The Future of Work

What workers want: Winning the war for talent
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Introduction

Australia has just experienced the lowest employee turnover since the Australian Bureau of Statistics started tracking labour mobility in 1972: ABS data shows that just 7.5% of Australian workers changed jobs in the year to February 2021. Meanwhile, border closures coupled with a reluctance for workers to change jobs in an uncertain market has meant we also have a record high number of job vacancies that just can’t get filled.

Because while there are large numbers of workers on the move, which would historically signal a healthy economy, our new research study of 1,800 Australian workers found that 38% are looking at leaving their current employer in the next 12 months. That’s why Australian workers will soon be on the move in much larger numbers than we’ve seen in recent times: The Great Resignation.

Some commentators have said this intent has been created by a sense of restlessness, or looking to regain control, after a significant period in lockdown. Sociologists suggest that people have been particularly introspective as a result of the pandemic, which can often lead to job and career changes- and others believe it has been building up in the background for some time, as people have been reluctant to change employers in an unstable market.

It’s likely to be a combination of all those factors - but it doesn’t alter the reality that Australian organisations are about to see people walking out the door. And it’s adding to the impression that the balance of power is shifting from the employer to the employee. Because in the war for talent, it’s the worker who has the better bargaining position.

To protect themselves from the full force of The Great Resignation, and attract the right skills, organisations must identify what their workers really want and reimagine their Employee Value Proposition (EVP) to deliver on these expectations. However, our research indicates that leaders’ perspectives on what employees value most differ from what workers really want - leaving organisations in a potentially dangerous situation.

Its ability to attract and retain key talent - and minimise fallout from The Great Resignation - will be compromised if the EVP doesn’t provide what workers want.

Some good news, and a proven solution

The good news is that our research also reveals a significant portion of the workforce has a strong intent to stay (55%) So this is a unique point in time for employers and employees alike. It represents a massive opportunity for those organisations that redesign their EVP to position themselves as an employer of choice, retain loyal staff, and attract top talent. But organisations failing to do so will compromise their ability to drive post-pandemic recovery and growth. The time to act is now.
People, places and positions

Our Future of Work, What Workers Want research survey sample was comprised of:

- **1,800 Australian workers**
  - **Female**: 45%
  - **Male**: 55%
  - **Gen Z**: 5%
  - **Millennials**: 36%
  - **Gen X**: 37%
  - **Baby Boomers**: 22%

- **Age groups**
  - **Senior executives**: 15%
  - **Middle managers/supervisors**: 40%
  - **Non-management**: 45%
  - **Frontline worker**: 32%
  - **Office worker**: 49%
  - **Entry-level worker**: 7%
  - **Other**: 13%

- **Roles**
  - **City**: 74%
  - **Regional**: 26%
  - **Victoria**: 28%
  - **New South Wales**: 35%
  - **Other states**: 37%

- **States and regions**

- **Carers commitments**: 16%
- **Work multiple jobs**: 16%
Undervalued and underestimated

An EVP is just a buzzword to some. But in reality, it is so much more. It encapsulates everything from what an organisation uses to attract and retain talent, through to how someone describes the experience of working for a company to their friends. It’s the balance of tangible and intangible benefits, representing why someone would choose to work at one organisation over another.

An EVP is complex and highly nuanced. There are objective elements, such as the terms of a leave policy, and subjective ones like the experience of working for a particular leader. And so the employee experience will differ across industries, organisations, and even across functions and teams within a business. It will vary depending on the individual, as their personal circumstances and priorities evolve.

The EVP is not constant either, with a quarter of workers saying the reasons they join an organisation and the reasons they stay are not always the same. For example, someone might join for the pay but stay because of the culture. Or join because of a promotion but stay because of their networks and relationships.

