

The Workplace Engagement Index

The state of employee engagement
across Australia in 2025



This report is presented by



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Introduction

Australia’s workplaces are at a pivotal crossroads as challenging market conditions prevail. With both national GDP and real wages rising at a slow pace, all eyes will be on Australia’s labour market to boost productivity in 2025.

Although labour force productivity continues to be a key focus against Australia’s economic performance in 2025, the ongoing cost-of-living crisis is taking a toll on morale, engagement, and even retention.

For businesses, this creates a real dilemma: how to drive performance in an environment where costs are rising – albeit at a slower rate – but growth isn’t keeping pace?

Despite the continuing financial strain many Australians are facing today, employees are prioritising much more than pay in 2025. Employee needs and expectations are shifting as they seek a better work-life balance and more personal fulfilment in their roles. Employees today are demanding a greater sense of purpose and connection, more recognition and better wellbeing support from their employer as they shape what is being seen as the ‘Year of the Self’. This is where building a culture of appreciation becomes essential to help unlock employee potential and give companies a new competitive advantage.

In response to this collective shift in workplace expectations, our research has found that mental wellbeing (73%), reward and recognition from managers (60%), and financial wellbeing (59%) are the top priorities for HR managers – and for good reason. If they don’t prioritise wellbeing initiatives, they run the risk of losing almost 60% of their workforce as a result of being overworked, salary gaps, and lack of recognition.

Top 3 priorities for HR managers in 2025





HR leaders will find themselves at the centre of this change, balancing a growing list of responsibilities against limited time and resources. Productivity is low, budgets are tight, and yet, they're still expected to drive engagement, support wellbeing, and somehow attract the right talent in a tight job market. So, how can HR leaders invest in people strategies that not only support evolving employee needs but also boost productivity and support critical business growth?

To answer this, our team conducted an extensive survey for the second year in a row, surveying 500 HR managers and 1,008 employees across Australia. This research forms The Workplace Engagement Index, an in-depth report providing deep insights into

the current state of employee engagement and identifying key trends that will shape workplace dynamics in 2025, including:

- 1. Building a culture of appreciation**
- 2. Redefining the role of managers**
- 3. Rethinking competitive compensation**

We hope these insights will be helpful and give you actionable strategies to drive meaningful change in your workplace. If you'd like more information, please [contact our team](#).



Kylie Green

Managing Director, APAC
Reward Gateway | Edenred

The Workplace Engagement Index

The Workplace Engagement Index is designed to measure how engaged Australian employees feel with their employers' initiatives, programs, and overall workplace experience.

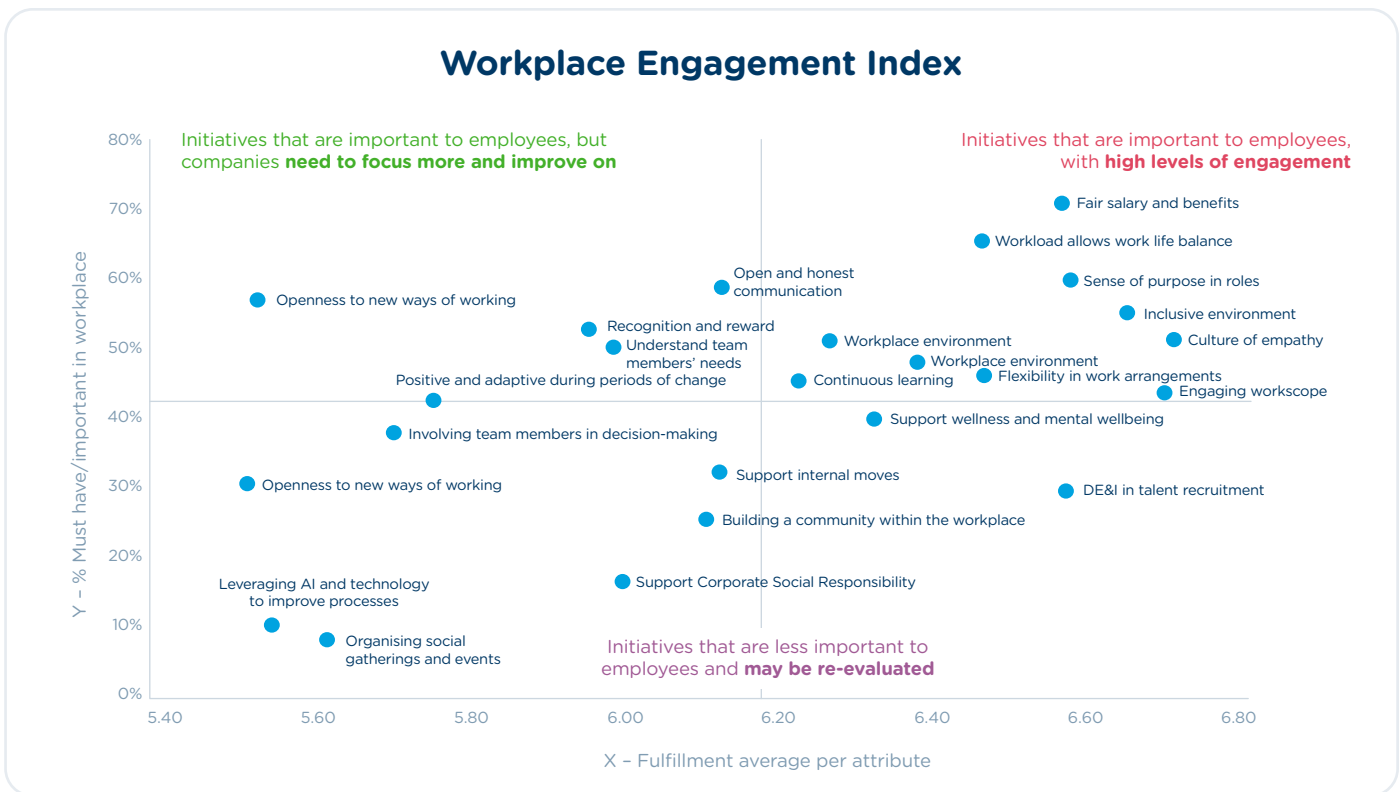
Structured around four key pillars – connection and belonging, personal and professional wellbeing, leadership and management, and understanding employee needs – the index assigns weights to each pillar based on the perceived importance to employees. Using a predefined set of 22 attributes, respondents rate their organisations, with scores averaged within each pillar. These weighted scores are then combined to calculate the total index, which aims to uncover what drives employee engagement, what keeps them satisfied at work, and what they expect from their employers in the year ahead.

This year's Workplace Engagement Index reveals a slight year-on-year decline in overall engagement. The index score has shifted marginally to 6.1 in 2025 from 6.2 in 2024, indicating room for improvement to keep employees engaged and fulfilled. But while it may feel like a small change in a big year, it's the complex underlying factors contributing to this decline that shed light on deeper workplace challenges.

One of the most striking changes from our previous report is a growing prioritisation of individual wellbeing as employees shape what is being seen as the 'Year of the Self'. Employees are prioritising what directly enhances their personal work experience – factors such as fair pay and benefits, a manageable workload that supports work-life balance, and a culture of empathy and recognition. While financial security remains crucial, it is no longer enough on its own; employees want workplaces that actively support their overall wellbeing and personal fulfillment.

Interestingly, community-focused initiatives like social gatherings are ranked lower in consideration this year. With many employees likely feeling stretched thin, leisure time is increasingly precious, and after-hours work events may feel like an additional burden rather than a benefit. Similarly, Corporate Social Responsibility initiatives have been deprioritised in favour of policies that deliver direct, tangible benefits to individuals.





Work arrangements influence employee engagement

To understand the data on a deeper level, our researchers examined employee engagement scores based on their work arrangements.. Interestingly, hybrid and fully remote employees report higher engagement than their office-based counterparts, citing increased wellbeing, a greater sense of connection, and a higher rating of their company’s ability to understand employee needs.

This presents a clear opportunity for employers to assess how well they’re meeting those shifting employee needs and building connection for those office-based workers.

“ Forward-thinking businesses are being intentional about how they calibrate their workplaces and spaces to create an environment that facilitates optimal collaboration and connection, and stronger alignment to their key objectives for 2025.

