

The 2023 Employee Engagement Trends Report

6 human-centred strategies to build strong, resilient teams



This report is presented by



RewardGateway
the employee engagement people

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Navigating through change in 2023 and beyond

For the past few years, HR leaders have been tested in unprecedented ways. We've had to focus on resolving numerous challenges ranging from the abrupt shift to remote work to an onslaught of mass resignations. We've struggled. We've adapted. As Reward Gateway has aptly said, 2022 was the year of 'The Great Adjustment,' and as we head into yet another year of unknowns, we're faced with a set of new challenges, such as quiet quitting. But what does that really mean, and how do employers face this amidst a wave of other challenges?

'I was a quiet quitter until I became an actual quitter,' someone emailed me, asking to share her story anonymously on social media. As she chronicled her transition, her decision was not instantaneous but a cumulative effect deeply rooted in management issues.

The world of work has changed dramatically in recent years and will continue to evolve, and as HR leaders it's critical to keep our employees engaged and understand how best to adapt to new landscapes as they come our way.

I am Brigette Hyacinth, an international keynote speaker, bestselling author and thought leader on HR, leadership and digital transformation. For over 15 years, I have been advising HR leaders from all over the globe on how to unlock creative potential and increase productivity, while improving the employee experience and wellbeing. I have been ranked in the Top 100 HR Influencers for the last 5 years consecutively. Most of my career has been dedicated to putting the 'human' back into human resources. It's a joy to see leaders I have worked with adopting a human-centric approach in their organisations.

It's an absolute win-win situation.

In this research conducted by Reward Gateway, we can see that 24% of global employees reported they are no longer going above and beyond their specific responsibilities and/or schedule. This statistic is alarming and quite concerning and makes it clear that we need to do what's within our control to flip the switch from disengaged to engaged.



Brigette Hyacinth,
international HR and
Leadership thought leader

This report discusses six key strategies to counteract employee disengagement. It provides valuable insights, practical tips and resources that HR leaders can immediately incorporate into their day-to-day practices.

Let's face it, no one joins a company and thinks, 'I will give the bare minimum.' Disengagement is caused by a combination of factors, but at the heart of it lies a manager's relationship with their employees. Managers account for 70% of the variance in employee engagement. As described in this report, the recipe for engagement includes many key ingredients and, if diligently applied, can lead to success. It's time for managers - and employers as a whole - to use the human-to-human approach.

Take the time to listen. Get to know your employees, meet them where they are and be flexible. Show that you care. We need to be respecting employees and their experiences. Your employees are your most valuable asset. Don't take them for granted or treat them poorly. Remember that loyalty is indeed a two-way street.

“

The upcoming year will undoubtedly present new challenges for HR professionals, **but not all hope is lost.**

As companies continue to rely heavily on HR as a strategic partner to tackle challenges, it's important to adapt to successfully drive change and add business value. We'll see many of these trends listed in this report continue to take precedence and evolve as organisations hone in on employee experience.

This report discusses six key strategies that will help to counteract employee disengagement. It provides valuable insights, practical tips and resources that HR leaders can immediately incorporate into their day-to-day practices.

In everything we do, the 'human touch' makes the difference. Sometimes it's the little things we do that count the most. It doesn't cost much to show employees that you genuinely care, but it can make the biggest difference in keeping them loyal, happy and engaged.

Strategies for 2023



#1

Treat managers like they matter, because they do

#1 Treat managers like they matter, because they do

For years now, our research has shown that, after fair pay, the top employee ‘must have’ is a manager who cares. And for the vast majority of employees, feeling heard by leadership is important to wellbeing at work.

Being seen and heard – simple, human needs that should be easy to fulfil – so often get overlooked in the crush of everyday tasks and stresses. But focussing on these fundamental needs can be an elegant, human-centred solution to create a super-powered workforce.

How can you establish and strengthen direct employer-employee connections to ensure staff is heard, engaged, and contributing to a thriving business?

