

The Workplace Engagement Index

The state of employee engagement across Australia in 2024



This report is presented by



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Introduction

Here at Reward Gateway, we partner with more than 4,500 organisations across the globe to transform the experience of over 8 million employees and make the world a better place to work.

We know that capable, motivated and productive employees are the fuel of every successful organisation. It comes as no surprise that in 2024, the top priority for Aussie HR managers is increasing employee engagement, followed by improving workplace productivity.

We also know that attracting, engaging and retaining those employees can feel like an uphill battle. Our research reveals that over two thirds of HR managers find keeping employees engaged challenging, and it certainly doesn't help that 71% of HR managers say their biggest roadblock is tighter HR budgets and being expected to "do more with less".

And what they're expected to do aren't small tasks! Our research uncovered that HR managers have three weighty priorities at the top of their to-do lists this year:

How do we know this? Because our team ran an extensive survey of 1,000 HR managers and 1,000 employees across Australia to create The Workplace Engagement Index. This in-depth report provides HR and business leaders with a comprehensive view of the current state of employee engagement in Australia, including four key workplace trends that will influence work for HR and business leaders this year:

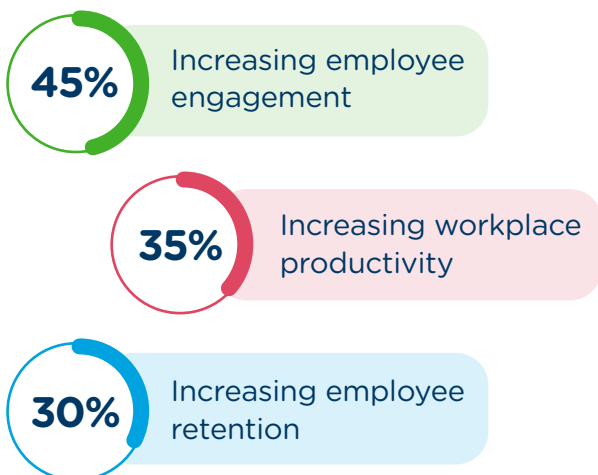
- 1. The top drivers of productivity in 2024**
- 2. Supportive managers are in high demand but in short supply**
- 3. Mental and financial wellbeing remain top priorities in 2024**
- 4. Fostering flexible working for business success**

We hope you find these insights thought-provoking and helpful. Please [contact our team](#) if you'd like to discuss anything in greater detail.



Kylie Green
Managing Director, APAC

Top 3 priorities for HR managers in 2024



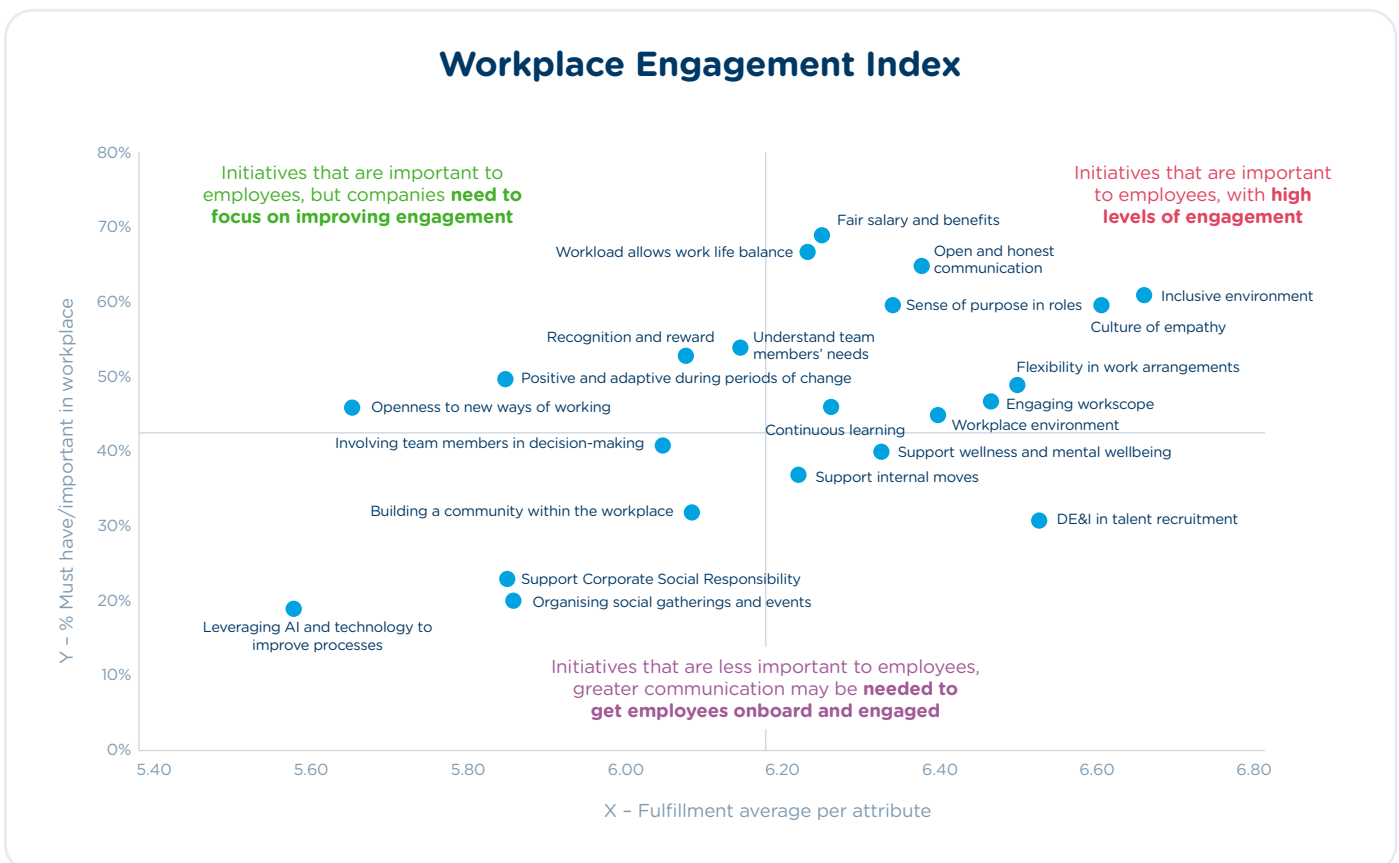
The Workplace Engagement Index

The Workplace Engagement Index is designed to gauge Australian employees' engagement regarding their employers' initiatives, programs and efforts.

