

HEALTH WEALTH CAREER



# INSIDE EMPLOYEES' MINDS

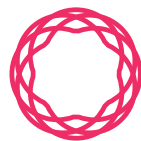
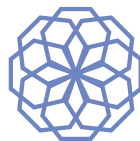
THE TRANSFORMING  
EMPLOYMENT EXPERIENCE

PART 1

CANADA  
SEPTEMBER 2015

MAKE TOMORROW, TODAY





# INTRODUCTION

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## INSIDE EMPLOYEES' MINDS THE TRANSFORMING EMPLOYMENT EXPERIENCE

At Mercer, our purpose is to help people and organizations optimize their most important asset – their future – by taking the right steps today.

That's why, over the past 15 years, Mercer has conducted regular research to gauge employee views and perceptions of work and to measure overall engagement levels. This research has provided a comprehensive look into what employees think about their jobs, their employers, and their pay and benefits, as well as what motivates them to excel and what convinces them to stay. Our research is designed to help employers stay on top of key trends and adjust their own value propositions in order to attract and retain the workforce they need for success, and to advance the health, wealth, and careers of their people.

This year, we have brought together questions and insights from two powerful surveys to create our **2015 Inside Employees' Minds™ Survey**, conducted across North America. The findings provide a fascinating look into the transforming world of work from the employee perspective.

# ABOUT THE SURVEY

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In early 2015, Mercer conducted a random sample survey of more than 1,000 Canadian employees and more than 3,000 US employees. Survey questions were drawn from our *Inside Employees' Minds Survey*, last conducted globally in 2011, and our *Mercer Workplace Survey*, last conducted in the US in 2013. The survey findings shed light on critical components of the evolving employee value proposition.

The survey captures employees' views on topics including:

- Pay.
- Benefits.
- Careers.
- Engagement.
- Leadership.
- Performance.
- Culture.
- And more.

The research also included conjoint analysis, which allows us to identify which value proposition elements are most valued by employees — and to look at these findings by various workforce demographics to help us more precisely identify who values what.

## RESEARCH HIGHLIGHTS

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What's on employees' minds today? In the case of 40% of Canadian private-sector employees, their minds are leaning toward leaving their current employer. For public-sector employees, that figure is 28%. Though the incidence varies by demographic, across the board a significant number are considering other employment, regardless of their age, position, or even level of satisfaction and engagement.

This is a dramatic turn of events. Traditionally, the value proposition has been predicated on the notion that engaged, happy employees are more productive and committed to their jobs, and that these loyal employees comprise the ideal workforce. Today, the balance of this equation is shifting, as reflected in three trends that emerged from the research:

- **The Engagement Paradox**, in which even happy employees are looking to leave.
- **Public/Private Split**, in which public-sector workers see the world of work in a vastly different light compared with their private-sector counterparts, and also are happier and less likely to leave.
- **Generational Divide**, a gap in views between older and younger workers, in which younger employees want different things out of the employment relationship and are more positive about many aspects of work, but are still more likely to be looking to leave.

As if to confound employers further, Mercer's survey also found that employees are fairly content with a number of elements of the value proposition. This includes many aspects of health care, pay, careers, and retirement.

