Gallagher

Insurance | Risk Management | Consulting

CAREER WELLBEING

— 2024 —
WORKFORCE
TRENDS
REPORT
SERIES

Benchmarks for diversity, equity, and inclusion and employee engagement to strengthen culture and retention

US EDITION

2024 WORKFORCE TRENDS REPORT SERIES

Data drives decisions.™

Benchmarks and insights for planning your future success.
With confidence.

2024

1 **ORGANIZATIONAL WELLBEING**
Strategy, HR technology, and healthcare cost controls set the stage for success.

2 **PHYSICAL & EMOTIONAL WELLBEING**
Medical, pharmacy, and absence management benefits along with wellbeing initiatives help to optimize overall spend.

3 **CAREER WELLBEING**
Diversity, equity, and inclusion (DEI) and employee engagement strategies strengthen culture and retention.

YOU ARE HERE

4 **FINANCIAL WELLBEING**
Retirement plan benefits and supporting financial coverages maximize employee financial confidence.

5 **BEST-IN-CLASS BENCHMARKING ANALYSIS**
Research on top employers shows what sets them apart in employee and organizational wellbeing.

2025

6 **STATE OF THE SECTOR**
Best practices for internal communication strategies help to build a better employee experience.

Table of Contents

4 INTRODUCTION

10 EMPLOYEE ENGAGEMENT

- 14 TOP DRIVERS
  Identifying motivations to maximize investments
- 15 IMPROVEMENT TACTICS
  Enhancing career wellbeing and engagement

20 DIVERSITY, EQUITY & INCLUSION

30 ENDNOTES

30 CONTRIBUTORS

31 ABOUT GALLAGHER

The intent of this document is to provide general information regarding your potential interests and concerns related to employee compensation and benefits. It does not necessarily fully address all of your specific issues. It should not be construed as, and is not intended to provide, legal advice. Questions about specific issues should be addressed by your general counsel or an attorney who specializes in this practice area.

Introduction

Offering career-building support for employees is a promising retention-building strategy for employers. When dedicated resources align with operational goals and the people strategy — while supporting employee engagement and DEI practices — career wellbeing becomes more sustainable.

Drivers of engagement are evolving rapidly, but one constant remains: the perception that career wellbeing is a key influencer. When employees see opportunities for growth and development, they're more likely to have a sense of purpose and direction. A formal strategy guides a structured approach and helps ensure employee pursuits align with organizational priorities. Consistency at this level also promotes trust and credibility that engagement is an organizational priority.

Taking a stance on DEI, an important aspect of a workforce resilience strategy, is largely expected. Often this commitment poses a significant management challenge, but pressure should not inhibit steady progress toward good policies and practices that match organizational values. Leaders and managers may need training to develop the necessary skills and competencies for achieving targeted outcomes while understanding that patience is required. However, as this process evolves, it's more likely to look like the right thing to do.

Employers recognize that meeting their hiring targets for diversity is one step in the right direction, but enhancing the DEI experience is a much broader interest. Identifying and realizing goals associated with professional development, advancement, and tenure calls for a solid support structure, backed by equitable inclusion policies and practices. With a multifaceted strategy that's based on a holistic approach, applying the right resources becomes easier. Data and insights are also instrumental because they provide the foundation for decision-making and better management of workforce career wellbeing.

Part of our US Workforce Trends Report Series, this installment covers employee engagement and DEI. It presents recent findings on current and emerging trends to help employers optimize their investments in career wellbeing. Each of the other reports centers on a different aspect of wellbeing.

Data and insights are compiled from a variety of Gallagher benchmarking surveys conducted each year to capture current and emerging trends. In this report, they're based on the results of our US Benefits Strategy & Benchmarking Survey, gathered from January to March 2024. A total of 3,552 organizations across the US participated.

Findings are broken out by region, organization size, and ownership structure for peer comparison. Each section features core data highlights, contains tables with detailed results, and wraps up with key takeaways. From broad insights to specific findings, you'll gain a practical perspective on trends and best practices to help you face your future with confidence.

To discuss your total rewards strategies, contact your local Gallagher representative or one of the advisors listed at the back of the report.

TOP TRENDS IN CAREER WELLBEING

1

More than

1 in 3

Increased the importance of career wellbeing in 2024

Many employers have renewed their focus on career wellbeing, recognizing that career development is a top factor in engagement and retention.

2

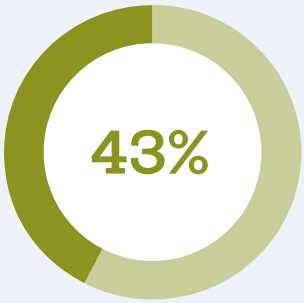
+7

points from 2023 to 58%

Conducted a survey in the last two years to measure employee engagement

Overestimating workforce engagement is less likely when effective measurement tools are used. Findings from engagement surveys can provide insights on improvement areas and prioritize productive steps.

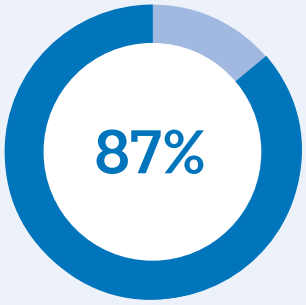
3



Support employees in developing and pursuing a career path to improve employee engagement

Career development stands alone as the top factor driving both engagement and retention. Clear goals motivate employees and enhance their experience.

4



Offer at least one DEI training program

Training opportunities for leaders and managers show a commitment to DEI. A customized experience and facilitated learning, based on specific organizational goals, is often most effective.

