

# the truth about what employees want

Support your people  
for the great reckoning,  
retirement and reboot.

welcome to brighter



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# Executive summary

Getting into the heads of employees has always been a challenge, but the past two years have made it even more difficult. Ongoing uncertainty has left employers grappling with how to support (and retain) their current workforce not to mention bring in new talent.

It's no secret that employees have more choice than ever – and so it's more essential than ever to understand what they want, so you can deliver.

Employees across Canada – across income levels, ethnicities, age, gender, and job seniority – are reprioritizing what's important to them. Physical and mental wellness are top concerns among workers, more so than factors like career advancement.

At the same time, employers can't ignore the financial factor. Sufficient pay, plus the ability to make ends meet, address personal debt, and retire, are all important to Canadian workers.

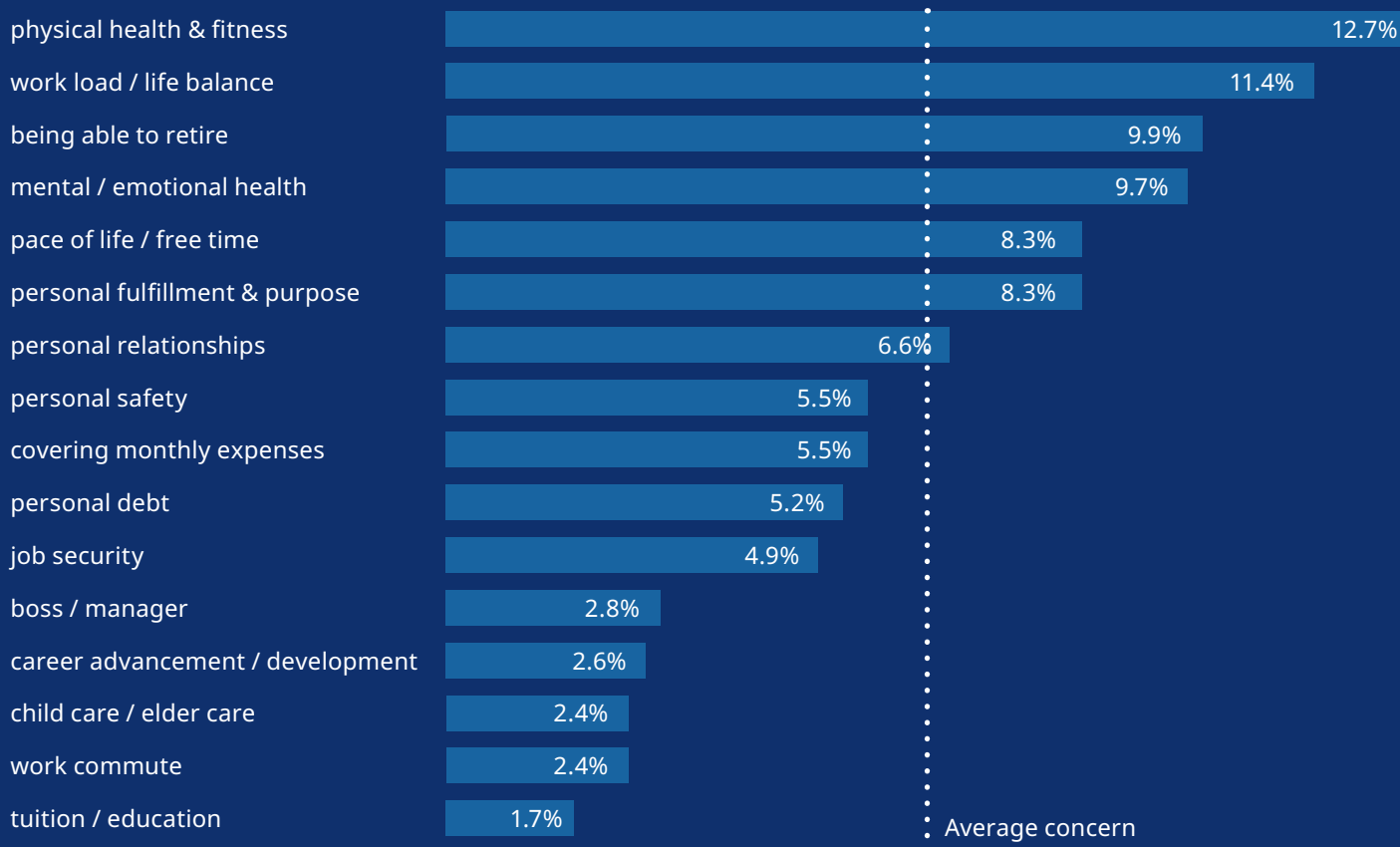
Given expected talent shortages, employers should approach these challenges as a marathon – not a sprint. In the near-term, this starts with addressing the supply of talent – how to create a better value proposition to attract new workers and retain existing ones.

A reset in the value proposition and effective work design can help you get more from the talent you have, plus bring new perspectives into your workplace.

Mercer's 2022 Inside Employees' Minds™ report, will explore these issues and more, going into detail on what employees want and how you can respond proactively.

We surveyed 1,000 Canadian workers to understand their top concerns – what keeps them up at night? The survey was conducted via conjoint analysis, meaning that employees had to make trade-offs between their top concerns and least concerns.

