

Winning the Talent Tug of War

The engagement evolution
for the talent revolution



This report is presented by



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Introduction

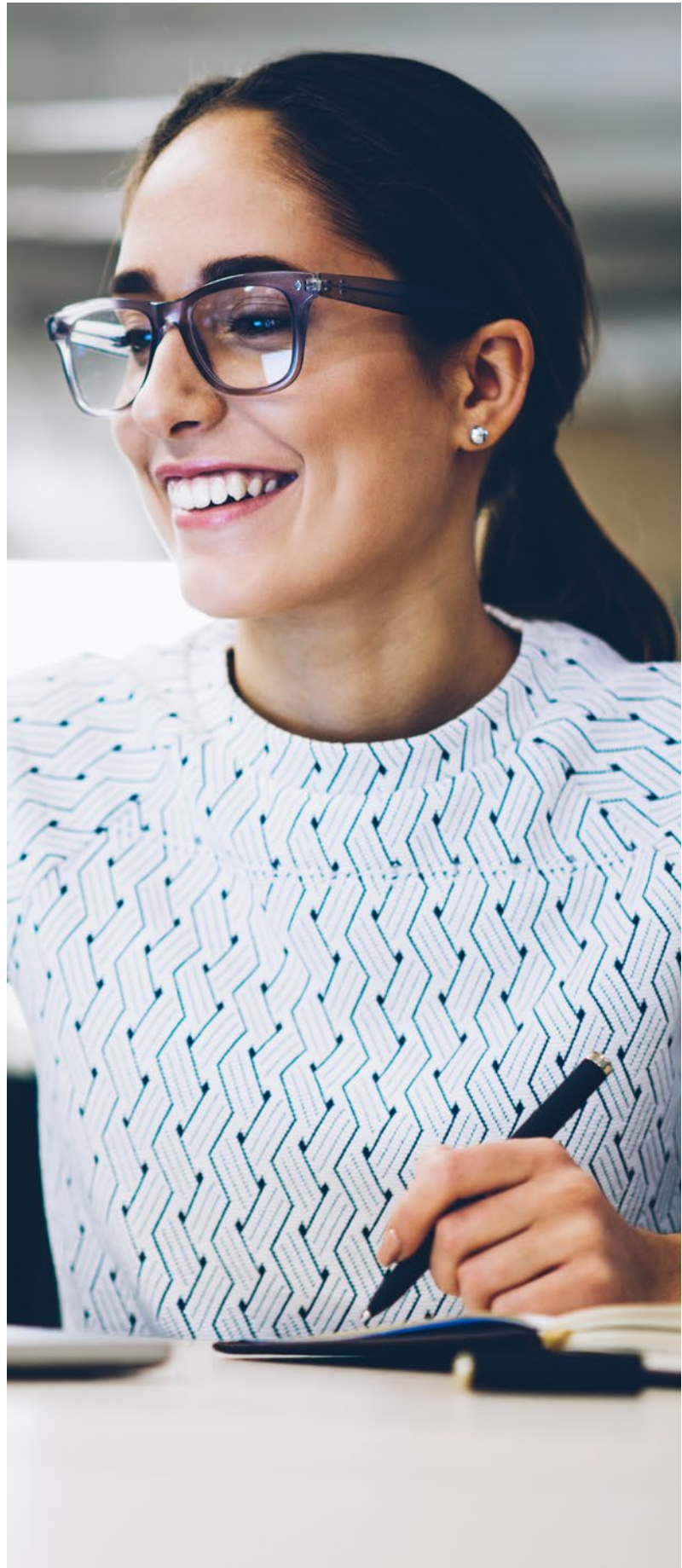
The COVID-19 pandemic forever disrupted the landscape of HR, ushering in a much-needed evolution, a new mindset on flexibility and a heightened focus on employee communication and recognition. With this change, it's important to reset, realign and ask: where do employer and employee sentiment stand?

A recent study conducted by Reward Gateway surveyed 3,809 employees and senior HR decision-makers across the UK, U.S. and Australia, revealing more about the expectations and intentions of HR leaders and their employees in this unique time, highlighting employees' plans to leave their current jobs and what HR leaders are willing to do to keep them.

