

In 2023, **one size does not fit all** when it comes to developing talent, managing new ways of working, and supporting employee well-being.

Flexible work is here to stay - and it's a key strategy for leaders and managers trying to rebuild company cultures that can attract and retain in-demand talent. Employee expectations remain high for a person-centric workplace that prioritizes well-being and a commitment to DEI initiatives.

Economic uncertainty, demands for transparency, and a boom in data analytics together will challenge and enable employers to craft, measure, and course-correct strategies that promote both a superior employee experience and high-performance outcomes.

- Amid economic uncertainty yet low unemployment, employers are focused on talent acquisition, skill-building, and redeploying internal talent.
- Flexible work is a key strategy for engaging employees and achieving DEIB objectives.
- Well-being continues to be a priority with stress and burnout at persistently high levels.
- Employers are utilizing data to segment their workforce, personalize benefits, and customize the employee experience like never before.
- As linchpins of a dispersed workforce, managers need increased training and support.

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Amid economic uncertainty yet low unemployment, employers are focused on talent acquisition, skill-building, and redeploying internal talent.

Despite signs of moderating, high inflation and a potential recession loom large for employers. Yet talent shortages persist, driven by continued high turnover (especially among Gen Z) and demographics shifts. According to the 2022-23 SHRM State of the Workplace report, nearly three-quarters of organizations are planning to expand their workforces in 2023, with Talent Acquisition (TA) seeing the biggest budget increases.

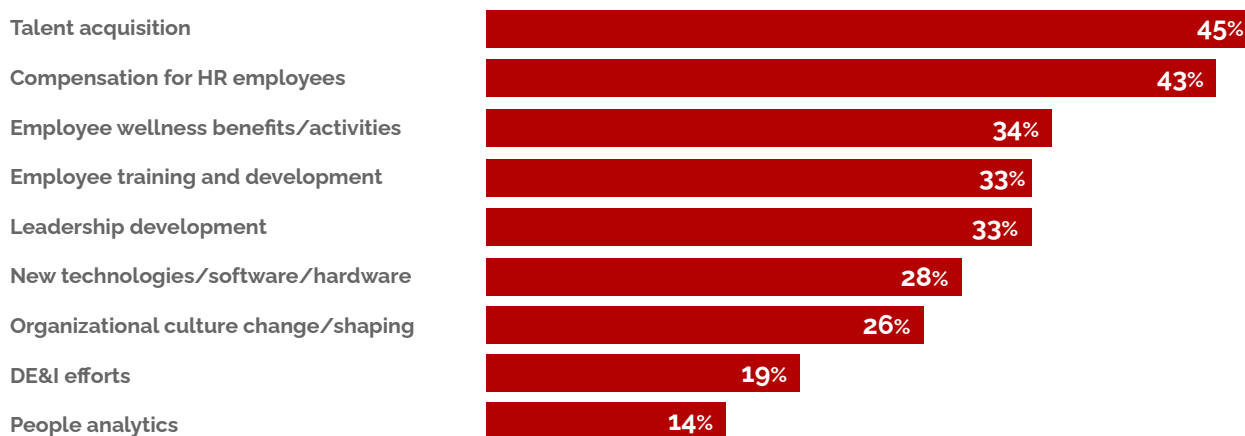
In addition, employers are turning to “quiet hiring” or “re-recruiting” internal talent to develop in-demand skills and engage and retain workers. According to Microsoft’s recent global hybrid work survey, two-thirds of employees would stay longer at their company if it were easier to switch jobs internally. As such, internal talent marketplaces and investments in learning and development to re-skill and upskill employees are expected to grow as key workforce planning tools.

“For many organizations, fighting for new, full-time external talent will be a challenge going forward, so quiet hiring can be key to filling skills gaps.

For employees, it's a good opportunity to modernize their skills and retain their market value.”