Kylie Green,
Managing Director, APAC,
Reward Gateway | Edenred

Strengthening workplace connections for all employees

Our [Economic Value Study](#) revealed that desk-based organisations – such as those in finance, professional services, technology, and real estate – primarily value employees for their knowledge and expertise. On the other hand, frontline industries, where employees engage directly with customers or work in essential services such as retail, healthcare, construction and education, focus more on productivity and output.

While overall engagement scores for both office-based and frontline employees remained lower in 2025, indicating a greater need for meaningful connection and recognition at work, the data reveals some notable contrasts. Frontline employees, who often have fewer opportunities to engage with colleagues reported a stronger sense of connection and belonging (5.8) compared to 2024 (5.3). This suggests that, despite the challenges of their roles, these employees may derive greater fulfillment in their work environments, possibly due to their direct interaction with customers or their integral role in essential services.

Engagement scores by work arrangements

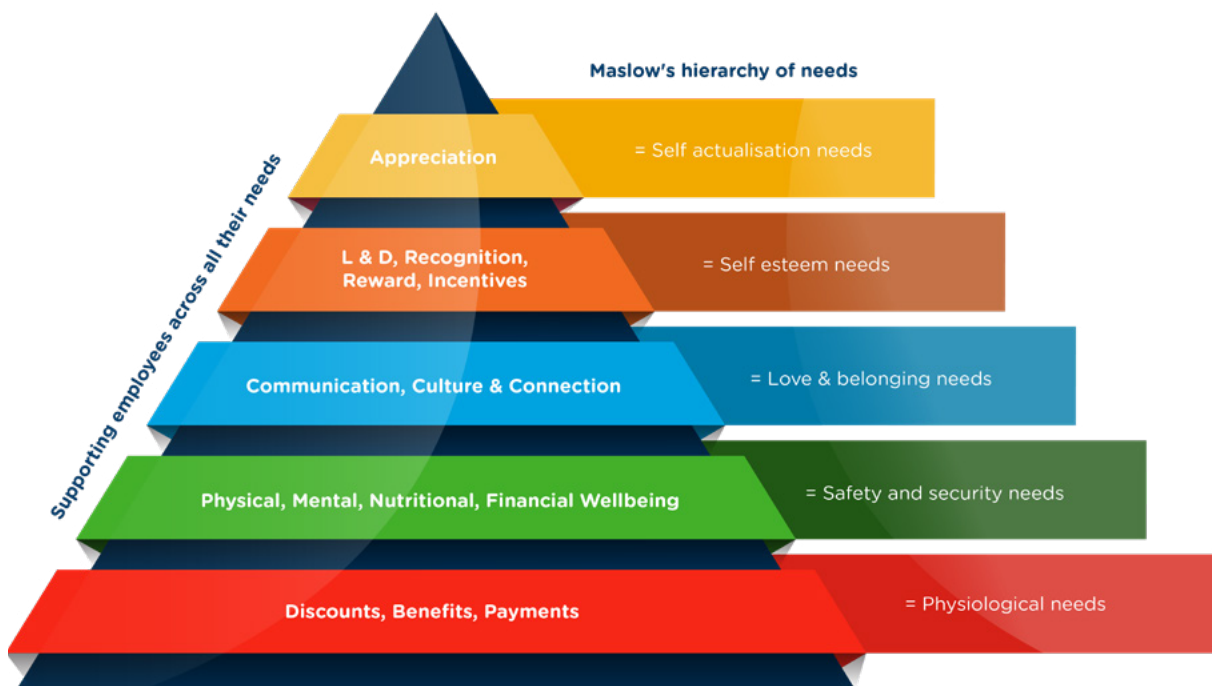
	Total	Full office-based	Hybrid	Fully remote	Deskless	Frontline	Other
Connection and belonging	6.2	6.1	6.4	6.2	5.4	5.8	5.5
Holistic wellbeing	6.3	6.1	6.7	6.6	5.6	5.7	6.4
Improving leadership and management	6.0	5.9	6.2	6.1	5.1	5.5	6.1
Understanding employee needs and sentiments	5.7	5.5	6.0	6.1	4.6	5.0	5.3
Average score	6.1	5.9	6.3	6.3	5.2	5.5	5.9

Businesses have an opportunity to bridge this gap by prioritising recognition and appreciation for all workforces, but particularly for frontline employees, reinforcing their value and impact. While addressing basic needs like fair compensation, benefits, and job security is important, these are baseline expectations employees have from their employers today. On their own, they do not cultivate a deep sense of employee appreciation. What truly makes employees feel valued goes beyond material or physical considerations – it’s the more personal and human aspects of their work experience that have the most profound impact.

The Total Employee Experience

The key to greater engagement lies in understanding the full employee experience. A job provides security when it meets basic needs, but it becomes a fulfilling career when it fosters growth, connection, and belonging. When appreciation, recognition, and purpose are embedded into the culture, work transforms into a meaningful vocation.

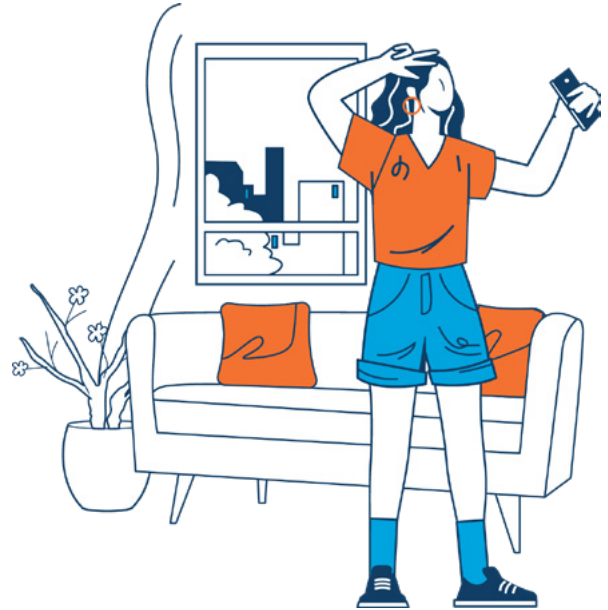
For employers looking to secure engagement, this means designing a total rewards and recognition strategy that supports employees at every stage of their hierarchy of needs:



Understanding generational differences in engagement scores

For the first time in history, we will soon have five generations in the workplace, which creates both amazing opportunities for learning and collaboration, but also potential conflict with competing needs across each group.

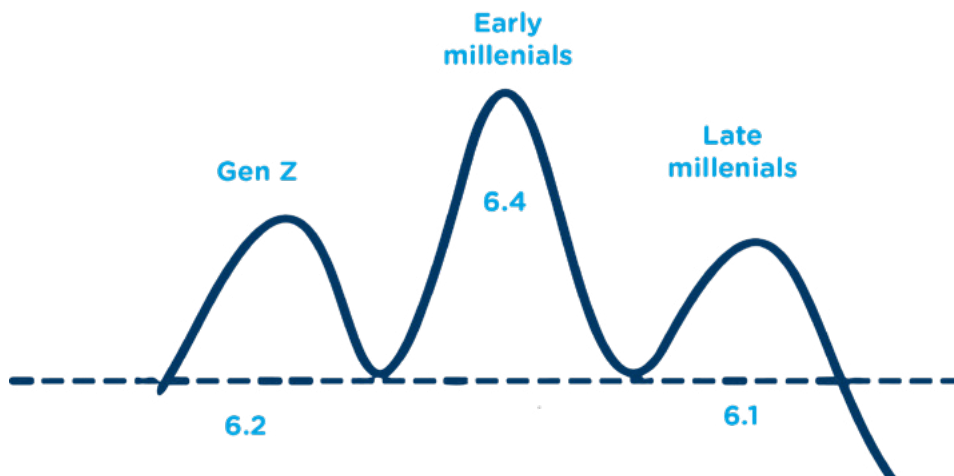
While the overall employee engagement score sits at 6.1, engagement levels vary significantly across generations.