The data suggests that the next 12 months will define how employers can balance healthy employee churn while attracting, retaining and engaging top talent.

Overall, the research reveals key themes to a positive employee experience that HR leaders must balance in today's tug of war for talent, with employees swiftly gaining the upper hand.

To attract and retain talent in a competitive and dwindling talent market, reward and recognition, trust in leadership, positive managerial relationships and fair pay remain integral. Company culture continues to be a key driver of a healthy, successful workforce, and environments rooted in open and honest communication are among those most desirable to employees.





HR leaders, on the flip side, are aware they'll be required to adapt to employees' newly revealed needs, redefining what they offer as a company to attract and retain the best talent in the wake of COVID-19. Many plan to increase the amount they invest in key areas such as reward and recognition, employee feedback, employee communications and wellbeing.

The war for talent is acute now, with over 9.2 million job openings – an all-time record, smashing the pre-pandemic number by nearly two million. This statistic further solidifies what we already know to be true about the state of the workforce: **There is a dramatic need for workers and not enough workers to fulfill this need.**

The data and trends are clear: The upcoming year will be a time for HR leaders and employees alike to reset, reconsider their goals and priorities, and realign. Every company has been forced to change, and many are in the process of reinventing themselves once again.

The following pages examine how the employee-employer balance has changed and reveal how leaders can maximize engagement with the right mix of tools and strategy, to ultimately win the talent tug of war.

Attracting and Retaining Employees Through “Healthy Churn”

The COVID-19 pandemic put many organizations in a uniquely challenging position. Many felt uncomfortable letting go of workers because of the world’s negative state, while others were forced to reduce their staff to keep the business afloat.

Now, they are trying to play catch-up. Many HR leaders surveyed noted they are currently hiring, while many employees shared they are currently looking for a new job or will be this year, and would consider different opportunities than before the pandemic, given the opportunity to work remotely.



Nearly every HR manager surveyed (98%) agreed that there are benefits to a healthy amount of employee churn, including “the ability to bring in new talent” (52%) and “an opportunity to enhance Diversity, Equity and Inclusion (DE&I) in [their] organization” (46%).

But regular, ongoing turnover is not sustainable, nor healthy for an organization looking to succeed, as it undermines teamwork, creating a culture of instability and a need to frequently re-train workers, while compromising intellectual property. The data suggests that the next 12 months will define how employers can balance healthy employee churn while attracting, retaining and engaging top talent.

Supporting Data:

61% of HR leaders have held back on firing because of COVID-19

66% of HR leaders report their companies are currently hiring

59% of employees note they would now consider careers they might not have before because location is not required

42% of employees surveyed report they are either currently looking for a new employer, or will be this year

Factors driving new hiring:

Filling new positions due to company growth

64%

Replace jobs lost during the pandemic

52%

To obtain new skills needed for the new world of work

51%

Benefits of churn:

Opportunity to bring in new talent that can enhance culture

52%

An opportunity to enhance DE&I

46%

What Employees Want

Pre-pandemic, employees' days were spent in busy offices alongside numerous coworkers, bouncing from in-person meeting to collaboration session and back again, all within strict working hours. Add on top of that the frontline employees who work within retail, customer service or manufacturing industries who are juggling numerous demands and often taking on excessive workloads, leaving little time to concentrate on anything outside of their day-to-day. As a result, tech platforms leveraged by HR leaders or individual teams were

just that – individual, disjointed and often numerous, making the experience confusing, and notifications and distractions frequent and annoying.

Before COVID-19, employee must-haves included fair pay and a manager who cares about their employees. And while much changed throughout the pandemic, and the way we work will likely never return to its pre-pandemic ways, employees still need much of the same. They now report that fair pay and a caring managerial relationship top the list, but are followed closely behind by the ability to work flexibly. No matter what, employers must be ready to offer employees this level of autonomy and freedom, lest their teams seek other opportunities.