## Unmet needs analysis Overall





### Address supply through the value proposition

#### Financial fixes

- Pay premiums
- Increasing internal minimum wages
- Referral bonuses
- Retention awards
- Hiring bonuses
- Incentive pay

#### Benefits and experiences

- Flexible working
- New/enhanced benefits or perks
- Paid time off
- Total rewards communication and employer branding

### Address supply through sourcing

#### Rethinking talent strategies

- Strategic workforce planning
- Talent acquisition and sourcing strategies
- Identifying skill adjacencies and career pathways

### Address demand through new work models

#### Work design

- Work reinvention to optimize the use of talent
- Alternative sourcing models – automation, gig, etc.
- Talent marketplaces

**Changing the demand profile of work requires us to deconstruct jobs, redeploy the component tasks to the most optimal means, including AI, gig workers, or internal marketplaces, and to reconstruct new and fundamentally different jobs.**

– Ravin Jesuthasan, Global Leader, Transformation Services at Mercer

# It's not the great resignation – it's the great reckoning

There's been a media frenzy around "the great resignation." And while it's true that employees have left their employers at record levels this year, the reasons behind it are complex.

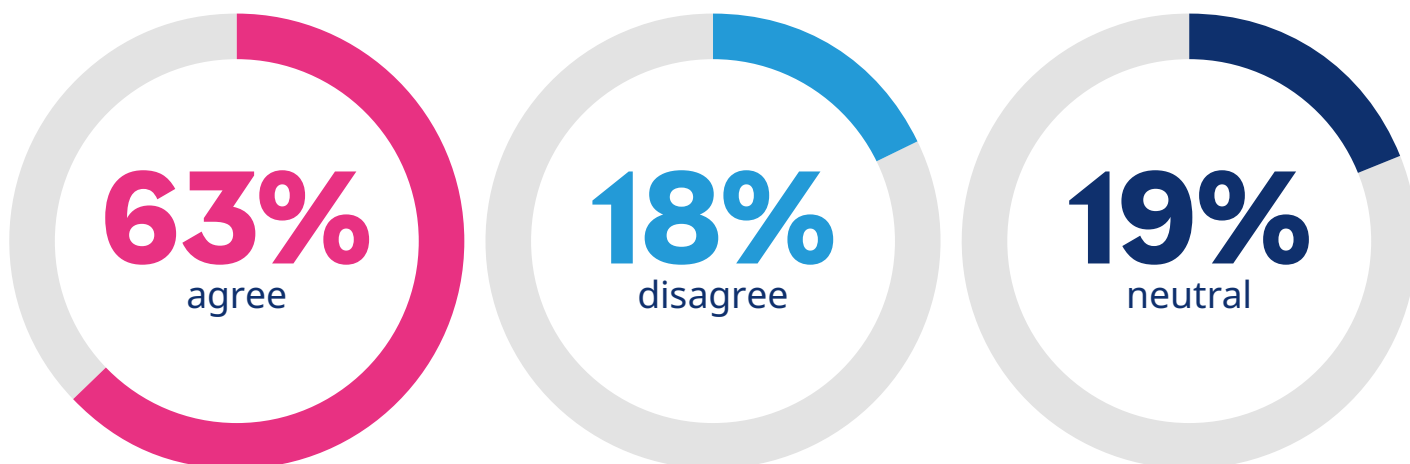
After facing another year of a global pandemic – and the stresses that come with it – workers of all kinds are feeling the need for change. In some cases, they're simply asking themselves, "is this job worth it?"

The "great resignation," then, is more of a great reckoning: a shift in what workers value and what they're looking for from their employer. Employers need a new playbook to respond. Organizations can no longer think about their workforce homogeneously; to attract and retain talent, they must address multiple unique segments with unique needs.

## The great resignation – fact or fiction?

While "the great resignation" has been making headlines across North America, most Canadians are not seriously considering leaving their current companies. However, the percentage of employees considering leaving is up compared to pre-pandemic, which indicates more workers are on the hunt for new positions outside their current workplaces.

## At the present time, I am not seriously considering leaving my company



**It's important** for employers to remember that their employee base is diverse and the perspectives across the board may differ widely. Regular employee surveys and engagement can help employers stay on top of what their workforce is concerned about, and what solutions they're after.