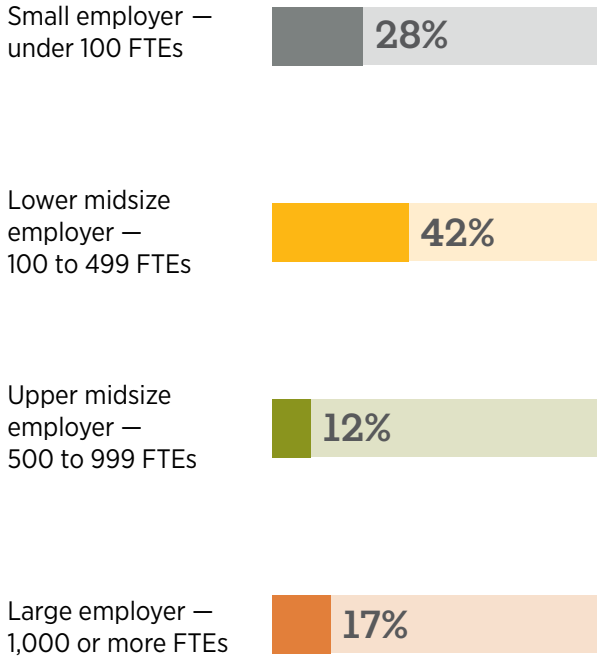
5

Integration of DEI content

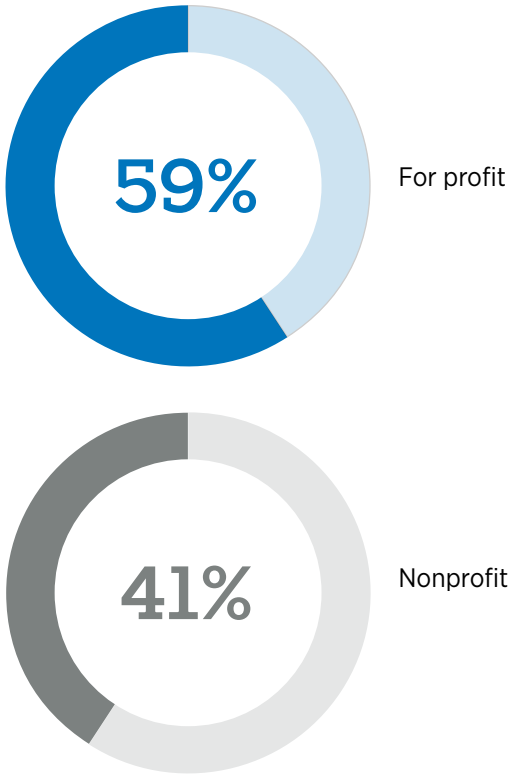
Leaders' communication styles and behaviors make a difference in DEI integration and influence. Setting diversity, empathy, and resilience as top priorities invites organizational transformation, and advances attraction and retention goals.

BENEFITS STRATEGY & BENCHMARKING SURVEY PARTICIPANT PROFILE

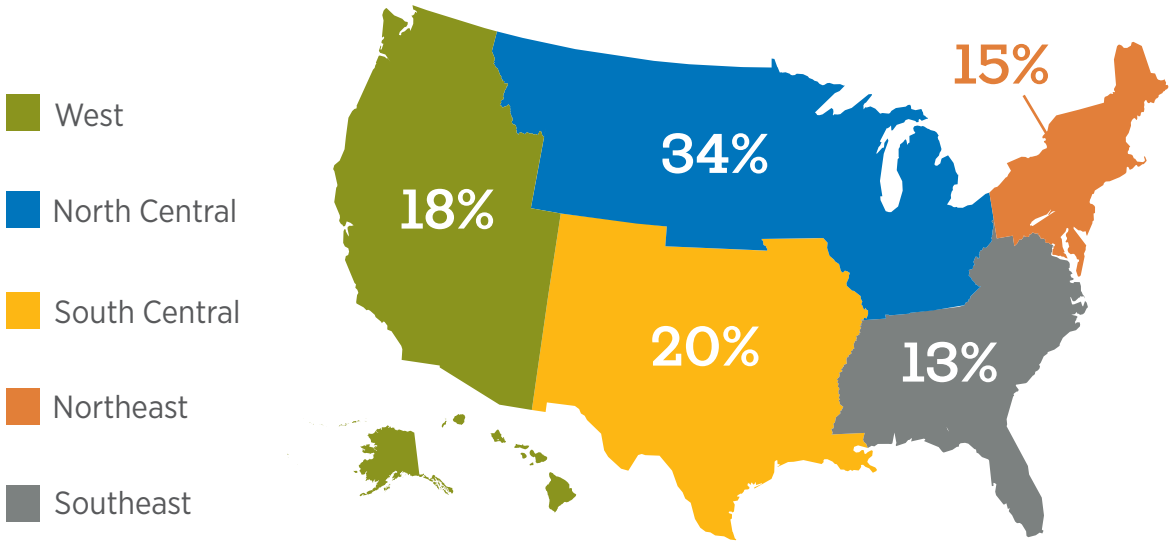
Workforce Size — Full-Time Equivalents (FTEs)



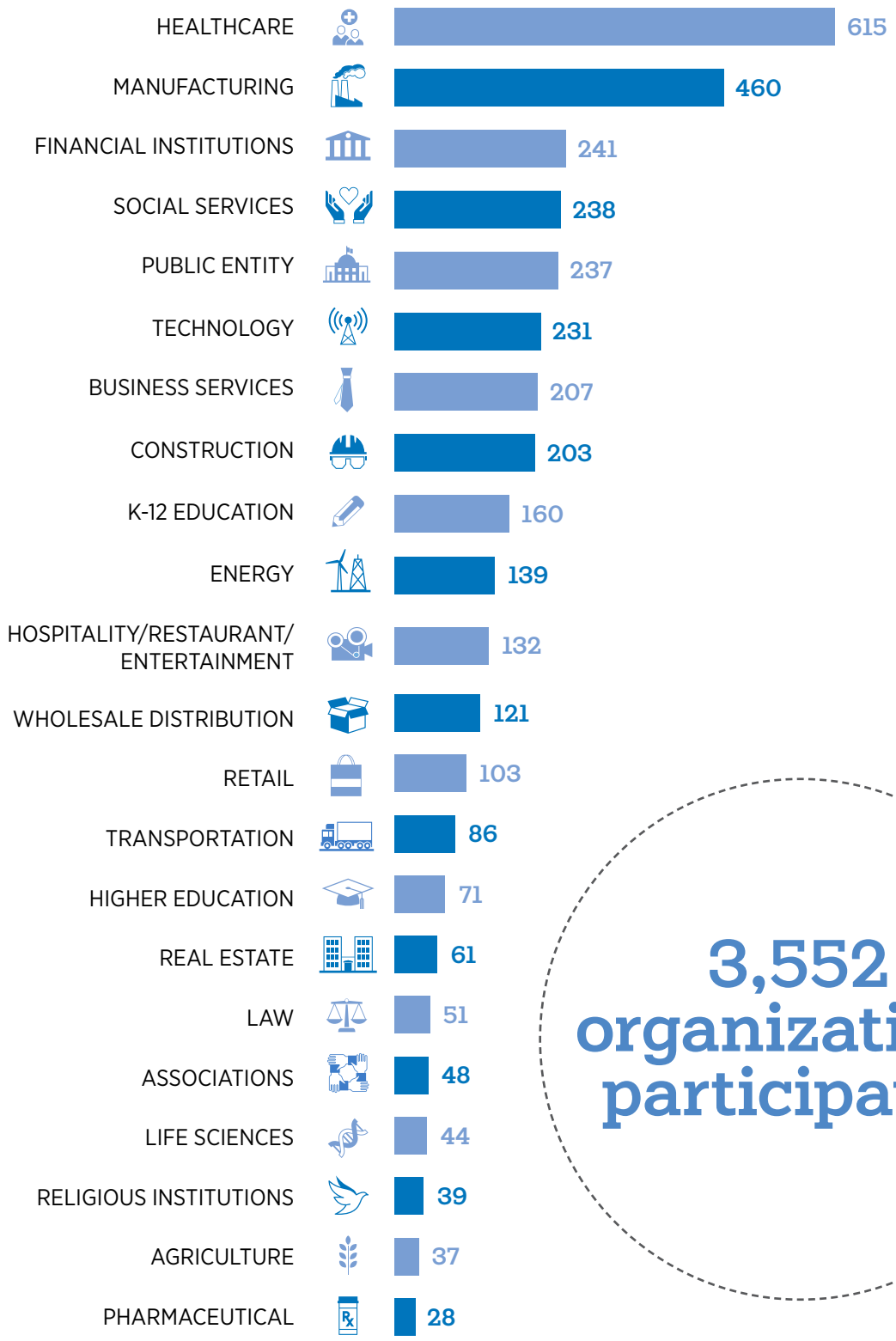
Ownership Structure



Geography



Number of Participating Organizations by Industry



3,552 organizations participated

Employee Engagement

Developing and implementing an effective approach to employee engagement revolves around four key themes:

- Understanding the dynamics of employee engagement and performance
- Taking a disciplined and consistent approach to measuring engagement
- Prioritizing investments that support a better employee experience
- Advancing career wellbeing by enhancing development and growth opportunities

Understanding the dynamics of employee engagement and performance

It's logical to presume that employees who are committed to their work are more motivated to exceed expectations. Improvements in productivity, satisfaction, and loyalty have long been linked to higher workforce engagement. But driving better performance and organizational outcomes requires effective engagement solutions.