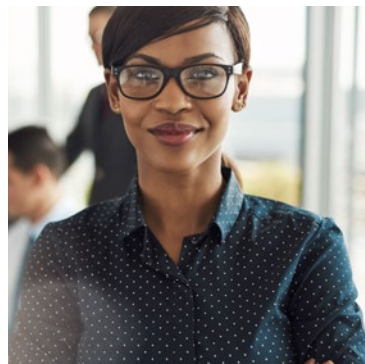
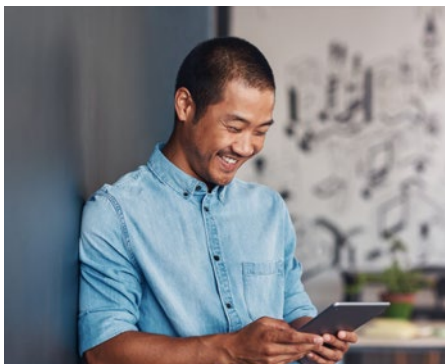
The must-haves for employees:

While “fair pay” ranked first, this was followed closely by

“a manager who cares”

52%

employees desire a culture where they can speak openly



The Future of Work

Before

After

Crowded office spaces, strict working hours



Flexible, remote or home-based working environments

Fractured, inconsistent and ineffective communications



Regular, tailored communication aligned with strategic goals

Employee is responsible for own wellbeing



Employer-supported wellbeing initiatives

Annual surveys that inform HR strategy



Frequent pulse surveys to gauge morale with on-the-spot employee feedback

Manual, time-consuming, disjointed employee recognition



Meaningful, consistent, digital recognition

Isolated platforms for single or specific purposes



Integrated employee engagement and employee experience to achieve more with less

The Hybrid Workforce Is Here to Stay

Over the course of the pandemic, many businesses pivoted to remote work and created an environment they had never encountered before, opening the door to a new way of working. Coined the “hybrid” model, this meant that employees desired – or more accurately, demanded – choice in regard to how, when and where they worked, whether from an office, comfortably at home or at a coffee shop down the road.



Globally, less than

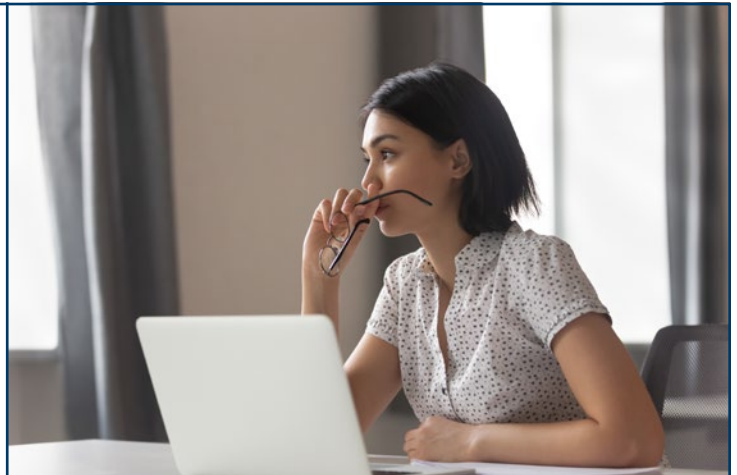
40%

of employees surveyed
feel excited to go to work,
somewhat.

What's more,

42%

of employees are actively looking or
intend to look for a new job in the
next 12 months.



Moving the needle closer to all-in excitement requires organizations to take the lessons they've learned throughout the course of the pandemic into the years to come, particularly in regard to flexible work.

The world of flexible working has opened up doors for employers to recruit beyond their common geography, and for employees to think beyond their home state for opportunities, meaning the war for top talent is becoming more and more apparent.

In fact, more than

59%

of employees surveyed would now consider jobs that they wouldn't have pre-COVID-19 because they're no longer restricted by job location.

And nearly

52%

of employees surveyed are looking to move to a job where flexible working is an option.

Flexible working and opening up the doors to a hybrid workforce isn't just a nice-to-have, it's a must-have if organizations have any chance of competing in the war for talent.

The keys to attracting and retaining top talent

Now more than ever, businesses must be agile, creative and flexible as the world resets in a post-COVID-19 era. With hybrid and flexible working on the rise, this has become an obvious choice on any employees' wishlist. But it's not the only factor that would cause an employee to leave a job – flexible working by itself won't keep employees at a particular business, or help an organization stand out in a crowded employer landscape.

53% of employees surveyed admitted that while they're happy in their job, they would leave if a better opportunity presented itself.