Engagement scores by generation

	Total	Gen Z: 18-26yo	Early Millennials: 27-35yo	Late Millennials: 36-42yo	Gen X: 43-58yo	Baby Boomers: above 59+
Connection and belonging	6.2	6.2	6.5	6.2	6.0	5.8
Holistic wellbeing	6.3	6.3	6.7	6.3	6.1	6.1
Improving leadership and management	6.0	6.3	6.3	6.0	5.7	5.5
Understanding employee needs and sentiments	5.7	6.1	6.0	5.7	5.4	5.1
Average score	6.1	6.2	6.4	6.1	5.8	5.7

Exploring generational differences



When looking at employee engagement levels by generation, there is a distinct spike among Early Millennials, who score the highest in connection and belonging, holistic wellbeing, and leadership and management. While this group’s engagement is notably strong, with an overall score of 6.4, there’s clear room for improvement across all categories.

However, there is a dip in engagement for Gen X, which scores slightly higher than Baby Boomers but follows a similar downward trend. This suggests that while underlying issues may be the same, Gen X is somewhat less affected, likely due to their proximity in age to Early Millennials suggesting a shared need for more tailored engagement strategies.

Interestingly, where we generally see a strong positive correlation between engagement scores, productivity levels and feelings of appreciation, the engagement

scores for Baby Boomers buck this trend. This is likely due to the sharp generational differences in their approach to work and personal values. What creates a sense of appreciation and increases overall engagement for Baby Boomers may look very different for this generation due to these differences in how they value work and what gives them a sense of purpose compared to their younger colleagues.

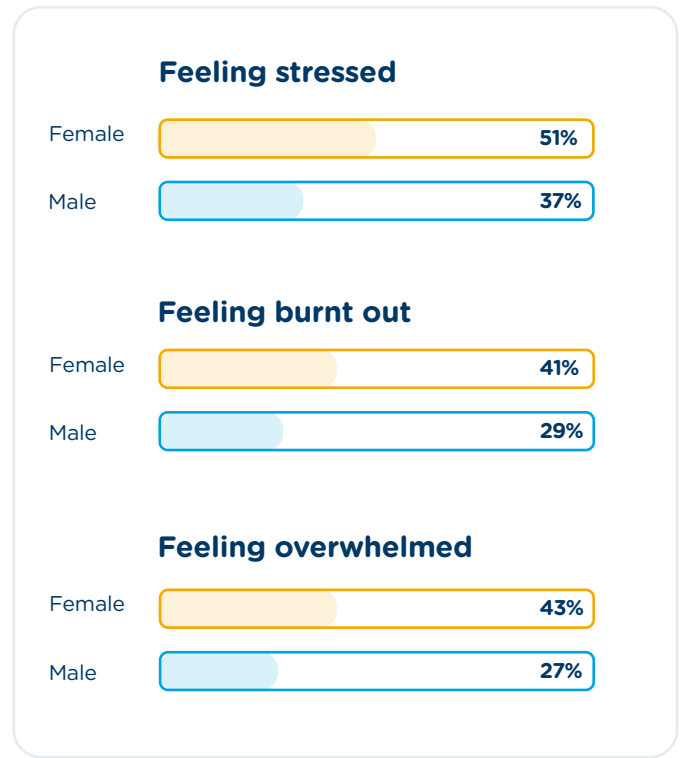
Gen Z experiences the lowest scores in connection and belonging and holistic wellbeing. This drop may be linked to their rapid transition into managerial roles, compounded by high workloads and rising burnout rates, impacting their overall engagement and sense of support.

With each generation facing unique challenges, organisations must look to adapt their engagement efforts to a multigenerational workforce to drive long-term retention and satisfaction.

The top drivers of productivity in 2025

While overall engagement has seen only a minor decline, productivity levels have dipped significantly. In 2024, 68% of employees reported frequently feeling productive, a figure that has dropped to just under half (47%) in 2025, which could be attributed to a multitude of factors including high workloads and burnout.

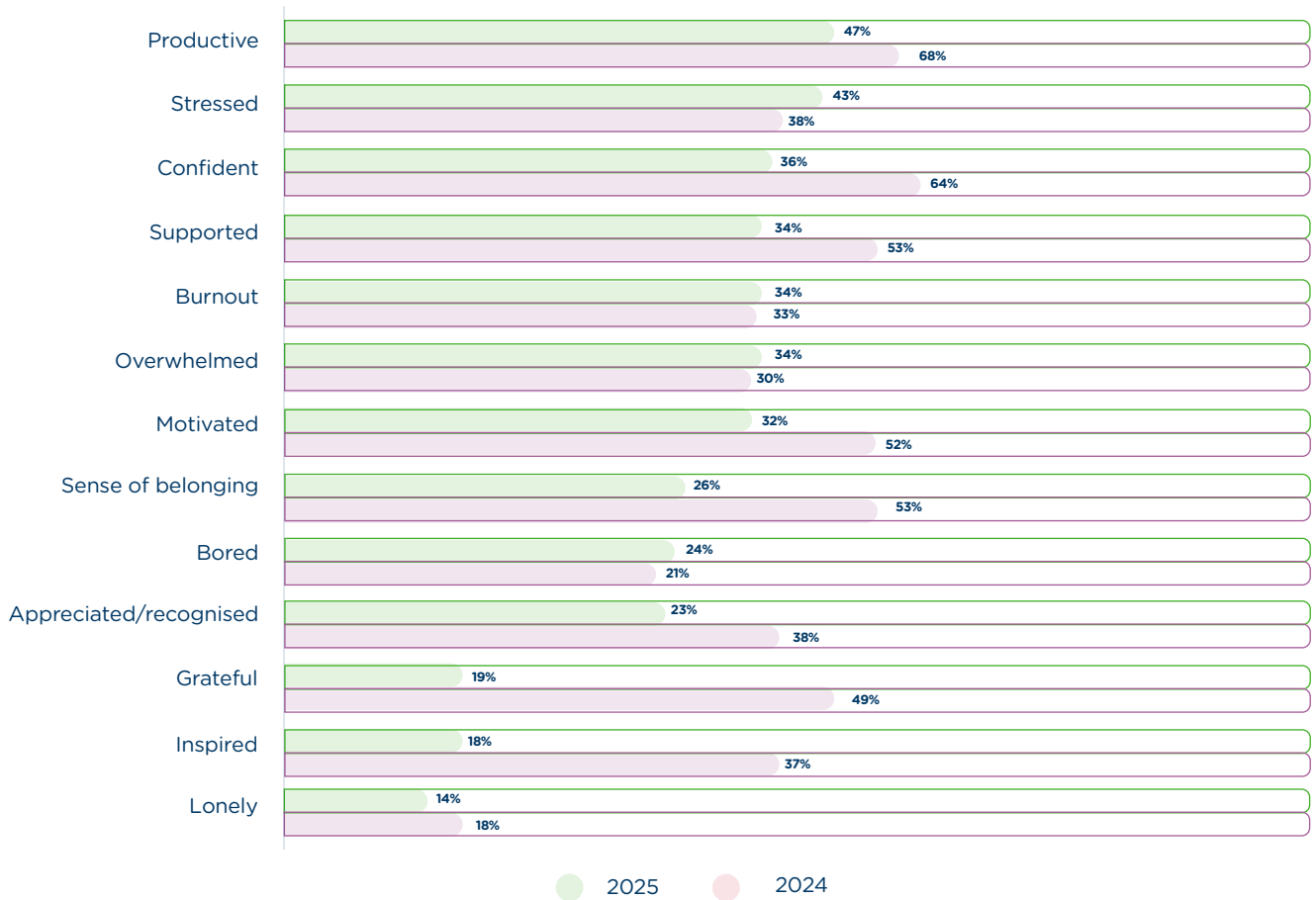
A third of employees report feeling frequently burnt out (34%) or overwhelmed (34%), with women disproportionately impacted. In fact, women are more likely to feel stressed (51% vs. 37% of men), burnt out (41% vs. 29%), and overwhelmed (43% vs. 27%), highlighting a significant gender imbalance in workplace wellbeing.



Overall, pressure in the workplace is evidently on the rise, with 43% of employees frequently feeling stressed – up from 38% in 2024. Younger employees, Gen Z (46%) and Early Millennials (46%), report experiencing higher stress levels than their older counterparts. This could be driven by factors such as lower starting salaries and greater financial insecurity due to increased living costs. They are also more likely to be in the early stage of their careers facing job instability and pressure to perform. As businesses look to improve productivity, addressing burnout, excessive workloads, and supporting employee wellbeing will be critical to reversing this trend.



Here's how employees responded when asked if they frequently feel any of the following in the workplace...