Focused on four 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 predetermined list of 22 attributes across these pillars, respondents rate their companies, and the ratings per attribute are averaged within each pillar. The assigned weights are then added to calculate the total index.

From our survey of 1,000 Australian employees and using the methodology above, we concluded that the Australian Workplace Engagement Index for 2024 is a moderate score of 6.2 out of 10, indicating room for improvement to keep employees engaged and fulfilled.

In the graph below, we've mapped key HR and organisational initiatives based on the level of importance and the rate of fulfilment or satisfaction. In this way, we can clearly see where employees are seeing the most engagement, where they're not satisfied and what they see as high priorities for the year ahead.



We can see that crucial themes for sustained engagement include fair pay and financial benefits, transparent communication, work-life balance, flexible work arrangements, engaging work scopes, a culture of empathy and an inclusive environment.

Some key initiatives that scored high for importance but see room for improvement when it comes to engagement include recognition and rewards, an openness to new ways of working, a positive and adaptive approach during periods of change and understanding team members' needs.

Interestingly, employees placed less importance on leveraging AI and technology, Corporate Social Responsibility (CSR) and organising social gatherings.



Exploring generational differences

To drill down into the Workplace Engagement Index further, our researchers examined scores based on generation, which found that employees aged 35 years old and below have higher engagement scores.

	Total	Gen Z: 18-26yo	Early Millennials: 27-35yo	Late Millennials: 36-42yo	Gen X: 43-58yo	Baby Boomers: above 59+
Connection and belonging	6.4	6.5	6.7	6.5	6.1	6.2
Personal and professional wellbeing	6.4	6.5	6.7	6.4	6.1	6.3
Improving leadership and management	6.2	6.6	6.7	6.3	5.8	6.0
Understanding employee needs and sentiments	5.7	6.2	6.2	5.8	5.3	5.5
Average score	6.2	6.5	6.6	6.3	5.9	6.1

For Gen X and Baby Boomers, areas that elicit the lowest engagement include initiatives related to understanding employee needs and sentiments, involving teams in decision-making and fostering an overall culture of recognition and reward.



Higher engagement for hybrid and remote workers

We also found that engagement is impacted by work arrangement. Fully remote and hybrid employees show higher engagement scores compared to office-based workers. Additionally, frontline workers show a significantly lower index compared to other workers.

	Full office-based	Hybrid	Fully remote	Deskless	Frontline
Connection and belonging	6.3	6.6	6.6	6.3	5.3
Personal and professional wellbeing	6.3	6.7	6.7	6.3	5.0
Improving leadership and management	6.2	6.5	6.4	6.3	5.0
Understanding employee needs and sentiments	5.6	6.1	6.2	5.7	4.2
Average score	6.1	6.5	6.5	6.1	4.9

Definitions of the different workforce types:

Full office-based: Employees are required to be in the office, typically with fixed schedule, for face-to-face work.

Hybrid: Combines both remote and in-person office-based work, allowing employees to split their time between the two

Fully remote: Employees can work outside the traditional office at a location of their choosing

Deskless: Workers with no traditional office, typically jobs that don't require desks like those in construction, logistics, transportation, etc.

Frontline: Employees who provide essential service such as in retail and grocery, hospitals and health clinics, etc.



The lowest engagement scores across all workforces is seen in the area of understanding employee needs and sentiments, demonstrating the need to encourage more two-way lines of communication, so leaders can better understand what employees need to thrive at work.

As part of this research project, we also surveyed 1,000 Australian HR managers to see their perspective on the current state of employee engagement in Australia. When determining the Workplace Engagement Index from HR managers (as in, how well they think their companies are performing to support and engage their employees), HR managers hit a higher score of 7.9 out of 10.

This indicates high satisfaction with current efforts and initiatives towards connection and belonging, personal and professional wellbeing, improving leadership and management and understanding employee needs. This disconnect between the employee score of 6.2 and the HR perception of 7.9 offers us a great opportunity to delve into the data to uncover where Australian organisations can improve engagement, fulfilment and productivity in 2024. Let's dive in!

The top drivers of productivity in 2024

Fulfilling work, a strong and supportive manager and recognition and rewards are the top three drivers of productivity.

It's the eternal organisational struggle; how to boost employee productivity? And now we've finally got an answer, with Australian employees pinpointing these top five elements that make them feel more productive at work:



It's fascinating to see that **fulfilling work, a strong and supportive manager and recognition and rewards are the top three drivers of productivity**, ranking above competitive compensation. When we look at generational differences, it's interesting to see that Baby Boomers are more productive when they see the impact of their contributions at work (ranking second at 38%), while for a third of Late Millennials competitive compensation is an important factor (ranked third at 33%).

Luckily, the rate of productivity is relatively high across the Australian workforce with 68% of employees stating that they frequently feel productive. This is slightly higher for HR managers with 75% frequently feeling productive. And in more positive news, 78% of HR managers frequently feel confident, supported (75%) and appreciated (71%).

When we asked HR managers what makes them feel productive, the results were slightly different with recognition topping the list of productivity drivers:



When asked what they think boosts productivity in employees, HR managers state that the top three factors are recognition (32%), competitive compensation (28%) and a strong and supportive manager/leader (28%).

Exploring the importance of recognition and reward

With ‘Receiving recognition and rewards’ and ‘Seeing the contribution of their work’ ranking highly across the board for both employees and HR managers, it makes sense to explore these themes in further detail (don’t worry, we’re discussing strong and supportive management in the next section).

Does recognition and reward impact our productivity at work? Australian employees say yes! When we drill down into different work modes, 30% of office-based and hybrid employees say that receiving recognition and rewards makes them feel more productive, compared to 33% of deskless employees, 38% of remote employees and a whopping 48% of frontline workers.