Drivers of engagement change with circumstances, but the high impact of career wellbeing remains constant. In recent years, neither pandemic setbacks, economic disruptions, nor financial turbulence have diminished employees' interest in opportunities to develop and grow their careers. A sense of purpose and direction helps energize efforts toward accomplishing both personal and professional goals. Career mobility, an element of career wellbeing, is associated with stronger engagement.

Nearly 3 in 5 employers (57%) have a formal strategy for improving employee engagement, up 9 points from 2022. The likelihood increases with organization size, resource availability, and the need for organizational alignment. Creating a plan is often challenging, but a dedicated effort is likely to be rewarded. Defining and applying a consistent engagement approach supports two key priorities — employer credibility and employee trust.

Have a strategy for improving employee engagement

Category	Base	Yes	No	No, but plan to by 2026
ALL	2,926	57%	18%	25%
North Central	1,101	58%	19%	23%
Northeast	404	53%	17%	29%
South Central	575	55%	17%	28%
Southeast	369	62%	17%	22%
West	477	56%	21%	23%
For Profit	1,694	57%	19%	24%
Nonprofit	1,208	57%	17%	25%
Under 100 FTEs	805	43%	29%	28%
100 to 499 FTEs	1,249	58%	15%	26%
500 to 999 FTEs	347	63%	14%	24%
1,000 or more FTEs	510	71%	13%	17%

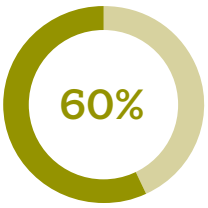
Taking a disciplined and consistent approach to measuring engagement

Overestimating workforce engagement is less likely when effective measurement tools are used. On the surface, the view is often limited — sometimes influencing leaders to think their perspectives are widely shared by others. Metrics add important depth and dimension by providing more accurate and actionable insights into employee connectedness, at all levels of the organization.

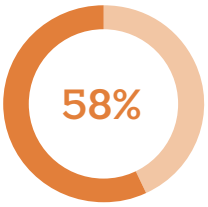
More than half of employers either agree or strongly agree that their workforce is highly engaged. Incremental increases have occurred over the last three years, starting at a rate of 57% in 2022 and then rising to 58% in 2023 and 60% in 2024. Levels are highest among the small (66%) and lowest among the large group (55%). Having relatively few employees can offer cultural advantages such as stronger camaraderie and more leadership face time. But training may be more limited, which could adversely affect career growth.

Trial-and-error approaches to boosting engagement may seem less complicated or time consuming, but they come with a cost. They don't use resources efficiently or effectively and aren't sustainable. Analytical methods identify and prioritize productive steps more accurately.

SUBJECTIVE AND OBJECTIVE INSIGHTS ON ENGAGEMENT LEVELS



Agree or strongly agree their workforce is highly engaged



Have conducted an employee survey in the last two years

Increasingly, employers are surveying their employees on the topic of engagement. Rates rose from 51% in 2023 to 58% in 2024. A formal survey offers the opportunity to collect and analyze feedback on a variety of topics, and provides insights on employees' unique needs and preferences at the desired level of detail. Findings help identify specific factors that impact engagement and inform the development of targeted initiatives to address them. Customization helps to create engagement approaches that are relevant and meaningful to employees, increasing their effectiveness.

Many employers shifted to pulse surveys during the pandemic. While they can be a quick and easy shortcut for gathering workforce data, long-term reliance on this method for measuring engagement is risky. Drivers of attraction and retention often change, so deeper exploration is needed to validate inclusion of the right factors. This step helps ensure that results don't miss the mark.

Agreement with the statement, "Our workforce is highly engaged"

Category	Base	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
ALL	3,299	1%	7%	32%	51%	9%
North Central	1,150	1%	7%	32%	51%	9%
Northeast	508	2%	7%	39%	44%	9%
South Central	643	2%	8%	30%	52%	8%
Southeast	421	0%	6%	31%	51%	11%
West	577	1%	6%	30%	54%	9%
For Profit	1,920	1%	7%	31%	52%	9%
Nonprofit	1,344	1%	7%	34%	49%	9%
Under 100 FTEs	906	1%	5%	27%	52%	14%
100 to 499 FTEs	1,396	2%	7%	33%	51%	7%
500 to 999 FTEs	389	0%	8%	33%	51%	7%
1,000 or more FTEs	593	1%	7%	37%	48%	7%

Have conducted a survey to measure employee engagement

Category	Base	Yes, before 2022	Yes, in 2022 or later	No, but plan to by 2026	No, and have no current plans
ALL	2,948	9%	58%	15%	18%
North Central	1,111	9%	59%	13%	19%
Northeast	412	8%	60%	15%	17%
South Central	575	10%	54%	18%	18%
Southeast	371	10%	60%	14%	15%
West	479	8%	55%	15%	21%
For Profit	1,714	9%	56%	15%	20%
Nonprofit	1,209	10%	60%	15%	15%
Under 100 FTEs	805	7%	44%	17%	31%
100 to 499 FTEs	1,256	11%	58%	16%	15%
500 to 999 FTEs	347	10%	64%	15%	11%
1,000 or more FTEs	524	7%	74%	8%	11%

TOP DRIVERS

Prioritizing investments that support a better employee experience

Many factors influence workforce engagement and retention, but certain elements filter to the top. Engagement is strongly influenced by confidence and trust in senior leadership, which contributes to a positive organizational culture and creates a foundation of respect, fairness, and integrity. Establishing this high level of employee enthusiasm and dedication is also necessary for individual and organizational resilience during difficult periods.

Belief in the quality of the organization's products and services, along with understanding its strategic direction, are other significant engagement drivers. Having the confidence to stand behind the purpose and quality of their work matters to many employees, and so does receiving information about strategies that affect them. Sharing demonstrates trust and transparency. It also shows employees that their input and contributions are valued, increasing job satisfaction and loyalty.

Treating career success as a key component of organizational success offers proof that retention matters. Given opportunities to develop and advance their knowledge and skills through training, mentorship, and other learning experiences, employees are more likely to gain a sense of purpose in their work. With clear goals and a set path, increased motivation and engagement should follow.

