

American workers find their voice

State of Work in America survey finds
employees demanding workplace flexibility



The strength and persistence of America's Great Resignation, currently about a year old, is only now coming clearly into focus.

A total of 68.9 million workers left their jobs in 2021, with nearly 70% doing so voluntarily — a one-year record. November and December were particularly volatile, with nearly 10 million workers quitting their jobs at year's end.

The phenomenon shows little signs of slowing. While the unemployment rate continues to fall (4.0% in January and 3.8% in February, 2022), another 4.3 million people left their jobs in January.

Clearly, today's low unemployment and high job turnover indicates that employees are looking for and finding new working arrangements at an unprecedented level. This makes understanding what employees seek from their jobs particularly important today, as the "war for talent" is still at high pitch. Attracting and retaining high-performing employees must be a priority for businesses to succeed.

To find out what workers like and don't like about their jobs, as well as what motivates them, we followed up on the findings of Grant Thornton's first *State of Work in America* survey with a second survey, six months later. Similar to the first, we asked questions to gauge worker attitudes about workplace experiences, but expanded this survey to uncover how employees' attitudes and desires have been affected nearly a full year into the Great Resignation. We increased the reach of our survey to include more than 5,000 American workers across a wide range of industries and demographics. As before, all the respondents are full-time workers who also receive benefits as part of their total compensation.

The survey results provide insights on how to win the talent war now, when employee turnover is still at record levels. Businesses cannot assume that traditional attractors of pay and job stability are enough to bring the people they want to their workplace. Our new *State of Work in America* survey reveals some key factors driving talent attraction and retention, including:

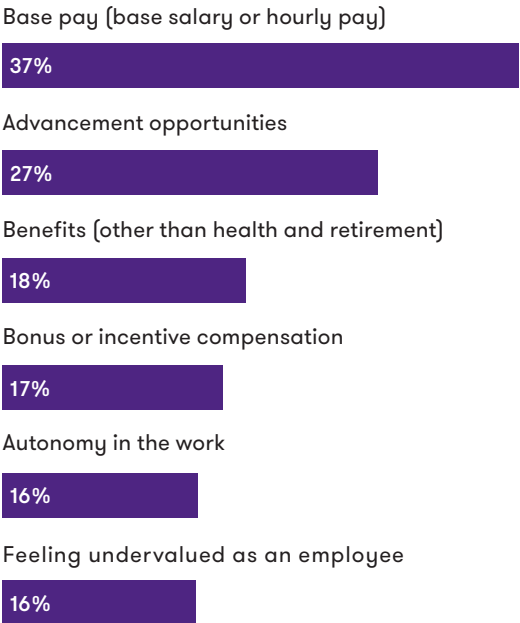
- Workplace flexibility — hybrid workplaces with an emphasis on being able to set one's own schedule
- Opportunities for career advancement emerges as a primary job attraction motivator
- Autonomy in their own work
- A delay in moving the hiring process along can be a strong deterrent to talent acquisition
- Benefits not viewed as unique and differentiating



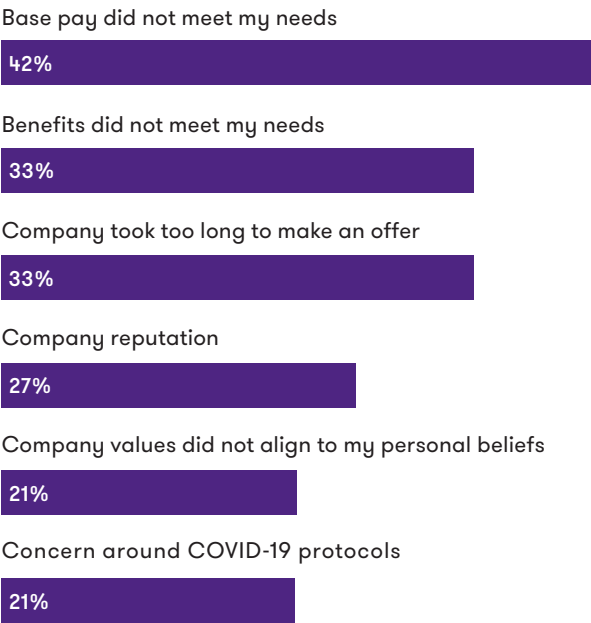
What employees want

Examining the 21% of survey respondents who took a new job in the past year.