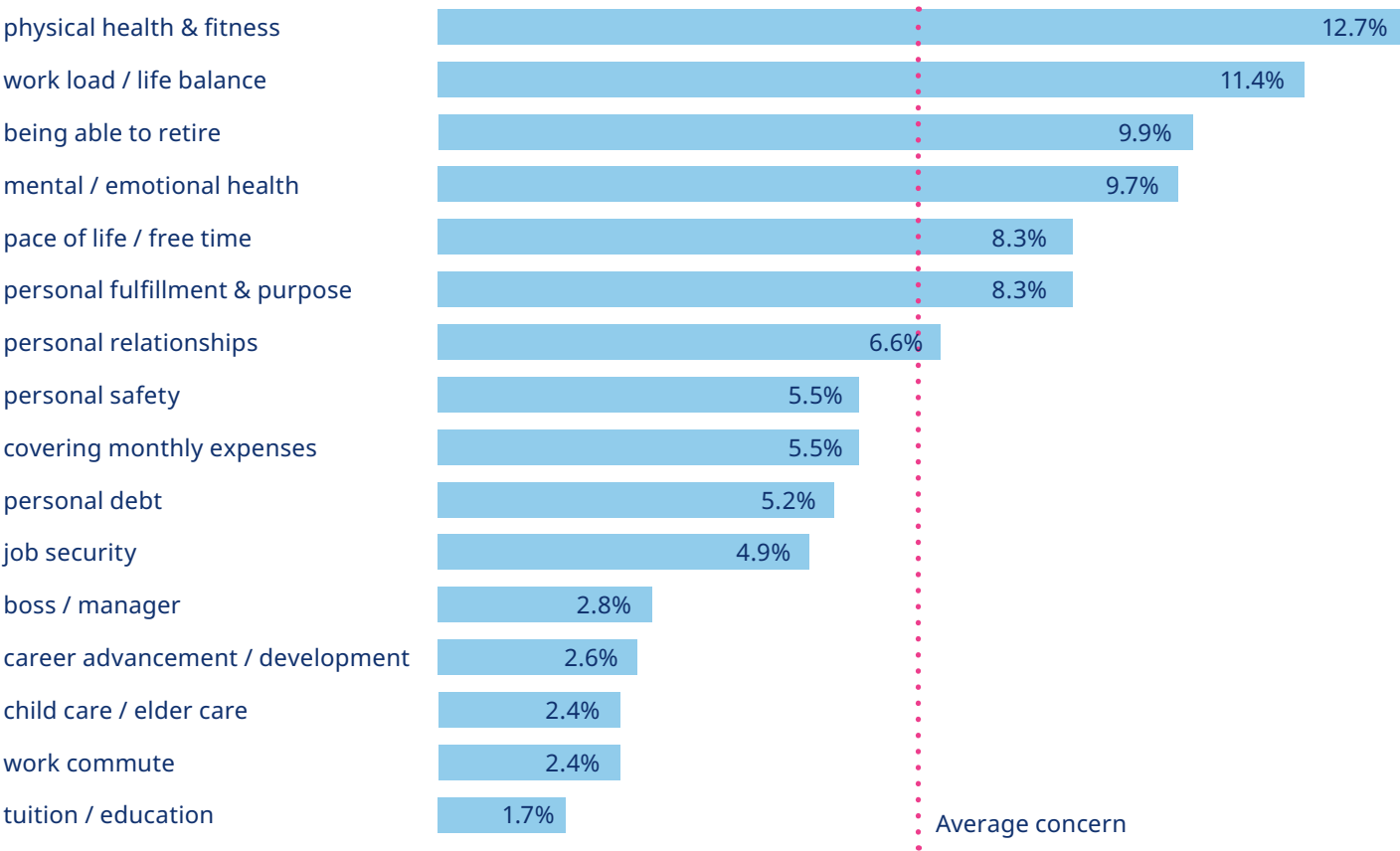
## The employment deal has changed

While the notion of a “great resignation” might be overstated, depending on the organization and industry, it’s clear that, the approaches of just a few short years ago simply won’t work moving ahead. Even with a brighter outlook in terms of managing COVID-19 ahead, workers are firmly feeling the hangover effects of living through a pandemic.

Personal concerns now trump the professional. Physical health, work-life balance and emotional well-being are all concerns for Canadians – more so than job security, their boss or professional development.

Mental health is a widespread concern, especially for women and younger workers (25-34).

### Unmet needs analysis



## It's time to evolve to a 'lifestyle contract'

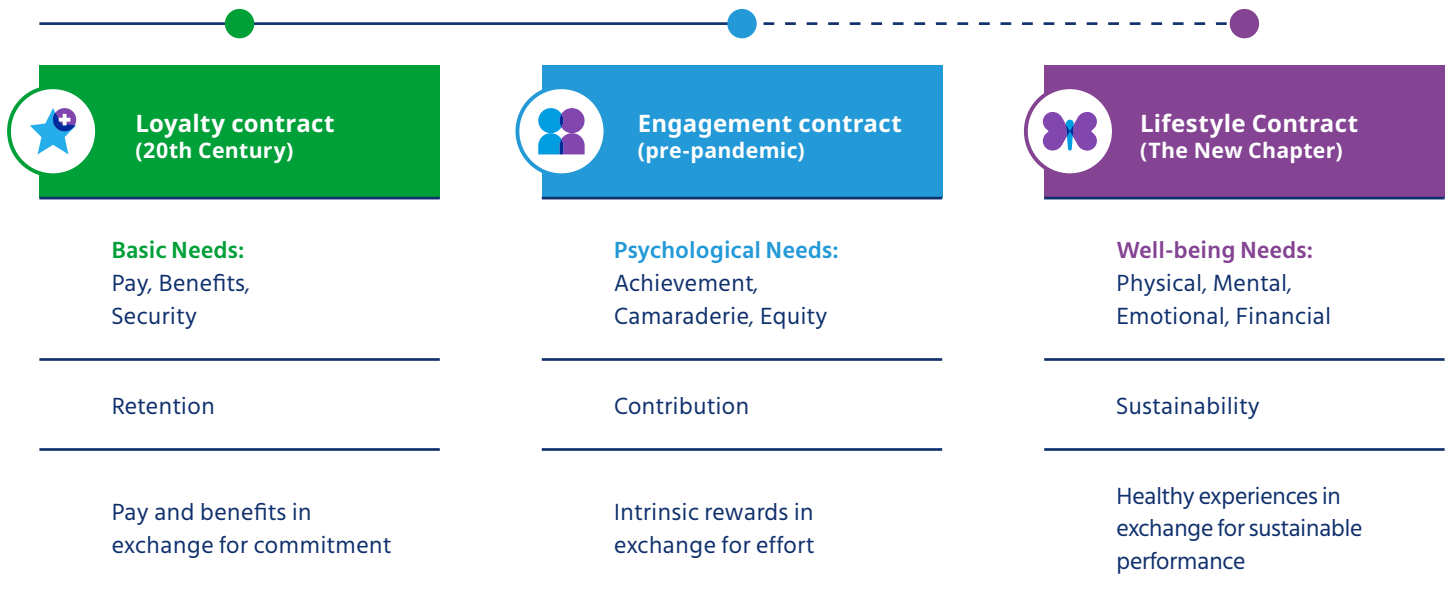
In short, flexibility and support for wellness are no longer considered perks – they're non-negotiable for many workers. For employers, that means the deal they have with their employees needs to evolve to more of a "lifestyle contract" that fosters their personal well-being.