Unfortunately, two thirds of HR managers find effectively rewarding and recognising employees challenging. Recognition and reward programs also scored the highest in terms of being underfunded (14%), and one in two HR managers say they only receive acceptable funding levels for recognition and rewards, as opposed to being adequately funded.



Despite its importance, the lack of effective R&R is reflected in the low rates of recognition across our survey cohort with one in four employees saying they **rarely feel appreciated or recognised**, while 36% only occasionally feel appreciated or recognised.

While one in two employees state that their organisation has a recognition and reward program in place, this drops to 33% for deskless workers and 28% for frontline workers. This is reflected in lower rates of appreciation for these workforces with 29% of frontline employees rarely feeling recognised and 30% of deskless employees saying the same.



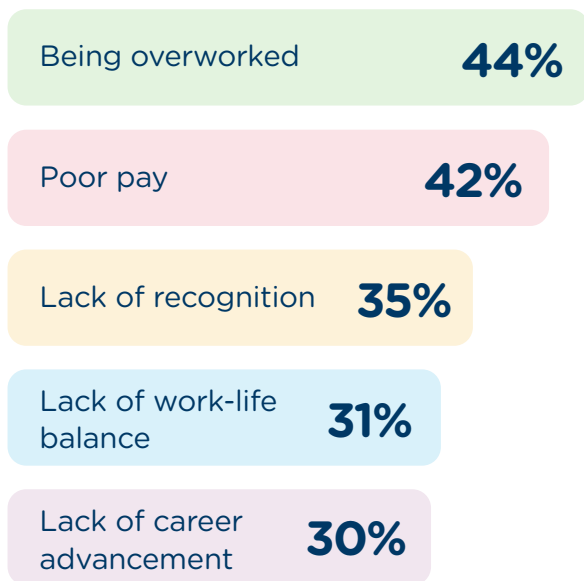
One in two employees say that having leadership that promotes recognition and rewards is a must-have.



79% of HR managers say that employees are consistently recognised for their work. However, only 53% of employees agree - a significant 26% disparity.

How recognition can drive retention

Our research uncovered that one in two employees have considered leaving their job in the past six months, with 18% frequently considering it and 38% sometimes considering it. **The top five reasons for this were:**



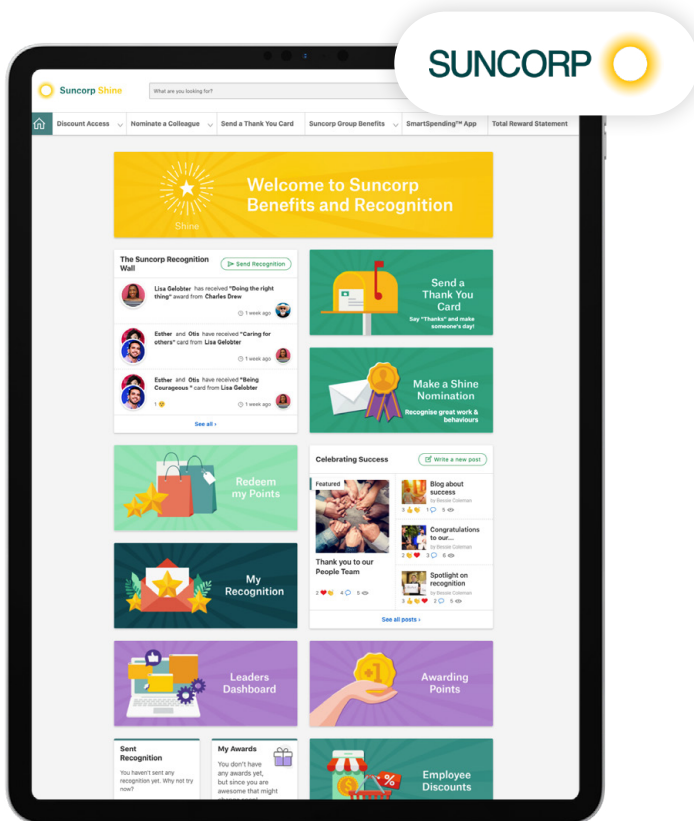
This aligns with our findings from our survey of HR managers where 49% state that their business has seen an increase in employee turnover in the past year, with 43% hitting a turnover rate of 6-10%, 19% hitting a turnover rate of 11-15% and 12% seeing a rate of 16-20%.

When we examine how turnover is impacted by rates of recognition funding, we can see that almost half (49%) of HR managers who say their reward and recognition programs are underfunded have turnover rates of 11% or higher. This is significantly higher versus those who receive acceptable funding (30%) and adequate funding (40%). Additionally, 56% of those from the underfunded segment say their turnover rates have increased.

Trying to measure the business impact of poor retention? Check out our Cost of Attrition Calculator. rg.co/attritioncost

Want to boost productivity and performance with a culture of recognition?

- Recognise individuals and teams who are making progress:** Research shows that one of the biggest contributors to motivation at work is progress in meaningful work. Use [recognition and reward](#) to highlight individuals who are contributing to achieving your company’s mission, displaying your values and accomplishing their individual goals.
- Don’t wait for monthly or annual award nominations:** Create opportunities for employees to thank each other anytime, anywhere. Increasing the frequency of being recognised and thanked for your efforts not only boosts dopamine for the giver and receiver of recognition, it can help illustrate the link between a person’s individual contribution and your company’s success – a double booster for productivity!
- Encourage leaders to use recognition and reward to reinforce the behaviours they want to see repeated:** Need a nudge? Create a recurring calendar invite – 15 minutes each week – so you, your managers and executive leaders make the time to recognise someone in the organisation.



Interestingly, one in three employees say they'd consider staying with their current employer if they received more recognition, and 47% view recognition as a must-have from a new employer.

One employer that understands the power of appreciation is [Suncorp Group Limited](#), which employs over 13,400 people across Australia and New Zealand to provide financial services and solutions to nine million customers. Suncorp employees use their Reward Gateway recognition and reward program to send a **staggering 76,000 eCards every year**, and receive an average of 200 nominations for company awards each month.