Why did you leave your former company?



Why did you turn down other offers?



How many other offers did you receive before accepting your current role?



Twenty-one percent of our survey respondents took a new job in the past six months; results of several follow-up questions revealed some of the motivations for this change. First, businesses should realize that these workers most often had choices. Almost 60% of respondents who recently took new jobs had two or more competing offers when they took their jobs. With talent demand that high, the choices these workers made are useful for identifying what businesses should consider if they want to be competitive in the recruitment process.

The top reasons workers took a new job were base pay, work-life balance, opportunities for advancement, benefits and work autonomy. While higher compensation comes as no surprise, the prevalence of autonomy and work-life balance among the most important reasons shows that being able to tailor a work environment to an employee's needs has become paramount in the pandemic's aftermath. Work environment flexibility was an enticement that matters to nearly all those surveyed, with four in five stating they want flexibility in when and where they work. Career opportunities surfaced as a reason employees join a company and stay with a company, but also why they leave.

"Focusing on career development and providing employees opportunities to advance their career through training, job shadowing and rotational opportunities helps drive productivity and engagement, and will help employers win the war for talent," said Margaret Belden, Director of HR Transformation at Grant Thornton.

When asked why those who took new jobs turned down other offers, one might expect that the reasons for rejection were similar to the reasons for acceptance. But other than higher compensation, different reasons were important. A third of respondents said the company took too long to make an offer, a third also said benefits did not meet their needs, 27% cited a company's reputation, and 21% said the company values did not align to personal beliefs.

The strength of the negative reaction to drawn-out hiring processes should be a wake-up call to HR departments. Knowing this, most businesses would benefit from taking a detailed look at their hiring processes and other ways they present themselves to job seekers to ensure they aren't driving away the talent they seek. These evaluations should include:

- Streamlining the hiring process
- Ensuring benefits and compensation are competitive
- Monitoring the strength of the employment brand with current and prospective employees
- Evaluating and adjusting company values and culture based on employee input
- Researching why those that are offered jobs refuse them

That said, lost talent may not be lost for good. When asked, 40% of those who took another position said they were either likely or extremely likely to return to their former company. Companies that lose a particularly valuable employee may want to re-approach this employee with a new offer after some time has passed.



For these statements, the percentage listed under each is the sum of those who agreed and who completely agreed.

I'm optimistic about the future

53%

This company inspires me to perform at my best

57%

I am not actively looking for a new job, but would consider a switch if a new opportunity came along

51%

I am actively looking for a new job with a different company

29%

I enjoy my day-to-day work

62%

I get a sense of accomplishment from my work

65%

I am satisfied with my current workload

60%

The tools and resources I have at work allow me to be as productive as possible

61%

I have confidence in the senior leadership of my company

56%

My manager provides the support I need to succeed

60%

My employer really understands my needs as an employee

54%

I am satisfied with my work/life balance

59%



A closer look at how employees view their company is illuminating. When asked to evaluate different levels of satisfaction with a company, 53% are optimistic about the future and 57% say their company inspires them to do their best and that they would recommend their company to others. But below this positivity are signs that such a thing as “company loyalty” is a transient, or at least a conditional attitude. Twenty-nine percent of all respondents indicated they are actively looking for a new job with a different company, a number that increases to almost 50% for employees making more than \$100,000 annually.