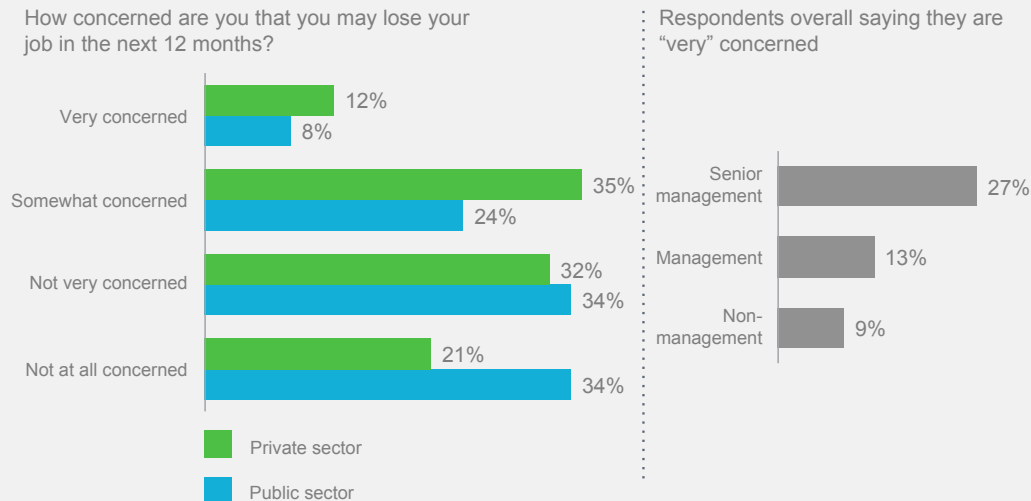
# ECONOMIC OUTLOOK AND JOB SECURITY

Mercer's survey asked questions about employees' economic outlook to gather context for their views and perceptions of work. Overall, employees feel less than optimistic about the economic picture, which in part carries over to insecurities regarding their own job security. Still, many appear to be adjusting to the "new normal" at work – or at least to be accepting of it.

The preponderance and degree of job security concern depend on where employees work and how far up the ladder they've climbed. Private-sector employees, by 15 percentage points, are overwhelmingly more likely to be "very" or "somewhat" concerned than counterparts in the public sector. The same holds true for senior managers, of whom 27% are very concerned about their jobs, versus 13% for managers, and 9% for nonmanagers.

## The new normal

Diverging views based on position and sector



# ENGAGEMENT PARADOX

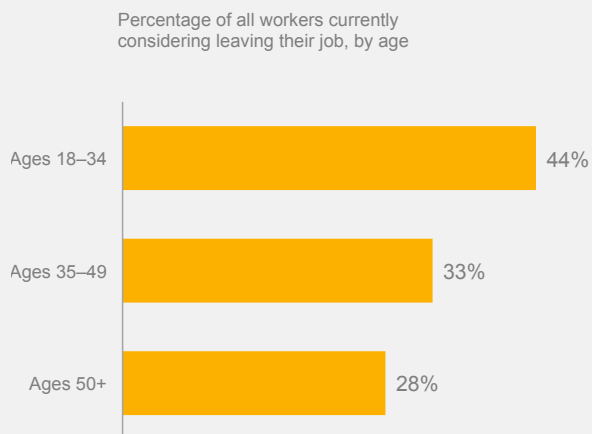


# ENGAGEMENT PARADOX

Engagement is quickly becoming disconnected from retention. Satisfaction does not equal staying. Employees are committed — for now. So employers are facing the loss of valued talent, even among those who are most satisfied. And then there's the issue of disaffected workers — those not committed to either staying or going. These employees can create a further drain on workforce productivity and morale.

Although 35% of all employees in Canada are seriously considering leaving their organization, this figure increases dramatically for workers in the youngest age group (18–34). But organizations can no longer assume that these employees' intentions are based on their low satisfaction with their organizations, jobs, or careers, because younger workers also are among the happiest employees.

## Significant number of younger workers seriously considering leaving





## HAPPY BUT LEAVING

Here's another illustration of the engagement paradox, which shows how difficult it may be for organizations to get a handle on this new dilemma: Many of Canada's most satisfied workers are seriously considering leaving their jobs. The 35% who are seriously considering leaving their job today include:

- 40% of those who are very satisfied with their organization.
- 51% of those who are very satisfied with career opportunities.
- 33% of those who rate their benefits package as very good.
- 42% who strongly agree that they have sufficient opportunity for growth and development in their organization.
- 43% who strongly agree that their organization as a whole is well-managed.
- 41% who strongly agree that they are paid fairly given their performance and contributions to their organization.