25% of workers say the reason they join an organisation isn’t always why they stay.
PwC’s Employee Preference Index

Although an EVP is complex in nature, it doesn’t need to be complicated. We have developed an employee preference index with seven levers to help leaders organise their thinking and drive effective change:

- **Remuneration and reward**: The salary paid to employees, other financial incentives including bonuses, profit-sharing schemes and pensions, as well as packaged subsidies such as phones and cars.
- **Workspaces and places**: The working environment in the office or at home, including physical design and workplace perks like subsidised food and drinks, office equipment.
- **Ways of working**: How work gets done, including the flexibility and autonomy afforded to workers, the ability to collaborate, opportunities for travel, the use of technology, and the manner in which these are embedded in organisational policies.
- **Wellbeing**: Maintaining the physical and mental health of workers through dedicated wellbeing programmes and policies, with a particular focus on the work-life balance of the role.
- **Career development**: This includes a diverse range of factors from learning and upskilling programmes, study assistance and support, through to the quality of leadership, access to feedback and coaching, career pathways, and opportunities for secondments.
- **Experience**: How people experience their role, team, and organisation including the culture, relationships, diversity, team spirit and the energy of co-workers.
- **Brand**: The reputation of and affiliation with the values and the prestige of the brand. This includes the commitment towards social responsibility and shared value.

Underpinning each of these seven levers are a series of more specific initiatives. An overview of these initiatives and their alignment to the seven levers is provided as an attachment.
What workers want...

The needs and expectations of workers are incredibly diverse. To help understand what these are, we asked workers to force rank their preferences based on what they value most from an employer. This is what they told us:

<table>
<thead>
<tr>
<th>Rank</th>
<th>Lever</th>
<th>Preference weighting: Top 1 ranking</th>
<th>Initiatives to consider</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Remuneration and reward</td>
<td>25%</td>
<td>• Fixed pay&lt;br&gt;• Bonuses and profit share schemes&lt;br&gt;• Superannuation&lt;br&gt;• Discounts and lifestyle benefits (e.g. subsidised childcare, car parking, discounted finance, product discounts etc)</td>
</tr>
<tr>
<td>2</td>
<td>Wellbeing</td>
<td>22%</td>
<td>• Mental health support&lt;br&gt;• Wellness benefits such as gym membership&lt;br&gt;• Lifestyle benefit&lt;br&gt;• Work-life balance&lt;br&gt;• Health and wellbeing&lt;br&gt;• Financial support – Through training and courses</td>
</tr>
<tr>
<td>3</td>
<td>Experience</td>
<td>16%</td>
<td>• Culture&lt;br&gt;• Diversity and inclusion&lt;br&gt;• Support and relationships&lt;br&gt;• Networks – Formal and informal&lt;br&gt;• Team spirit and energy&lt;br&gt;• Co-workers</td>
</tr>
<tr>
<td>Rank</td>
<td>Lever</td>
<td>Preference weighting: Top 1 ranking</td>
<td>Initiatives to consider</td>
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<td>----------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>4</td>
<td>Ways of working</td>
<td>12%</td>
<td>• Technological enablement – Ensuring set up from day one</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Flexibility</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Travel (i.e. interstate/overseas)</td>
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<td></td>
<td></td>
<td></td>
<td>• Autonomy</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Collaboration</td>
</tr>
<tr>
<td>5</td>
<td>Career development</td>
<td>11%</td>
<td>• Learning and upskilling – Formal and informal</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Quality of leadership</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Access to mentoring and coaching</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Career pathways and opportunities / secondments</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• On-the-job learning</td>
</tr>
<tr>
<td>6</td>
<td>Brand</td>
<td>8%</td>
<td>• Prestige/affiliation</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• ESG and social responsibility</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Volunteering</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Values alignment – What we stand for</td>
</tr>
<tr>
<td>7</td>
<td>Workspaces and places</td>
<td>5%</td>
<td>• The physical office design</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Workplace perks (i.e. free coffee, subsidised food etc.)</td>
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<td></td>
<td></td>
<td></td>
<td>• Location</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Work from home</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Hybrid work environment</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Rich technology set up</td>
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22% of employees value support of their wellbeing above all other factors.
What workers want ... and what leaders think they want

There is a sizable gap between what workers want and what senior leaders think their people want.

When it comes to their existing workforce, top executives are extremely confident about worker sentiment; not one reported their people were even somewhat disengaged. This is consistent with the view of employees, with our study finding that employee engagement across Australian organisations was high (78%).