Although inflation began to stabilise in 2024, the cost of living crisis continued to strain household budgets, adding immense pressure to hard working Australians.

With tighter economic conditions limiting opportunities for variable pay and traditional incentives, employees are increasingly seeking a stronger sense of value and appreciation for their contributions. With employees under increasing pressure to achieve their goals in the current climate, recognition has never been more important in maintaining morale.

At the same time, strong, supportive leadership is proving to be a key driver of productivity. Businesses are increasing efforts to equip managers with enhanced skillsets and foster clearer, more effective communication to keep teams engaged.

In 2025, Australian employees have identified the following top drivers of productivity:

- 43%** Reward and recognition
- 41%** Strong and supportive leadership
- 38%** Competitive compensation
- 27%** Engaging job scope
- 25%** Seeing the impact of their work



Feeling valued and appreciated comes through as a strong motivator, with **reward and recognition** regarded as the top driver of productivity among employees – jumping by 10% from last year. Despite rising inflation and only a slight recovery in real wages, the data shows employees are prioritising reward and recognition programs over pay.

Reward and recognition is indicated as most important in Legal (63%), Manufacturing & Utilities (49%), and Travel & Transport (48%) industries. These same industries report notable stress levels among their workforce. Legal professionals lead with 44% reporting feeling stressed at work, followed by Travel & Transport at 39% and Manufacturing & Utilities at 38%. The demanding nature of these industries, whether due to long working hours, operational risks, or tight deadlines, suggests that employees in these sectors would particularly benefit from reward and recognition incentives to keep them engaged.

Strong and supportive leadership remains the second most important productivity driver (41%), rising slightly by 3% from last year, a clear sign that employees continue to seek guidance and stability, especially during times of economic uncertainty. The value placed on effective leadership is highest in sectors where social awareness and connection are deeply embedded such as Education (53%) and Healthcare & Aged Care (42%). Employees in these industries thrive under leaders who provide clear direction and foster a positive work culture – both essential in maintaining engagement and navigating challenges.



Competitive compensation has moved to third place – up from fourth last year – reflecting the impact of a tightening economy in 2024. This productivity driver is particularly vital in Arts & Culture (63%) and Media & Entertainment (51%)*. Interestingly Arts & Culture and Media & Entertainment also reported the highest levels of motivation (57% each), suggesting employees in these sectors are driven by a deeper connection to their work rather than financial incentives.

Very tellingly, fulfilling job responsibilities – which topped the list in 2024 – has fallen off the podium in this year’s rankings. This shift from thriving on internal motivation

to embracing external motivators including strong leadership, rewards and recognition and compensation is indicative of a workforce that understandably requires validation and support in a tough working environment.

Motivated and productive employees are at the heart of any company’s success. But what drives employees to perform at their best? Figuring this out is crucial, because ultimately, employee productivity is more than a vanity metric – it’s what keeps the lights on.

*Figures for Arts & Culture and Media & Entertainment are indicative.

Building a culture of appreciation

The top driver of employee productivity is well supported by insights from our soon to be released 2025 Appreciation Index, which showed that rewards for hard work were the second most influential driver of appreciation for employees in Australia. This underscores how crucial it is to acknowledge and incentivise employees when they go above and beyond in their work, putting in extra effort beyond what is typically required.

- 43% Reward and recognition
- 41% Strong and supportive leadership
- 38% Competitive compensation
- 27% Engaging job scope
- 25% Seeing the impact of their work

-  I am recognised by managers
-  My hardwork is rewarded
-  I feel I belong here
-  My managers value me
-  My organisation supports me

“ There’s a clear business case for investing in recognition and reward programs. In fact, they’re often a more cost-effective way to boost engagement compared to across-the-board pay rises. Pay is a hygiene factor; it gets people through the door, but it doesn’t necessarily drive long-term engagement. If we can help ease some of that financial stress, we empower employees to bring their best selves to work. And that’s a step in the right direction.

Daniele Iezzi,
Group Retail Director, APAC,
Reward Gateway | Edenred

Although recognition is not a silver bullet for engagement and retention, it plays a key role in personalising the employee experience and building connection. Employees today have choices about where they work and great leaders meet them where they are – whether that’s understanding their motivations, their personal goals, or even small gestures that show they are valued.

Recognition vs appreciation

But recognition is just one element of feeling appreciated, which also includes factors like a sense of belonging or feeling valued by their managers. Recognition is often tied to specific actions or achievements. On the other hand, appreciation is broader and more personal. It's about valuing who a person is.

However, only 23% of Australian employees feel appreciated, a significant drop from 38% in 2024. The groups feeling the least appreciated include women (19%), deskless workers (14%), frontline employees (16%), and those in the Travel & Transport sector (12%). This trend shows a recognition deficit precisely where it's needed most - among employees experiencing both higher workloads and lower acknowledgement of their contributions.

So, how can we bridge this gap and build a culture of appreciation that enables employees to bring their best selves to work every day?

As highlighted in [KPMG's](#) recent retail report, employees expect the same level of personalisation and appreciation in the workplace. Recognition provides an opportunity to create meaningful moments that go beyond transactional rewards. For example, if a manager knows an employee's children have been wanting to visit the local aquarium, a \$20 voucher towards the ticket would feel far more thoughtful than a generic voucher of the same value.

“ Employees want to feel recognised and valued by their leaders. Recognition is one of the most low cost yet high-impact strategies to improve an employee's experience as it acknowledges both their individual contributions and what personally motivates and drives them.

Kylie Terrell,
Director of Consultancy,
Reward Gateway | Edenred



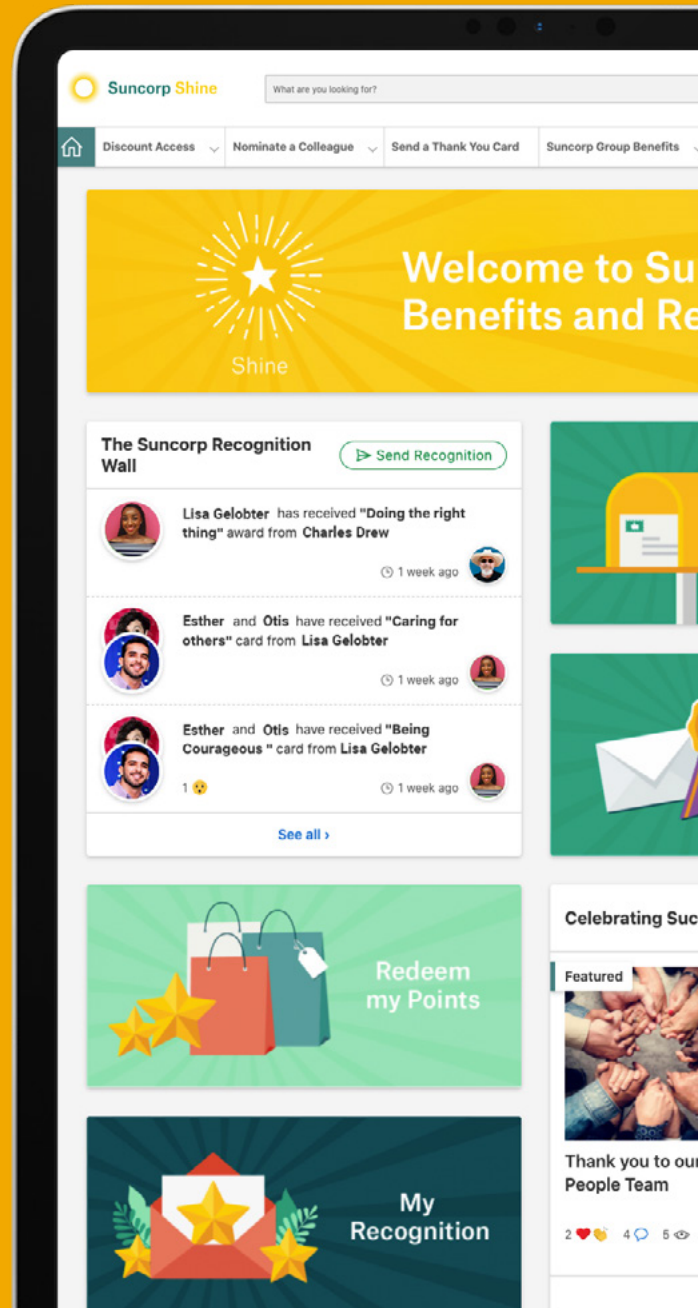
Reward Gateway | Edenred client Suncorp has a large, dispersed workforce of around 10,000 employees across Australia & New Zealand across a mix of desk-based and frontline roles.