This marks an important evolution in the employer-employee deal. In the 20th century, the "loyalty contract" was common. This represented an extrinsic approach to motivation, with organizations providing good pay and benefits for employee loyalty and commitment.

Over the last 20 years, the "engagement contract" emerged – a shift to an intrinsic approach to motivation. Organizations started to focus on the psychological aspects of fulfilling work.

Now, in the wake of the pandemic, we're starting to see the "lifestyle contract" emerge. Employees are looking for jobs that meet their holistic needs, both inside and outside of work. People want healthy experiences, and they are willing to leave jobs that put their lifestyle at risk.

### A new employee contract is emerging



# A tale of two workforces

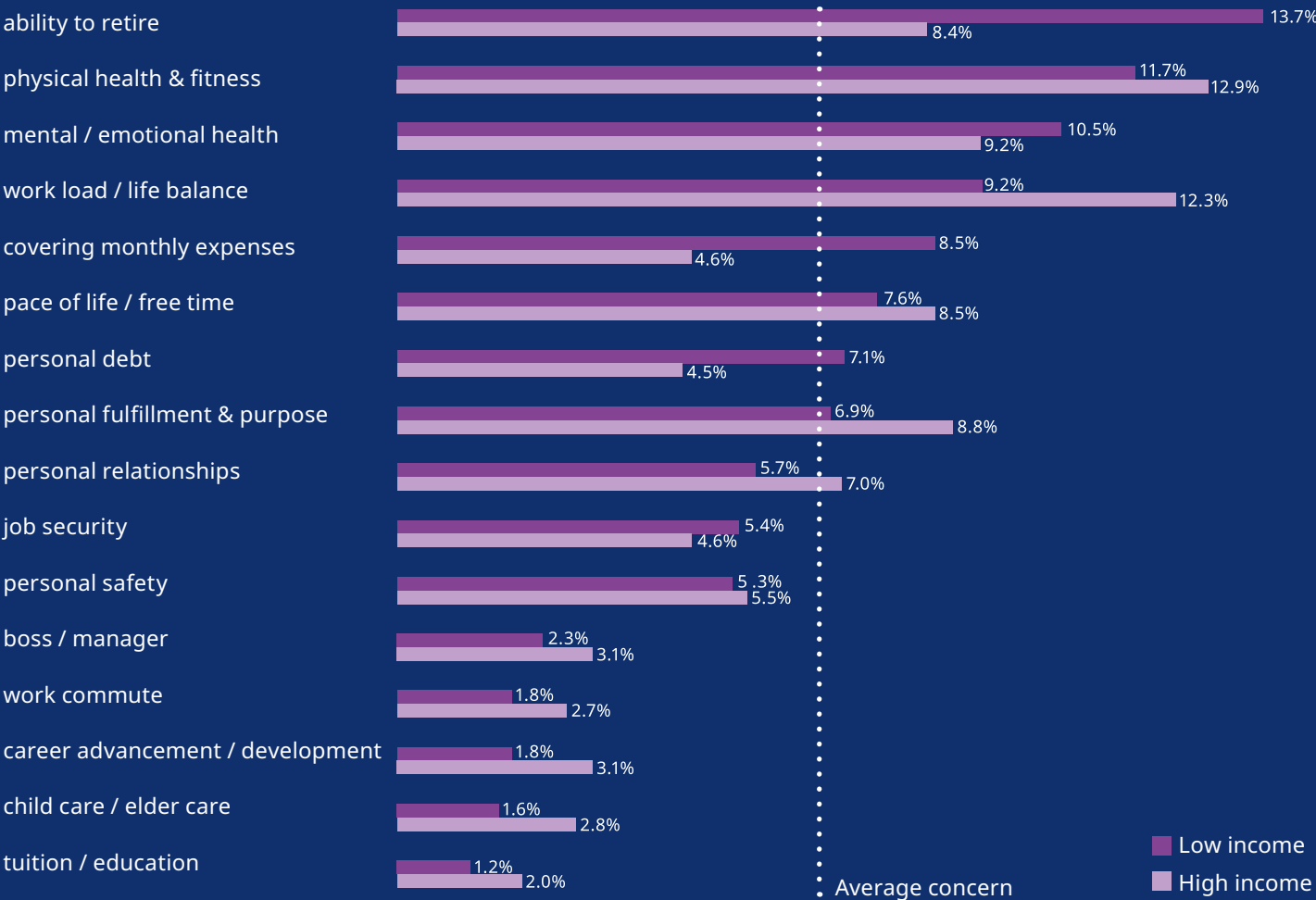
While the demand for more flexibility and wellness among Canadian workers is high, it's worth noting that what workers care about most does differ between high-income earners and low-income talent.

Perhaps unsurprisingly, lower-wage workers (those in the retail, hospitality and food service industries) are most worried about their finances, including making ends meet month-to-month, personal debt and their overall job security. For low-income earners, the ability to retire also ranked as the top concern.

Higher-wage earners, on the other hand, care more about workload, free time, personal fulfillment and purpose and their personal relationships. This is consistent in Canada and the United States.