There is a stark finding in this for leaders when we overlay this sentiment with the high proportion of employees looking to leave their employer. Top executives may be comforted by a false sense of security. In the current climate we can’t equate employee engagement with an intent to stay.
Here’s the expectation gap in black and white. The table below shows us where senior leaders believed their workers ranked EVP preferences, versus the reality from those workers.

<table>
<thead>
<tr>
<th>Leaders beliefs</th>
<th>Employees ranking</th>
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<tbody>
<tr>
<td>Values alignment between worker and organisation</td>
<td></td>
</tr>
<tr>
<td>1&lt;sup&gt;st&lt;/sup&gt;</td>
<td>16&lt;sup&gt;th&lt;/sup&gt;</td>
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<tr>
<td>On-the-job learning</td>
<td></td>
</tr>
<tr>
<td>2&lt;sup&gt;nd&lt;/sup&gt;</td>
<td>13&lt;sup&gt;th&lt;/sup&gt;</td>
</tr>
<tr>
<td>Pay (incl. incentives, bonus and share schemes)</td>
<td></td>
</tr>
<tr>
<td>8&lt;sup&gt;th&lt;/sup&gt;</td>
<td>3&lt;sup&gt;rd&lt;/sup&gt;</td>
</tr>
<tr>
<td>Access to coaching and mentoring</td>
<td></td>
</tr>
<tr>
<td>12&lt;sup&gt;th&lt;/sup&gt;</td>
<td>26&lt;sup&gt;th&lt;/sup&gt;</td>
</tr>
<tr>
<td>Working with good co-workers</td>
<td></td>
</tr>
<tr>
<td>13&lt;sup&gt;th&lt;/sup&gt;</td>
<td>1&lt;sup&gt;st&lt;/sup&gt;</td>
</tr>
<tr>
<td>Autonomy</td>
<td></td>
</tr>
<tr>
<td>14&lt;sup&gt;th&lt;/sup&gt;</td>
<td>8&lt;sup&gt;th&lt;/sup&gt;</td>
</tr>
<tr>
<td>Environmental, social and governance (ESG)</td>
<td></td>
</tr>
<tr>
<td>15&lt;sup&gt;th&lt;/sup&gt;</td>
<td>25&lt;sup&gt;th&lt;/sup&gt;</td>
</tr>
<tr>
<td>Working from home</td>
<td></td>
</tr>
<tr>
<td>17&lt;sup&gt;th&lt;/sup&gt;</td>
<td>9&lt;sup&gt;th&lt;/sup&gt;</td>
</tr>
<tr>
<td>Employee pensions and superannuation</td>
<td></td>
</tr>
<tr>
<td>26&lt;sup&gt;th&lt;/sup&gt;</td>
<td>15&lt;sup&gt;th&lt;/sup&gt;</td>
</tr>
</tbody>
</table>
Where there are areas of notable discrepancy, it might be that top executives look at initiatives like on-the-job learning, access to coaching and mentoring, and their commitment to the environment as key attraction levers, when they are actually baseline expectations rather than differentiators. The two factors rated highest by top executives are also comparatively easy to implement and require minimal financial investment.

Similarly, some priorities for workers are undervalued by leaders, such as the importance of working with good co-workers, the ability to work from home, autonomy, and employee pensions and superannuation.

It’s no surprise leaders are misaligned with workers priorities. Mapping employee needs relies on data across the organisation’s demographic base, and across all pillars of the Employer Preference Index. Instead, they’re presented with market and media reports which regularly rotate their area of focus on one area (they either need to pay more, offer a better work-life balance, provide better access to training, show more environmental responsibility, or increase wellbeing support) or which focus on the importance of all seven priorities. Resources are finite and leaders can’t do everything, so it’s difficult to know what to focus on.

**The price to be paid in not getting it right**

This disconnect between leaders’ perceptions and workers’ preferences can have significant financial impact for employers. Misdirection of resources and funding towards propositions that won’t deliver return on investment is one danger. Possibly worse is the impact on the organisation’s ability to retain and attract top talent in a competitive labour market.

The disparity is proof of the increasing challenge for leaders in getting the EVP right. And there is no shortage of studies out there that make recommendations around what organisations should do to attract and retain workers, but they tend to focus on a specific issue, such as wellbeing, upskilling, or money. So leaders could be forgiven for concluding that absolutely everything is important, which makes prioritising effort and money dedicated to enhancing the EVP unfocused and often misguided. Our study brings all those different levers together and forces preferences to make it clearer what workers want and what the trade-offs are.