Focusing on engagement alone risks losing the best performers. Characterized as "seekers," there's a cohort of employees who are highly productive, satisfied, and proud to work for their organization, but aren't necessarily prospects for long tenure. They're likely to be open to roles that look better. Polices, practices, and benefits designed to support retention can help minimize potential losses.

Retention is uniquely influenced by the ability of employees to manage their workloads. While feeling constantly overwhelmed or under pressure is tied to job dissatisfaction, receiving support from colleagues can have the opposite effect. Sharing responsibilities with committed and reliable team members helps increase wellbeing by reducing stress and burnout. Over time, there's also the potential for higher retention rates.

Designing benefits around workforce needs is vital to competitive success. Options that focus on life goals and personal priorities such as tuition assistance, fertility and pregnancy, caregiver support, and retirement savings help enhance retention. But whatever benefits employers select, offering them is just the first step. Communicating their value and providing easy access is critical to maximizing return on investment (ROI). Together, these efforts promote retention by enhancing the employee experience.

FACTORS THAT BUILD ENGAGEMENT[1]

1. Trust and confidence in senior leadership
2. Belief in quality products and services
3. Understanding of the strategic direction
4. Career development pathways

FACTORS THAT BUILD RETENTION[1]

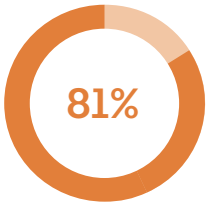
1. Career development pathways
2. Ability to manage work pressure and/or volume
3. Feeling supported by work colleagues
4. Benefits designed to meet workforce needs

IMPROVEMENT TACTICS

Advancing career wellbeing by enhancing development and growth opportunities

Career development opportunities highly influence engagement and retention. Yet fewer employers report that the importance of career wellbeing increased in 2024 (35%) compared to the physical (42%), financial (47%), and emotional (64%) dimensions.

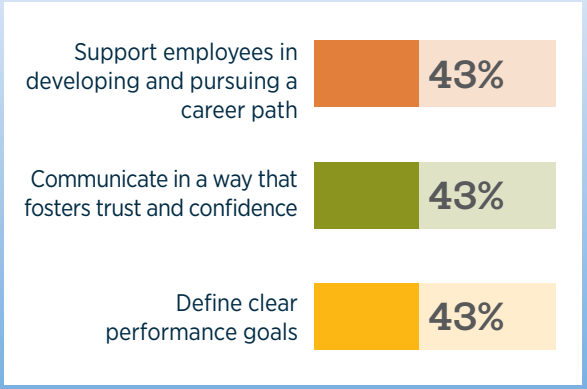
A renewed focus on career wellbeing can significantly boost engagement using one or more approaches. Service awards or employee recognition are offered by 81% of employers, up from 75% in 2023, ranging from 88% of large to 64% of small. Beyond that emphasis, there's plenty of room to differentiate. Eager to build their knowledge and pursue growth pathways, many employees appreciate access to training and development resources. Management or leadership development (68%) and employee development (64%) training are commonly offered at similar rates, showing a broad commitment to supporting learning and advancement at every level.



Offer service awards or employee recognition

Several other tactics help build engagement and career wellbeing. One is supporting employees in developing and pursuing a career path, applied by 43%. Because organizational size is a feasibility factor, the large group (51%) has an efficiency advantage over their small counterparts (34%) in using this tactic. Conversely, at the same overall rate of 43%, communicating in a way that fosters trust and confidence is more often used by small employers (47%) than large (42%). Defining clear performance goals as a strategy for boosting engagement also comes in at 43%.

TACTICS USED TO IMPROVE EMPLOYEE ENGAGEMENT



When employees understand their performance metrics and progress checkpoints, they're better able to meet those expectations and managers are better able to support them. Relatedly, 41% make a concerted effort to provide timely and constructive feedback, while 40% officially recognize superior performance.

Over a third of employers (35%) associate employees' efforts with an impact on the organization's strategy, mission, vision, or values. Acknowledging this relationship fosters buy-in and a sense of ownership among employees, motivating them to give their best effort. Roughly a fifth (19%) strive to offer interesting and challenging work to help keep employees engaged.

TECHNOLOGY & INNOVATION INSIGHT

Artificial intelligence (AI) can offer advantages when assessing and addressing career satisfaction and burnout (where not disallowed by statute), with capabilities that promote stronger engagement through performance feedback, recognition, and sentiment analysis. This technology uses virtual mentors and coaching platforms to guide career decisions by providing personalized advice, recommending resources, and facilitating networking opportunities. AI also analyzes data from various sources such as project outcomes, customer feedback, and peer evaluations to identify opportunities for performance recognition and constructive feedback. In a career context, analysis of sentiments and empathy expressed in conversations helps support mental health and emotional wellbeing. With the capacity to show empathy, provide resources, and suggest coping strategies — a human element is preserved.

Wellbeing dimensions that have increased in importance in 2024

Category	Base	Physical	Financial	Career	Emotional	None
ALL	1,501	42%	47%	35%	64%	12%
North Central	582	41%	47%	32%	64%	12%
Northeast	204	46%	51%	47%	67%	8%
South Central	286	38%	41%	33%	59%	13%
Southeast	206	46%	48%	34%	67%	12%
West	223	42%	48%	37%	66%	15%
For Profit	799	44%	49%	38%	61%	11%
Nonprofit	676	39%	43%	31%	67%	13%
Under 100 FTEs	212	33%	38%	38%	54%	17%
100 to 499 FTEs	655	42%	46%	38%	63%	13%
500 to 999 FTEs	236	44%	49%	33%	64%	11%
1,000 or more FTEs	383	46%	51%	31%	71%	8%

Components of career wellbeing initiatives

Category	Base	Mentoring programs	Management or leadership development training	Employee development training	Ongoing performance feedback or coaching	Career counseling
ALL	1,645	36%	68%	64%	69%	10%
North Central	620	38%	70%	65%	69%	9%
Northeast	224	36%	65%	62%	67%	11%
South Central	317	31%	67%	57%	65%	12%
Southeast	233	36%	68%	70%	76%	11%
West	251	38%	70%	66%	72%	9%
For Profit	881	38%	69%	63%	72%	9%
Nonprofit	734	34%	69%	64%	67%	12%
Under 100 FTEs	229	26%	50%	61%	62%	4%
100 to 499 FTEs	714	35%	70%	63%	71%	9%
500 to 999 FTEs	260	33%	68%	65%	65%	9%
1,000 or more FTEs	427	45%	75%	65%	73%	16%

Category	Base	Service awards or employee recognition	Peer-to-peer recognition	Team-building programs	Affinity or employee resource groups	None of these
ALL	1,645	81%	49%	36%	19%	4%
North Central	620	81%	49%	34%	19%	4%
Northeast	224	74%	49%	31%	28%	6%
South Central	317	86%	50%	38%	13%	4%
Southeast	233	84%	45%	42%	19%	3%
West	251	77%	52%	36%	18%	5%
For Profit	881	80%	50%	36%	21%	4%
Nonprofit	734	83%	48%	37%	16%	4%
Under 100 FTEs	229	64%	32%	38%	8%	7%
100 to 499 FTEs	714	82%	50%	38%	13%	4%
500 to 999 FTEs	260	82%	52%	30%	18%	4%
1,000 or more FTEs	427	88%	56%	36%	35%	3%