## Unmet needs analysis

By income (sorted by low income)





## The financial factor

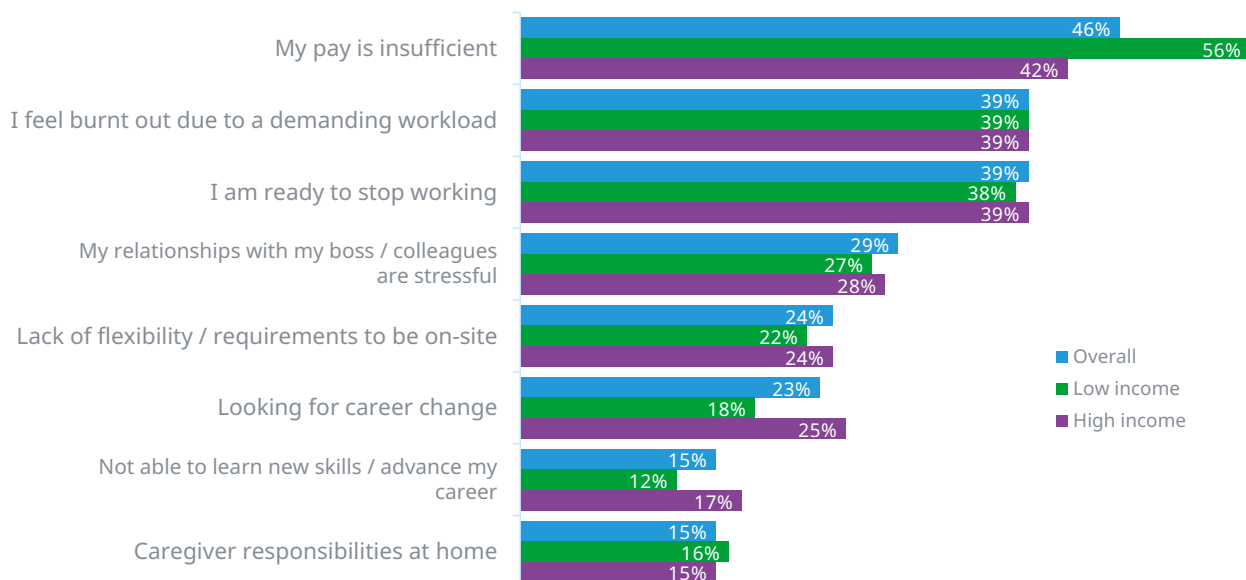
When it comes to reasons for potentially leaving a role, finances are top-of-mind for Canadian employees across the board. Insufficient pay ranks as the primary driver to wanting to leave, followed by burn out and those simply ready to be done working.

Low-income earners were also most likely to cite insufficient pay as a reason for leaving. These workers struggle with economic stability, so pay outranked other reasons why they would consider leaving their jobs.

In many organizations, these workers haven't been a priority. Wages have stagnated behind inflation as employers competed to hire at the lowest cost. Employers need to think differently about frontline workers and deliver a value proposition that addresses their needs.

## Factors for considering leaving

Of the factors listed below, please choose up to 3 that would most cause you to consider leaving your current employer:



## Young workers crave flexibility

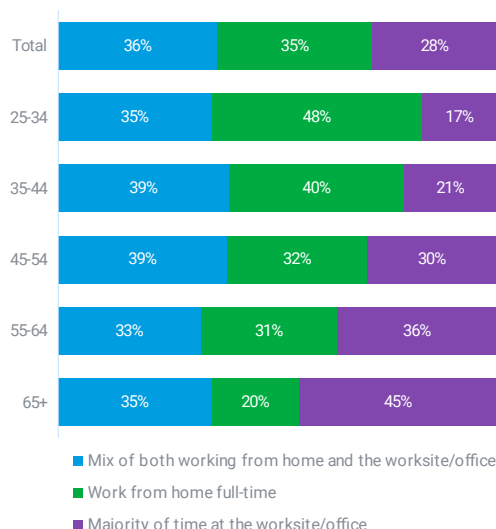
As employers consider their long-term strategies for remote and hybrid workplaces, they should consider what young talent are after – namely, flexibility.

Among younger employees (25-34), flexibility was a key reason to potentially leave a role. About one-third of employees in that demographic said lack of flexibility/the requirement to be on-site at work were reasons for exiting their existing workplace.

It's no surprise, then, that younger employees tend to favour working from home, while their older counterparts prefer the office.

## Flexible Work Arrangement

Preferences by Age



## Younger employees

(ages 25-44) tend to favor **working from home** full time

## Older employees

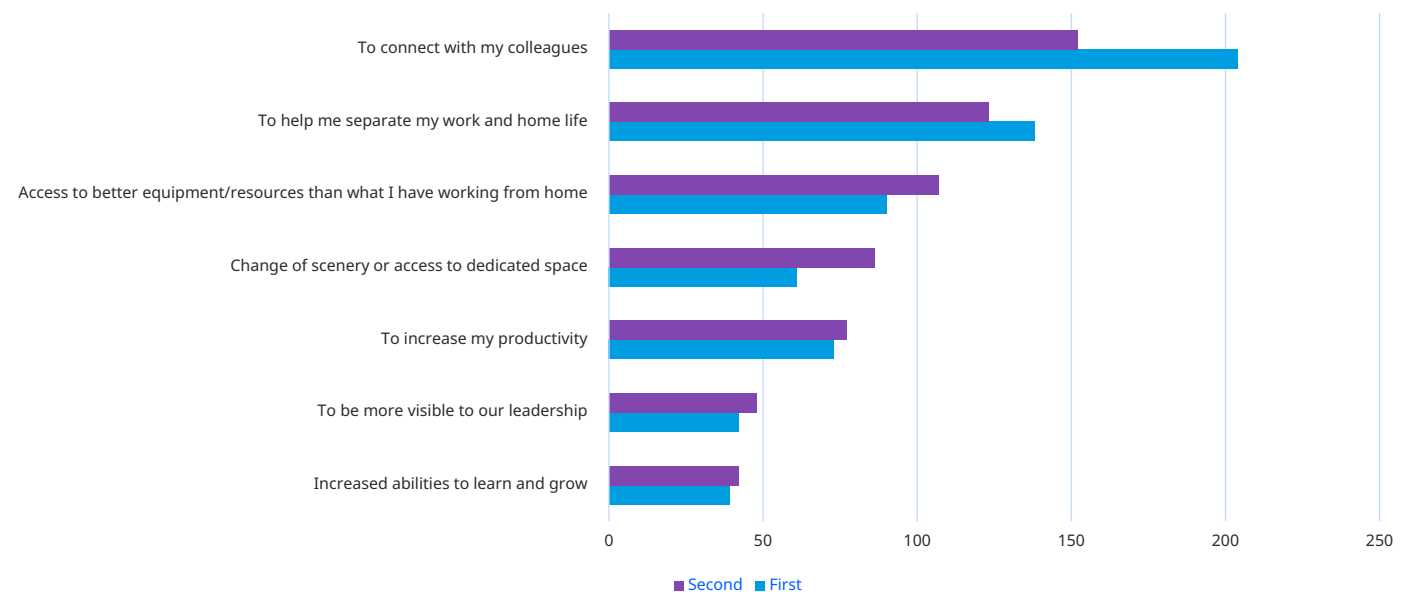
(ages 55+ have slightly higher preferences for **working mostly at the office**