48% of employers have no intention of updating their EVP
Striking the right balance

Remuneration and reward, which includes fixed pay alongside other financial incentives like bonuses and lifestyle benefits, snuck in as the number-one EVP lever valued by workers. While studies often reveal that pay is always in the top 3 to 4 considerations when employees leave or accept a job, there are many reasons as to why it might have taken first place.

In part, it is likely due to the fact that job and financial security have been at the forefront of many minds during the pandemic. Perhaps it is also because job quality and/or satisfaction took a hit, with jobs reduced to what we could deliver over a screen. When job quality falls, expectations around pay tend to increase. Or it could be because employees have come from a sustained period of working extremely hard through difficult conditions - often picking up workload to cover vacant positions - and there have been fewer opportunities for recognition, so pay is the clearest and most tangible marker as to how people feel they are valued.

That said, academic studies have long concluded that pay is a ‘hygiene’ factor that does not necessarily lead to greater job satisfaction, engagement, or motivation, but could cause dissatisfaction and disengagement if it isn’t ‘right’ or ‘fair’. In this sense, our research finding is not inconsistent with such academic research.

A potential employee may only consider jobs if the pay is ‘right’; then make the decision to stay or go based on what other things are important.

Another common misunderstanding regarding remuneration from an employee’s perspective is the true financial value of their benefits package. Fixed pay and bonuses form one part of a broader benefits package that can include parental leave, study leave and study assistance, flexible working arrangements, superannuation and so on. Perhaps this research has revealed an amplified importance of pay because employers still aren’t effectively communicating the complete value of the package of benefits being received, or allowing employees to customise their benefits package depending on personal circumstance and stage of life.

With increasing transparency expected around historically sensitive information like pay, likely through sites such as Glassdoor, along with the social dialogue around fairness and equity, it has never been more important to ensure that the remuneration aspects of your EVP are market-competitive and that variances are justifiable.
Wellbeing at work

Wellbeing was a very close second when it comes to what workers want. It’s not hard to see why as the pandemic saddled employees with additional domestic responsibilities, families living on top of each other, blurred work-life boundaries, stress created by the volatile nature and prolonged uncertainty of the pandemic, concerns around job security, and the relentless pressure on frontline and essential workers. This has impacted wellbeing, with 85% of workers reporting that their wellbeing had declined throughout the various lockdowns1, while a global study from Coursera cited worker burnout as the number-one reason for resignation2.

Almost one in two Australian workers were already experiencing mental health challenges before the pandemic3, but the past 18 months has accelerated the pace of digital change, creating new mental health pressures and shining a spotlight on workplace mental health. The very nature of work has been changing for some time. An increased reliance on digitisation and changes to the contractual nature of work, including casualisation, have enabled new opportunities and created greater flexibility. But they have also negatively impacted job security, increasing the likelihood of burnout and social inequity. The acceleration of these trends has been of greatest concern for younger workers and women, as outlined in Black Dog Institute’s paper on modern work4.

More than one-third of workers (37%)5 consider their employer the main source of mental health support. Organisations must continually review efforts and reallocate investment to give employees access to the most appropriate and comprehensive wellbeing offering. This means fostering a sense of social connection, creating safe spaces to share personal stories, enabling greater flexibility around how and when work is done, building interpersonal skills and wellbeing capability beyond named leaders, and driving access to a variety of evidence-based support services.

We need a 21st century approach to doing this, leveraging the strengths of digital technology balanced against the need for social connection and support. It’s increasingly clear that employers have a role to play and a duty to support employee wellbeing. Most people seek help outside working hours, so organisations must factor this into the provision of support. Not all employers will be able to provide around-the-clock support, which can be cost-prohibitive, but all employers can provide pathways to this care, leveraging services offered through Australia’s not-for-profit mental health sector. There is strong evidence that digital mental health tools and assisted support is effective, meaning this is a good way to achieve scale cost-effectively.