Tactics used to improve employee engagement

Category	Base	Define clear performance goals	Give timely and constructive feedback	Conduct stay interviews	Provide employee recognition for superior performance (may include peer-to-peer)	Support employees in developing and pursuing a career path
ALL	3,050	43%	41%	13%	40%	43%
North Central	1,102	43%	39%	14%	40%	42%
Northeast	458	44%	43%	14%	39%	40%
South Central	584	41%	41%	12%	42%	44%
Southeast	391	45%	39%	14%	41%	48%
West	515	44%	43%	9%	39%	41%
For Profit	1,762	45%	42%	11%	42%	43%
Nonprofit	1,260	40%	39%	15%	38%	41%
Under 100 FTEs	841	45%	47%	9%	35%	34%
100 to 499 FTEs	1,291	42%	40%	15%	43%	44%
500 to 999 FTEs	362	42%	36%	16%	43%	46%
1,000 or more FTEs	541	43%	35%	10%	41%	51%

Category	Base	Communicate clearly and transparently on how to earn bonuses or pay increases	Provide interesting and challenging work	Communicate in a way that fosters trust and confidence	Connect employees' efforts to positive impacts on strategy, mission, vision, or values
ALL	3,050	13%	19%	43%	35%
North Central	1,102	12%	18%	44%	36%
Northeast	458	15%	20%	40%	35%
South Central	584	14%	17%	43%	36%
Southeast	391	11%	18%	43%	31%
West	515	13%	22%	42%	35%
For Profit	1,762	15%	20%	40%	31%
Nonprofit	1,260	9%	18%	48%	42%
Under 100 FTEs	841	16%	26%	47%	30%
100 to 499 FTEs	1,291	12%	17%	41%	36%
500 to 999 FTEs	362	12%	17%	42%	38%
1,000 or more FTEs	541	10%	15%	42%	41%

Key Takeaways

Support for career development, growth, and mobility has been a steady driver of engagement and retention, and it still is — now more than ever. Better prospects for increased responsibilities, new challenges, and promotion motivates employees to stay engaged. And having more agency to set goals, make decisions, and perform tasks helps keep them committed to their work.

Focusing on retention drivers mitigates the risk of losing top employees. Engagement is always a factor but may not be enough to convince them to stick around. Sometimes engaged employees leave to pursue other employment opportunities. But when a clear path is laid out for growth and advancement, they're even more likely to continue investing their time, knowledge, and skills in the organization long term.

Some employees are always on the lookout for their next career move. These highly engaged "seekers" are a wild card, and employers need a solution. One of the best commitment strategies is to model currently effective retention factors specific to the organization. Staying alert to signs that they intend to leave, and keeping tabs on what motivates them to stay, allows employers to proactively manage retention.

Prioritizing total rewards investments aligned with the organization's culture naturally strengthens employee connections. Both tangible and intangible elements should fit the established mission and values. To increase benefits awareness and use, well-designed and timely communications are needed that correspond to an employee's major life events. Human elements draw attention while technology simplifies access to and use of benefits, including enrollment, which is highly influential to delivering a better employee experience.

It's not unusual for employers to consider their employees more engaged than they actually are. For a more objective view, workforce surveys can be a reliable tool for putting a finer point on satisfaction levels. Engagement surveys, in particular, are increasingly used as a platform for encouraging employees to openly share their thoughts and concerns. Also, pulse surveys offer a quick and cost-effective alternative for follow-ups, as long as they're grounded in comprehensive assessments and have a complementary purpose.

Diversity, Equity & Inclusion

Developing and implementing an effective approach to DEI revolves around five key themes:

- Understanding DEI and its cultural influence on attraction and retention
- Assessing DEI based on where the organization is and where it wants to go
- Focusing on more sustainable integration into organizational culture
- Integrating relevant strategies across functions, policies, and practices
- Creating a more equitable workplace culture through expanded training

Understanding DEI and its cultural influence on attraction and retention

A desirable workplace culture more strongly sways candidates to accept a job offer. Employers and other stakeholders increasingly recognize DEI as mission-critical to talent attraction and retention, but proven models aren't yet established. As they learn the best way forward, intent on doing the right thing for their workforce is strong. However, missteps are likely to occur along the way.

Across all types of organizations, the importance of integrating DEI into the people strategy is gaining recognition. More leaders acknowledge its influence on workplace culture and feel a growing urgency to respond to key stakeholders' expectations. Together, diversity, equity, and inclusion define an essential philosophy for creating and sustaining a work environment that's conducive to achieving key goals and maintaining top performance, individually and collectively.

Together, diversity, equity, and inclusion define an essential philosophy for creating and sustaining a work environment that's conducive to achieving key goals and maintaining top performance, individually and collectively.

Diversity encompasses personal characteristics such as race, ethnicity, gender identity, sexual orientation, age, physical ability, veteran status, and socioeconomic background. Equity is about fair treatment with respect to opportunities and access, as well as the right to challenge individual and systemic biases, behaviors, policies, and practices. The third principle, inclusion, describes a sense of belonging within a welcoming culture where everyone has a voice in decision-making.

Assessing DEI based on where the organization is and where it wants to go

More employers are embracing the value of DEI. More than 1 in 3 count it among their top organizational (27%) or HR (10%) priorities, while it's an emerging focus for another 41% and the other 22% don't see it as a concern.[1] An intentional approach to developing a DEI strategy is essential for success and requires active involvement.

More than
3 in 4

Count DEI as either an emerging or a top priority[1]

Identifying a diverse group of change agents within the workforce is the first step toward cultural integration and advocacy planning. Employees who commit to standing up for DEI principles, policies, and practices encourage others to do so, such as speaking up when values are compromised. Change agents include external as well as internal individuals who help to determine strategies, champion organizational and employee efforts, measure progress, provide vertical feedback, and monitor accountability.

Assessing organizational change readiness involves a review of the workplace climate, policies, and systems. Those findings are one key set of results. Evaluating individual knowledge, skills, training, and motivations across organizational, group, and personal levels completes the process. When developing a strategy, it's helpful to keep in mind that internal teams often operate differently, and these distinctions should be accommodated.

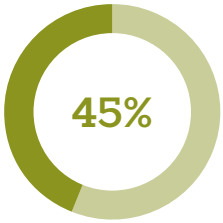
Next comes assessment and benchmarking, which culls data from organizational surveys, employee interviews, focus groups, and an internal records audit. This information guides strategy design and supports accurate measurement. Gathering employee feedback and external input from review platforms and other sources helps verify and expand on initial findings.

As part of this effort, audits are useful in evaluating fundamental policies, programs, processes, and procedures. Examining how an individual employee moves through the organization is key — from interviewing to onboarding, to professional development and advancement. Along that timeline, flagging any sources of bias allows employers to reinforce diversity and inclusion by diagnosing and correcting inequities. Aligning systems across all departments can also help eliminate isolated activities that hinder strategic goals.