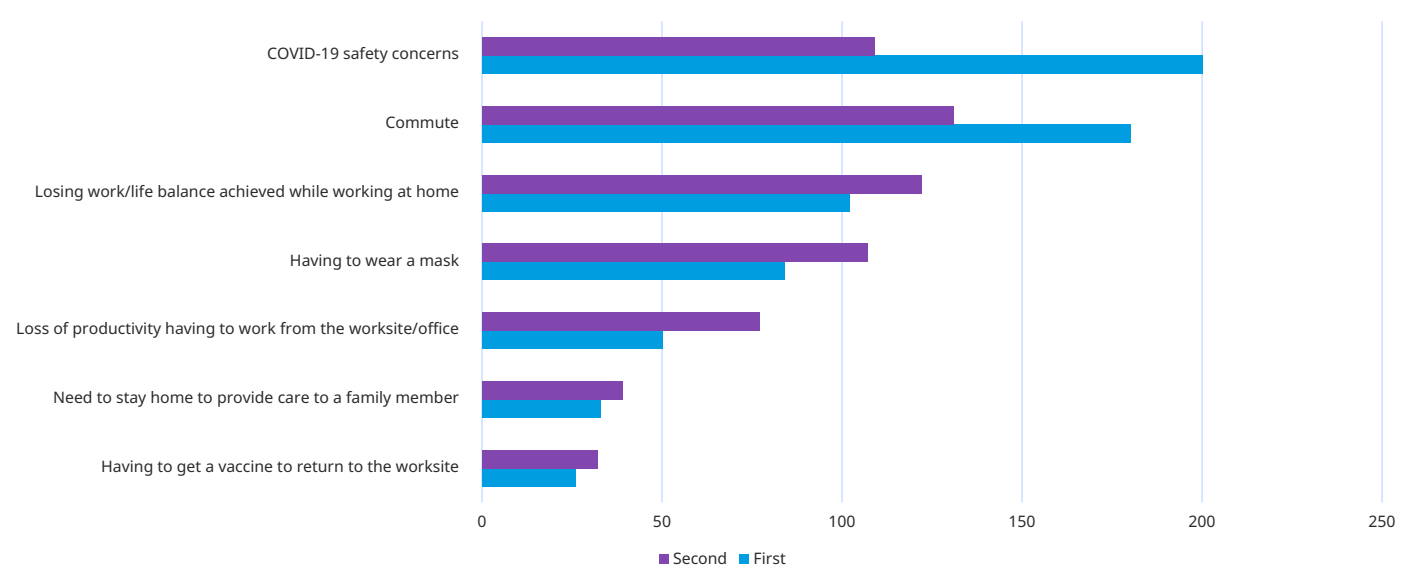
## What’s driving the return to office?

So, what’s making employees more likely to want to head back to the office? Connecting with colleagues and separating work life from home life are the top drivers. On the flip side, commuting and safety concerns related to COVID-19 are most likely to keep employees working from home.

### Top 2 reasons for wanting to return to the office



### Top 2 reasons for NOT wanting to return to the office



## Don't forget about advancement

Some employees, meanwhile, are also simply looking for their careers to evolve, either through advancement or changing directions entirely. While about a quarter of high-income earners ranked looking for a career change as a reason for leaving, this was higher among those in the sales function. Among people in those roles, 35% cited pivoting their career choice as a reason to exit their existing company.

Career advancement and education opportunities (such as tuition reimbursement) don't rank as high as they might have in years gone by – further evidence that the deal between employee and employer has evolved.

Still, as organizations reimagine retention in the wake of the pandemic, they'll do well to remember the importance of providing career and learning opportunities, especially in a hybrid work environment.

Consider this. Among hourly supervisors, only 56% said they plan to stay with their current companies. These workers often carry deep institutional knowledge, manage junior team members, and execute on key projects day-to-day.

Offering these workers opportunities to grow is essential. When it comes down to it, if you do not provide employees with career opportunity, they'll find it somewhere else.

## Actions

- Gather feedback from your own workforce about their top concerns and how you can better support them.
- Dig into your data to understand the patterns of turnover at your organization in various persona clusters.
- Look beyond the surface reasons employees give when they leave and attempt to identify predictors of future turnover. Also, discover the circumstances that make employees more likely to stay.

# 02

## The great retirement

Being able to retire is a concern



As we've seen, Canadian workers are prioritizing their personal well-being, and financial wellness is part of that. That includes the ability to retire – a bigger concern for Canadians, compared to their American counterparts.