What are the levers that HR leaders can pull to keep and attract their best people? The top factors that make up employees' "must-haves," outside of fair pay and flexible working were:

- Employee reward and recognition
- Trusted leadership
- A manager who cares about their employees
- A culture of open and honest communication
- Financial, physical and mental wellbeing support

How HR Leaders Are Responding

Gallup states that companies with engaged employees outperform those without by **four times the success rate**, and highly engaged businesses achieve a **10% increase in customer ratings** and a **22% increase in profitability**.

But now, and well into the future, in a post-COVID-19 world, engaged employees are what businesses need to truly transform themselves into resilient, stronger businesses to get on the path to success. On that path, businesses must take an agile approach to how they're attracting and retaining employees, and more importantly, be willing to accept that their first plan might not be their only plan. Our research has shown that

55% of HR leaders strongly agree that attracting the best talent and keeping the right talent is critical.



But what are they doing about it?

By keeping a pulse on what their employees are looking for, whether that's a focus on wellbeing or better, more frequent communications from Leadership, teams can pivot quickly to keep their workforce engaged with the right tools in place.

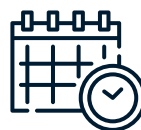
According to the latest research from Reward Gateway, here are three core areas that leaders are investing in to stay ahead of their competition:



1. Reward and Recognition



2. Employee Communications and Surveys



3. Flexible Working/ New Working Policies

Transforming the reward and recognition experience

82%

of HR leaders plan to increase investment in reward and recognition

“

When we first launched ‘The Spot,’ our main goal was to be more intentional about the culture that we wanted to create. Over the past seven months, we’ve seen a significant cultural shift – our people are recognizing each other more strategically and our communications have brought us closer together in a digital space. Even in times of uncertainty, we’re able to keep our people and our customers at the heart of everything we do to continue moving the business forward.”



Phil Burgess,

Chief People and Operations
Officer at C Space

Prior to COVID-19, embedding a culture of appreciation may have begun with a posterboard of a photo of the Employee of the Month, or a spreadsheet of work anniversaries that caused HR departments a headache gathering up company swag to ship or hand deliver. And maybe that worked, in a typical office setting.

What may have worked in the past isn’t working anymore, with **less than 43% of employees surveyed reporting that they only feel somewhat valued for their contributions.**

Employees now are either embracing the work from home life as a “new normal” or are slowly making their return to the office, with many moving to a hybrid model, with some time in-office and other time at home. Without a constant face-to-face presence, connections are being lost, and this isolation can lead to feelings of loneliness that we didn’t typically see pre-pandemic.

To combat these feelings of loneliness and take the place of face-to-face interactions and in-office high fives, leaders need to make employee accomplishments more visible to the entire business so employees feel more connected to one another and understand how their individual contributions can support business continuity and growth.

In fact,

73% of more than 2,500 employees surveyed stated that they would stay at their current company longer if they received more reward and recognition.

Making the invisible visible is becoming more and more challenging, especially with the new world of working. And that is being shown in companies that use old-fashioned reward and recognition techniques that were better suited for in-person celebrations.

What's more, while employers see the value in recognition, so do employees, with **nearly 45% of employees surveyed agreeing that this is the area they want their employer to increase their investment in the most.**

Creating the environment to make accomplishments known to the entire business so others see what “great” or even “good” looks like is key. And recognition, in whatever form it may take, is critically important to retain and attract key employees.

In a post-COVID-19 world, what are employees craving when it comes to being rewarded and recognized? The focus needs to be on rewarding and recognizing employees where they are, which is why digital delivery has taken over as a primary means of recognizing teams. The convenience of going digital-first translates into the mobile-first experience as well, with frontline employees needing a way to feel connected to and recognized by their peers without having day-to-day access to a computer.