Suncorp's Executive Manager, Benefits states that using an online platform to deliver values-aligned employee recognition and reward has "proved really valuable because it's made it so easy for people to just say thank you to anyone for anything. The simplicity of the program, the direct alignment of the recognition to what we're doing in the organisation has been really successful."

- **Use recognition and reward to boost the visibility of the unseen, unsung contributors in your organisation:** Create a physical or digital recognition wall (or both!) where you can post shout-outs to the individuals who deserve thanks, but rarely see their name in lights. The upside of a digital recognition program? Employees can **recognise their peers** on the go, remote teams can see the wins from different departments in real-time and managers get alerted each time their team members are recognised.
- **Use a digital platform to automate, personalise and scale recognition, reward and redemption without adding to your workload:** A digital R&R platform can save time by automating anniversary and service recognition, scheduling holiday greetings and providing meaningful **reward redemption** options for your people.
- **Give your employees the opportunity to provide regular feedback about the R&R experience:** Run a pulse survey and check employee satisfaction with your recognition and reward offering and other elements of the employee experience.

As Australian HR and business leaders seek to improve engagement and keep top talent in 2024, it's apparent that **recognition and reward will play a pivotal role in driving productivity, engagement and retention.**

Here's what Aussie employees had to say:

“ It's not something that's done well in my company and it can drastically **improve output and productivity** if there is recognition and reward regularly.

Early Millennial

“ It's always nice to be recognised for the work you do. And I believe if you **feel valued**, you are **more motivated** to do what's needed and more.

Late Millennial

“ As a manager myself continually recognising and rewarding my team, I would like to sometimes **see that in the reverse.**

Gen X

“ I think most times it is taken for granted that the worker should be happy having a job, but in my experience as a manager **productivity is higher and staff are happier** when they are told that their hard work is appreciated.

Baby Boomer



Supportive managers are in high demand but in short supply

Empowering and enabling managers is a must if organisations seek to boost performance and connection.

For Australian employees, a strong and supportive manager is one of the top three drivers of productivity, showing how crucial good management is to the success of an organisation. Unfortunately, our research also uncovered that while supportive managers are in high demand, they're also in short supply. **Only one in four Australian employees would recommend their line manager**, and 31% of employees admitted they only feel supported by their managers occasionally, while 15% rarely or never feel supported at all.

Additionally, 22% are concerned about their manager and 37% are concerned about their work scope and responsibilities (this hits 50% for Baby Boomers and 46% for frontline workers). When dealing with workplace concerns and stressors, the ripple effects of poor management are significant:



While 56% of employees say they have a respectful relationship with their employers, about half in junior manager positions and below see their employer-employee relationship as transactional.

Edelman's 2023 Trust Barometer found that Australians' trust in employers has dropped by 4 percentage points, with Gen Z recording the lowest levels of trust. It's clear that people managers and leaders have a lot of work to do, but this can't be undertaken without receiving support and learning and development themselves.

- 36%** of employees say they no longer go above and beyond their specific responsibilities and/or schedule
- 30%** say it makes them feel unsupported by their employer
- 23%** say they have lost trust in their employer
- 22%** feel unclear and uncertain about their company's goals



Evolving management to meet evolving employee expectations

In the last few years, the role of the people manager has evolved significantly as the world of work has shifted and both employees and employers seek more than traditional resource and performance management, looking beyond for the ability to support, facilitate, guide and connect teams across increasingly diverse and high-pressure environments.

As we move forward in this new era of management, it's crucial for people managers and leaders to better understand and connect with their employees (as we saw in the Workplace Engagement Index, where scores related to this area were the lowest across the board). People managers should be enabled and empowered to develop a rapport and relationship with their teams, ensuring that employees feel supported and appreciated.

Managers need support too

Part of the challenge lies in the lack of support people managers receive in preparation for and in the execution of their crucial role. Our research found that for many Australians, the transition from individual contributor to people manager has left managers lacking in adequate support and training, recognition and reward, time and resource and with an unwanted surplus of stress and burnout. Approximately one in three people managers report frequently experiencing burnout, with director-level managers reporting the highest levels of burnout at 38%.



1 in 5 people managers don't feel enabled and supported to be a great manager.



83% of Aussie employees state that they feel more motivated and productive at work if they have a manager who cares, jumping to **87%** for Gen X and **94%** for Baby Boomers.

It's time to rethink how organisations **empower and enable people managers** to best drive collaboration, connection and high performance.

Managers who successfully lead and inspire a team of top performers aren't just setting strategies, supervising shifts or allocating resources. They're also showing care and fostering connection with their team members on both a personal and professional level, understanding what motivates them, the challenges they're facing and the unique circumstances that affect how they show up at work.

Research conducted by *Nature* on behalf of [SEEK](#) found that 71% of Australian workers say that the relationship with their employers has a profound impact on their happiness at work.

Atlassian research **“found that when honest feedback, mutual respect and personal openness were encouraged, team members were 80% more likely to report higher emotional wellbeing.”**

While 56% of senior managers and 52% of junior managers say they feel comfortable sharing their personal struggles and feelings with their manager, only 46% of graduate-level employees say the same.

Developing key interpersonal skills and trust-building behaviours doesn't just happen overnight when you get a direct report, it's an area that requires ongoing investment in training and effective tools. When making the transition from high-performing individual contributor to people manager, learning and development plays a particularly pivotal role.



27% of people managers say they weren't offered sufficient training when they became a manager.

Want to support your managers to support your people?

- **Make the support you already provide easy to find:** With more teams working more across multiple sites or in hybrid and remote roles, a digital **“one-stop shop”** that gives all employees (including managers!) easy access to information that supports their work, wellbeing services and [employee benefits](#), makes providing support easier and scalable.
- **Promote transparency and clarity while cutting through the noise:** Most managers are time poor, so instead of expecting them to wade through infinite emails and instant messages, set up a regular rhythm or calendar of communication in one channel (e.g. a company blog), so they know when and where to expect important updates from key leaders of your business.
- **Give managers the tools to identify and pass important information on to team members:** Make the most of the native functions in your digital communications tools – label important announcements, enable read receipts, create manager blogs feeds and encourage managers to tag team members in comments and threads.