### Retirement is a concern for lower-wage earners

For low-income earners (those in the retail, hospitality, and food service industries), the ability to retire ranked as their top concern. Interestingly, this was different from the U.S., where low-income earners listed retirement as less of a concern, behind meeting monthly costs, physical health, and mental and emotional health. Surprisingly, low-income earners will receive a much higher income replacement from government-based retirement programs in comparison to high income earners – demonstrating the need to re-focus on engagement and support long-term financial security for low-wage earners.

It's worth noting that the "great retirement" can take two forms. On the one hand, there are workers who are rightfully concerned about their preparedness to retire. On the other, there are those who felt better prepared (in most cases, higher earners) and so retired earlier than planned during the pandemic's disruption to work.

For employers, losing those employees earlier than expected, and possibly without succession plans in place, can create additional challenges. Outgoing employees offer leadership, create stability, and provide guidance to younger talent, which can all go a long way toward retention. With fewer of those people, it's even more important to ensure young talent have access to appropriate leadership and mentorship.

Being able to retire is a concern

(Canada vs. U.S.)



Not surprising, those Canadian employees nearing traditional retirement age (people 55-64), listed the ability to retire as their top concern. When it comes to roles, supervisors and managers also considered the ability to retire to be less of a concern than those who do not manage people.

However, employers should also continually check in with talent across the board to see how they're feeling about their retirement goals. Mid-level management, for example, may be feeling the pressure of day-to-day work and life, and as a result, retirement planning is taking a backseat. Those team members are also more susceptible to burn out, which is important for employers to watch for.

For new talent and generations just entering the workforce, retirement may be seen as an unattainable goal. All of this reinforces the need to provide [financial wellness](#) and flexible planning options to the workforce.

Remember that your workforce is diverse, and their needs are changing fast. Checking in regularly through employee engagement practices will help employers stay on the pulse of the pressures their employees feel ahead of retirement – and which solutions will help most.

## Actions

- Tap into flexible work arrangements that promote financial well-being while providing confidence in long-term security for retirement.
- Conduct a retirement readiness evaluation of your workforce so you can plan ahead, identify vulnerable employees in the population, and target interventions.
- Implement a financial wellness strategy to complement existing well-being strategies in place to provide employees with support, resources and information that can support behaviour and improve stress before retirement.





# The great reboot

# 03

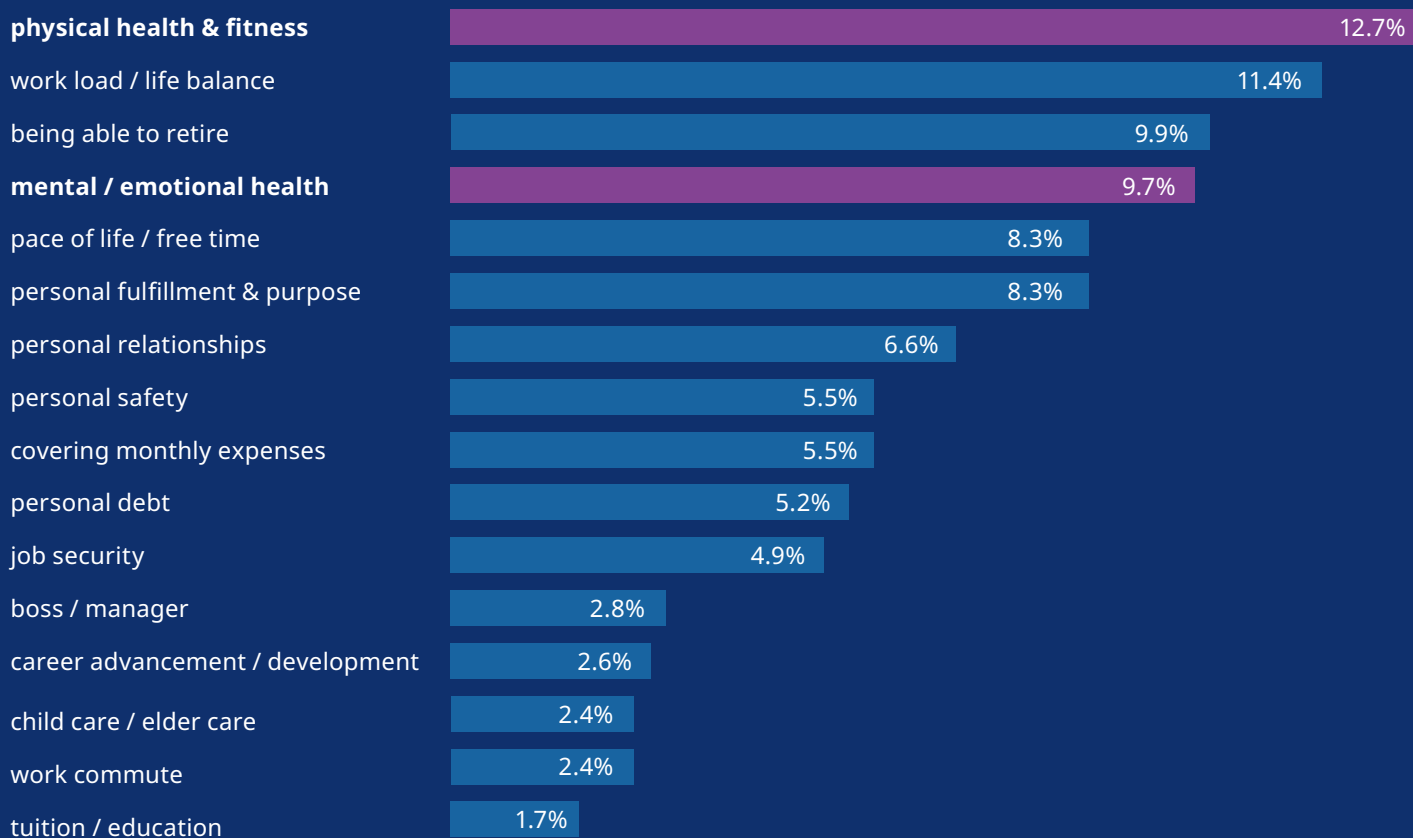
Concerns for physical, mental and emotional health, expressed by Canadian workers, is one of the forces that will drive employers towards the “lifestyle contract.” Work-life balance, physical working conditions and financial wellness all factor into how employees see their health. But in every case, they’re prioritizing wellness more, and expect their employers to do the same.