Given this level of restlessness, it’s important for companies to stay on the forefront of creating value propositions that retain employees who could be looking to move. When asked statements about particular company conditions, only 54% of respondents agreed or strongly agreed that their employer understands their needs and 60% similarly agreed that their manager provides the support they need to succeed. Other indicators of employee sentiment — enjoying day-to-day work, sense of accomplishment, satisfaction with workload and having the tools to be productive — only gathered a 60–65% similar agreement. Other conditions — confidence in the company’s senior leadership and satisfaction with work–life balance — all gained less than 60% agreement.

These results provide organizations an opportunity to improve employee engagement and create a culture that drives both attraction and retention. Listening to employees and understanding perceptions of the current workplace environment should be on leaders’ radar. Using employee feedback to create a unique value proposition will differentiate an organization for both employees and prospects.

Even employees who leave a company can provide the company insights through an effective offboarding process. As previously mentioned, the 40% of those who took new jobs would consider re-employment at their former company.

A departing employee also provides value in the connections that person provides and the potential for rehire. Our research of HR leaders indicates that boomerang hires are happening at a high rate, with almost 40% of HR leaders saying that, at their companies, the percentage of employee alumni returned to work at the company in the last six months is 20% or more. Without question, one key to using alumni productively is to use a successful offboarding process that cements that connection. Yet when we asked the 21% of respondents who found a new job about their offboarding process, only 3 in 5 said they were treated with respect or fairly.

“If you are failing the offboarding process, you’re hurting the company with a self-inflicted wound,” said Tim Glowa, principal of Human Capital Services at Grant Thornton.

Drivers of stress

Five distinct attributes stand out as causing individuals the most stress.

Personal debt

43%

Medical issues (myself or a loved one)

28%

Mental health

22%

Daily inconveniences (e.g., running late, long to-do list)

21%

Ability to retire

20%

When asking workers to rate the three attributes causing the most stress in their lives, personal debt stood out as being cited by 43% of employees. The next four, medical issues, mental health, daily inconveniences and the ability to retire, also were similar to our prior survey. Of some concern is the increase from a year ago of those citing mental health as a cause of stress.

Twenty-eight percent of respondents identified their manager as the single most stressful part of their day. We were able to identify five broad reasons why their manager contributed to their stress:

- Personality
- Work expectations
- Micromanagement
- Lack of experience
- Harassing/discriminatory behavior

To better understand why managers are causing employees stress, some of the individual responses are instructive:

“His lack of leadership and an unwavering ability to be sympathetic.”

“She’s a new manager. Lacks the leadership previous manager had. Doesn’t have the will to fight for what is best for her team.”