Being responsive to short-term needs, including the safe return to work, will be key. But a long-term view will be needed to build a responsive and contemporary way to address wellbeing as part of an employer’s EVP. Employers need to keep an eye on how they’re tracking so that they’re able to learn and adapt as they go. Evidence-based mental health and wellbeing, culture, and diversity and inclusion tools take a pulse of how employees are going and where to best focus workplace efforts. They can provide rich data insights to baseline, benchmark and monitor change.

We used to think about an employer’s duty of care ending the moment someone walked out the door, but now it’s so much broader and less easily defined. Employees expect more from their employer. And beyond it being the right thing to do, there is a clear return to the organisation. For every dollar spent by businesses on successful mental health programs, organisations can expect a return on investment of between $1 and $4 for an average return of $2.306.

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1. Beyond Burned Out, February, 2021
2. Industry Skills Report, 2021
3. Creating a mentally healthy workplace: Return on investment analysis
4. Black Dog Institute: The changing world of work and its impact on Australians’ mental health
5. Atlassian Return on Action Report, 2021
The power of choice and control

There are tensions here that need to be managed. Australian workers clearly value remuneration and wellbeing, but earning a bonus or a promotion often means working longer hours, or with elevated intensity, to stand out from the crowd. So, how do remuneration and wellbeing co-exist in a well-designed EVP?

In some industries and roles, it needs to be acknowledged that while it is ideal for both to optimally coexist, trade-offs may need to be made. For example, many industrial awards and individual contracts embed language around remuneration assuming the need to work additional hours as required. Many senior executives would be required to work extended hours due to the demands of the role or to meet stretch targets that determine bonus potential.

For organisations, our findings show that it is important to provide employee choice and control, which also means giving them the agency to determine the balance between remuneration, wellbeing, and the other EVP levers. At an organisational level, it also means stewarding a culture and driving behaviours that empower employees through other EVP initiatives like autonomy, flexibility, and the ability to work from home – behaviours and ways of working that allow remuneration and wellbeing to coexist in a way that works for the employee.

Critical questions

Is your remuneration market competitive for the type of worker you have and/or want to attract?

Do you have the right mechanisms in place to review remuneration and rewards frequently enough given the pace of organisational/role change?

Should you be considering more transparency regarding your pay practices and or guiding principles?

Does your organisation have a clear and embedded position on flexibility, working from home?

Is your organisation looking to offer 24/7 support and explore how digital support can help your people’s mental health and wellbeing?

How are you informing and benchmarking your approach to wellbeing support as a core tenet of your EVP?

Are you clear on your own employee EVP preferences, and are policies in place to allow individuals to ‘pick and choose’?

85% of workers said their wellbeing had declined during the pandemic.

7. Beyond Burned Out, February, 2021
Workers value different things. This is influenced by their culture and upbringing, their stage of life, caring and financial commitments, socioeconomic status, and a whole range of other factors. As a result, the EVP for any given employee changes over the course of their career. Parental leave may be a priority if they’re planning a family, while a competitive bonus structure may appeal to those looking to buy a house. And those with family overseas will appreciate the opportunity to take additional unpaid leave as international borders reopen.

There are also clear differences between and across cohorts. Consequently, the optimal EVP focuses on the three above-mentioned initiatives and, beyond that, gets nuanced based on the dominant segments within the workforce you have and/or want to attract.

For example, men are quite dispersed in their preferences but value more traditional incentives like lifestyle subsidies and travel opportunities, while women are much more consistent in their demand for the right culture, wellbeing support and flexible ways of working. Gen Z ranks work-life balance as the top priority, whereas Gen X wants to work alongside good co-workers. Higher earners are significantly more likely to pick a role based on salary, workers in WA are more focused on the size of their pay packet than those in other states with higher costs of living, office workers place a high value on the location of the workplace, and senior executives care about having access to the right technology.

