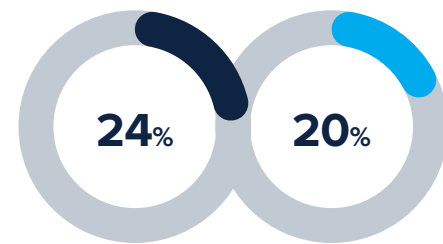
24% **20%**
Reduced skills gaps
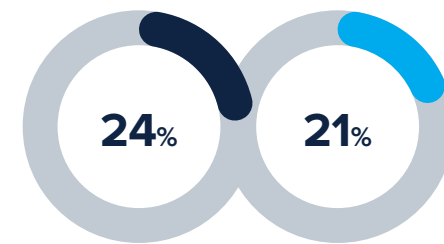
24% **21%**
Improved business agility
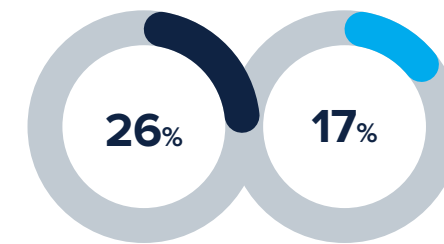
26% **17%**
Accelerated adoption of new technology
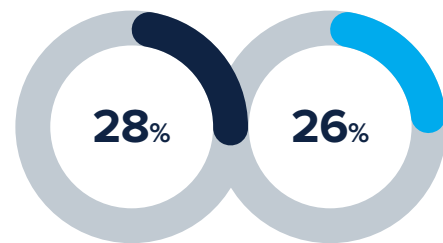
28% **26%**
Better customer service
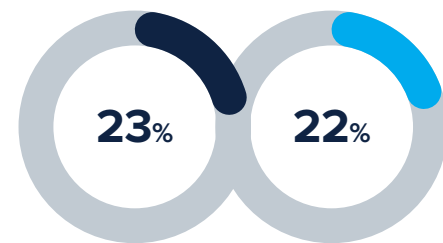
23% **22%**
Better internal communication

■ Employees   ■ Leaders

Getting employees on board

The engagement mismatch

As we've seen, employee performance ranks as the #1 business objective for these programs. But how do companies track this performance?

The top three primary measures of success cited by senior leaders are:

- Engagement metrics (**55%**)
- ROI metrics that tie individual performance to business performance (**52%**)
- Using goals-attained metrics or similar (**49%**)

Retention and churn measures rank just fifth (**39%**) and time-to-hire metrics sit in last place (**17%**).

Again, this suggests that these programs are more about what businesses are doing with the people they've got right now than longer-term strategic considerations.

How do you measure the effectiveness of your people development program?

45% Anecdotally from colleagues and direct reports

52% Using ROI metrics that tie individual performance to business performance

55% Using engagement metrics across both managers and employees

49% Using goals-attained metrics (or similar)

39% Using employee retention and churn metrics

17% Using time-to-hire metrics

3% We don't measure the effectiveness of our program

Engagement is in the eye of the beholder

With the leading metric being engagement, it's interesting to note that senior managers believe employees are more engaged in improving performance than they actually are.

Over half of leaders (**52%**) say their employees are highly engaged in the performance management process. Just **45%** of employees agree.

It's a similar picture for line managers. In the data, **57%** of leaders say managers are highly engaged. When we ask employees, this drops to **43%**.

It's the same story for senior management themselves. Some **62%** of senior leaders claim to be highly engaged. However, just **49%** of employees think this is the case.

This may simply be a case of looking into other people's roles and attitudes from the outside.

Employee engagement will often be seen as a reflection of senior management performance, so it's understandable leaders may have a rosier view. It could also be a reflection of what different individuals mean when they talk about engagement.

A wide spectrum of employee engagement

Engagement for employees may take multiple forms: taking part in learning and development, being an active part of their teams, supporting the company culture, even simple attendance.

When asked, we see a range of feedback from employees about people development programs.

+

Some is highly positive. As one employee says, *"I would like the ability to meet and ask questions more often to allow me to adjust to an ever-changing market."*

−

Some is decidedly negative, *"They have no value or relevance in my working life; they simply fulfill an HR requirement preceding annual salary reviews. They should be revamped entirely."*

There is no one-size-fits-all definition.

The hidden danger of misunderstanding engagement

This mismatch in viewpoints could indicate, however, that leaders are not getting an accurate picture of what's happening in their businesses.

Let's remember, increasing employee engagement came **joint third** for what senior management is looking for these programs to deliver at a business level. So getting this right matters.