Enabling and empowering managers with the right tools and support to develop strong ties to their team and simplify and streamline their workload through automation is essential. Consider how your organisation is relieving the burden on your people managers to ensure they can be that strong and supportive manager that employees need.

“ Leadership is evolving and generations joining the workforce are seeking something different. The command-and-control, authoritarian leadership style of the past has no place in the future. We’ve recognised that leaders who build a culture of trust and inclusion, and where all employees have a voice, feel valued and recognised, will experience business and people benefits. The workplace is seen as psychologically safe, and the results are clear: there are greater efficiencies, productivity improves, turnover reduces, health and wellness and resulting culture are positive, and there is increased collaboration and more creative problem solving.

At Hungry Jack’s, we’re introducing Learning Pathways that build strong people leaders. More than the traditional operational skill sets, we’re focused on soft skills – emotionally intelligent leaders who also have the technical capability to run million-dollar businesses.

Michael Oliverio, Benefits and Engagement Partner, Hungry Jack’s

- **Encourage and enable managers to recognise progress and reward excellence:** Use your company communications and recognition and reward platforms to shine a spotlight on what your team is achieving. If your R&R platform allows, give managers an annual budget to reward their team members on the spot when they’ve delivered something exceptional!
- **Automate recognition to save time (and save you from having to remember):** Don’t miss important anniversaries or milestones, take every opportunity to show your managers and people that you care, without the administrative burden.
- **Recognise and reward your people leaders too:** In the next section, we see how important recognition is to those in the C-suite and executive team, showcasing that recognition has an impact on employees at any level.





Mental and financial wellbeing remain top priorities in 2024

Mental and financial wellbeing are top priorities for both HR managers and employees in 2024.

Tied closely to productivity, appreciation and support is the importance of employee wellbeing, which has become a focal point in the last few years during the COVID-19 pandemic. This is reflected in how companies have invested HR budgets with **initiatives that focus on mental health and wellbeing experiencing the most significant growth (69%)** in recent years.

The [World Health Organisation](#) states that depression and anxiety cost the global economy approximately US\$1 trillion each year, predominantly from reduced productivity. In Australia, the [Black Dog Institute](#) states that the cost of poor workplace mental health on the Australian economy is around \$39 billion in lost participation and productivity each year.

“ The Committee for Economic Development of Australia (CEDA) states that: “Investing in the mental health of employees is a sound business decision that can increase productivity and improve business outcomes. It has been well documented that unemployment is linked with poor mental health – not just through lower financial capacity but also through the social contact, sense of identity and shared purpose that employment can bring. But not all employment is equal. Workers with poor working conditions, low levels of autonomy and/or high levels of job insecurity are much more likely to have mental health issues.”



CEDA cites the Australian government’s Productivity Commission Inquiry, which found **“returns on investment of between \$1.30 to \$4 for each dollar invested for Australian workplace mental health interventions”**.

In our survey, when asked about the key area their companies need to prioritise in the coming year to support employees, employee mental wellbeing came out as the top priority, with 35% of HR managers voting for this, followed closely by programs supporting financial wellbeing (20%).

With cost of living concerns and economic uncertainty, it’s no surprise that financial wellbeing is on the mind of HR managers and employees alike.

Unfortunately, almost two thirds (59%) of HR managers say they find supporting employee wellbeing challenging. And 30% of employees said they’d be more likely to stay with their current employer if they offered more financial, mental and physical wellbeing support.

There’s clearly room for improvement when it comes to how organisations support and improve employee wellbeing. The impact of workplace stress and concerns is significant with **four in ten Australian employees saying that workplace concerns have impacted their wellbeing**, with this most pronounced in Gen X (42%), Late Millennials (45%), those who work in administration (48%) and frontline workers (49%).



45% of women say their wellbeing has been impacted by workplace concerns, compared to 35% of men.

So, what is the current state of mental and financial wellbeing across the Australian workforce now, and what can your organisation do to support employee wellbeing?

Financial wellbeing top priority for employees

While 46% of Australian employees report improved financial wellbeing compared to the last two years, 31% say their financial wellbeing has declined and 24% say it has stayed the same.



A whopping 81% of Aussie workers are concerned about the rising cost of living and inflation, with Gen X the most concerned at 85%.

Additionally, 56% are concerned about housing costs and homeownership, with Late Millennials (65%) and Early Millennials (64%) at the higher end of the spectrum, compared to only 32% of Baby Boomers.

When asked what concerns them the most in the workplace, salary and financial benefits topped the list (54%), with 64% stating that **employers should do more to offset inflationary pressures and the rising cost of living.**

Financial wellbeing was also chosen as the area that employers should prioritise the most in the year ahead with 48% of employees choosing this option, compared to 32% for mental wellbeing and 7% for physical wellbeing.

It's interesting to note that this percentage rises when you look at specific workforces, with **56% of deskless employees saying that employers should prioritise financial wellbeing**, showcasing that this is a greater concern for this workforce.

Want to boost your employees' financial wellbeing?

- **Review what you're currently providing:** Analyse your total rewards package (i.e. salaries, bonuses, monetary and non-monetary rewards, financial benefits) and survey your employees to gauge whether your current benefits offering is hitting the mark.
- **Repackage the compensation conversation:** Both candidates and employees need clear information before they make decisions about joining or staying in your team. Make sure you're showcasing all the financial benefits you offer (including, but not limited to, salary!) to make your people more financially secure, boost your EVP and attract the best talent.
- **Make financial support easy to access:** Host all your financial benefits in one hub, from expert financial advice through an EAP to salary sacrifice options, discount programs, employee share options, and anything else you offer.

One Australian employer who's addressed this issue head on is [Honeywell Pacific](#), a leading provider of commercial and industrial control systems which employs 1,700 people across 25 locations in Australia and New Zealand.

Not only do Honeywell Pacific's employees work across separate locations, many also work in technical roles that keep them on site all day without easy access to a work computer. This had been hampering internal communications for a long time, while also making it difficult for HR to get staff to buy into employee benefits and new initiatives.