At Reward Gateway, we recommend starting with an awareness of how engaged employees really are. We’ve created a simplified but useful employee engagement quadrant that describes the four main types of employees.



of employees say feeling listened to by leadership is important to their wellbeing at work.

Top employee ‘must haves’ in Australia



67%
Fair pay



56%
A manager who cares

“The very backbone of your company, managers drive success by steering, empowering, and listening to employees, all while maintaining that vital connection to leadership and vision. It’s critical for companies to support that cornerstone role.”

Rob Boland

Quadrant of Employee Engagement



The spectrum of engagement from detractors to ambassadors can be wide indeed. **The good news is that leaders have it in their power to move people within quadrants**, positively influencing detractors and stayers, and helping grow go-getter loyalty to create a workforce strong on ambassadors.

Managers can become invaluable links in the engagement chain by communicating and connecting employees' roles back to the organisation's mission, listening and keeping the pulse of the front line, and through impactful, relevant people programs.

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#2

Focus on employee wellbeing as the heart of engagement

#2 Focus on employee wellbeing as the heart of engagement

Up until very recently, wellbeing benefits were nice-to-haves that only very people-focussed companies offered. Even then, the benefits remained fairly surface-level, like wellness seminars or a gym membership. But in a very short period of time, with the confluence of so many emotional, physical and financial health challenges, wellbeing has gone from a cool sideline to what should be the very core of an HR department's people strategy, and a fundamental focus for business leaders everywhere.

“Wellbeing has levelled up. And if you don't pay attention to it, you won't get the staff loyalty you need to thrive as an organisation.”

Kylie Terrell

Of the Australian employees surveyed:



43%
say the largest negative impact over the past few years has been on their wellbeing



Over half
frequently experience stress at work



Over 4 in 5
say workplace burnout has an impact on their overall mental health and wellbeing

We encourage people to start community groups for the things that they need and bring like-minded people in. Book clubs, run clubs, etc. to get people onboard and proactively doing something for themselves.




Steven Elvin, Digital Platform and Employee Benefits Leader, Flight Centre Travel Group



“Support, connection, communication and recognition are effective, sustainable and affordable levers that work together to boost workplace wellbeing and productivity.”

Kylie Terrell

Of the Australian employees surveyed:

 <p>38% rate their employer's mental wellbeing support as good or excellent</p>	 <p>34% rate their employer's physical wellbeing support as good or excellent</p>	 <p>31% rate their employer's financial wellbeing support as good or excellent</p>
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Despite the prominent need for workplace wellbeing, it's clear there is glaring room for improvement. With so few employees feeling they have the support they need at work, HR leaders can help their company stand out from the crowd by offering excellent and relevant physical, emotional, and financial wellbeing support.

Offering comprehensive workplace wellbeing support not only makes wellbeing more convenient and affordable, it also serves to normalise and de-stigmatise accessing this support.

In the pandemic aftermath of stress, burnout and financial strain, any amount of wellness help, advice and practice, such as free resources or benefits that strengthen the pillars of wellbeing, can only help unravel these complex and often interconnected challenges to help develop a **stronger, happier and more resilient workforce.**