### Significant number seriously considering leaving at present



35%

Among the 35% of all workers who are seriously considering leaving their job:

**40%** of those very satisfied with their organization.

**51%** of those very satisfied with career opportunities.

**33%** of those who rate their benefits package as very good.

**42%** who strongly agree that they have sufficient opportunity for growth and development in their organization.

**43%** who strongly agree that their organization as a whole is well-managed.

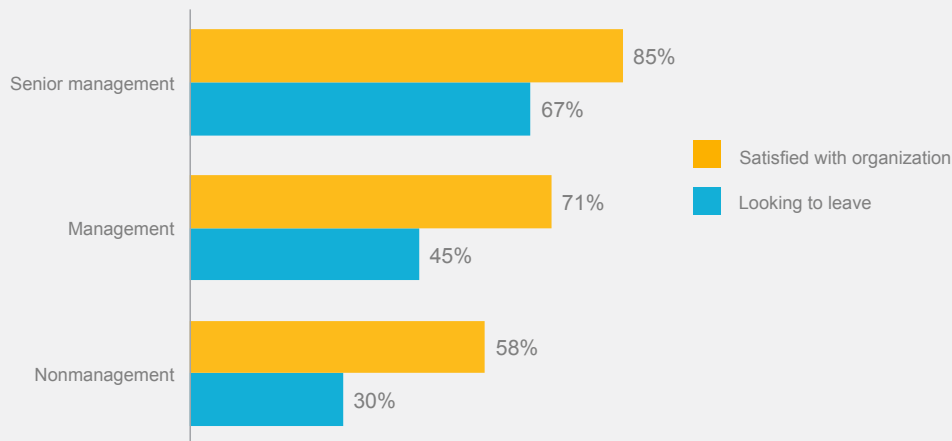
**41%** who strongly agree that they are paid fairly given their performance and contributions to their organization.

# CHECKED OUT AT WORK

Historically, employers had to be most concerned about disaffected or “checked out” workers — and not just about their propensity to leave but also their potential drain on productivity and morale. That element of the workforce still exists, though it’s perhaps more startling to view the divide among those satisfied with their organizations but still looking to leave. This holds true across age groups, between public- and private-sector workers, and across job levels. In fact, senior managers — on whom organizations have expended significant time and resources — are most satisfied ... and yet, most likely to consider leaving. One possible explanation is that members of this experienced, highly trained group realize that they have a very marketable skill set.

## Satisfied ... and looking to leave

Senior managers are more than twice as likely as nonmanagement employees to be seriously considering leaving their organizations at the present time.



# PUBLIC/PRIVATE SPLIT



# PUBLIC/PRIVATE SPLIT

Mercer's research found a sharp split between the views of public-sector and private-sector employees on most topic areas. Much of the difference could be attributed to the oftentimes more generous, and usually more costly, benefits packages granted to public-sector employees.

While 28% of public-sector employees are seriously considering looking for a new employer, for private-sector workers, that figure is 40%. On most questions concerning engagement, public-sector employees are overwhelmingly more connected and committed to their jobs, work, and more.