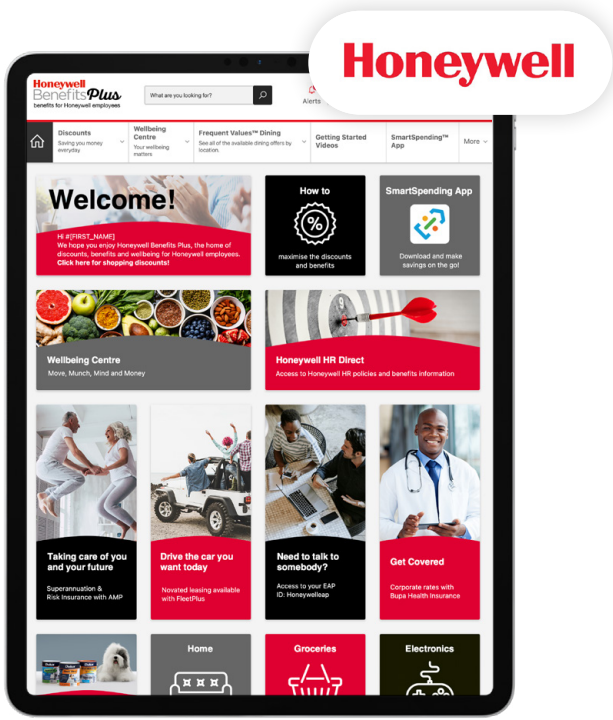
Reward Gateway worked closely with Honeywell Pacific's HR team to develop a platform to house a carefully curated range of discounts and digital vouchers. Named 'Honeywell Benefits Plus', the hub is designed to make the benefits and discounts process as easy as possible for both managers and staff, while also reflecting the company's visual brand.

“ Since launching, Reward Gateway has been right at the heart of our approach to staff discounts and wellbeing. The system itself really appeals to staff at all levels of the organisation, and I personally love checking the app for discounts at my favourite stores. Over the years, we've taken time to explain the offering to our people and how to get the most out of the platform. I think that tactic has worked wonders and explains the great engagement we're seeing today.”

Robbie Verrall, Early Careers & Leadership Capability Programs Leader at Honeywell Pacific

- Look for ways to stretch salaries:** Benefits have become a baseline for any employee offering and introducing an [employee discounts program](#) is a cost-effective addition to your total rewards arsenal that can make an impact on household budgets immediately. If you already have a discounts program, run seasonal campaigns to remind your people to make the most of this benefit. Use our [Employee Benefits Savings Calculator](#) to uncover how much your employees could save each year.





Honeywell

Here’s what Aussie employees had to say:

“Mental wellbeing is super important for employers to prioritise because it directly affects their employees’ overall happiness, productivity and engagement. When employees are mentally well, they are more likely to be **motivated, focused and creative** in their work. It also helps create a **positive work environment** where people feel supported and valued. By prioritising mental wellbeing, employers can reduce stress, burnout and absenteeism, leading to better job satisfaction and retention. It’s all about creating a healthy and thriving workplace for everyone.

Gen Z

“Increasing cost pressures through inflation means that financial stress is a problem for everyone, which is also leading to mental stress. **Financial stress also drives turnover** which makes it harder to establish an effective culture.

Early Millennial

“If people are continually worried about their financial wellbeing it adds additional stress to both their work and personal lives, which reduces productivity. If you feel financially secure then you don’t have to worry about feeding your family or paying bills and can **focus on your job and home life**. It gives you a better quality of life knowing that you can pay your bills.

Late Millennial

Honeywell Pacific now counts **94% of its workforce as active users** on the platform, which is fantastic engagement considering the number of deskless staff who don’t usually work with a computer during their day-to-day role.

The SmartSpending mobile app has proven particularly popular, with more than half of the company’s workforce regularly logging in to use the app while on the go.

“I hear a lot of feedback from staff about how they’re using the platform – it’s become a regular talking point among our teams. I recently heard from a person that had **saved over \$6,000 in one year** through the app! That makes a massive difference in somebody’s outgoings and shows the level of impact our benefits offering can have. We can’t go around giving out \$6,000 bonuses every year, but we can help people save that much!”

Alleviating the financial pressure on your employees and boosting their financial wellbeing has never been more important. A common thread that emerged in our research was the inextricable link between financial wellbeing, mental wellbeing and workplace productivity.

Mental wellbeing top priority for HR managers

While employees view financial wellbeing as their top priority, mental wellbeing tops the list for HR managers at 35%.

This could be due to a range of factors, from the increased focus on mental health in the wake of the COVID-19 pandemic and lockdowns to regulatory changes related to psychological safety and the growing understanding of the role mental health plays in productivity and performance.

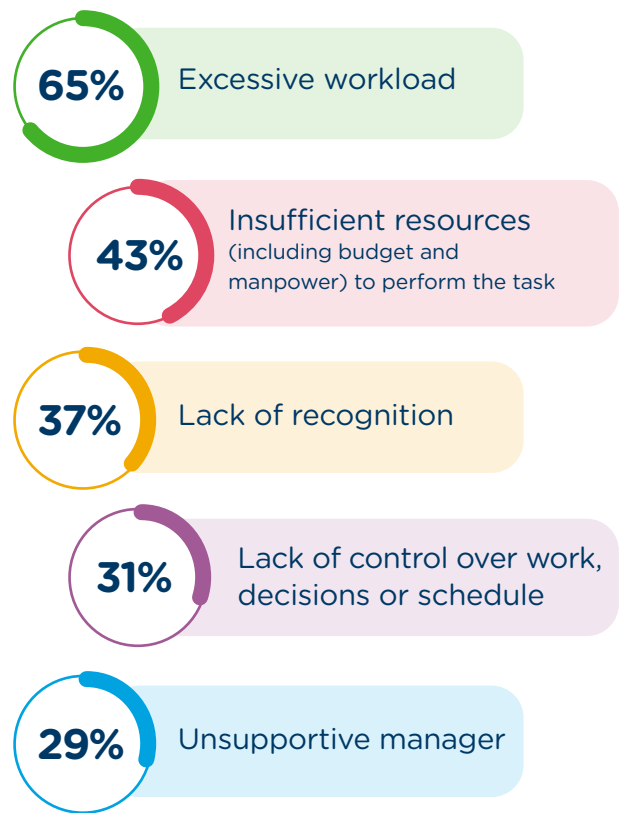


One in three Australian employees are concerned about their mental health, with Gen Z (42%) and frontline workers (43%) the most concerned.