“ Our reward and recognition program, Shine, helps us foster an inclusive workplace culture and a strong sense of belonging for our people through peer-to-peer eCards and meaningful awards. **With such a diverse and dispersed workforce, connecting our teams and celebrating the unique contributions of every individual** – not just for what they do but who they are – is so important. In 2024 **our employees sent over 50,500 awards and 67,000 eCards**, with the top eCard sent being for our core behaviour ‘Caring for others’.



**Neha Patel, Manager,
Performance,
Recognition & Benefits,
Suncorp**

SUNCORP



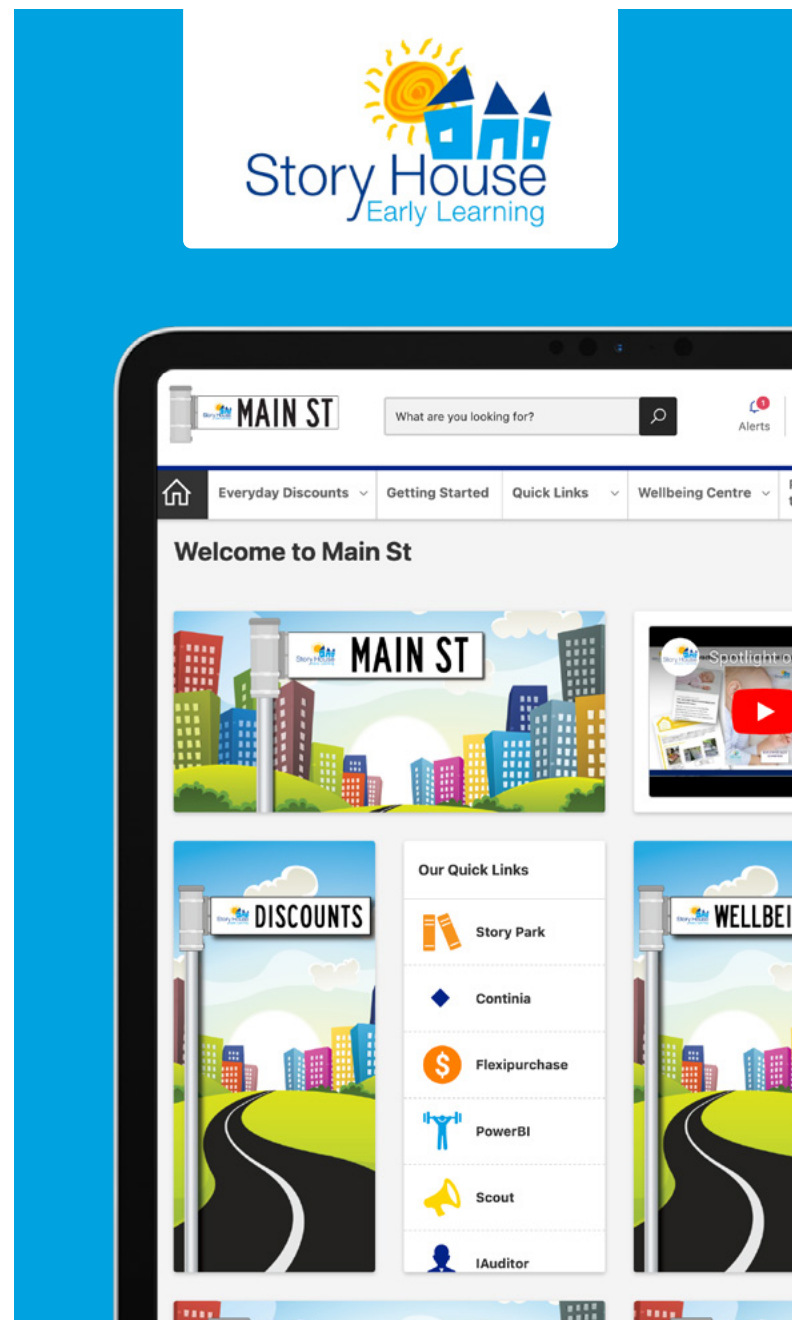
“ Integrating our diverse cultural cards and monetary real-time awards into our Shine R&R program has really helped us create a **culture of appreciation where our people feel seen, valued and connected.**

Reward Gateway | Edenred client Story House Early Learning operates 48 sites throughout the east coast of Australia, employing over 1,200 staff - 97% of whom are offline workers.

“ After a period of rapid growth, going from 10 to 48+ locations within a short space of time, we faced the challenge of keeping our people connected. With our Story House-ers spread across multiple locations, **we needed a way to strengthen the connection between leadership, management and our Educators.** We implemented a centralised employee engagement platform, Main Street, to provide a branded community hub for our employees to recognise each other, learn about what was happening across the organisation and access benefits and wellbeing support. Through eCards aligned with our values, a mobile app and bite-sized, digestible content and videos showcasing the program we were able to re-engage and re-connect our frontline workforce in a way that really resonated with our predominantly Gen Z and Millennial team members.



Kate Ludwig, Head of People and Culture, Story House Early Learning



“ In just 3 months, we saw a significant increase in our eNPS, and now have 98% of employees registered on Main Street, who **sent over 2,600 eCards in 2024 alone.** The program has really helped us build connection and community in our organisation and bring our Story House-ers closer to our mission and values.

Prioritising employee wellbeing

Workplace wellbeing is underpinned by financial security, psychological safety and employees feeling like they can be their true selves. These factors are propelled by the desire to be recognised and appreciated for one’s work.

Our findings indicate that HR managers are aligned in their belief that wellbeing should be a greater priority in 2025. And they’re not alone. According to the [McKinsey Health Institute](#), investing in holistic employee wellbeing could generate between \$3.7 trillion and \$11.7 trillion in global economic value. This translates to approximately \$1,100 to \$3,500 per person – or 17% to 55% of average annual pay – by reducing attrition, absenteeism, and presenteeism while boosting productivity, talent attraction, and retention.



Here’s what HR leaders say their employer need to prioritise in 2025:



Nearly three-quarters of HR managers (73%) believe employee mental wellbeing should be among their company’s top three priorities in the coming year – up from 68% in 2024. This shift can be attributed to several factors, including rising financial pressures and a growing societal focus on mental health.

As organisations recognise the profound impact of mental wellbeing on workforce performance, investing in comprehensive wellbeing initiatives has never been more important. In doing so, organisations can create a workplace culture that values both the individual and collective wellbeing of its people, ultimately leading to improved business outcomes.



Additional resources

Looking to build a culture of appreciation in your organisation? These resources will help you secure the budget and design and deliver a meaningful Reward & Recognition program that drives engagement, retention, and productivity:

- **Webinar:** How to Build the Business Case to Launch a Reward & Recognition Program
- **eBook:** How to Launch an Impactful Benefits Program During Cost of Living Pressures
- **Workshop video:** How to Evolve Your Recognition & Reward Strategies for the New World of Work **and workbook:** How to Evolve Your Recognition and Reward Strategies Workbook
- **Calendar:** Your People Planner: HR Calendar for 2025
- **eBook:** 6 Steps to Boosting Employee Recognition ROI

Still need help making a strong case for building a Reward & Recognition program?

Our team is here to help. [Book a consultation](#) today to explore the best strategies for your organisation.

Redefining the roles of managers

Supportive management is one of the key drivers of appreciation and productivity for employees. As our Index results show, employees seek more open and honest communication, along with a deeper understanding of their needs from their employers. Managers and leaders play a crucial role in building psychological safety, authenticity, and a culture of empathy.

While HR leaders' top productivity drivers align with those of employees, they rank in a slightly different order. Drawing from their training and experience in their field, HR leaders have a deep understanding of the correlation between strong leadership and strong employee performance - ranking this even above reward and recognition, which took the top spot for this demographic last year. This heightened emphasis on supportive leadership may also stem from growing pressures amidst a tight labour market and an even tighter economy.



Interestingly, while a quarter (25%) of HR leaders said team building and celebrations made employees more productive at work, only 14% of employees felt the same.