## Public-sector employees more engaged

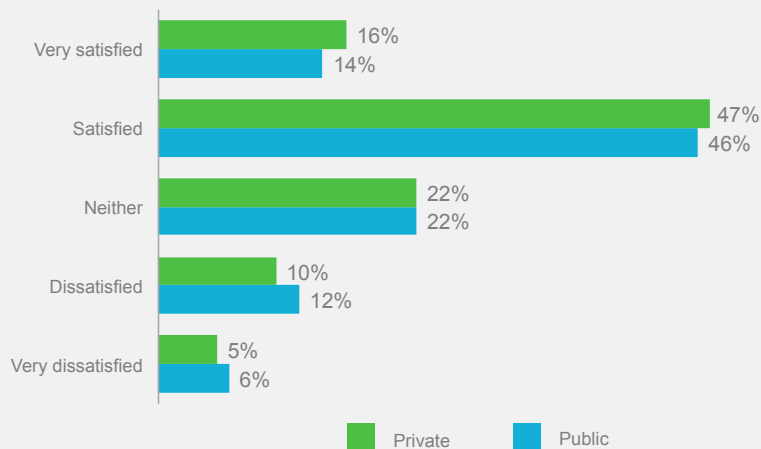


## MOST SATISFIED WITH ORGANIZATION

One area of near agreement between private- and public-sector workers, however, is their overall satisfaction with their organizations. Employees from both groups have a close net organizational satisfaction of 63% to 60%.

### Public- and private-sector employees equally satisfied with their organizations

Considering everything, how satisfied are you with your organization at the present time?

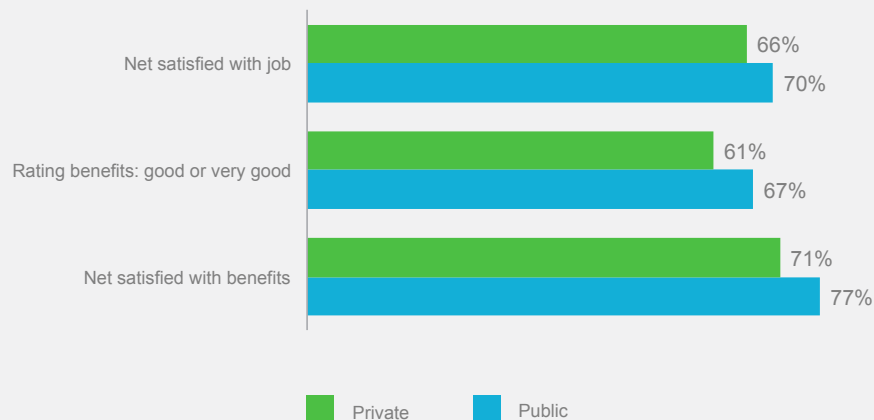


## BUT BIG SPLIT ELSEWHERE

Go beyond the question of organization, however, and the divide grows. When employees from both groups consider satisfaction with jobs and benefits, the divergence is clear.

### A different perspective

Beyond overall views of organization, private- and public-sector employees split on net satisfaction levels (very satisfied + satisfied)



# GENERATIONAL DIVIDE



## GENERATIONAL DIVIDE

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Mercer's research also found a huge dichotomy in another area – perhaps one more expected. Though employees under age 35 are more positive about their work, 44% still are considering leaving. In many ways, these findings are in line with other trends that have become so prevalent in the workforce, including millennials' increased job mobility and desire to fast-track their careers. In many ways, millennials' preferences and behaviors are beginning to drive overall trends more strongly than in the past. On the flip side, older workers (age 50 and up) are much less positive about work, yet more inclined to stay. As demonstrated, meeting the needs of all demographics in the workforce is becoming an increasingly challenging proposition for employers.

Younger workers have a more positive outlook regarding many elements of work. More than older workers, they feel promotions are fair, have more trust in senior management, think managers are looking out for their well-being, see room for growth, and would recommend their organization as a good place to work. Despite this, they are more likely to be considering leaving.



