

Lockton's HR Trends Report Overview

A Spotlight on Competitive Time Off Practices

2023



We're pleased to present the 2023 Lockton HR Trends Report — A Spotlight on Competitive Time Off Practices.

To our valued clients, partners, and friends: Your involvement is what makes our research possible as we work to provide key insights in employer-provided time off programs and work-life practices. This research collects data from HR professionals across the country to measure the prevalence and growing trends in an ever-changing world of work.

Thank you to our Lockton project team for your impeccable work and collective insight. Teamwork makes the dream work!

We hope you will enjoy the report and continue to participate in future Lockton initiatives. If you have any questions or comments, please do not hesitate to contact us.

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1,235

organizations participated in the study — representing major industries and regions across the United States.

The survey asked questions of organizations' U.S. locations only.

To provide the most accurate data possible, data was cleaned and reviewed; outlier responses were analyzed and, if considered extreme, were removed from the analysis.

3.2M+

Number of employees represented by results

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Executive summary

The workplace experience is evolving and U.S. employers today are facing unprecedented labor shortages that are anticipated to continue into the foreseeable future.

Total rewards play a significant role in an organization's ability to engage and retain a skilled workforce. To align with competitive demands, employers must not only stay hyperfocused on external economic trends and shifts in the market or respective industry, but also understand which rewards current and prospective employees value most.

To stay abreast of the ever-changing market and strategies that employers deploy to attract and retain talent, Lockton conducted an analysis of more than 1,200 organizations' time off and workplace flexibility programs in practice. The findings provide an insightful and relevant depiction of best practices across industries for sound competitive analysis.

Summary of key findings

PROVIDING PARENTAL LEAVE TO SUPPORT GROWING FAMILIES IS NOW MORE COMMON THAN NOT. Of any time off program, the most significant changes are evident by the rising number of employers providing or enhancing paid parental leave programs. There is ample evidence that parental leave policies for all new parents have myriad individual and organizational benefits.

EXPANDING PTO IS A COMPETITIVE ADVANTAGE FOR TALENT ACQUISITION PRACTICES. Eighty-two percent of employers promote time off and/or leave benefits as a key benefit when attracting and retaining top talent. Other Lockton research shows that time off (vacation/PTO) ranks second in terms of rewards most important to the workforce — and most important to emerging talent.¹

INCLUSION EFFORTS MAY NOT BE REFLECTIVE OF TODAY'S AGING POPULATION. While employers reported a slight increase in caregiver leave and support practices, changes are not keeping pace to address a caregiving crisis exemplified since the pandemic. New insights this year found that nearly two-thirds of survey participants were unaware what treatment options their health plan covers for menopause symptoms.

COMPANY-WIDE HOLIDAY BREAKS HAVE GAINED TRACTION. In addition to existing employer-provided holidays, company-wide shutdowns during select holidays are perceived to give employees a “real” break with the entire workforce being on holiday simultaneously. Note of caution: This is generally a supplement to other flexible time off hours — dictating exactly when employees must use time off may be too restrictive and unattractive to employees.

NEARLY HALF OF EMPLOYERS PROVIDE FLOATING HOLIDAYS. Allowing flexibility in personal holiday observances can be an effective and low-lift approach to appeal to a diverse range of employees and foster inclusion in the workplace.

¹What We Are Learning About Employee Perceived Value. Lockton, December 2022.

Time off programs

Modest increase overall

Nearly half (**42%**) of employers reported a change to their time off programs in the past 12 months, up from **38%** in 2021. Notably, this trend is in alignment with data findings published in *Lockton's 2023 Workforce Priorities Report*, in which employers reported a plan to sustain most programs in their current state in 2023 with potential for modest increases for investment in specific program areas.

Program revision reasons: Proactive over reactive

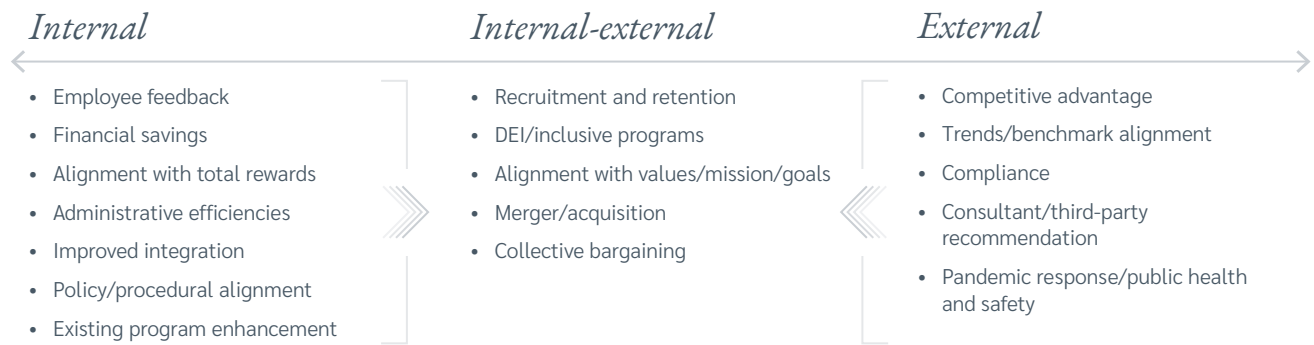
While the percentage of employers reporting program revisions remained relatively stable from 2021 to 2023, the reasons for why program change occurred have shifted. Unsurprisingly, pandemic response drove nearly half of all time off program change (**41%**) in 2021 and claimed significantly more focus than other business drivers. In 2023, employers reported a more strategic and diverse array of reasons for program change, indicating more of a balanced scorecard approach to designing and sustaining time off programs that positively impact myriad business goals and drivers.