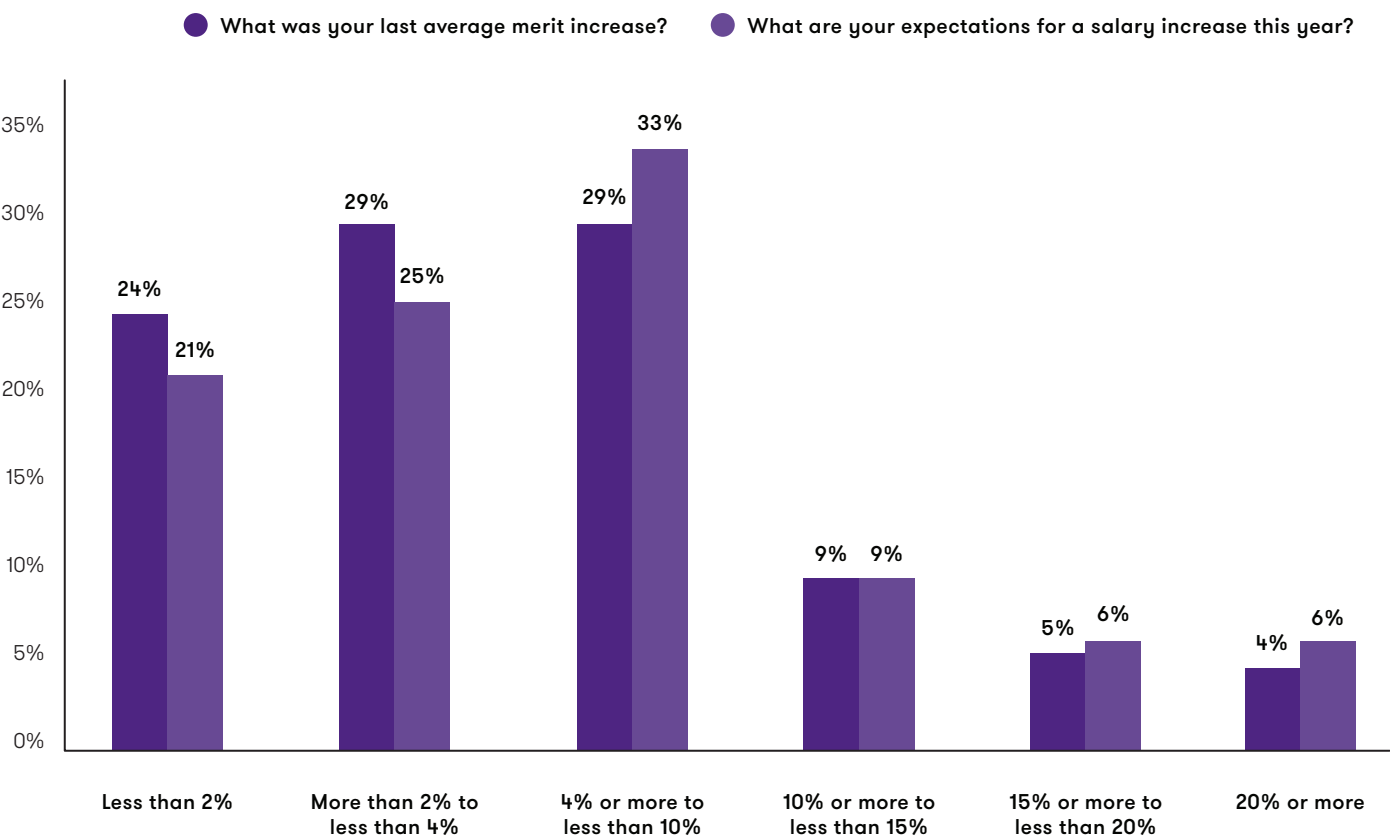
“Because he is distant and does not connect with employees. He is not interested in my daily work. He is not a people person and only discusses tasks.”

Survey results reveal that only about half of those surveyed say the benefits that their company provides are unique and different from those offered by other employers. “Understanding what is causing employees’ stress and thinking through benefits to address these drivers of stress can help organizations differentiate their employee value proposition in a meaningful way,” said Kim Jacoby, director of Human Capital Services at Grant Thornton. Respondents indicate that they would respond positively to a company addressing their drivers of stress. Around 90% of respondents said they were at least somewhat likely to stay at a company that addressed an employee’s top-ranked driver of stress, with three-quarters also saying that such a step would make them more engaged at work.

When asked about which aspects have changed for the better in their personal life, most cited their professional and financial status (40% and 38%, respectively), and a third cited their physical health and emotional and social status. Businesses should see an opportunity to address employee wellbeing as a way to distinguish themselves from other employers.

Trends in compensation and rewards

Comparing respondents' last average merit increase to their expectations for a salary increase this year.



For those who took a new job at a different company, what was the percentage increase or decrease over your total pay compared to your former company?



Responses from job-seekers consistently put base pay as a top reason to stay in a job and to accept a new job. So what are compensation trends right now? When asked about the level of the last merit increase, 53% of our respondents said their merit increase was less than 4%. However, 18% of this group reported an increase of 10% or more, showing that for many, the recent economic downturn did not freeze everyone's wages.

When comparing what increase workers expect this year, these pay increase trends are expected to continue and even improve. These expectations were true for nearly every pay percentage category of 4% or more (see above). Overall, even though 47% of workers received a pay increase of 4% or more, even more (54%) of them expected to earn a raise of 4% or more during their next pay review.