Could this mismatch result in senior managers believing their employee development efforts are performing better than they actually are?

If so, this could lead to their focus being misplaced. This in turn could further widen the gulf between the strategic needs of the business and what happens on a day-to-day basis. It's a gap that could have a significant negative impact on future company success.

So how do businesses get their people to fully engage in development programs? We cover that in the next section.

How businesses embed development in the everyday

The feedback on feedback

A critical element to people development is being able to provide high-value, timely feedback to employees. It's about making it explicit what your people need to do to succeed. As one respondent points out, *"The more regularly you give feedback, the more likely you will see performance improvements."*

Yet our research shows that both senior leaders and HR professionals believe employees get more regular feedback from managers than they actually do:

32% of leaders believe individual performance is discussed weekly yet just **26%** of employees report this happening

25% of leaders believe training requirements are part of an ongoing daily conversation but just **14%** of employees agree

26% of leaders believe employees are given weekly opportunities to deliver feedback about their managers yet just **19%** of employees say this is accurate

And **25%** of leaders think that managers check in with employees about their well-being on a daily basis—only **15%** of employees say this happens

Leadership at odds with reality?

This discrepancy is characteristic across the data. Leaders think things happen more often than HR who think it happens more often than employees report. Often, this is by a significant degree.

And this matters. We heard from multiple employees that, *"Regular check-ins to understand what support you need to achieve the specific goals and objectives"* is a major factor for making these programs work more effectively.

This mismatch is also true for one of the main mechanisms for ongoing people development— the scheduled one-to-one.

Spotlight on one-to-ones

As in other areas, we see senior leaders typically having a view of one-to-ones that's at odds with what their employees experience. Although in this case, it's more often a case of the degree to which each agree.

To illustrate, senior leaders say the most important factor in a one-to-one is that managers are able to give clear and supportive feedback (**67%** say this). While employees agree with them about the importance of feedback, they are **42%** less likely to say so.
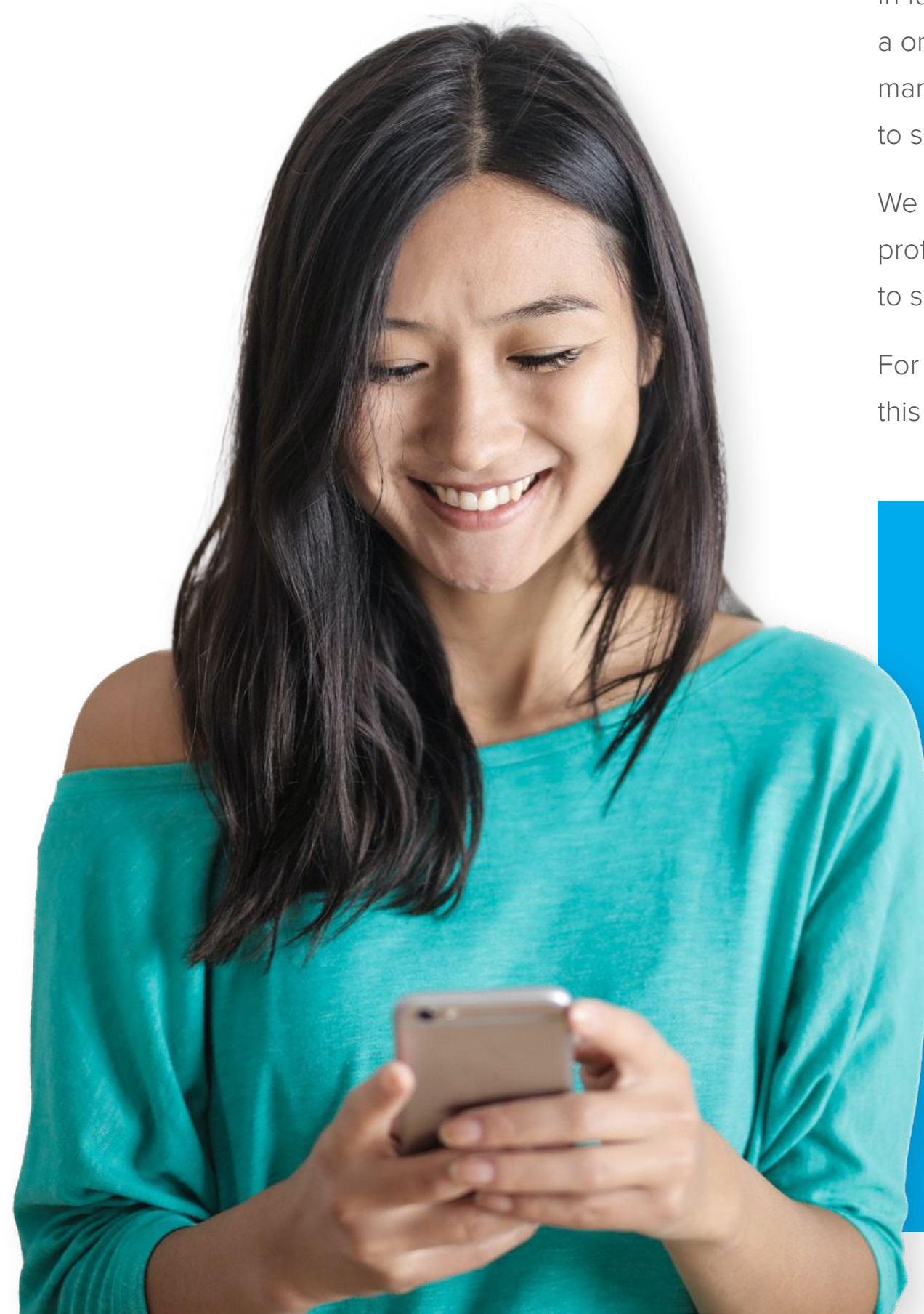
This is no small difference.