Final phase priorities include collaborative change planning and strategy implementation, which should address system and program elements. Setting expectations for a cycle of assessment, analysis, and action establishes an ongoing process for optimization.

Focusing on more sustainable integration into organizational culture

Employers are taking a more holistic approach to DEI. Designing initiatives to align with the core values of the organization is an increasing practice in 2024, up 4 points from 2023 to 45%. And that raises an important point — DEI needs to be embraced as a philosophy for successful integration, not treated as a program.



Design DEI initiatives to align with the core values of the organization

Choosing a consistent approach that touches on all HR policies and practices, from recruitment and onboarding to professional development and advancement, can get the job done. The goal is to create an environment where all employees can feel valued for their unique qualities and differences. Exposure to a variety of experiences, perspectives, and ideas also promotes organizational wellbeing by enhancing employee wellbeing.

Just 11% of employers have completed the integration of DEI policies, practices, and programs within the organization, which suggests they're taking a measured approach. Leaders are accountable for this top C-suite priority, including the integration of defined objectives into all talent strategies. To bridge the gap between intention and action, more organizations are communicating their DEI vision and plan to employees. Topics are multidimensional, going beyond race, age, gender, and disabilities (29%).[1]

Compliance is the primary focus for nearly half of organizations (49%), but there's some potential for leadership involvement where grassroots diversity networks exist. Just 12% reported no vision, strategy, business case, or leadership involvement in DEI integration.[1]

Recruiting conversations and onboarding interactions help to set employees' expectations for their work experience. Sixteen percent (16%) of employers consider talent attraction and retention the core purpose of DEI initiatives, while recruitment is the mostly likely function to integrate these policies and practices (82%).

At more than half of organizations (54%), HR is responsible for managing and overseeing DEI initiatives. Setting intentions for outcomes falls under the direction of senior leadership or the C-suite for more than 1 in 5 (21%), and accountability is a marker of leadership success for 41%. Having the right resources and support structure is especially important when establishing accountability.

TECHNOLOGY & INNOVATION INSIGHT

AI-powered recruitment tools can help throughout the hiring process by focusing on candidates' skills and qualifications, starting with job postings and descriptions. From there, they can suggest more inclusive questions to improve interviews and decisions, assisted by algorithms designed to remove human bias. For example, AI can help identify pay disparities based on gender or race, and then recommend adjustments to ensure equitable compensation.

Key purpose of the current DEI initiatives or strategy

Category	Base	Comply with affirmative action or other legal requirements	Attract and retain talent	Respond to customer or stakeholder expectations	Enhance the organization's external reputation	Align with the core values of the organization	Not applicable
ALL	3,191	17%	16%	2%	2%	45%	19%
North Central	1,137	18%	16%	3%	1%	45%	17%
Northeast	489	13%	13%	2%	1%	48%	22%
South Central	617	17%	16%	2%	2%	44%	19%
Southeast	408	18%	18%	2%	1%	44%	17%
West	540	19%	15%	2%	3%	43%	19%
For Profit	1,851	20%	16%	2%	2%	41%	20%
Nonprofit	1,310	14%	15%	3%	2%	51%	16%
Under 100 FTEs	873	15%	13%	2%	2%	40%	27%
100 to 499 FTEs	1,353	19%	18%	2%	1%	42%	18%
500 to 999 FTEs	376	18%	13%	2%	1%	50%	14%
1,000 or more FTEs	575	14%	17%	3%	2%	54%	9%

Functional area or entity primarily responsible for management and oversight of DEI initiatives

Category	Base	Dedicated DEI resource	Legal or compliance	HR	Senior leadership or the C-suite	Board of directors
ALL	2,648	14%	2%	54%	21%	2%
North Central	962	15%	2%	51%	23%	3%
Northeast	382	18%	2%	55%	18%	1%
South Central	516	10%	2%	58%	22%	1%
Southeast	345	17%	1%	58%	16%	1%
West	443	12%	1%	53%	24%	2%
For Profit	1,511	13%	2%	63%	16%	1%
Nonprofit	1,117	17%	1%	43%	29%	3%
Under 100 FTEs	654	4%	2%	45%	36%	5%
100 to 499 FTEs	1,126	9%	1%	64%	18%	1%
500 to 999 FTEs	329	17%	1%	56%	16%	2%
1,000 or more FTEs	527	36%	2%	45%	13%	1%

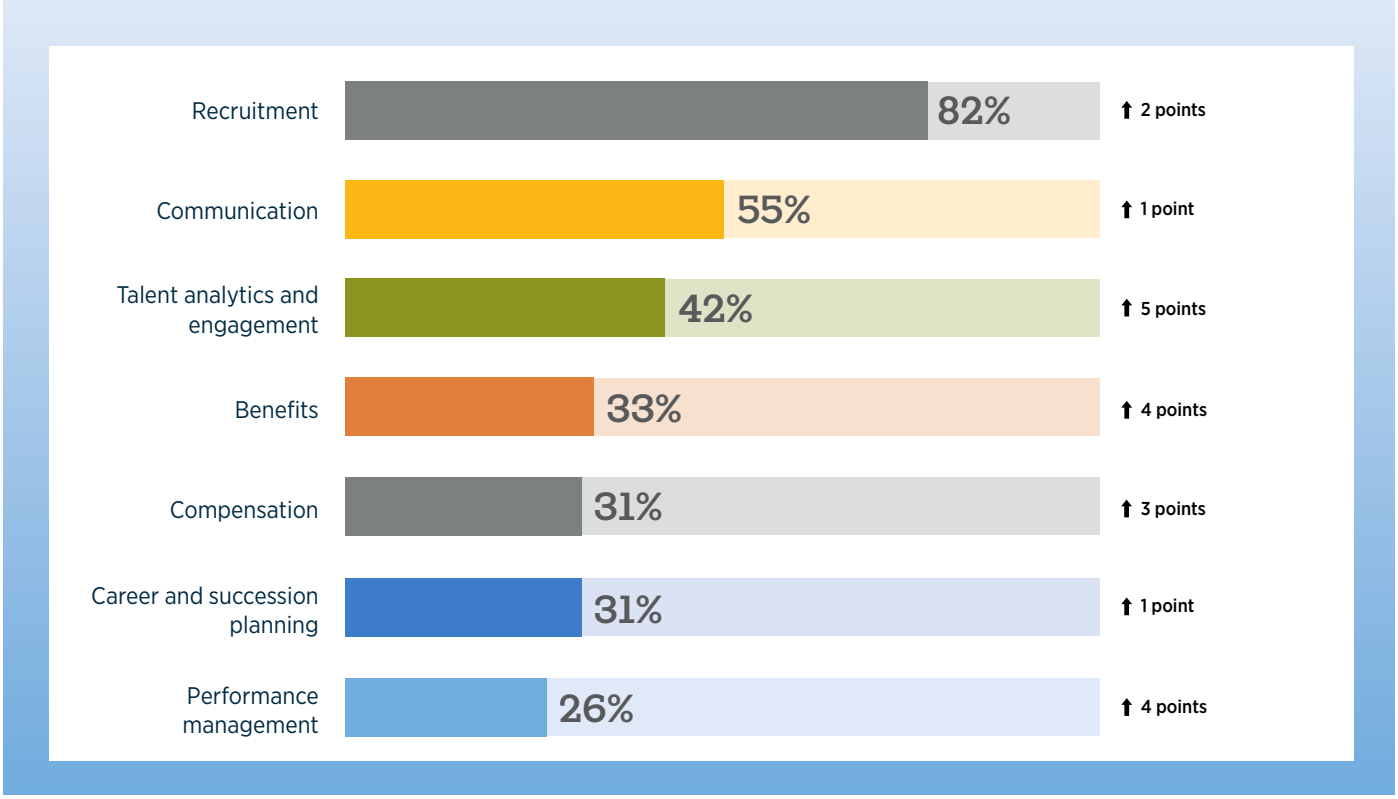
Integrating relevant strategies across functions, policies, and practices