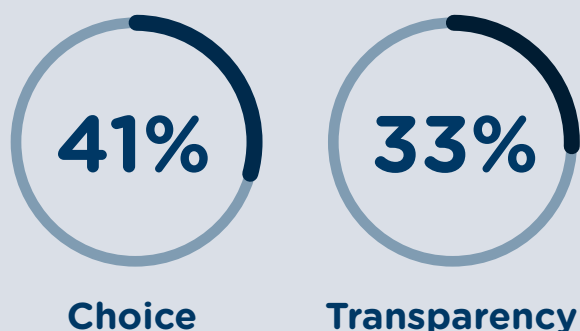




The third 'R' in R&R: Redemption

While the simple act of recognition is important for employee engagement, how employers reward and recognize is also coming sharply into focus. When it comes to how employees want to be rewarded, two main factors stand out, which is the need for choice and transparency.

A recent survey of 1,500 employees across the U.S., UK and Australia uncovered what employees value **most** when it comes to redeeming rewards from their employers:



We've seen in a recent survey that **72% of employees say** their employers could do more to motivate them, and that the number one driver of motivation in the long term is being shown appreciation for hard work.

The new redemption experience needs to anchor itself in choice and transparency, while also creating opportunities for personalization. No matter where employees are located, the best employee rewards experience is immediate and timely so great work can be recognized and rewarded on the spot, when it happens, so employees feel that appreciation right away.

Bringing meaningful moments of reward and recognition that put employees in the driver's seat of choosing their top reward will lead to a better employee experience.

Employee retention and recognition in a post-COVID-19 world

The COVID-19 pandemic has given an opportunity for some employees to shine and demonstrate the incredible value they bring to organizations.

These were the people, like frontline workers, that accepted new challenges, that brought new ideas to the table, helped push the company forward and set a positive example for others.

Improving an organization's employee recognition strategy can play an important role in retaining these employees, as organizations will want to keep the employees who are modeling the behaviors needed to recover and thrive in a post-COVID-19 era.

Recognition can help make an employee understand and trust that they **matter** to the business, and are **vital** to the company's recovery, as well as to its future success.



Connecting and listening to employees

86%

of HR leaders plan to increase investment in employee communications

and

81%

of HR leaders plan to increase investment in employee surveys

“

We can't communicate enough, and more importantly how we choose to communicate is an important factor to improving our culture. Finding a centralized system that actually connects well with your people is part of building a sustainable future because people want to feel included.”



Sheri Treu,

Director of Organizational Development at ORBIS Corporation

Employers need to cut through “email fatigue” (with the average office worker receiving more than 120 emails daily) and reach employees with important information, no matter where or how they work. Digital tools, like an internal communications platform, can help cut through the noise and deliver tailored content – via desktop or phone – to reach employees with the most relevant information.

Plus, with face-to-face communications becoming less frequent (or there at all), there's been an increased focus on collaboration tools such as MS Teams, Slack and Yammer, meaning that much like employee recognition, employee communication tactics need to live where employees are already

doing their day-to-day work.

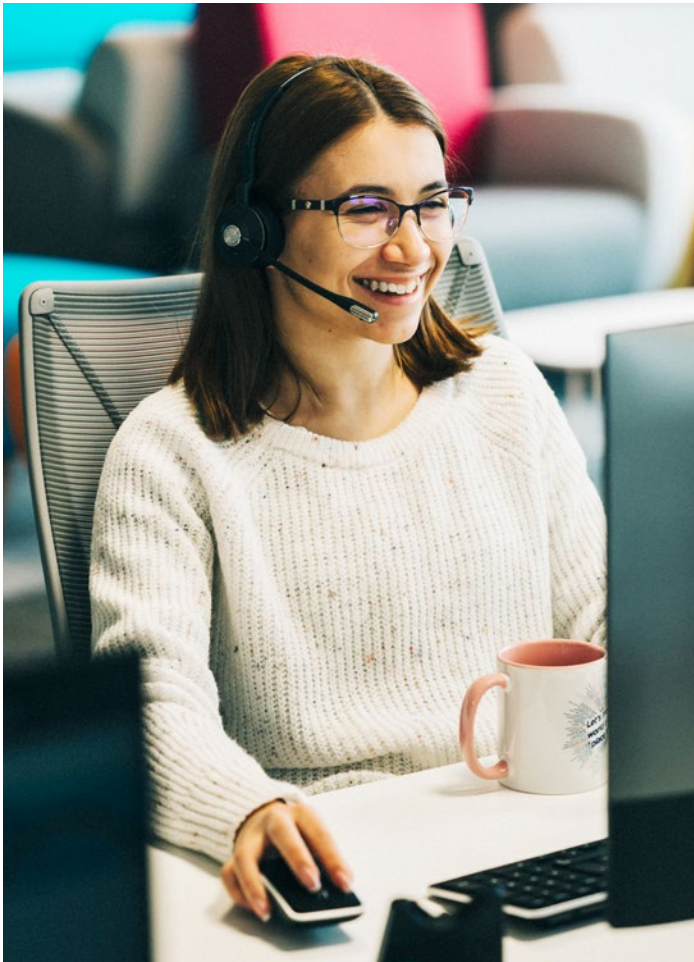
Along with the changes in the way we work, there have been changes in the ways the world communicates – there's no one-size-fits-all approach.