The 4 Tenets of Employee Wellbeing



Support



Connection



Communication



Reward & Recognition

Strategies for 2023



#3 Don't let employees drift into disengagement

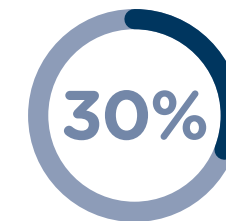
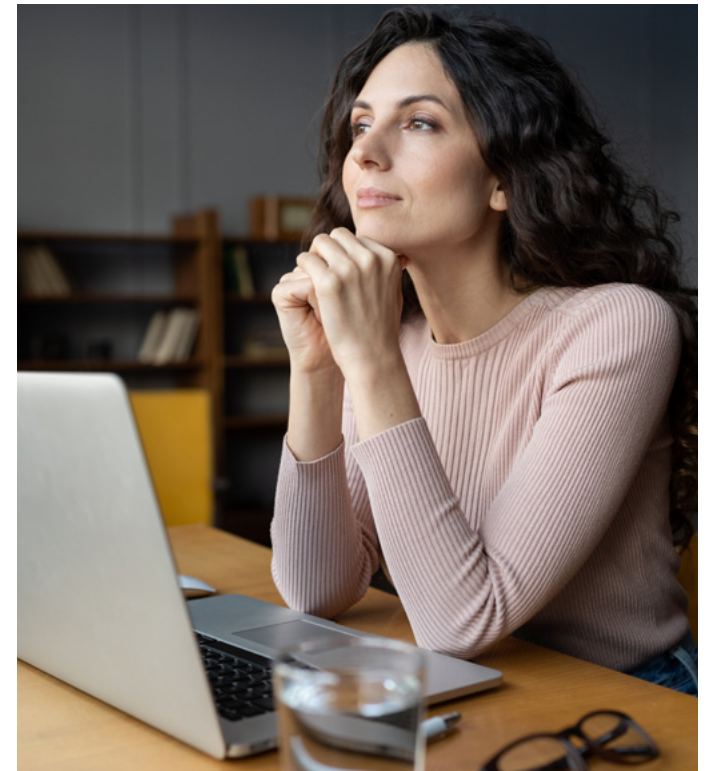
#3 Don't let employees drift into disengagement

**What's the impact of unchecked and untreated people challenges?
In short: disengagement.**

Employees are forgetting why they come to work, or why they even took the job in the first place. While this apathy can foreshadow a resignation, it can also evolve into quiet quitting, in which employees stop bringing their creative and intellectual best, and most certainly do not go above and beyond.

For some employees, disengagement serves as a wake-up call to recalibrate for balance, maybe through a job change, a holiday or a leave of absence.

But for the most part, it's possible for leaders to re-engage staff who are simply drifting. Missing this opportunity risks higher attrition and employees stepping away from important tasks, both of which can cause more work for colleagues, catalyse a burnout domino effect, and lead to a productivity drop.



30% of Australian employees report they are no longer going above and beyond their specific responsibilities and/or schedule.

“Like reigniting a stagnant relationship, sometimes you just need to go back and remind employees why they loved their jobs in the first place. Talk to them about how their talent and energy fuels your organisation’s values and mission, and how that tough day at work was just a hurdle on their way to a higher purpose.”

Rob Boland

“Employers need to look at the road that leads to quiet quitting and how they can move their people into actively engaging.”

Rob Boland

The four R’s to re-engage your workforce

Moving your quiet quitters into a better quadrant

Revive

Ask your employees why they loved this job enough to accept it. We all, of course, need a paycheque. But your staff likely had a choice, and your recruiters probably inspired the heck out of them while closing the deal. It’s worth it to pause regularly to go back to basics, to communicate your journey and mission as an organisation, and to make sure your team members know why and how they’re a critical part of that success.

Recharge

In every work environment, but especially in high-stress professions, lightening the atmosphere can help employees take a step back and enjoy their work life more. **Relaxing enhances creativity.** Think about it: how many great work-related ideas come when we’re not at work or in front of a computer? It’s important for managers to let employees carve out their creative time and to take the lead in reminding their teams that work doesn’t always have to be serious.

Remind

In the crush of everyday deadlines, it’s easy to forget what work provides. Besides reminding employees of all the benefits and supports available (which you hopefully have!) **it’s also important to elevate work beyond the paycheque.** Your workplace is a rich community of like-minded professionals with interesting challenges and ample opportunities for advancement – a place that will let them grow as a person, evolve as a professional, and develop relationships with friends and colleagues – but only when they see it that way.

Recognise

We can’t forget the fourth, arguably most important ‘R’: Recognise. Our surveys have shown time and time again that **thanking and rewarding employees for their hard work is absolutely fundamental to engagement**, which is why we’ve devoted the whole next section to recognition.