DEI strategies should be relevant to the people strategy and integrated effectively across the appropriate functions, policies, and practices. For change agents, implementation is a timely opportunity to confirm leadership support for each area and help maintain momentum once implementation begins. Real-world challenges will arise that are likely to cause setbacks and initial failures, such as a lack of internal staff to support program efforts (41%) or funding (35%). When challenges occur, reorienting intentions and efforts to the purpose and organizational value of DEI can help.

In 2024, employee communications more often include content about DEI (55%, up 1 point), and this trend also applies to talent analytics and engagement (42%, up 5 points). Messages tend to stick when they use inclusive language, which is mindful of pronouns and avoids gender-specific terms that may exclude a class of people. Neutrality includes words related to gender and avoids those with roots in oppression or racist undertones.

Key elements of talent management and total rewards also incorporate DEI to a greater extent than last year. Among them are benefits (33%, up 4 points), compensation (31%, up 3 points), career and succession planning (31%, up 1 point), and performance management (26%, up 4 points).

AREAS WHERE DEI INTEGRATION INCREASED — 2024 VS. 2023



Top challenges to DEI initiatives

Category	Base	Funding or resources	Lack of leadership support	Lack of employee interest and engagement	Integration with current business priorities	Insufficient data and reporting to quantify the impact	Lack of internal staff to support program efforts	Other
ALL	2,271	35%	10%	31%	32%	35%	41%	22%
North Central	838	36%	9%	33%	29%	36%	42%	21%
Northeast	344	37%	9%	31%	35%	36%	42%	20%
South Central	421	34%	9%	33%	32%	34%	38%	22%
Southeast	287	36%	9%	27%	36%	34%	37%	23%
West	381	31%	12%	30%	32%	32%	42%	26%
For Profit	1,275	28%	12%	32%	36%	34%	41%	22%
Nonprofit	983	44%	7%	31%	26%	36%	41%	23%
Under 100 FTEs	554	36%	9%	29%	26%	29%	37%	25%
100 to 499 FTEs	981	34%	11%	34%	32%	33%	43%	22%
500 to 999 FTEs	288	37%	10%	31%	30%	35%	39%	25%
1,000 or more FTEs	439	33%	8%	29%	41%	44%	42%	19%

Functions and activities that have integrated DEI policies or practices

Category	Base	Talent analytics and engagement	Recruitment	Performance management	Career and succession planning	Communication	Compensation	Benefits	Leadership accountability
ALL	2,153	42%	82%	26%	31%	55%	31%	33%	41%
North Central	779	43%	83%	25%	32%	56%	29%	32%	39%
Northeast	333	45%	83%	30%	31%	56%	34%	40%	38%
South Central	391	38%	74%	27%	29%	52%	31%	31%	47%
Southeast	285	45%	84%	24%	32%	57%	29%	31%	44%
West	365	39%	83%	27%	31%	52%	36%	35%	39%
For Profit	1,196	42%	80%	23%	31%	51%	32%	34%	37%
Nonprofit	942	42%	83%	30%	31%	59%	31%	32%	46%
Under 100 FTEs	504	32%	79%	27%	25%	50%	31%	27%	40%
100 to 499 FTEs	914	40%	82%	25%	30%	54%	31%	29%	39%
500 to 999 FTEs	278	44%	83%	26%	31%	56%	31%	39%	41%
1,000 or more FTEs	448	57%	81%	28%	40%	61%	33%	45%	46%

Creating a more equitable workplace culture through expanded training

Developing inclusive leadership skills provides the foundation for structured learning to take hold. The capacity to cultivate social awareness, recognize and address microaggressions, make collaborative decisions, and create a judgment-free space for communicating and sharing ideas are key competencies. Specific to DEI, training programs increasingly center on three topics. They emphasize non-discrimination and regulatory compliance (67%, up 3 points), embracing differences in the workplace (51%, up 3 points), and overcoming unconscious bias (49%, up 4 points).

TOP FOCUS AREAS FOR DEI TRAINING PROGRAMS

1. Complying with non-discrimination and regulatory requirements
2. Embracing differences in the workplace
3. Overcoming unconscious bias

Other educational opportunities focus on effectively managing diverse groups of people (33%, up 4 points) and embedding inclusive behaviors into every role (23%, up 2 points). Training on the benefits of diverse representation for managers and staff is essential for psychological safety initiatives to succeed. Inclusive practices help reduce turnover, boost job performance, and improve work quality — while increasing morale, innovation, employee satisfaction, and engagement.

Managers should have access to training that builds knowledge and skills over time, progressing from cultural awareness to cultural competency. Properly prepared, they're better able to understand, appreciate, and communicate with employees who subscribe to varied belief systems. And embracing these differences empowers them to lead teams to success.

When leaders' behaviors and communication styles show that diversity, empathy, and resilience are top priorities, they invite organizational transformation and advance goals for attraction and retention.

Focus of DEI training programs

Category	Base	Complying with non-discrimination and regulatory requirements	Embracing differences in the workplace	Overcoming unconscious bias	Embedding inclusive behaviors into every role
ALL	2,443	67%	51%	49%	23%
North Central	900	65%	52%	50%	22%
Northeast	360	69%	55%	55%	26%
South Central	456	69%	48%	39%	22%
Southeast	320	67%	55%	53%	22%
West	407	70%	49%	48%	22%
For Profit	1,367	68%	45%	42%	18%
Nonprofit	1,060	67%	60%	57%	28%
Under 100 FTEs	599	57%	43%	40%	16%
100 to 499 FTEs	1,045	69%	48%	46%	20%
500 to 999 FTEs	310	72%	55%	55%	23%
1,000 or more FTEs	480	73%	67%	62%	36%

Category	Base	Managing diverse groups of people	Other	Not applicable
ALL	2,443	33%	12%	13%
North Central	900	30%	12%	13%
Northeast	360	34%	14%	8%
South Central	456	37%	8%	16%
Southeast	320	36%	15%	11%
West	407	35%	14%	13%
For Profit	1,367	29%	11%	15%
Nonprofit	1,060	39%	14%	9%
Under 100 FTEs	599	22%	13%	20%
100 to 499 FTEs	1,045	33%	12%	13%
500 to 999 FTEs	310	40%	11%	9%
1,000 or more FTEs	480	46%	14%	6%

Key Takeaways

Recognizing the relationship between DEI and the ability to attract and retain talent is essential to competitive career wellbeing strategies. A sense of urgency helps to ensure that DEI is considered a high-stakes priority. Organizational readiness, central to success, requires a strategic commitment to established processes, sufficient resources, and a cross-functional approach to change management. To energize efforts and momentum, internal and external champions are also instrumental.