## Generational divide

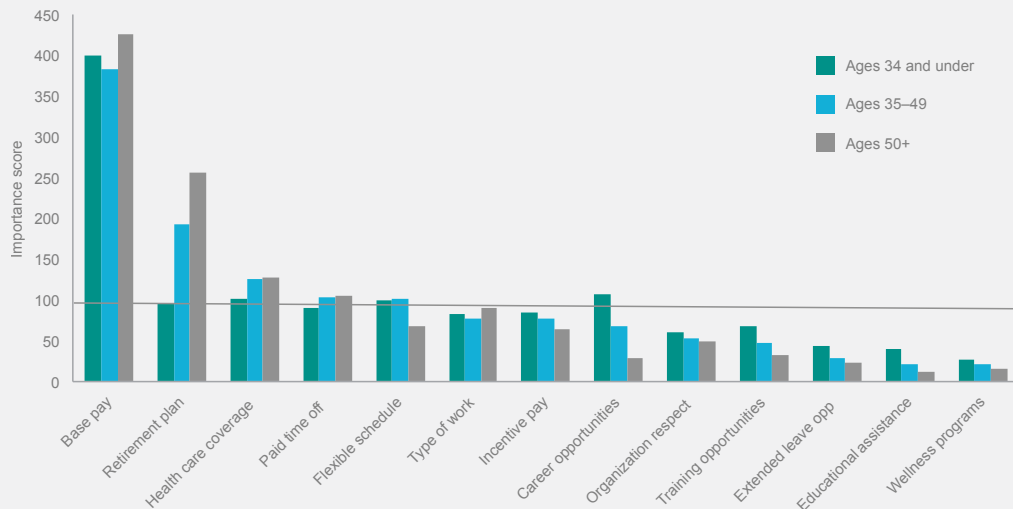
Young employees driving the “happy but leaving” trend

	Agree/strongly agree: all employees	Difference: employees 18–34 years
Promotions are generally given to the most qualified employees in my organization.	32%	+3
I trust senior management in my organization to always communicate honestly.	45%	+3
Managers in my organization demonstrate concern for the well-being of employees.	47%	+5
I believe that I have sufficient opportunity for growth and development in my organization.	45%	+6
My organization communicates to employees effectively.	47%	+5
I would recommend my organization to others as a good place to work.	54%	+3
At the present time, I am seriously considering leaving my organization.	35%	+9

# WHO VALUES WHAT

As part of this research, Mercer conducted conjoint analysis, which ranks 13 value proposition elements in terms of their importance to employees. A very clear picture emerges when the analysis findings are viewed by age. The analysis shows that across all age groups, base pay is most important, but after that, older workers value retirement plan and health care coverage. Younger workers care most about career opportunities, incentive pay, and flexible schedules. This clearly underscores the fact that employers cannot offer one-size-fits-all rewards and expect them to meet the needs of all employee segments.

## Most valued elements of the 'deal' vary significantly by age



# WHAT'S NEXT?

## ADDRESSING THE ISSUES: WHAT YOU NEED TO ASK

The findings of Mercer's 2015 *Inside Employees' Minds Survey* around engagement, commitment, and retention should prompt employers to ask themselves the following questions:

- Do our own employee surveys reflect the “happy but leaving” trend? How concerned should we be?
- Should we try to get workers to stay longer or accept that the workforce of the future is more transitional – and adjust to that new reality?
- Do our reward programs reflect a more fluid/mobile workforce? Do they allow the flexibility that younger workers are seeking?
- Are we actively addressing the transition that is taking place in our workforce as baby boomers begin to retire and the younger generations become the dominant share of the workforce?

## ADDRESSING THE ISSUES: ACTIONS TO CONSIDER

If you don't know the answers, or are not satisfied with the answers, consider taking some of these steps:

- Analyze or update your employee survey findings to determine where you may be at risk.
- Survey employees to understand trade-offs they are willing to make among various reward elements and within benefit programs. Pinpoint the differences among different demographic groups.
- Create a plan to evolve your employee value proposition as your workforce continues to transition.

## CONSEQUENCES OF NOT TAKING ACTION

Organizations face significant risks if they don't take the right actions or sufficient action to address these workforce issues:

- Flight of key employees/executives; impact on productivity and morale.
- Rewards investments not delivering best value/return.
- Business goals not being achieved due to underutilization of talent.
- Loss of ground competitively.



For further information, please contact your local Mercer office or visit our website at [www.mercer.ca](http://www.mercer.ca).

For more information about the ***Inside Employees' Minds™ Survey***, visit [www.mercer.ca/inside-employees-minds](http://www.mercer.ca/inside-employees-minds).