— Emily Rose McRae, *Gartner*

Talent acquisition sees highest HR budget increases in 2023



Source: SHRM Voice of Work Research Panel

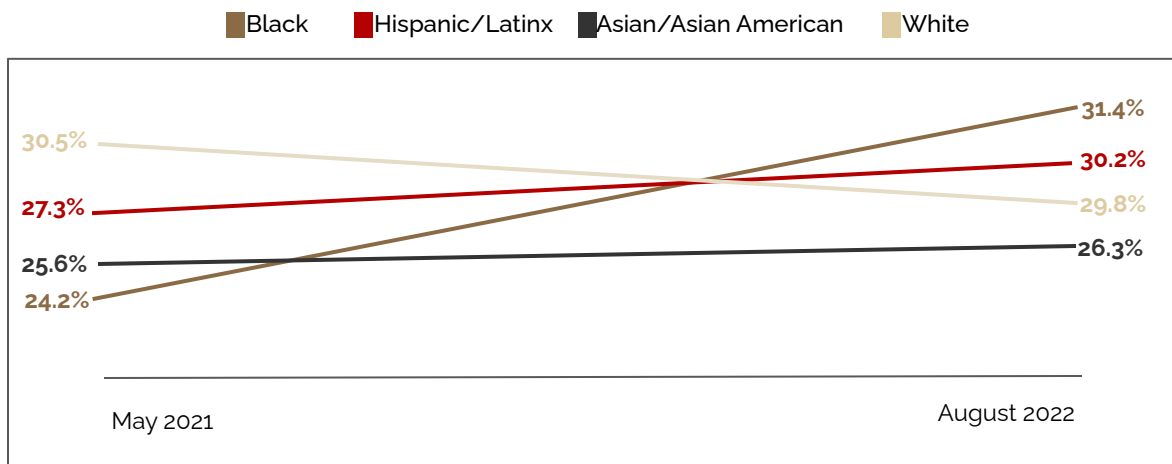
Flexible work is a key strategy for engaging employees and achieving DEIB objectives.

With the help of people analytics, organizations are beginning to recognize the connection between flexibility, engagement, and more diverse talent pools. In a Gallup study of hybrid work, more than 90% of remote-capable employees say they do not want to come back to the office full-time and 3 in 10 hybrid employees are “extremely likely to change companies” if they are not offered remote flexibility. Moreover, nearly half (46%) of hybrid workers are engaged at work when their teams (not their managers or top leaders) collaboratively determine their hybrid work policy.

A McKinsey study found that several traditionally underrepresented groups - Black, LGBTQ+, women, and employees with disabilities - demonstrated a stronger preference for hybrid work and were more likely to leave if it wasn’t available. A corollary is LinkedIn’s data, which show notable increases in confirmed hires for remote positions among Black women (27.5%) and Latinas (14%) from January 2019 - October 2022.

As leaders seek to rebuild culture in the new workplace, flexible work is also foundational to productivity and a sense of belonging. According to the Fall 2022 Future Forum pulse survey, workers with schedule flexibility report 29% higher productivity and are 52% more likely to say their company culture has improved over the past two years. Notably US Black employees now report the highest scores of any racial/ethnic group on sense of belonging and overall workplace satisfaction.

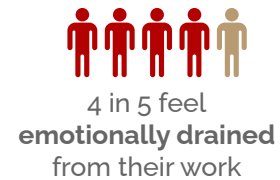
Sense of belonging is increasing for some underrepresented groups



Source: Future Forum Pulse Survey, August 2022

Well-being continues to be a priority with stress and burnout at persistently high levels.

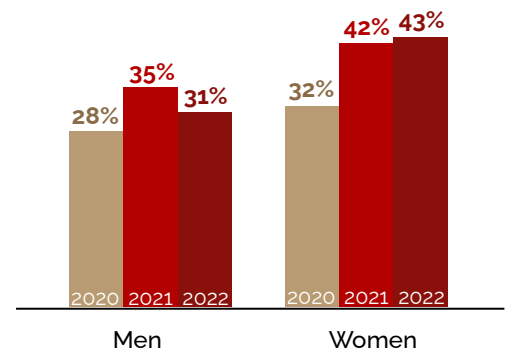
Despite the ebb of the pandemic, the incidence of serious mental health issues like depression and anxiety remains at crisis levels and the workplace continues to be a significant source of stress and burnout. According to Mental Health America, 4 in 5 workers feel emotionally drained from their work and 78% agree that stress from work led to other mental health concerns. Future Forum Pulse Survey data reveals that 43% of desk workers say they are burned out, including: **women** reporting 32% more burnout than men; **younger workers** (18-29 year-olds) reporting 29% more burnout than older workers; and **middle managers** at highest risk for burnout of all job levels (43%).



Sources: NAMI, MHA Mind the Workplace Report 2022, 2021

In October 2022, the US Surgeon General issued a Framework for Workplace Mental Health & Well-Being, underscoring both “the responsibility and unique opportunity for leaders to create workplace environments that support the health and well-being of workers.” And workers agree. In a Employee Benefits Research Institute 2022 Wellness Survey, three in four employees agree that their employers have a responsibility to make sure employees are mentally healthy and emotionally well (77%), healthy and physically well (74%), and financially secure and well (66%).

High rates of burnout persist and continue to grow for women



Source: McKinsey/LeanIn.org, 2021, 2022

Employers are responding, with two out of three US employers planning to make employee mental health and wellbeing a top three health care priority over the next three years, according to a Willis Towers Watson survey. Key strategies include: **manager training** on behavioral health; partnering with **employee resource groups** to address population-specific mental health issues; expanding **digital health supports**; and expanding **culturally competent provider networks**.

“We have the power to make workplaces engines for mental health and well-being. Doing so will require organizations to rethink how they protect workers from harm, foster a sense of connection among workers, show them that they matter, make space for their lives outside work, and support their long-term professional growth.”