Hybrid working means people are on the front lines, working from home or working in the office. With our people spread out across various locations, it's paramount that we centralize our digital tools in order to better connect people, no matter how or where they work.



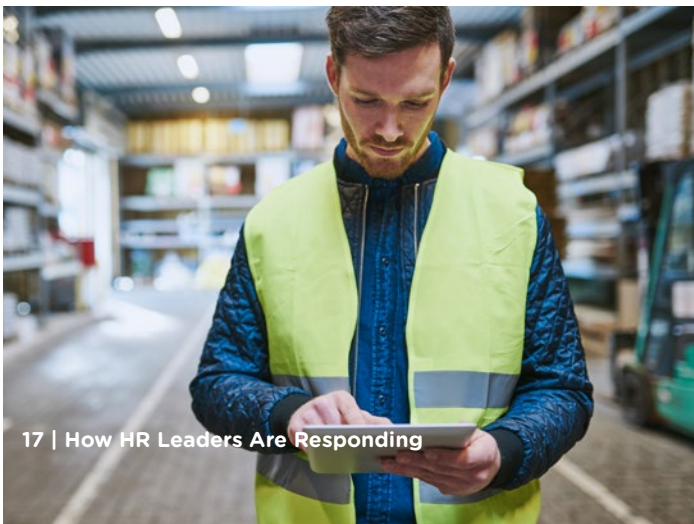
In an ever-evolving environment, timely communication is critically important to a company's survival. Businesses that already had systems in place to get news out to employees about store closures, furloughs, safety measures and new protocols were one step ahead of their competitors, who lost time and crucial moments of communications trying to patch together or implement new, untested tools in the heat of the moment. The confusion and discord this created for employees further heightened the stress and productivity loss among employees.

In fact, only 23% of employees surveyed feel that they've received more open and honest communications from leadership as a result of COVID-19.



“

Our CEO, David Miles, has even started sending out a weekly communication, something which we never even considered doing before. That has been incredibly powerful and means that frontline staff now feel like they've got a genuine connection with senior leaders. They now regularly use our platform to send in questions and suggestions for our senior leadership team to respond to - and that's exactly the type of two-way communication we had always been missing.”



Gary Jackson,

Group Director of Marketing
Communications & Customer
Success at Mears

The link between surveys and communications

While strategic communications can help bring a company closer to its employee base, employee surveys can help fuel that editorial calendar in serving up data and insights on what employees truly care about.

Consider this: Surveys can help determine how and why employees are feeling the way they feel, and communications help employees understand that they're being heard, and, more importantly, what their employer is doing about their concerns.

This has become all the more critical in the wake of COVID-19, where Reward Gateway clients saw a 187% increase in survey usage year-over-year from 2020-2021.

Use employee surveys to:

- Assess morale
- Understand how employees want to be rewarded or recognized
- Understand new working habits to define new policies
- Gauge understanding and awareness of new policies or HR initiatives

Those businesses that were ahead turned to tactics like internal company blogs or multimedia communications to reach their employees. For example, Reward Gateway's clients with communications tools in place saw a 560% increase in the amount of company blogs published in the first year of the pandemic alone.

In a post-pandemic world, it's critical that employers put this opportunity to connect with their employees on a day-to-day basis on the forefront of their agenda.





The power of visible leadership

While leadership visibility is always important, in a remote or dispersed workplace environment, it's even more critical as employees look to their leaders for direction. When senior leaders speak, employees listen.