Gender
Men show a stronger preference towards more traditional incentives around lifestyle subsidies like cars and phones, travel opportunities, and brand affiliation. These correlate strongly with promotion and climbing the corporate ladder. Where men are quite dispersed in their preferences, women are much more consistent in what they want. Beyond remuneration, they value culture, wellbeing, and flexible ways of working. Women are 10% more likely than men to choose an employer if the organisation values work-life balance.
**Generation**

The EVP shifts with age because priorities change as people get older and value different things. Gen Z places high values on work-life balance (55%) and weight career pathways, on-the-job learning, and workplace perks higher than other generations. Millennials were the only generation to have pay and financial incentives as their number one, with higher preferences for working from home, learning and career pathways. Gen X and Baby Boomers both rated working alongside enjoyable co-workers top of the list, with both also showing much stronger preferences for office location, workplace safety, and autonomy.

**Income**

Household income plays a role in determining preferences. Lower income workers place greater value on employee pensions and superannuation, workplace perks and access to mental health support, while higher income workers show greater preferences around working from home, flexibility in work choices, and autonomy. The findings also show a clear link between how much someone earns and how much they see pay as central to their EVP. In some cases, higher income earners are 12% more likely to pick an employer based on salary than lower income earners.

**Location**

Expectations and values differ across Australian states and territories. For example, West Australians value remuneration more than other states that have higher costs of living, being 9% more likely to pick an employer based on the pay packet than those in NSW. South Australians have a strong preference towards the location of the office and flexibility, as well as valuing mental health and wellbeing support alongside workplace safety and hygiene more than other jurisdictions. While regional workers are more likely than city workers to choose an employer because of employee pensions and superannuation (7%), and the autonomy to complete tasks (6%).

**Employment**

Full-time workers are quite dispersed in their preferences, though place greater value on the ability to work from home and career pathway opportunities. Part-time workers have very clear preferences, specifically around flexibility and workplace culture, which they value over pay. Part-time workers also place much more value on workplace hygiene and superannuation.
Caring

Non-primary carers have much stronger preferences than primary carers (ie those looking after children). The most striking difference here is working alongside enjoyable co-workers, with non-primary carers 13% more likely to pick an employer based on this factor. They are also 10% more likely to value work-life balance.

Role

There are significant discrepancies between frontline, office and entry-level workers. Frontline workers place much greater value on office perks, workplace health and hygiene, team spirit and energy, and working alongside enjoyable co-workers. Office workers place greater emphasis on the location of the workplace, the use of technology and the ability to work from home. And entry-level workers seek relatively greater access to mentoring and coaching, career pathways, and values that align with their own.

Seniority

Those in non-managerial positions place much greater value on the location of the office and a sense of autonomy. Middle managers/supervisors have a much stronger preference for pay and financial incentives, health and hygiene, and career pathways. The positive outliers for senior executives include technology enablement, access to digital tools, and opportunities for collaboration.

Size

The size of a business also makes a difference. Those in medium-sized organisations (100-999 employees) place a greater emphasis on opportunities for collaboration across the organisation. Work choice flexibility and upskilling are more important within organisations that have 1000-4999 employees. While larger organisations with more than 5000 employees show a preference for on-the-job learning, working alongside enjoyable co-workers, and pay and financial incentives.

Employers should seek to understand the demographic composition of their workforce and dial up the relevant EVP levers and initiatives to deliver a more compelling proposition. Similarly, there are obvious opportunities to entice key segments if they have targeted strategies. For example to increase female participation, or attract younger or older workers.

Critical questions

How does your organisation provide flexibility within your EVP so it can be adapted to individual needs and preferences?

Given the clear preference around working with good co-workers, how do you sell the people and culture of your organisation in talent attraction and selection processes so that candidates get to see the people they’ll be working with?

Given the increasingly contingent nature of the workforce, how do you create a compelling value proposition that is not just for employees but for contractors and delivery partners as well?

What is the current and desired demographic composition of your workforce, and how could you become a more attractive employer to those cohorts?
Attraction trumps retention

It’s tempting for employers to feel reassured that most Australian workers feel trusted (93%) and more than three-quarters say they are engaged in their role (78%). And while this should be celebrated, particularly coming off the back of a particularly challenging period for employers and employees alike, it’s time to accept that this doesn’t breed loyalty.

Over three in five workers looking at leaving their organisation in the next 12 months also report feeling trusted and engaged. Gen Z are most likely to leave (37%), followed by senior executives (35%) who are also the most costly to replace.