More recently, talent retention challenges, coined as “The Great Resignation” and “Quiet Quitting,” emerged, prompting employers to refocus effort and investment in talent acquisition and retention. These challenges constituted **70%** of the impetus for time off program change in the past 12 months.

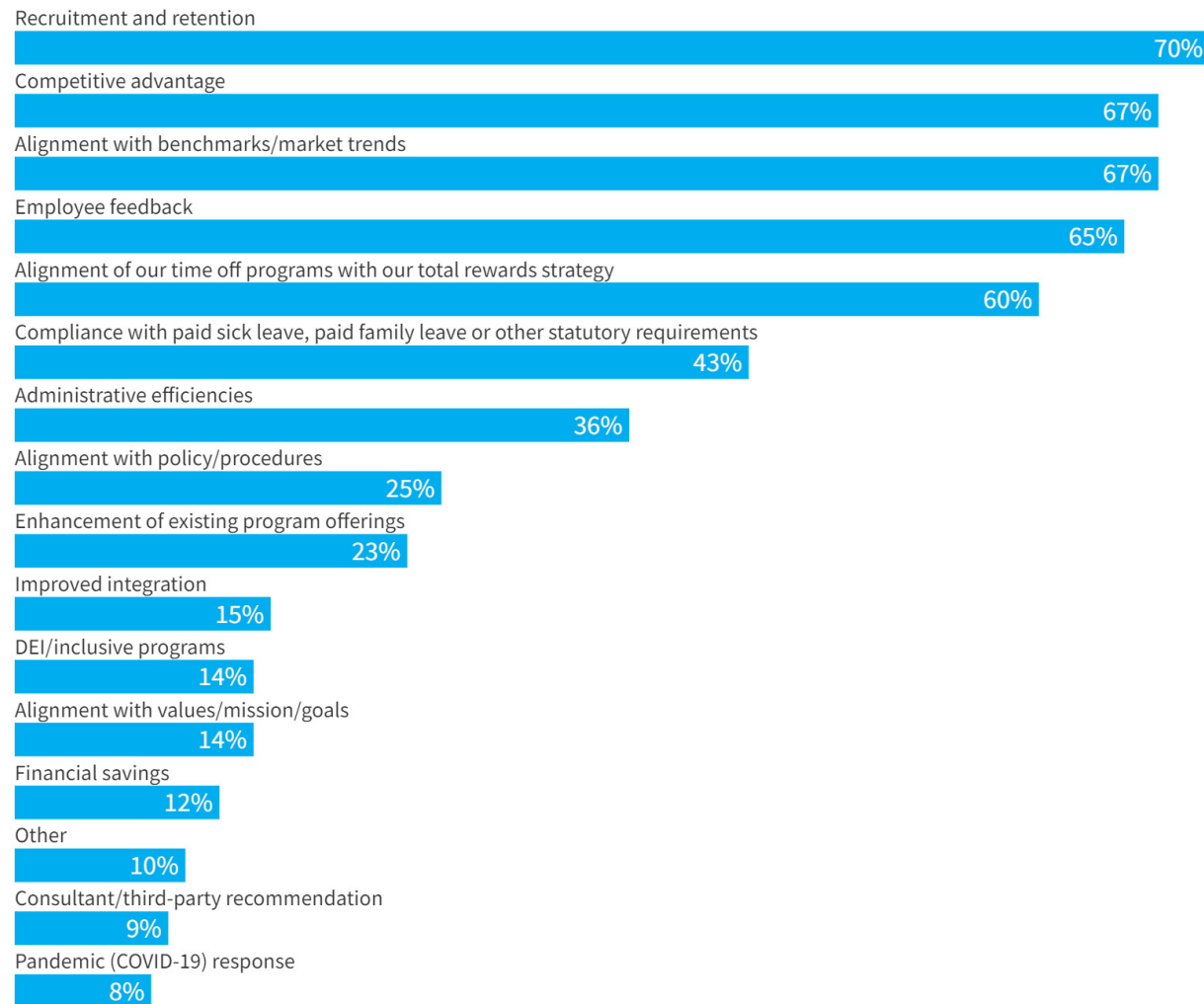
Evidence of a more strategic approach to time off program value and relevance also appears in **competitive advantage (67%)** and **alignment with market trends** and **external benchmark findings (67%)**. Interestingly, **employee feedback** was closely cited in relation to the top three reasons, reported by **65%** of employers as a driving factor for program revision. This insight highlights a concerted employer effort to listen to employees, cultivate an open and transparent two-way communication channel, and integrate employee feedback and input as part of program planning and evaluation.