Evaluating job candidates for their potential to enhance the culture is an investment in organizational wellbeing. Characteristics that complement defined requirements are an important baseline, but the prospect of hiring people who bring an added dimension can be an invaluable differentiator. Data shows that culturally diverse organizations are more innovative — a trait that's associated with productivity and profit increases. But non-essential skills or experience shouldn't be passed over during the review process. These qualifications may enhance both diversity and the cultural benefits they often provide.

Mentoring and allyship can help retain diverse populations by providing development and advancement opportunities. Allyship in the workplace focuses on advocacy and support for employee groups who are underrepresented and may be more likely to face inequality and exclusion. Both types of programs can be structured as a formal learning experience or informally administered, for example, as part of DEI manager training. Aligning mentoring and allyship initiatives with DEI strategies and goals drives better organizational outcomes.

Transforming work itself is likely to require taking some risks and experiencing failures, which are the stakes for success. What makes this process worthwhile is employees' appreciation for a renewed focus on authenticity and transparency, and respect for a process that integrates these values. Making and honoring this commitment is also likely to build the organization's brand. When setbacks happen, they should be acknowledged by leaders along with course correction plans. In short, steady progress occurs through regular cycles of action, reassessment, and rework that are aligned with key goals. Even small changes can accumulate, leading to enhanced employee loyalty and increased retention that drive both growth and profitability.

Demonstrating the organizational ROI of incorporating a DEI philosophy is foundational to leadership buy-in and support. Because there are so many opportunities worth pursing, having a clear mission and attainable goals are essential to maintaining resource access and high-priority status. Metrics and data can show proof of progress. Information of interest may include percentage increases — of diverse candidates who received a job offer or promotion, leaders who participate in DEI training, inclusive policies, and other factors. But overall, successive gains in workforce diversity, due to lower attrition, would be the most telling indicator of greater progress.

ENDNOTES

EMPLOYEE ENGAGEMENT

[1]Gallagher, Workforce Experience Survey Benchmarking Database, 2024

DIVERSITY, EQUITY & INCLUSION

[1]Gallagher, Organizational Wellbeing Poll: What's Hot in People and Benefits Planning, December 2023

CONTRIBUTORS

Ruby Hamacher
ruby_hamacher@ajg.com

Ruth Hunt
ruth_hunt@ajg.com

Scot Marcotte
scot_marcotte@ajg.com

David Rowlee
david_rowlee@ajg.com

PRODUCTION

Stacy Silkaitis
stacy_silkaitis@ajg.com

RESEARCH & REPORTING

Sarah Daley
sarah_daley@ajg.com

SURVEY DEVELOPMENT

Michelle Barrett
michelle_barrett@ajg.com

Thomas Cummins
thomas_cummins@ajg.com

ABOUT GALLAGHER

Your people are your organization's greatest asset.

But daily hardships — like economic uncertainty, personal and family health concerns, and insufficient resources or staffing at work — can take a toll on your people and leave your business struggling with hindered productivity, heightened disengagement, and strained retention.

That's why every aspect of your benefits and compensation program needs to work in concert to promote overall employee wellbeing. Offering robust medical coverage and a competitive retirement plan isn't enough in today's hyper-competitive labor market.

As employees across all geographies, industries, and employer types navigate the ever-changing world, organizations must critically evaluate their people's experience in the workplace — finding unique ways to engage teams, establish authentic connections, and support employee wellbeing overall.

Doing so can help your business attract top talent, motivate employees, and shift the organizational culture so employees feel differently about their work. When organizations find ways to reduce burnout and increase productivity among their people, business performance can soar.

This is why employee wellbeing is at the center of Gallagher Better Works℠ — a comprehensive approach for strategically investing in benefits, compensation, retirement, employee communication, and workplace culture so you can support your people's physical and emotional health, financial confidence, and career growth at the right cost structures.

From evaluating the demographics of your workforce to surveying and analyzing competitor trends, Gallagher offers you data-driven insights — allowing you to make the most of your investment in talent, deliver a better people experience, and reduce organizational risk.

Even in times of uncertainty, Gallagher's consultants are here to help you optimize your profitability with a strategy rooted in the wellbeing of your people — so you can face the future with confidence.

Arthur J. Gallagher & Co. (NYSE: AJG), an international insurance brokerage and risk management services firm, is headquartered in Rolling Meadows, Illinois; has operations in 68 countries; and offers client-service capabilities in more than 130 countries around the world through a network of correspondent brokers and consultants.

TERMS OF USE

The intent of this Survey is to provide you with general information regarding current practice within the employee benefits environment. The data does not constitute recommendations or other advice regarding employee benefit programs, and the user is in no way obligated to accept or implement any information for use within their organization(s). The decision to utilize any information provided rests solely with the user, and application of the data contained does not guarantee compliance with applicable laws or regulations regarding employee benefits. Information provided by the Survey, even if generally applicable, cannot possibly take into account all of the various factors that may affect a specific individual or situation. Additionally, practices described within the Survey should not be construed as, nor are they intended to provide, legal advice.

The Website and the Content do not constitute accounting, consulting, investment, insurance, legal, tax or any other type of professional advice, and should be used only in conjunction with the services of a Gallagher consultant and any other appropriate professional advisors who have full knowledge of the user's situation.

Gallagher does not represent or warrant that the Content will be correct, accurate, timely or otherwise reliable. Gallagher may make changes to the Content at any time. Gallagher assumes no responsibility of any kind, oral or written, express or implied, including but not limited to fitness for a particular purpose, accuracy, omissions and completeness of information. Gallagher shall in no event whatsoever be liable to licensee or any other party for any indirect, special, consequential, incidental, or similar damages, including damages for lost data or economic loss, even if Gallagher has been notified of the possibility of such loss. For the purposes of this section the term "Gallagher" shall be construed so as to include Gallagher Surveys as a marketing division and/or Gallagher Benefit Services, Inc. and its affiliates.

Consulting and insurance brokerage services to be provided by Gallagher Benefit Services, Inc. and/or its affiliate Gallagher Benefit Services (Canada) Group Inc. Gallagher Benefit Services, Inc., a non-investment firm and subsidiary of Arthur J. Gallagher & Co., is a licensed insurance agency that does business in California as "Gallagher Benefit Services of California Insurance Services" and in Massachusetts as "Gallagher Benefit Insurance Services." Neither Arthur J. Gallagher & Co., nor its affiliates provide accounting, legal or tax advice.

For institutional use only. Not for public distribution. All rights reserved. No part of this book, including the text, data, graphics, interior design and cover design may be reproduced or transmitted in any form, without explicit consent from Arthur J. Gallagher & Co.

Gallagher

AJG.com **The Gallagher Way.** Since 1927.

© 2024 Arthur J. Gallagher & Co. | GBSUS44800