For our surveyed Aussie workers, 38% frequently feel stressed with 40% of deskless workers saying the same, increasing to 56% for frontline workers. When it comes to feeling overwhelmed, 30% frequently experience this, with frontline workers again feeling it the most at 45%.

When asked how often they experience burnout, 33% of employees say frequently and 34% say occasionally.

The top five factors that lead to burnout are:



This aligns with our research findings around what drives productivity, why people are leaving employers and what they're looking for. Notably, this also aligns with industry standards and guidance.

Ensuring psychological safety

After regulatory changes in recent years, under the model Work Health & Safety (WHS) laws, Australian employers must prevent or mitigate the risk of psychosocial hazards in the workplace. [Safe Work Australia](#) identifies a range of common psychosocial hazards at work including job demands, low job control, poor support, lack of role clarity, poor organisational change management, inadequate reward and recognition and conflict or poor workplace relationships and interactions.

In our survey, we asked a range of questions to gauge the current level of psychological safety amongst Australian workers. We found that 52% of employees say that they're not afraid to take risks and commit mistakes because their company doesn't have a blame culture, however this sinks to 45% for graduates, 26% for frontline workers and 21% for manual unskilled workers.

We also found that 61% say their company supports employees in voicing their views and opinions through proper feedback channels, while 53% of Gen Z employees (the lowest across the generations), 49% of deskless workers and 43% of frontline workers say the same.



62% say that their work wellbeing would improve if they were simply thanked more for their hard work.

When it comes to workplace relationships, around **one in two (53%) say they feel comfortable sharing their personal struggles and feelings with their manager**, though slightly less (49%) feel comfortable sharing with their colleagues. Again, we see lower percentages for deskless and frontline workers.

Want to boost your employees' mental wellbeing?

- **Communicate goals and expectations clearly and regularly:** Promote trust through transparency and use company-wide communications to show how you are tracking towards your strategic, financial, department and team-specific goals. Go one step further and set a measurable goal for employee wellbeing that you and your people can work towards.
- **Provide employees opportunities for growth and challenge and create a digital space to share both professional and personal progress:** By creating a hub for all employees, you're not only ensuring communication is accessible and consistent but showing your people that the things they're excited about and working towards are valuable for both them and their company. This link can help your people understand the company's goals and how their work contributes to that shared vision.

A promising 69% agree that they feel safe to disclose their sexuality, religion or identity in the workplace without repercussions or being treated differently, while 19% neither agree or disagree and 12% don't feel safe to do so. While 77% of executive and C-suite employees feel safe to disclose, only 55% of graduates say the same.

When it comes to inadequate recognition, **two thirds agree that their wellbeing would improve if they received more recognition**, with the following groups seeing higher percentages: Baby Boomers (65%); those in administration (65%), accounting (66%), transport (73%) and the executive level/C-suite (77%); and deskless workers (65%) and frontline workers (71%). It's interesting to see the highest percentage for those in the C-suite, suggesting that many may feel that recognition only flows top down, rather than from the bottom up.

We also asked whether employees feel safe going to HR whenever they have issues with their manager or colleagues and 43% say they do. Only 36% of Baby Boomers and 38% of Gen X agree, compared to 47% of Gen Z and 51% of Early Millennials. Lower percentages were also seen in supply chain/logistics (24%), education (33%), healthcare and aged care (35%), graduates (36%), deskless workers (38%) and frontline workers (23%).

These findings suggest that certain industries and workforces may be more susceptible to psychosocial hazards, negatively impacting mental wellbeing and workplace productivity. It's particularly concerning to see the poor outcomes across this report for deskless and frontline workforces, demonstrating a clear need for greater support and investment.

While mental wellbeing and psychological safety can be challenging to explore and analyse, Australian organisations can take some initial steps to progress with [employee engagement surveys](#), assessing their wellbeing programs and initiatives and actively identifying and mitigating psychosocial hazards in their workplaces.

- **Give your people the gift of time back:** Nurture a culture that celebrates people prioritising their mental health and wellbeing; rebrand annual leave so people are more likely to take time off to rest and recover throughout the year and offer alternative leave options that cover a variety of needs, such as Wellbeing Days, menopause leave, miscarriage leave, caregiver's leave and volunteer leave.





Fostering flexible working for business success

Fostering flexible working encourages employee motivation, connection and retention.

As seen in our Workplace Engagement Index, fully remote and hybrid employees have higher engagement scores compared to those of office-based workers. This is reflected in differences in retention with 19% of office-based employees frequently considering leaving their employer in the last six months, compared to 15% for hybrid employees and 11% for fully remote workers.

The [Australian HR Institute's research](#) reveals employers believe better work-life balance (77%), higher retention rates (62%) and a greater ability to attract candidates (61%) are the top three advantages of hybrid working.

A [Gartner survey](#) found that 43% of respondents credit flexibility in working hours as the reason why they were able to achieve greater productivity, and 30% of respondents said that less or no time commuting enabled them to be more productive.

“ The Australian government’s Workplace Gender Equality Agency states that flexible working, “drives employee engagement and productivity, as well as boosting employee wellbeing and happiness. Access to flexible working is clearly linked to: improved organisational productivity; an enhanced ability to attract and retain employees; improved employee wellbeing; an increased proportion of women in leadership; and future-proofing the workplace.”

Our research found that one in two employees say that flexibility in work arrangements to accommodate the diverse and personal needs of employees is a must-have in a new employer, and **one in three employees say they would consider staying with their current employer if they offered flexible working.**

We also found that 34% of office-based employees frequently or very frequently experience burnout, compared to 29% of hybrid employees and 26% of remote workers. Additionally, 38% of office-based employees are concerned about their work scope and responsibilities (including workload and job expectations), compared to 36% of hybrid employees and 27% of remote workers.