— Dr. Vivek Murthy, US Surgeon General
Framework for Workplace Mental Health and Well-being

Employers are utilizing data to segment their workforce, personalize benefits, and customize the employee experience like never before.

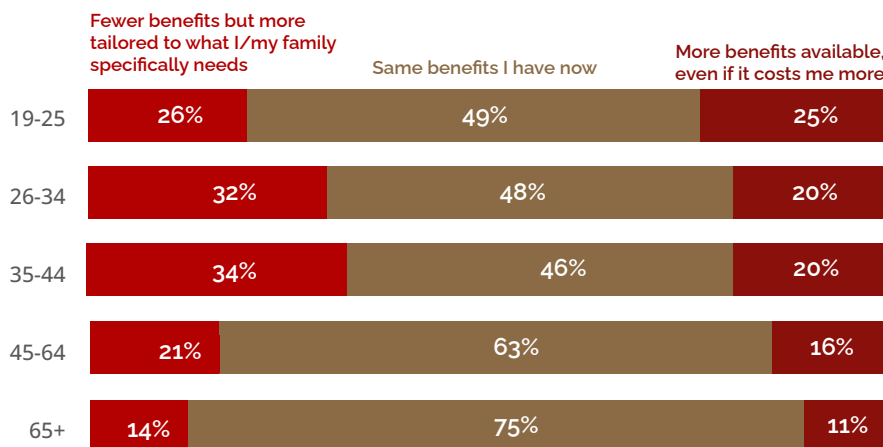
An increasingly diverse workforce means employers are evaluating the degree to which their benefits are equitable, inclusive and provide adequate choice. According to Mercer’s Health & Benefit Strategies for 2023, 70% of employers are planning benefits enhancements in 2023 to address gaps along many dimensions, including:

- more affordable health plans and financial assistance for low-wage workers,
- specialized behavioral health support for underserved racial and ethnic groups,
- family-building and mental health supports for the LGBTQ+ population, and
- enhanced coverage for people with disabilities.

Among BCCWF Roundtable members, caregivers are a priority yet many fly under the radar in what has been described as “quiet caregiving.” The responsibilities of caregivers are often invisible and can vary substantially depending on the type of care required, e.g. child care for young children, elder care, or care for dependents with special needs.

In order to anticipate and meet the needs of each employee more effectively, employers are going beyond population data, segmenting employees by life stage, preferences and demographics. But getting a full picture remains a challenge with concerns around privacy and highly disparate data from vendors and internal sources, according to a Fidelity Employer Health Benefits survey. Those who can leverage analytics that “sense and predict” employee needs - with robust communications strategies that help lead employees to solutions - should see increased utilization, lower costs, and enhanced well-being.

Only half of consumers/employees would keep the same benefits they have today



Source: Fidelity Health Solutions Thought Leadership Consumer/Employee Survey, January - February 2022

As linchpins of a dispersed workforce, managers need increased training and support.

As organizations embrace flexible and hybrid work models more permanently, they are struggling with how to implement them equitably, manage the in-office experience, and embed culture beyond the physical space of an office. Moreover, hybrid work often translates to collaboration overload, social isolation and increased work demands, and is exacerbating - rather than improving - stress and burnout. Managers' roles and soft skills are more important than ever.

In fact, managers are now considered the most trusted source of information and connectedness. According to Gartner, 60% of hybrid employees say their direct manager is the most influential person they interact with in terms of connecting to their company's culture. But managers feel "squeezed" and underprepared to manage the dual pressures of remote work and "connection-starved" employees, with 59% saying they need to be better at balancing multiple stakeholder interests.

To retain managers - and those who depend on them - organizations must focus on their development, give them room to grow, and recognize that their role in connecting with employees is essential, as Erica Kerwin suggests. Increased training in areas like **behavioral health**, **psychological safety** and **managing hybrid/remote workers** is a positive sign and will enable managers to become critical culture ambassadors in a constantly evolving workplace.

78%

more **psychological safety** created across teams led by great managers

Source: Humu

40%

of departing employees **would have stayed** if their manager had taken positive action

Sources: Future Forum Pulse Survey Fall 2022, Humu

"Managers -- more than any other factor -- influence team engagement and performance. That's not an exaggeration: 70% of the variance in team engagement is determined solely by the manager.

— Suellentrop and Bauman, *Gallup*

KEY DATA

- ▶ Middle managers are at higher risk for **burnout** (43%) than individual contributors (40%), senior management (37%), and executives (32%)
- ▶ 2x higher **attrition** risk among managers vs. individual contributors
- ▶ Employees are 7.9x more likely to stay when offered **growth opportunities** by manager
- ▶ Employees are 13x more likely to be satisfied with managers **helping combat burnout** and 3.1x more likely to quit without