Companies seeking to retain talent need to be aware that workers expect pay raises in today's environment and will likely show little loyalty if those expectations aren't met. Our research also showed bonuses were paid to 59% of our respondents, most of them annual.

If higher compensation is the goal, our research indicates the most sizable pay increase coming from taking a new job. Of the 21% of respondents who took a new job with a different company, 40% received a total pay increase of 10% or more.



For these statements, the percentage listed under each is the sum of those who agreed and who completely agreed.

I'm very satisfied with the benefits I get from my employer

64%

When making changes to the benefits plan, it feels like my employer takes into account employee needs

58%

The benefits I receive from my employer meet my/my family's needs

65%

The benefits and rewards I receive from my employer are unique and different from what I could receive from another employer

51%

My company added new benefits as a result of the pandemic

45%

When asked about their company's benefits plans, about two-thirds of respondents felt those plans met theirs and their families' needs. Of note is that almost half of companies added new benefits in response to the pandemic, but it's possible not many viewed those as different and unique. Companies should recognize that a tailored, distinctive rewards program for employees can be meaningful and attractive and bolster employee retention efforts.

Glowa said the goal for companies should be to create a rewards program that is meaningful to employees, addresses their particular drivers of stress and differentiates that company from its competitors. But it's not just a matter of throwing money at a problem. The key, Glowa said, is to identify benefits where the perceived value placed on that benefit by an employee is greater than its actual cost. Surprisingly, those rarely align.

"There is only one employee benefit -- one reward -- which has a perceived value that exactly equals its actual cost, and that is salary," Glowa said. Our research has shown that some benefits, healthcare insurance being one, tend to have a perceived value less than its actual value. That's not an argument for dispensing with a company's healthcare insurance, but an indication that "value-added" rewards probably should be found elsewhere. As our survey previously noted, mental health has become an increasingly stressful factor in workers' lives, so a company offering expanded mental health benefits could be a value-added benefit that differentiates that company from its competitors.

Above all, Glowa said, what companies should be doing is learning in detail what their own employees value, as those findings can vary by company. Sound, unbiased and thorough surveying of one's own employees can identify particular pain points that can be addressed in a tailored benefits program. After all, using a rewards programs to attract new employees in a tight labor market has a history of success. In World War II, a federal wage freeze forced companies to turn to tax-exempt health insurance¹ to attract workers -- this is when company-offered health insurance became commonplace.

¹ <https://www.nytimes.com/2017/09/05/upshot/the-real-reason-the-us-has-employer-sponsored-health-insurance.html>

Our new workplace preferences

For these statements, the percentage listed under each is the sum of those who agreed and who completely agreed.

I have generally enjoyed working from home

77%

Working from home has improved my work-life balance

75%

I am looking forward to physically returning to work

38%

I want flexibility on where and when I conduct my work

80%

I will look for another job if forced to physically return to work full time

46%

Which of the following practices have been most effective in managing your personal productivity while working from home during the COVID-19 pandemic?

Availability of quiet workspace

54%

Ability to shift work across different times of the day

53%

Agreed upon response times to work matters outside of core working hours

32%

Expanded use of technology and collaboration tools

29%

Employer financial support for internet connectivity, and home office capabilities

26%

Focus on the outcomes more than how work gets done

25%



As you think about returning to the office or workspace, over a two-week period, what is the ideal number of days you would work on-site?

0 days in office

25%

1-3 days in office

22%

4-7 days in office

20%

8-10 days in office

33%

One major change the pandemic brought to the American workforce is the widespread use of hybrid work arrangements, which 60% of our respondents said were available for them. Far from being a necessary burden, respondents strongly indicated that they have enjoyed the ability to work from home. Even though it was initially mandated for safety reasons, employees appreciated the gains in work-life balance. While some (38%) look forward to more time back in their offices, there was little indication of a widespread “return to normal” in our data.