Employers are encouraged to stop placing so much emphasis on keeping employees in their roles for as long as possible. This aligns with a wide range of commentators who suggest that emerging generations will have up to 20 different roles across five separate careers in their working life. And while these individuals may like their role and the team they work with, this may not be enough to offset the urge to pursue different and diverse experiences. As younger generations become a greater proportion of the workforce, employers will need to plan for their people to stay in a role for two or three years before moving on.

This is a completely different mindset that demands a refreshed approach to employee retention and turnover. For example, an Australian HR Institute study found that the majority of HR leaders would like turnover to be 1-10%, which in light of the findings from this study is unrealistic and likely to fail.

Instead, employers should reposition their EVP so that it’s focused more on attraction than retention. This includes strengthening succession planning to mitigate the impact of high turnover, deliberately overinvesting in high performers to minimise the loss of top talent, and articulating clear career pathways as a means of retaining individuals within the organisation. But above all, organisations must ensure they deliver on their EVP. They need to make sure that the experience they promise is the experience they deliver. Because a failure to do so is a breach of the psychological contract with employees, which is why six in 10 (61%) people who have left an organisation in the past year are looking to leave their current organisation in the next 12 months.

Critical questions

How mature are your talent identification and succession planning practices, and how do you disproportionately invest in your high performers?

Do you have defined career pathways that support mobility within and across your organisation? Is this actively encouraged or do you try to maximise time in role?

What is your approach to managing and engaging your alumni to build a cohort of ‘boomerang’ employees?

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Getting started on your new EVP

We are on the precipice of The Great Resignation. Competition for talent will intensify and those that fail to adapt will take a big hit. A strong EVP is no longer a nice to have, but a must. So, where to begin? We have outlined a set of clear steps to help you get your EVP right.

1. Current state
Your first priority is to understand what you believe your current EVP to be. This includes how it is communicated internally and to the market. It should not be aspirational because you need to be able to deliver on it, as what you promise needs to align with what you deliver. And if it doesn’t include the factors that consistently rank in the top three across all cohorts – the quality of co-workers, a commitment to work-life balance, and market competitive pay – then you’re missing the mark.

2. Set a baseline
Baseline what you believe your current EVP to be against employee perceptions by asking your people what they want and how this might differ across demographics. From here, identify any gaps. This will enable you to determine parts that are unclear, underinvested, or unmet. It also helps to find out how alumni, clients and other external voices describe working for your organisation. Feedback from exit surveys, particularly those who leave within their first year, are especially useful.

3. Strategic planning
The next step is to undertake strategic workforce planning to identify the dominant demographics of your current workforce, and the cohorts you are most interested in attracting in the future. How could you dial up or dial down aspects of your EVP to make your organisation more attractive to them?

4. Critical questions
Address critical questions as outlined throughout this report and make sure the adjacent fundamentals are in place. These include succession planning, talent management, and alumni programs. When doing this, you should have a view about not just what you need to dial up to fulfill existing expectations, but also future aspirations.

5. A journey, not a destination
An EVP cannot be a static document. In an agile market, you need to constantly measure, adapt and evolve it to ensure relevance for current and future employees by continually tweaking and redesigning it. As part of this, it is important to engage in regular market analysis to ensure you maintain a clear point of difference as to why current and prospective employees should work for you rather than competitors.

While most organisations are looking to drive post-pandemic growth, the potential for high staff turnover presents a significant barrier. There isn’t quite cause for panic yet, but it does require immediate attention.

Your two primary objectives should be to minimise the loss of talent during this period and to make your organisation more attractive to prospective employees who are part of The Great Resignation. This means reimagining your EVP now and continuing to develop it in the months and years ahead, ensuring it meets evolving workforce needs to deliver on strategy.
Research methodology

The Future of Work, What Workers Want research was commissioned by PwC Australia and undertaken by YouGov to understand the views and opinions of Australian employees and employers. The sample of employees was 1,806 adults. Fieldwork was undertaken between 9th September - 1st October 2021. The survey was carried out online.

For the employers, the total sample was 50 C-suite executives. Fieldwork was undertaken between 20th September - 1st October 2021. Respondents were interviewed by telephone.
Take the next step

For more information about the topics in this paper, or to talk about how we can help you steer the future of work, contact us:

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