In fact, across every measure of what matters in a one-to-one, employees score lower than senior management—on average, they are **36%** less likely to say that any individual measure is very important.

We also see this to a lesser extent from HR professionals who, on average, are **23%** less likely to say that any individual measure is very important.

For such a key component of people development, this should be a cause for concern.

> **❝ Employees need feedback that helps them improve. Employees are likely to be engaged when they receive effective feedback from their managers. That's because helpful feedback fosters a culture of trust and supports employee growth.**
>
> **EMPLOYEE RESPONDENT**

What's important in a one-to-one?

What senior leaders and employees believe is very important in a successful one-to-one appraisal

■ Employees ■ Leaders

	Employees	Leaders
Managers are able to give clear and supportive feedback	39%	67%
Employees know what they need to do to improve/have clear performance goals	39%	59%
One-to-ones have defined outcomes with clear action points and deadlines/accountability	37%	57%
Managers and employees can collaborate on creating the agenda for their one-to-ones	38%	55%
One-to-ones enable employees to develop in their roles	34%	55%
Employees see clear value and purpose in their one-to-ones	35%	52%
One-to-ones are relevant to employees	34%	47%
Employees know what to expect from their one-to-ones	28%	46%
Employees are able to get 360-degree feedback from the wider team	23%	43%

The issue of manual processes

The people management time suck

So far, we've seen tensions in the research between an immediate focus on short-term performance and the need for long-term engagement with the broader business strategy. It's a juggling act. One that often falls on the shoulders of a business's HR team.

The big question then is: do they have the time, capability, and systems to make it work?

Too much admin, too little time for people

The research shows that right now, HR professionals spend over **10%** of their people and performance development time on admin. This amounts to over 16 hours per month based on a typical working week.

A further 10 hours per month are spent addressing problems and issues with how they manage people development.

The result is that just **12%** of their time is spent actually setting goals and objectives.

Remember, goal setting is the second highest rated objective for these programs for senior leaders and the **#1 objective** for employees. It is also the primary way that senior management ensures engagement with these programs.

What's holding HR and L&D professionals back?

Almost a fourth (**24%**) of HR professionals say too many manual processes are preventing them being more effective in their organizations. Nearly the same number (**23%**) cite inconsistent processes and frameworks.

So, the time spent wrestling with systems and processes is a big factor preventing HR teams fulfilling their ambitions for people development. And a major contributor will be that too many HR professionals are using systems that are simply not fit for purpose.

> " Accountability for performance goals varies by department. A more consistent approach organization-wide would make for better outcomes.
>
> **SENIOR MANAGER**

The current mess of systems

In the data, under a third (**32%**) of HR professionals use a dedicated system to manage reviews.

More often than not, reviews are managed by using a mix of tools integrated into broader HR systems (**72%** report doing this). In our experience, these will often involve using basic spreadsheets and documents found in common office software.

Where digital tools are being used, under half (**46%**) offer integration with training and even fewer (**38%**) offer people analytics/insights. As one HR respondent put it, *"Our current system is clunky and there is no enthusiasm to update the system… People feel like they are just into a system to 'check the box' and fill out what is required of them."*

So, while many HR teams have made steps to improve access to the information they need, the move is only partial. They still face the challenge of wrestling with multiple systems to get the job done.