But what should a “typical” work week look like? The short answer is, there isn’t one – at least not in a collective sense. When asked what the ideal number of days one would work at an office over a two-week period (10 possible days), the responses skewed towards both extremes. Only 20% wanted to work a true “split” – between four to seven days, with 33% wanting to come in more often and 47% wanting to be in fewer days than that. Twenty-five percent chose “zero” to be the ideal number of days in-office.

While this response could depend on the type of work done by each respondent, it speaks strongly to the idea that workplace rules around in-office presence need to be as flexible as possible given the lack of consensus on what makes an “ideal” office-home ratio. Our survey found that 90% of respondents said their productivity stayed the same or increased during the first 18 months of the COVID-19 pandemic. One of the unexpected results of working during the pandemic is the discovery that work-from-home arrangements really suited many people better than in-office work. “Flexibility on where you work and sometimes when you work is no longer viewed as an extra benefit but is in fact a minimum requirement as job seekers look for their next career opportunity, said Angela Nalwa, managing director and HR Transformation Practice Leader.

This variance may explain why more than half of workers chose “availability of a quiet workspace” and “ability to shift work across different times of day” when asked which practices have most helped their personal productivity. As fewer people cited technology-related answers, companies that empower employees with more ability to choose when and where they will work can make them more content and better drive productivity.

Conclusion

While the labor market remains volatile, businesses face novel challenges to make sure they attract and retain the workforce they need to sustain and grow. With the likely continuation of opening of the economy, businesses must regard talent attraction and retention as a top priority.

Though the Great Resignation has continued for nearly a year, businesses cannot afford to wait to act. Diane Swonk, chief economist for Grant Thornton, said Federal Reserve Chairman Jerome Powell has committed to a 50-basis point rate increase in May to combat inflation, likely followed by more hikes during the year. This will almost certainly drive up the unemployment rate. “Some employers seem to welcome that outcome, thinking that what they need in order to get their workforce challenges under control is a good recession,” Swonk said. “But there is no good recession. Recessions are indiscriminate in their damage and some of that damage will be to employee engagement.”

Swonk said a business should regard retaining highly skilled employees as a high priority, as they tend to be most open to job opportunities elsewhere. When employee engagement is eroded, these are the employees most likely to leave as a result, she added.

This means companies have an unprecedented but limited opportunity to quickly improve the quality of their workforce if they learn, exhibit and effectively communicate what qualities should differentiate them from competitors. This may be a “job-seekers market” – but smart companies will recognize how to turn that apparent negotiating disadvantage into the kind of growth that can have long-lasting positive effects.

Our survey identified a number of places for companies to start:

- 1 Find out what your employees want.** Don’t assume you know it already. Instead, first listen through focus groups and surveys to understand opinions and attitudes, and then quantify these insights into identifiable trends to discover the true portrait of your employees
- 2 Streamline your sourcing, recruiting, onboarding and offboarding processes.** Monitor your company’s hiring and exit processes to make sure they are candidate friendly, and being done thoroughly and in a timely manner. Determine and eliminate unnecessary steps in the process including reducing the number of interviews, tests/evaluations and duplicative forms. Automate the process as much as possible and where possible, keep the candidate updated on the process.
- 3 Recognize your company’s individuality.** The goal is not to match your competitors, but discover how your company is unique. Determine your employees’ minimum expectations regarding benefits and then expand upon those. Then communicate the benefits and rewards that reflect your company’s distinctiveness.
- 4 Create an employee value proposition unique to your company.** Understand how your brand is perceived by candidates. Remember, your company is different from the competition and that always should be seen as a strength. Your employee value proposition should be distinctive – elements of it should strive to be original because that’s how they will be remembered and shared with others.
- 5 Recognize and respect employees’ power.** For now, they are in the driver’s seat and will not hesitate to leave when their needs aren’t met. Make your company a place where employees want to work and capitalize on the strong labor market now, when it matters.

Companies poised to win the war for talent will be those that not only understand current changes but act now to prioritize those changes.

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