In 2025, HR leaders identified the following top drivers of productivity:

- 37%** A strong and supportive manager/leader
- 33%** Reward and recognition
- 28%** Competitive compensation
- 28%** Opportunities for career mobility
- 25%** Learning and training
- 25%** Team building and celebrations

“Investing in managers is about working smarter, not harder. When HR dedicates more time to supporting managers, they can proactively address employee challenges before they escalate into burnout, disengagement, or turnover.

Nebel Crowhurst, Chief People Officer, Reward Gateway | Edenred



How HR leaders can take a more proactive approach

As custodians of workplace culture, HR leaders are in a unique position to manage both upwards and downwards and advocate for a more strategic, forward-thinking role within their organisations.

An effective HR manager is a proactive one. They lead with confidence and are empowered to help guide leadership to appropriately reward, recognise, and support their teams. Training and mentorship must be embedded at every level, to foster a culture of continuous learning and development.

By prioritising training around both hard and soft skillsets and providing the right tools, HR can help foster a culture of trust and openness. In turn, this empowers people managers to drive collaboration, connection, and high performance across their organisations.

“ Even the best managers are no buffer for poor leadership. With Executive leaders becoming less visible for many organisations, managers are at the forefront of managing the change process on the front line which requires a high level of emotional intelligence to ensure employees are bought in and there’s alignment around individual and organisational priorities.

Kylie Terrell, Director of Consultancy, Reward Gateway | Edenred

Enabling people managers

If the top driver of employee productivity in 2025 is feeling recognised and rewarded for their work, then managers play a crucial role in providing that recognition. While peer-to-peer recognition is important, managers have the greatest direct influence. But are HR leaders doing enough to support them?

However, while three-quarters of Australian managers feel fulfilled and supported (74%), only 67% believe they received sufficient training when stepping into leadership.

“ HR leaders should dedicate the majority of their time – for example, following an 80/20 rule – where approximately 80% of HR time is dedicated to guiding, steering, coaching and supporting managers so that they are best equipped to do what’s necessary at the employee level, with 20% dedicated to refining HR processes, addressing broader organisational needs, and direct employee support when necessary.

Nebel Crowhurst, Chief People Officer, Reward Gateway | Edenred

Training effectiveness varies by organisation size

Our research revealed variations in manager training effectiveness across different organisation sizes. Notably, managers in smaller organisations are more likely to agree they were offered sufficient training.

Satisfaction rates by organisation size

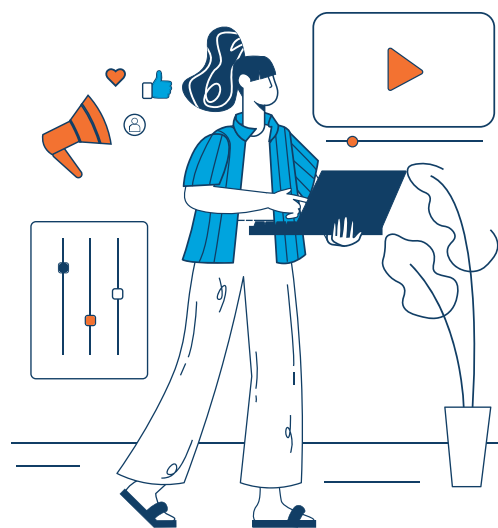
78% mid-sized (301-499 employees)

73% smaller (100-300 employees)

61% larger (500-2,499 employees)

56% enterprise (2,500+ employees)

Insufficient preparation for new managers is especially evident in larger organisations. This suggests that as companies scale, the personal touch and robust training mechanisms that support new managers may get diluted, potentially affecting leadership capabilities.

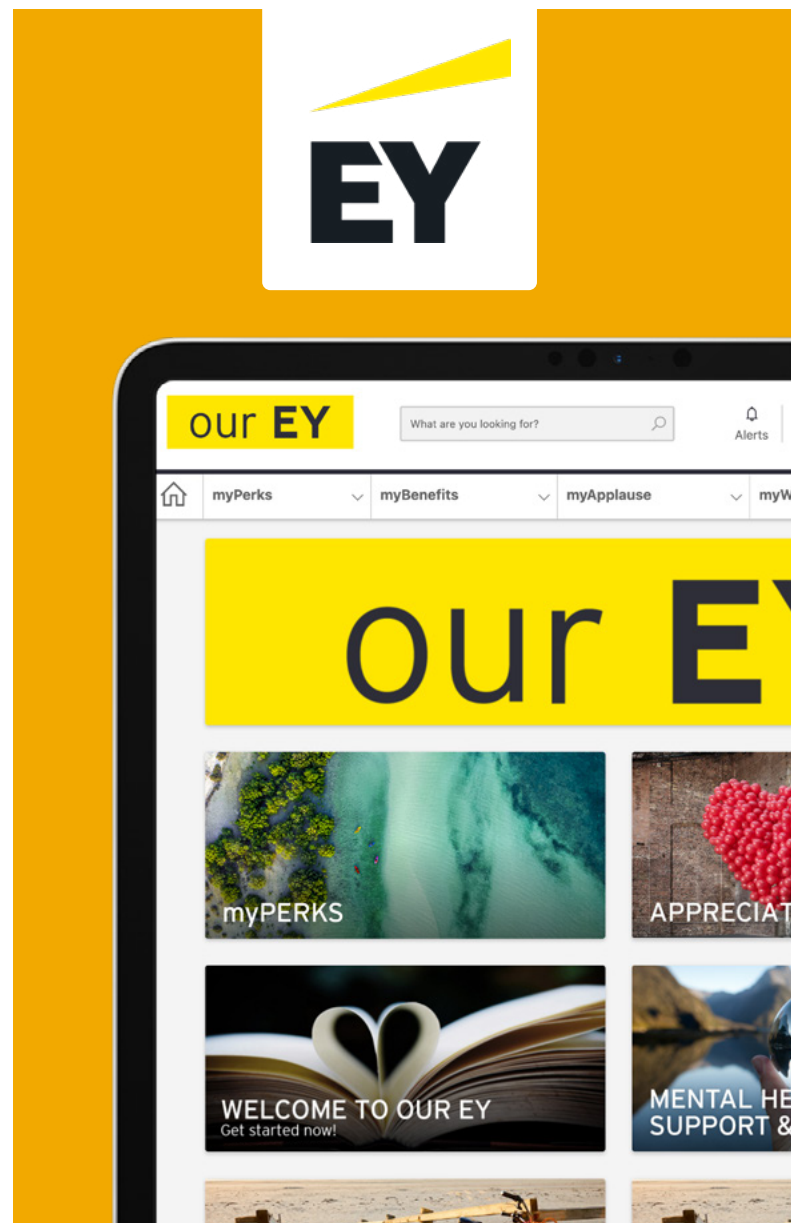


Reward Gateway | Edenred client EY is one of the largest global professional services firms, employing around 400,000 people worldwide. Its impressive global leadership program has been designed to nurture talent at all levels to effectively build leadership capability across the organisation.

“ Our company purpose is ‘building a better working world’ and we make sure this is deeply embedded within our culture and our approach to leadership development to enable our people to bring their best selves to work every day. **A core component of our leadership development programs is helping our leaders to find their purpose,** to authentically lead their teams in a way that continuously aligns with that purpose. We’ve done a lot of work to really understand what leaders need throughout their leadership journey and how we best support them to become more **effective, emotionally intelligent leaders** who contribute to building a psychologically safe environment for our people. One of the biggest barriers to effective leadership is imposter syndrome – something that can affect leaders at all levels.



Lauren Stanton, Oceania Talent Leader, EY



“ A pivotal part of our leadership development is embracing the power of feedback, in terms of continuously seeking feedback for themselves and staying curious. We’ve found this to be **incredibly effective in helping to build greater self-awareness,** identify key development areas, provide validation and, ultimately, enhance trust and confidence to enable them to become more resilient, capable leaders.

While three-quarters of Australian people managers (75%) feel enabled and supported to be a great manager, this confidence is skewed by gender, with 69% of women feeling the same, compared to their male counterparts (79%). This suggests that organisations must examine potential structural barriers facing women in leadership positions.