The powerful communications lessons learned during the height of the pandemic can be integrated into future employee communications strategies to include:

- Daily blog updates from members of the Leadership team to connect everyone in the business to company goals and mission
- Segmenting communications to deliver timely, relevant information to groups within the business
- Opening up channels for open feedback so employees can have a voice in what they desire for increased engagement and productivity
- Expand communications media to include video messages, to reach more employees on a human level
- Create “digital hubs” to host specific resources and publish timely updates surrounding a particular topic, like returning to the offices

A purposeful focus on wellbeing

87%

of HR leaders plan to increase investment in employee wellbeing

“

We’ve seen quite a few people really open up on some of our articles, it’s become a place where staff can share their feelings around COVID, discuss their experience of working remotely or talk through any other issues they’ve faced with their own mental health. Our CEO and senior leaders are very invested in this too and regularly signpost the Wellbeing Center as part of their company-wide communications.”



Maddie Roberts,

Reward & Recognition Lead at online trade directory Checkatrade

When remote working became normal, and non-remote employees were on the front lines of a pandemic crisis, employee wellbeing came into focus. HR leaders sought to further support their people, mentally, physically and even financially to try to help them get through especially challenging times.

This focus has only grown stronger as we continue to see post-COVID-19 employee wellbeing is paramount to an organization’s overall EVP.

Our survey showed that

44% of employees would like their employers to increase spending on employee wellbeing in the next year as a top investment.

To help boost the employer brand proposition and support employees, HR leaders need to find ways to innovate their wellbeing initiatives amidst tightening budgets and uncertainty.

COVID-19 has deeply impacted financial stress for many employees, impacting their productivity, engagement, and their physical and mental health. While the easy solution could be to give employees a pay raise to help with their new burdens, it’s a costly endeavor for the organization, especially ones that need to save every dollar to ensure its business continuity and growth.

A recent HR Executive article pointed to 44% of respondents saying that they’re worse off now than they were before the pandemic, and 38% have had to make spending habit changes.



So employers need to find new ways to step up and offer financial support, without overwhelming a tight budget. Employee wellbeing doesn't have to be the largest spend in an organization, and there are many budget-friendly ideas to put in place that can help. Here are just a few:

- Offer access to on-demand videos and articles to support all pillars of employee wellbeing, from financial to mental and physical. Employees can pick and choose what to engage with, and can access helpful wellbeing support at any time.
- Introduce new ways for employees to incrementally add to their salary through employee discounts to help them save on everyday and big-ticket items.
- Provide a free Employee Assistance Program (EAP) so everyone has a safe space to go to when they're in need of extra support during challenging times
- Add a wellbeing allowance benefit to give a little extra money towards wellbeing initiatives that employees can choose.



Conclusion

Businesses everywhere are excited about the new opportunities in front of them, and ready to take the lessons and themes that have emerged from the past year and build a new strategy that's fit for the future to win the talent tug of war among employers and employees. No matter what each individual business has been through (or is still going through), engaged employees remain at the heart of every successful company.

An engaged workforce can support rapid recovery and innovation for businesses, even as employees adapt to new ways of working. Over the course of the pandemic, a few key themes have emerged as pivotal:

- HR leaders agree that **attracting the best talent and keeping the right talent** is critical.
- Businesses need to **invest in essential areas** to engage employees and ensure business growth, such as reward and recognition, wellbeing, discounts, communications and surveys.
- Even **happy employees could be easily convinced to move jobs** if the right opportunity presented itself, which means businesses have to be on the lookout for innovative ways to deliver what their employees want.

Leaders must think creatively to maximize engagement with the right mix of tools and strategy – HR's toolkit isn't empty, it's overflowing. But the leaders that are ready to step into the future are the ones that are carefully choosing what

they want to deliver to their people – whether that's new ways to connect employees, offer them more reward and recognition or support them through day-to-day wellbeing benefits.

When building a workforce for the new way forward, consider that businesses that have prioritized aspects of engaging their employees through choosing the right tools for communications, recognition and wellbeing are the ones whose people are trusting them more than ever and are well-positioned to continue on to growth and success.



In the months and years that will follow the COVID-19 reset, the workplace will undergo even more change than we've seen in the past. It's up to today's leaders to be the ones that are ready for it.

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