How your employees may be feeling right now	Antidotes to these negative emotions
Underappreciated	Offer ongoing positive feedback, recognition and rewards to make sure employees know their contributions are appreciated.
Undervalued	Ensure jobs continue to interest and challenge employees, and that they receive proper compensation as roles evolve.
Disconnected	Regularly communicate to employees how their talents and contributions matter to the business.
Ignored	Listen, embrace and respond to ambitious employees who suggest new ways of working or seek a promotion or raise: you’re cultivating future ambassadors and leaders.
Isolated	Provide wellbeing support and encourage face-to-face collaboration and social interaction among employees to battle the disconnection and detachment caused by modern work environments.



We have moved our resources for employees into one place. That’s been the biggest thing for us to not rely on ‘waterfall communications.’ In a bigger business, you might decide you need to tell the manager, who will then tell the team members. And you’re hoping that everyone will have the same understanding, which isn’t always the case. Now, we’re cutting out all the noise and potential for it to go wrong and sharing what we need to say directly with employees in a digital platform.

Emily Jetson, Head of Organisational Development, Euro Garages



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#4

Use recognition as
a hidden power#4 Use recognition
as a hidden power

‘Why am I even doing this?’ It’s easy for employees to feel lost at work when they’re not recognised or even thanked for their work, whether outstanding or simply the day-to-day, nose-to-the-grindstone output. This futility can lead to stress and - if unchecked - burnout.

In 2020, an estimated 76 million cases of anxiety and 53 million cases of major depressive disorder across the globe were attributed directly to the pandemic.¹ There’s a scientific basis for this suffering. Isolation and lifestyle changes have actually altered the brain chemistry of people around the world, causing drops in dopamine, serotonin and oxytocin levels. And that same biochemistry provides the foundation for simple interventions that can strike at the heart of these issues, including recognition, purpose and connection.

“Recognising employees and peers for good work is not just about being nice. It’s about being restorative.”

Kylie Terrell

**69%**

of Australian employees agree their work wellbeing would improve if they were simply thanked more for their hard work.

¹ The Lancet, 2021, [https://www.thelancet.com/article/S0140-6736\(21\)02143-7/abstract](https://www.thelancet.com/article/S0140-6736(21)02143-7/abstract)

The link between workplace stress and recognition



Science-based strategies that boost employee wellbeing

Recognise employees for good work	Help employees see the purpose of their work and feel valued	Encourage positive connection with others
Feelings of competence and mastery release dopamine , a neurotransmitter that triggers pleasure and motivation.	Feelings of autonomy and self-motivation release serotonin , a neurotransmitter that regulates mood.	Interactions involving trust and kindness release oxytocin , a hormone involved in bonding and social learning.



We have over 1,200 employees who represent multiple generations and work in a wide variety of locations and environments – from nursing to dining to maintenance and operations. We know that consistent and timely recognition is a powerful driver of employee engagement for our entire workforce. This positively impacts retention and our ability to provide a high level of care and support to our residents and their families.

Nadim Abi-Antoun, Chief Operating Officer at Presbyterian Homes.

PRESBYTERIAN HOMES

A full **52% of Australian employees** want their employer to increase their investment in employee reward and recognition. This can include providing simple ways to:

- **Reward employees** for their contributions
- **Send thanks or kudos** to employees and colleagues for great work
- **Encourage fun** or work-related competitions and challenges
- **Acknowledge and encourage** expected behaviours at work, such as following important safety protocols

And why not? For relatively low output, investments in reward and recognition pay off, resulting in surprisingly high boosts in workplace wellbeing and mitigating negative feelings before they grow into problems or crises.



Our people feel empowered to recognise and reward others across departments, and everybody – from frontline employees to our leadership team – is bought into it. People not only know that recognition makes others feel good, it’s also helping to improve our business results because our people are more connected, more valued and know that their work is making a difference. There is power in listening to and recognising your people.