“ If managers don’t fully appreciate their role beyond operational responsibilities – particularly in recognising employees – then that affects people’s sense of belonging and, ultimately, their desire to stay with the organisation. The more time HR teams invest in developing managerial capability and confidence, the better off employees will be. After all, HR teams can’t be everywhere at once, no matter how accessible they try to be.

Nebel Crowhurst,
Chief People Officer,
Reward Gateway | Edenred

Looking at generational differences in feeling enabled and supported as managers:



Early Millennials report the **highest levels of support**, likely due to their entry into management during an era of enhanced focus on leadership development and workplace support initiatives.



Gen Z managers, perhaps surprisingly, also **feel well-supported** – an encouraging sign that onboarding and mentoring programs for emerging leaders are proving effective.



Gen X and Late Millennials (65%) **feel the least supported**, concerning figures as these generations typically form the backbone of middle management. This decline is concerning, showing a growing disconnect between leadership and the workforce, which could profoundly impact both employee engagement and overall organisational performance.

Reward Gateway | Edenred client Starbucks has a large, dispersed workforce of around 400,000 globally, with the majority of employees in frontline roles, including baristas and store managers, with a heavy skew to Gen Z.

“ In the rapidly growing Australian market, a high proportion of our managers at Starbucks are **entering leadership roles at a much younger age** with fewer years of experience in the workplace. Those leaders are often working in high-pressure environments, managing busy teams whilst simultaneously ensuring they’re delivering a highly personalised and consistent experience for our customers.

Our Leadership programs have been designed to **build leadership capability as early as possible to create leadership pathways** and facilitate a successful transition for new managers. With a high proportion of those new leaders being Gen Z, we’ve tailored our leadership programs with that in mind. Our L&D programs really speak to the ways Gen Z employees learn best – highly gamified, micro-learning modules delivered through a seamless user experience.



Peter Elkhuisen, Head of Coffee Engagement, Starbucks Coffee Australia



“ We really leverage tech as an enabler at Starbucks – to scale and enhance our L&D programs, meet our partners where they are and facilitate **meaningful reward and recognition in a highly personalised way**. Reward and recognition is one of the most important ways we empower our leaders to cultivate a great team environment and really embody human leadership and build connection with their teams.



For HR leaders, a lack of leadership support can hinder their ability – and even confidence – to implement policies, manage talent, and nurture a positive work culture. Adding to this concern, HR leaders are also feeling a lack of appreciation and recognition, only 32% feel they are valued, a dramatic decrease from 71% in 2024.

In light of the above, it's essential for HR leaders to have a presence at executive discussions to ensure that workforce strategies are aligned with business objectives. Strengthening communication between HR and leadership, through regular check-ins and open dialogue, is key. While some HR professionals sit alongside leadership teams as equals, others may serve in more junior roles, which can make it harder to speak up. However, the most effective HR professionals are those who have the courage to challenge their peers – or even their superiors – when the situation demands it.

Creating psychological safety

For people managers to effectively support their teams' wellbeing and foster trust and connection, creating psychological safety is essential. Without it, employees may hesitate to speak up about critical issues affecting their work, mental health, and overall job satisfaction.

In fact, our research shows that there is a significant lack of psychological safety in many organisations across Australia in 2025:

- 41%** of employees don't feel comfortable talking to their manager about their mental health
- 42%** don't feel comfortable talking to their manager about their salary
- 33%** don't feel comfortable taking a personal leave day for mental health
- 28%** don't feel comfortable talking to their manager about their work-life balance

Managers haven't had it easy, navigating shifting employee expectations, adapting to new policies, and supporting their teams' wellbeing, all while dealing with stress and burnout themselves. Without the right support, their ability to create a psychologically safe and inclusive environment is compromised. Support from strong HR and business leaders will enable managers to navigate sensitive conversations, address employee concerns, and create an inclusive and trusting workplace for themselves and others.

Gaps in wellbeing support for managers further complicate this issue. While Early Millennials (81%) and Gen Z (76%) feel the most supported by their organisations, Gen X managers (67%) report the lowest levels of wellbeing support. This disparity suggests evolving expectations – while younger managers may be more receptive to modern wellbeing initiatives, older employees may experience gaps in support. Addressing these differences through open dialogue and targeted training will be key to ensuring that all managers, regardless of generation, have the resources they need to create a safe and supportive work environment.

One of the most effective ways to support managers is by equipping them with practical tools, frameworks, and resources while automating as many manual processes as possible. Reducing administrative burdens allows managers to focus on what truly matters – building emotional intelligence and fostering a culture of appreciation within their teams.

Creating a centralised hub for these tools and resources can significantly free up their time, enabling them to prioritise meaningful engagement and support for employees. With more teams working across multiple sites or in hybrid and remote roles, a digital “one-stop shop” that provides easy access to wellbeing support and employee benefits can streamline support efforts, making them more efficient and scalable.

Looking for more strategic insights and actionable tips on empowering and enabling new, experienced and emerging managers to effectively support evolving employee needs in 2025 and beyond? Check out our other resources:

- **Video:** [Explore the Transformative Power of Exceptional Leadership](#)
- **Webinar:** [How to Build a High-Performing Team in a High-Risk Economy](#)
- **eBook:** [Building the Business Case for Investing in Your People](#)
- **Webinar:** [Unlocking Performance and Productivity Through Connection](#)

Give your managers the tools and support they need to thrive. We'll help you put the right strategies in place to enable leaders at every level. [Book a consultation](#) today to find the best approach for your organisation.

Rethinking competitive compensation

Employee engagement may seem like an intangible concept, but its commercial impact is quantifiable and profound. Our **Economic Value Study** has found that there is a distinct link between engaged employees and stronger business outcomes across key metrics like profitability, growth, retention, and customer satisfaction. The more valuable and skilled a business requires its staff to be the stronger the link is.

Despite economic challenges, organisations have the opportunity to strengthen employees' financial wellbeing and engagement through a holistic total rewards approach. This helps complement compensation with valuable benefits, career development opportunities, and wellness programs that can create lasting impact for employees.

“Economic pressures have limited the ability for businesses to offer pay rises, making benefits and reward programs even more valuable. Employees making the most of benefits like employee discounts and rewards could stand to gain the equivalent of a 10% pay rise.

Daniele Iezzi,
Group Retail Director, APAC,
Reward Gateway | Edenred

When Australian employees were asked about the benefits they value most in addition to salary, the results were as follows:



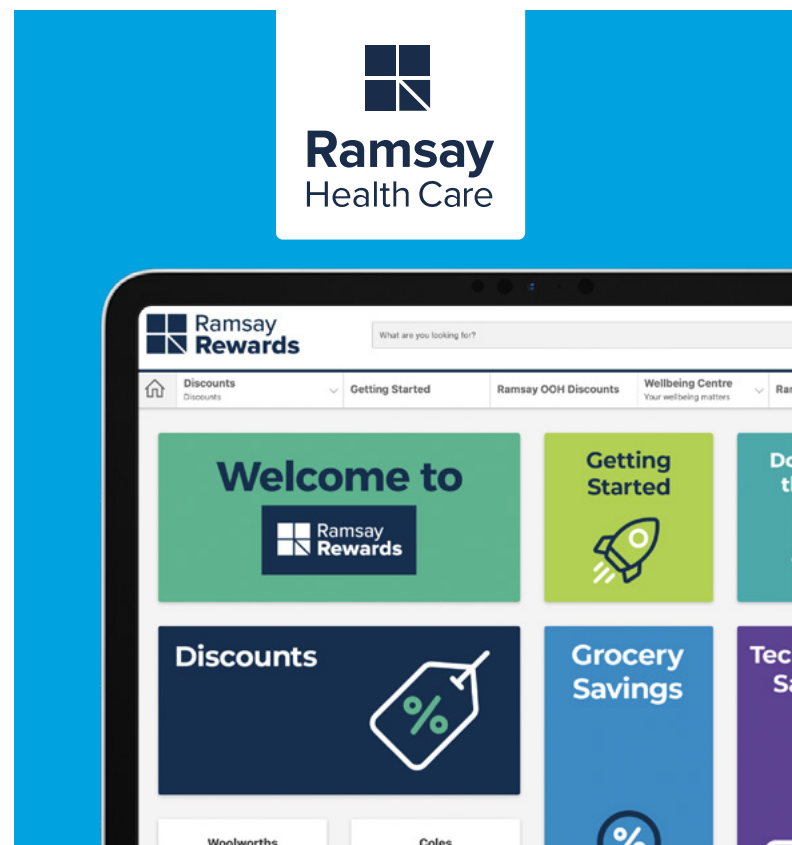
Generational differences are also evident, particularly in the case of paid parental leave. While 23% of employees overall value paid parental leave, this figure increases substantially among younger generations – 38% of Gen Z and 36% of Early Millennials, compared to 18% of Late Millennials, 12% of Gen X, and 14% of Baby Boomers. This highlights the need for flexible benefit options that cater to the diverse needs of a multi-generational workforce toward what matters most at their current life stage. A one-size-fits-all approach would inevitably leave significant portions of the workforce feeling undervalued.