And what about employees? How easy is it for them to track and manage their development?

How can you currently access your performance reviews?

44% receive paper/ digital copies of forms

18% receive a spreadsheet (or similar)

43% can access them via a company-wide HR system

32% can get them via a dedicated learning/performance management system

9% can't access their performance reviews

Employees left out of the loop

The reality is that all too often, digitization doesn't reach employees. Some **44%** of employees say they get their information via paperwork forms.

As one employee puts it when asked to name the one thing they'd improve about the process, *"More access to our own records of previous one-on-one sessions with senior managers."*

Another agrees, requesting, *"Information on performance management provided as a form of tracker or spreadsheet to use as a reference going forward. Currently, I have no access to my goals apart from having face-to-face discussions."*

This lack of access to online systems will make it difficult for employees to become more engaged and take ownership of their own performance and development over the short-, medium-, and long-term.

Remember those relatively low engagement scores? This is a key part of the reason we're seeing them.

Pulling together or driven apart?

We're seeing a picture where management expects HR to do more than ever before. This spans both immediate employee performance and longer-term people development.

For their part, HR are struggling to free themselves from time-wasting manual processes. They're battling to get a mix of disparate systems to work together.

And employees—the people the business needs to develop to achieve its strategic goals—aren't able to easily access the information and feedback they need to take ownership of their own personal improvement.

So, what do businesses need to do to address this?

> " It is a dreaded process, manual and time-consuming. It takes hours to complete and people do not have hours to give.
>
> **SENIOR BUSINESS LEADER**

Getting a grip on people development

Rebalancing people development for the short- and long-term

At its heart, people development is about creating and sustaining a workforce that has the skills, talent, capabilities, and motivation to meet the business's objectives.

Some of this will be about achieving short-term here-and-now performance of course. A business needs to deliver for its customers on a day-to-day basis.

But it's important this is balanced with the longer-term demand to equip the business to compete effectively in the months and years to come.

Missing the big picture

Considering that senior leaders place a greater ability for the business to meet strategic goals in joint third place for desired business outcomes (**47%**), it appears many current programs are falling short.

When asked, senior leaders say that less than half of either HR (**45%**) or employees (**43%**) understand the business's strategy very clearly.

For their part, **29%** of HR pros and **27%** of employees say a lack of clarity from senior management is a barrier to greater effectiveness.

This could be a reason why, according to business leaders, the **#1 barrier** preventing people development being more effective is lack of engagement from managers and employees.

The net result is that fewer than half (**46%**) of senior leaders say their HR teams are very effective at supporting the organization's strategic goals.

" [We need to] help employees to feel heard and understand how their future actions can best align with company objectives.

SENIOR BUSINESS LEADER

Key steps to improving effectiveness

So what needs to happen?

When we ask what would make HR and learning and development teams more effective, the most common response from senior leaders is that these teams need a better understanding of the business's strategic goals (**50%** of leaders agree).

This is followed by more clearly linking learning and development with business performance (**47%**) and HR engaging more directly with senior management (**40%**).

As one leader put it, the best way to improve people development is, *"To start by setting clear expectations for employees, incorporating real-time feedback, using data to guide your decisions, having clear paths to growth and development, and ending with a plan for regular and consistent communication about performance."*

What would make your HR and learning and development teams more effective in supporting the organization's strategic goals?

Having a better understanding of our strategic goals
50%

More clearly linking learning and development with business performance
47%

Engaging more directly with senior management
40%

Being able to deliver more agile development programs
31%

Being able to justify a higher budget
21%

Freeing up more time for strategic approaches (vs day-to-day ongoing program management)
24%

The availability of just-in-time performance development
19%

Better learning and development content
25%

Being more focused on long-term organization objectives
25%

Being more focused on the business's immediate needs
17%

The support is as effective as it can be
5%

The need to balance short-term performance with long-term development

Immediate productivity gains are good, of course, but they can become a potential band-aid. There's little point in employees becoming more productive doing the wrong things or developing the wrong skills.

Likewise, focusing solely on long-term business strategy at the expense of real-world performance won't get organizations where they need to go either.

Ultimately, businesses need to strike a balance in people development.