Sheri Treu, Director of Organisational Development at ORBIS Corporation



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#5

Address the ongoing changes surrounding the rising cost of living

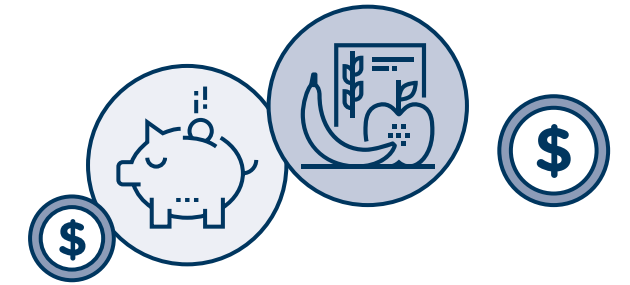
#5 Address the ongoing changes surrounding the rising cost of living

Across the world, escalating costs of consumer and household essentials are shrinking disposable incomes and lowering standards of living.

The Australian Bureau of Statistics shared inflation increased 1.8% to reach 7.3% in 2022 – the highest increase since 1990.

The financial strain of not keeping up with inflation is taking its toll on the physical and mental wellbeing of employees and their families. In our 2022 study, 60% of Australian employees admitted that cost of living stresses are negatively impacting their work, and HR managers are finding that supporting the changing needs of employees is challenging.

While not every company can afford double-digit pay increases to help employees keep up with inflation, there are effective levers at your disposal to support employees.



We've seen that financial wellbeing support – which helps employees make their salary go further, manage costs, and feel more in control – is an extremely effective antidote to financial stresses creeping into the workplace for a fraction of the cost of a bulk payout. **Reward Gateway is seeing this value directly, with more than \$2.5 million saved from our Australian and New Zealand clients in December 2022 alone and a nearly 25% increase on grocery spending year-over-year during the festive season.*** In the same survey, we saw that workplaces that offer good or excellent financial wellbeing support make it 40% less likely for employees to experience productivity issues at work than workplaces with poor support.

*Source: Reward Gateway client data, December 2022.

Where financial wellbeing support is



Say cost of living stresses are making it more difficult to focus and be productive at work

There is a real need for increased focus on financial wellbeing support, with the same survey finding 70% of Australian employees think their employer could do more to offset the inflationary pressures.

Making a difference in employees' everyday lives

I have saved nearly \$600 on shopping since using my discount vouchers over the last eight months. I can't go past a Woolworths shop without logging into my [employee benefits] app and buying a voucher. With three hungry boys to feed, any kind of saving helps.

Nadia Roberts, Talent Acquisition Specialist at Freightways



“With the rising cost of living, providing support to employees through means like a discounts program is no longer a competitive advantage, but becoming more of a necessity and even a baseline package for many companies across ANZ.”

Kylie Terrell



We know that in order to be competitive within the marketplace, we need a menu of benefits that is offered to our employees. One size does not fit everyone, so there is no point in offering or spending dollars on benefits if in fact it's not what our people are looking for.

Marea Phillips, Director of People and Culture APAC, Insight



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#6 Stay agile to absorb change

#6 Stay agile to absorb change

Despite the urgent need to attract, retain and engage employees, many factors - from inflation to budget cuts to competition for talent - are interfering with long-term planning.

When planners are faced with so many unknowns and blind spots, agility can be a powerful tool. But only 1 in 5 Australian HR leaders say their employee engagement strategy allows them to adapt extremely quickly to the needs of employees as they change.

6 factors HR leaders say are interfering with long-term strategic planning:



29%
Inflationary pressures



26%
Competing priorities



28%
The great resignation



23%
A reduced HR department



25%
The pandemic



25%
A lack of budget

“A flexible and multi-faceted HR engagement tool can grow with your needs, boosting system ROI while reducing both the financial and human costs of adoption.”

Rob Boland



Climb the engagement summit: together

How can HR leaders gain more agility?

For starters, by listening, anticipating, and staying open to new approaches. While keeping the pulse of employee sentiment, morale, issues and needs is important in any work environment, it could not be more critical today.