Internal & external factors impacting program revision

Employer reasons for time off program changes span an array of factors, demonstrating a balanced approach to prioritizing program drivers, with both internal and external drivers receiving appropriate consideration.



PROGRAM REVISION REASONS





Overview of programs included in the report

PTO programs

Vacation

Sick time

Personal days

Leave donation

Holidays

Bereavement leave

Parental leave

Caregiver leave

Military leave

Sabbaticals

Volunteer opportunities

Work-life practices

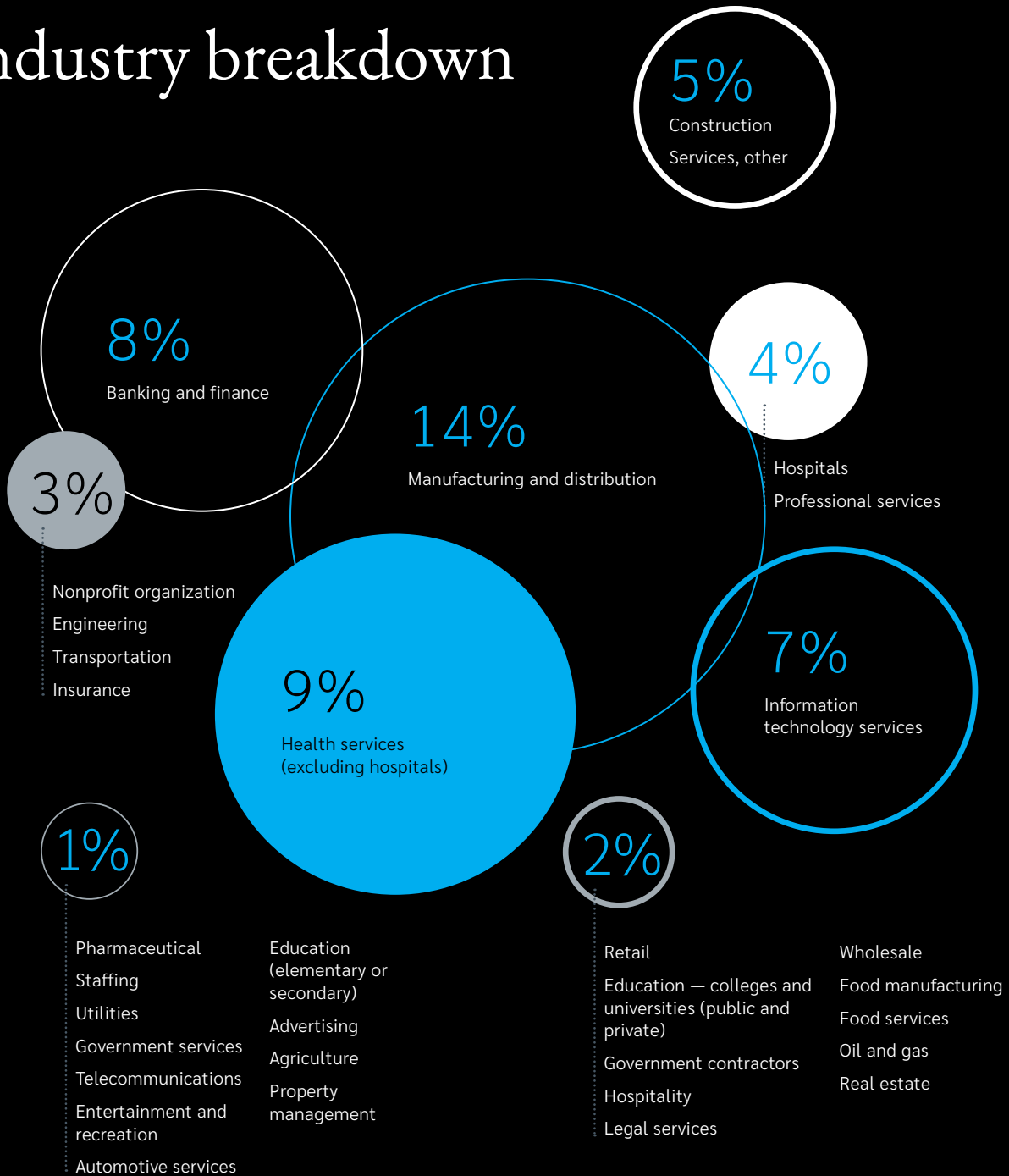
Civic duty

Leaves of absence

Women's health (NEW)

Pet perks

Industry breakdown



<1% participation: Membership org, research & dev, printing & publishing, mining, religious entity, accounting, education (child day care), general contractor, personal services



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