Leaders and HR professionals must be able to gain a clear picture of employees' real-world levels of engagement to understand where programs are succeeding or falling short. Today, they must be able to do this whether an employee is 100% on-site, totally remote, or hybrid.
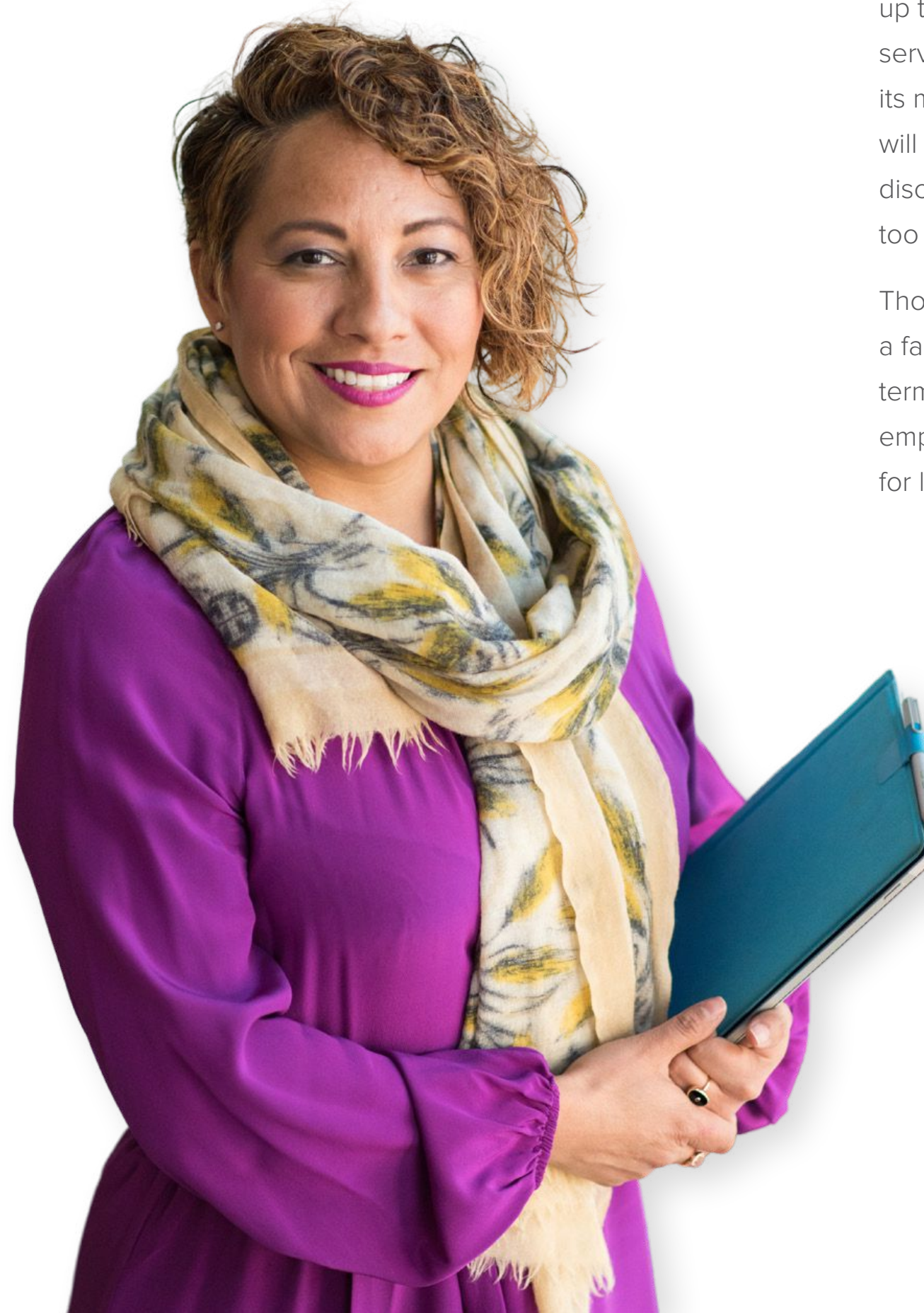
For their part, HR teams must be able to free up time to develop and deliver programs that serve the needs of both the business and its most important asset, employees. This will mean moving away from overly manual, disconnected systems that are consuming far too much of their time.

Those businesses that succeed will be in a far better position to compete in the short-term, attract and retain highly engaged employees, and build powerful foundations for long-term growth.

About eloomi

We are eloomi, a Dayforce company. We want to make work life better for everyone. Every employee, manager, team, and organization. eloomi is the simplest way to see success with people development. In one unified platform.

From onboarding to compliance, from skill-building to external training, eloomi is where it all comes together. And with integrated performance feedback, you can empower meaningful growth conversations between managers and employees.

Learn more at eloomi.com >

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