And because leadership can't be everywhere at once - especially with the post-pandemic distributed workforce and so many HR leaders reporting budget, staffing and other pressures - simple online solutions to bring HR closer to the front line are becoming more and more essential. **A full-service employee engagement platform lets companies:**

- Connect employees, managers and leaders in an **authentic way**
- Encourage **employee connections** through sharing, group activities, and recognition

- Keep everyone **informed** about and **engaged** in company news, mission, and vision
- **Keep your finger on the pulse** of employees so you can quickly pivot to respond to their needs

As we've seen in this report, the recipe for engagement includes many key ingredients. An engagement platform that responds to your needs today and tomorrow - from communications to rewards, recognition and benefits - can be as flexible as your planning needs to be.

It's no exaggeration to say that work life has changed dramatically over the last several years. The lasting impact of the pandemic, remote work, and the cost of living pressures have shifted our thinking in significant ways.

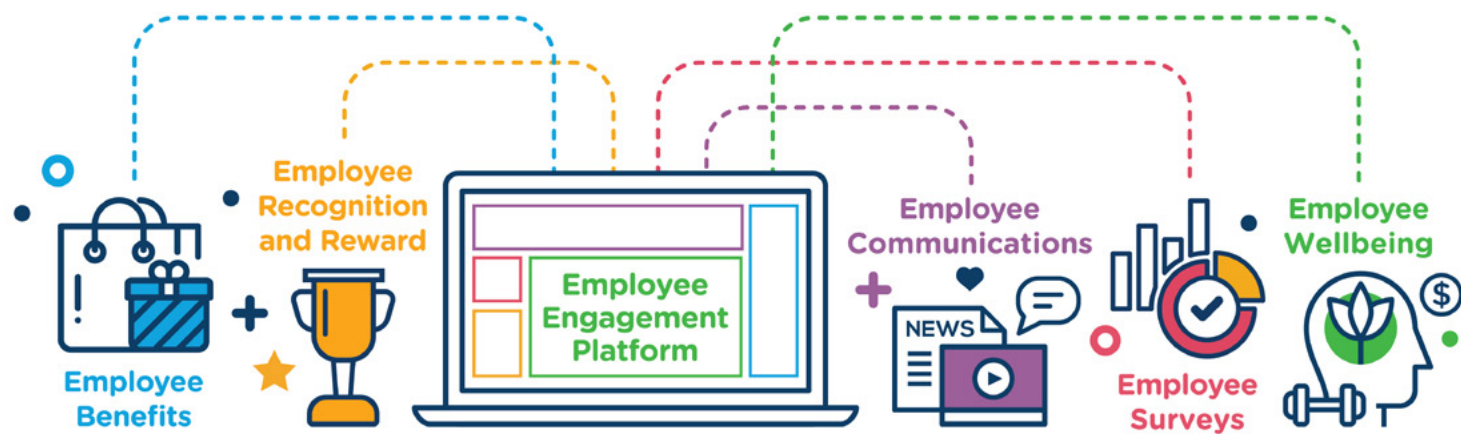
Employees now expect a more flexible work environment, more help with their financial life, and more honesty about - and support for - wellbeing issues.

Today's workplaces are a far cry from yesterday's archetypal faceless corporations where employees were treated as just another input to production.

In the face of the pervasive chaos and anxiety many employees are grappling with today, wise HR leaders are called upon to get ahead of these changes before your workforce quietly - or even actively - disengages from your mission and you find yourselves without effective teams to fulfil it.

Affordable and very usable platforms exist for employees, managers and leaders to connect and support each other in a variety of ways. Embracing recognition, rewards and a comprehensive approach to workplace wellbeing can only stand to create stronger, more productive, and more resilient cultures.

At Reward Gateway, as we've watched workplaces evolve and taken the pulse of global employees over the years, we've learned this simple fact: the best way to prevent stress, disengagement, and attrition is simply to be an employer that cares.



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This report is presented by



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