57% of employees agree that remote work or flexible schedules have increased their productivity and motivation at work.

Most notably, we can see a huge gap between workforces when we examine which groups are concerned about their relationship with teammates and colleagues; 25% of office-based employees, 23% of hybrid employees and only 9% of remote workers.

Emotional proximity, not just physical proximity

Effective, productive teams aren't automatically generated when you bring people together in the same physical space. To bring the best out of our people, we need to consider how we intentionally improve connection and collaboration, and how we encourage teams and managers to build those strong relationships that drive productivity.



67% say they can effectively collaborate and build connections with their colleagues, regardless of the work arrangement (remote or face-to-face).

Our research found that 26% of office-based workers feel disconnected from their teammates and co-workers, compared to 27% of hybrid workers and 22% of remote workers. It's interesting to see that office-based employees aren't reporting significantly higher levels of connection (one of the key reasons why leaders push for a return to office) and that remote workers report lower rates of disconnection.

“ If all it took to improve culture, collaboration, engagement or productivity was to have more people working together in the same space, then bad cultures and disengagement wouldn't have been problems before COVID-19 forced us into hybrid or remote work (and we all know they were). Organisations need to completely rethink, redesign and rebuild what the modern office is actually for.”

Joy Adan, Senior Thought Leadership Manager, Reward Gateway

Australian organisations can lead the way by guiding, facilitating and rewarding genuine presence, not just proximity. Encourage and recognise team members who utilise in-office time to ideate on big projects, catch up with cross-functional colleagues or socialise with their team. Boosting that emotional proximity as well as physical proximity is crucial.

This [Harvard Business Review](#) article cites a range of studies that show that, “employees with close connections at work are more productive, creative and collaborative. They also report being more satisfied with their job, are less susceptible to burnout and are less likely to leave their organisation to pursue another role.”

Consider how your organisation facilitates connection, collaboration and care, wherever your employees work.

Want to enhance collaboration by cultivating connection and community?

- **Create physical and digital channels that encourage employees to share common ground and build community with their colleagues:** Invest in tools, platforms or channels that ensure communication and community-building is easy and centralised. Your people should always know where to go for company updates, people news or just cute pet photos.
- **Normalise requests for help and share stories of collaboration, resilience and what different pathways to success look like:** Invite people from different levels of the business to share how they celebrate important cultural or religious days, spend their holidays and how they face and overcome personal and professional challenges. Sharing these unique stories of resilience, wellbeing and holistic success builds a culture of trust and openness.



Conclusion

No matter the size of your company or the type of workforce you have, we hope The Workplace Engagement Index has provided you with the key building blocks and action items you need to proactively drive productivity and performance.

We know there's no miracle cure or silver bullet, but we can also see in this report that there are proven methods, backed up by data, that can boost employee engagement, productivity and retention.

Our aim with The Workplace Engagement Index is to provide Australian organisations with the insights they need to understand:

- The issues and opportunities at the heart of their employee engagement strategies
- The challenges and complexities that different generations and workforces may face
- The key drivers that will supercharge how their business operates, communicates and connects

We would love to hear your thoughts on this research and what employee engagement looks like at your organisation. [Get in touch](#) with our team today.

Looking for more strategic insights and actionable tips? Check out our other resources:

- **Research report:** [The Australian Talent & Engagement Report](#)
- **eBook:** [6 Steps to Boosting Employee Recognition ROI](#)
- **Calendar:** [Your Comprehensive HR Calendar for 2024](#)
- **eBook:** [Your Guide to Designing a Multigenerational EVP](#)
- **On-demand webinar:** [The Business Case for Benefits and Recognition: Securing Budget Approval and Buy-In](#)

About Reward Gateway

Improving employee engagement to build better, stronger and more resilient organisations.

Reward Gateway is culture- and client-driven. Since 2006, we've been right by the side of the world's most innovative HR people, giving them the tools and products they need to engage their people and drive company success. We empower more than 8 million employees to connect, appreciate and support one another to make the world a better place to work.

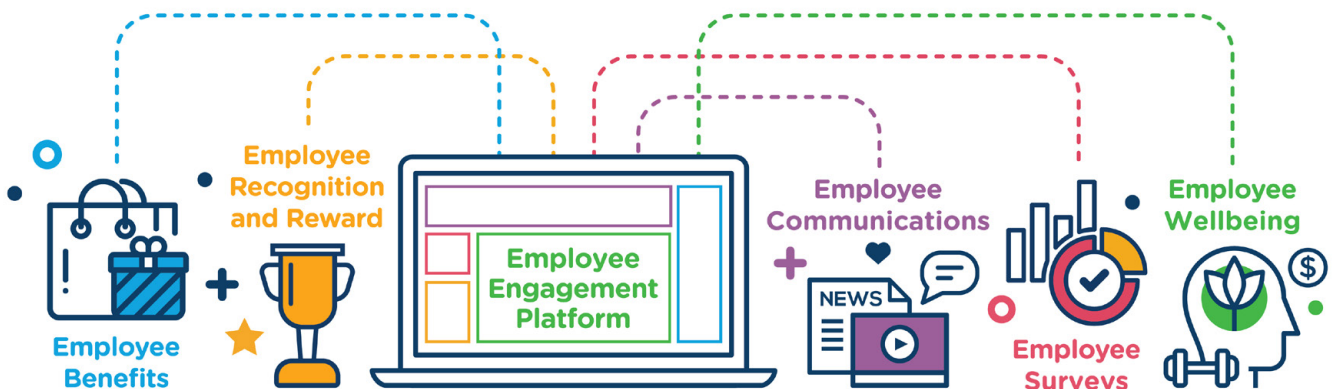
8m+ employees
use our employee
engagement
solutions

4,500+ clients
trust us with
their employee
engagement
strategy

We're in
6+ offices
around the
world

Our RG team is
700+ strong
and growing

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



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