Ramsay Health Care leverages the Reward Gateway | Edenred platform to improve financial wellbeing, enhance employee experience, and strengthen its EVP through a holistic total rewards strategy.

To support its diverse, predominantly frontline, workforce while addressing attraction, retention, and wage pressures, Ramsay implemented a total rewards approach focused on financial wellbeing. The Ramsay Rewards program helps ease cost-of-living pressures, reinforcing Ramsay’s EVP and positioning them as an employer of choice.

Products: Employee discounts, Wellbeing Centre, Communications

Implementing soon: Reward and Recognition



The Challenge

With a highly competitive healthcare job market, Ramsay needed a way to enhance its EVP without relying solely on salary increases. The organisation faced challenges including:

- **Attraction and retention:** Competing for top talent in a crowded employer market.
- **Wage pressures:** Managing financial expectations while maintaining business sustainability.
- **Workforce distribution:** Engaging a dispersed workforce in a meaningful way.
- **Cultural impact:** Reinforcing its values-driven approach to employee experience.

The Approach

To address these challenges, Ramsay introduced **Ramsay Rewards**, a financial wellbeing and benefits platform designed to provide **everyday savings** on essentials, helping employees increase take-home pay and host their internal wellbeing programs including psychology, health plus discount and pharmacy discounts.

By leveraging HR tech, Ramsay ensured a **consistent and scalable** approach to embedding these benefits across the organisation, demonstrating how total rewards can complement salary structures.

The promotion of Ramsay Rewards and effectively communicating with an offline workforce was key to the success of the program.

The Results

The program has delivered measurable success, including:

- **39,000 active users** engaging with Ramsay Rewards.
- **\$155.2K in employee savings in 2023**, growing to **\$364.6K in 2024**.
- Stronger EVP positioning and increased retention rates.
- Greater buy-in from leadership by showcasing ROI and business impact.
- Platform growth to include reward and recognition products in 2025.

Key Takeaways for HR Leaders

The program has delivered measurable success, including:

- **Total rewards can alleviate financial stress** when salary increases aren't an option.
- **Technology enables scale and consistency**, ensuring benefits reach all employees.
- **Measuring impact and sharing success stories** secures ongoing executive support.

Through a strategic focus on total rewards, Ramsay Health Care has successfully enhanced financial wellbeing, strengthened its EVP, and improved overall employee satisfaction.

While a competitive salary is undeniably important, **Australian employees are increasingly seeking more than just a paycheque**. Instead, they're looking to their employers for a holistic offering. Employees naturally crave recognition for their hard work and contributions, and businesses that acknowledge these efforts can foster greater engagement, loyalty, and job satisfaction. A total rewards strategy – encompassing monetary, benefits and developmental rewards – not only helps meet an employees' basic needs, but also supports wellbeing and boosts engagement and productivity. Non-financial incentives, such as additional leave, professional development opportunities, and flexible work arrangements, are effective ways to show appreciation and build a positive workplace culture.

“ We've seen from our employee discounts program that employers are increasingly seeking more offers in the health, insurance, and mental wellness space to better support their employees' overall wellbeing. Businesses are also prioritising reward offerings from B Corp-certified companies and businesses owned by Indigenous Australians.

Daniele Iezzi, Group Retail Director, APAC, Reward Gateway | Edenred

More than a paycheque required for building a positive work culture

But a positive workplace culture isn't just about the perks – it's about creating a sense of belonging. Once their basic needs are met, employees start to look at how companies differentiate in regard to workplace culture and connection. They want to know their work has meaning, their contributions matter, and they are genuinely appreciated. Especially in today's diverse and hybrid work environments, building those moments of connection is critical. Whether through digital touchpoints or in-person interactions, companies must be intentional about how they engage employees.

However, employees can often feel overwhelmed by the constant flow of communication through messaging platforms, email, and other channels. Finding the right balance in how and when to communicate with them is key to maintaining engagement without causing burnout or disconnection. The companies doing this best are communicating with greater frequency but also with much more intentionality than before.



“ We continue to see leading businesses leverage hybrid communications, including face-to face interactions and multimedia (digital and offline) communications, to never miss a moment to help employees feel connected, whenever or wherever they work. Always-on communications give employers and employees optimum flexibility to share and receive information at times that best suit their needs.

**Kylie Green, Managing Director,
APAC, Reward Gateway | Edenred**

Driving employee connection through personalisation

The principle of “Show Me You Know Me” is widely used across various industries as a strategy for building deeper, more authentic connections with partners and customers. This principle can be equally effective when applied to employees, acknowledging that each individual brings unique experiences, needs, and expectations that shape their actions and motivations. When recognition and reward is thoughtful and personalised it makes employees feel truly seen and understood. Empowering managers to take a more holistic approach to employee recognition beyond pay is essential for building trust and connection, both with managers and the employee brand.

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Retaining and motivating talent goes beyond salary. Check out these resources for insights and guidance on how to create a meaningful total rewards strategy and enhance your EVP to become an employer of choice:

- **Research report:** [Employee Engagement: An Economic Value Study](#)
- **Video:** [The Economic Value of Employee Engagement](#)
- **Calculator:** [Employee Benefits Savings Calculator](#)
- **Webinar:** [The Business Case for Benefits and Recognition: Securing Budget Approval and Buy-In](#)

Ready to strengthen your total rewards strategy? See how our Employee Benefits Program can help your people save money while boosting retention and engagement. [Schedule a demo today.](#)

“ Companies are rethinking how they allocate benefits budgets. Instead of focusing on one-size-fits-all culture perks, they’re shifting toward more personalised, meaningful benefits that tie individualisation into total rewards strategies.

Kylie Terrell, Director of Consultancy, Reward Gateway | Edenred



Conclusion

The Workplace Engagement Index is developed to help Australian organisations create stronger, more connected workplaces.

As the 'Year of the Self' unfolds, employees are prioritising personal wellbeing, growth, and meaningful recognition over community-driven initiatives. Employee engagement success in 2025 and beyond will come down to how well HR leaders strike the balance between business priorities and employee needs through personalised, insight-led engagement initiatives that not only deliver business impact, but also meet employees where they are.

While economic constraints may limit salary increases, employees crave genuine appreciation that acknowledges their contributions and motivations. And a simple, thoughtful gesture from a leader can often mean more than a financial reward.

There's no one-size-fits-all approach to workplace engagement, but the data highlights clear, practical steps to boost

productivity, improve retention, and create more fulfilling workplaces:

- **Prioritise holistic employee wellbeing:** Look beyond salaries to build financial security, psychological safety, and a culture of appreciation where employees feel seen, valued, and supported
- **Empower people managers to drive engagement:** While peer appreciation matters, managers have the greatest influence on engagement. Equip them with the right training, coaching, and tools to strengthen team connections and foster deeper engagement.
- **Adopt a total rewards strategy:** A competitive salary is important, but a well-rounded approach – comprising financial incentives, personal development, and meaningful benefits – drives higher engagement, wellbeing, and performance.

We hope these insights spark fresh thinking and help you shape what engagement looks like in your organisation.

About Reward Gateway | Edenred

Reward Gateway | Edenred helps companies engage, motivate and retain people - every day, all over the world.

Our unified employee experience hub provides the best of recognition, reward, wellbeing, surveys, benefits and discounts that support talent acquisition, retention and values-driven growth.

10m+ employees
use our employee
experience
solutions

6,000+ clients
trust us with
their employee
experience
strategy

We're in
6+ offices
around the
world

Our RGER family
is **700+ strong**
and growing

**Get in touch with us to learn more about
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