## The pandemic’s toll on physical health

Physical health and fitness are a concern for Canadian employees, across income levels, ethnicities, gender and age. It’s not a surprise, given the pandemic’s impact on our health.

### Unmet needs analysis

#### Overall



For example, in research from [Dalhousie University's Agri-Food Analytics Lab](#) from April 2021, 58% of 10,000 Canadians surveyed said that their weight has changed since the beginning of the pandemic. Of that group, nearly three quarters said they've unintentionally gained weight since March 2020.

Some of this was stress induced. More than half of the Canadians surveyed (51.4%) said they tend to eat more when they feel worried about the pandemic. Weight gain is a significant contributor to chronic conditions, causing strain not only on employees' lives, but on a workplace's absentee rates and healthcare costs.

Working from home and long periods of physical distancing, of course, have added to the challenge. Everything from removing commuting time to non-optimal ergonomic home offices has created new health challenges, from physical inactivity to workplace injuries – along with taking a toll on emotional health.

## Mental and emotional well-being matter

The pandemic has also put enormous mental strain on Canadians. Physical distancing, loneliness and financial pressure all added to the other daily stresses Canadians were already facing. The ongoing fear of becoming sick with COVID-19, seeing loved ones suffer and in many cases, losing loved ones, have all been enormously stressful for many people.

Nearly half (49%) of Canadians reported being stressed in everyday life. One in five also report experiencing depression, anxiety, or another mental health issue. Younger employees (25-34) were more likely to rank mental and emotional health as a top concern.

For employers considering their talent pipeline, it's important to consider that younger workers will increasingly expect their workplaces to support their overall health.

## Strain on women

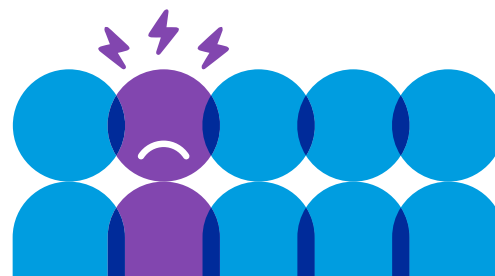
Canadian women especially reported feeling strain on their mental health (one in four, compared to one in five Canadians generally). Women were more likely to report experiencing a mental health issue during the pandemic – potentially a reflection of increasing caregiving responsibilities that often fall on women's shoulders.

We also know that women have been more likely to exit the workforce entirely or reduce hours to take care of children or aging parents, potentially putting an additional financial stress into the equation.



**1 in 2**

of the Canadians surveyed said they tend to eat more when they feel worried about the pandemic.



**1 in 5**

Canadian workers reported experiencing depression, anxiety, or another mental health issue.\*



**1 in 4**

Canadian women report experiencing a mental health issue.\*

\* Source: Mercer Canada Health on Demand, 2021

## Send workers a mental health lifeline

The return on investment for wellness has never been higher. Employers who can help their workforce take on mental health challenges will undoubtedly benefit.

In many cases, employees are unsure or unable to access the care they may need. In our [Health on Demand research](#), 71% of Canadian workers said they're unsure quality mental healthcare is easy to find or access. Nearly half (49%) also said that insurance coverage or a program that reduces the cost of mental health treatment would be highly or extremely valuable.

Employers must also deliver wellness programs in new ways that move beyond the workplace to be more digital. This ensures equitable access for all employees, especially as many workplaces move to a hybrid work model.

Digital wellness solutions are, in fact, an important part of building an organization's Diversity, Equity and Inclusion (DEI) agenda – and even supporting its broader Environmental, Social and Governance (ESG) goals. It does this in several ways:

- Making healthcare prevention and treatment available and accessible to more people
- Lowering costs
- Supporting flexibility
- Reducing employees' environmental footprint (e.g., by reducing the need to travel to seek care)

[Digital wellness](#) offerings also provide important support mechanisms for workers, especially during turbulent times and emergency scenarios. And overall, they help employers build a better employee experience – essential in times of ongoing attraction and retention challenges.

## Actions

- Address systemic stressors at work, such as too many meetings, constant connectivity, lack of work boundaries, stigma around mental health and burnout.
- Take steps to make mental health help more affordable to all populations.
- Examine virtual mental healthcare options to provide workers with more accessible options.



# Listening matters

As employers across Canada contend with the great reckoning, great retirement and great reboot, listening is critical to support your employees.

It is important not to lose sight of the fact that supporting employees, especially in major moments of disruption, can go a long way. Uncertainty, work-life balance and caregiving duties, among other challenges, will continue and employees expect high levels of flexibility and support.

Remember that your workforce is diverse. What they want will differ and evolve. So, keep listening and keep learning – because your employees are counting on it.

**Contact us to speak to a consultant about how you can attract, retain and engage the talent you need in today's challenging labour market.**

# Reshaping the future.

## About Mercer

At Mercer, we believe in building brighter futures.

Together, we're redefining the world of work, reshaping retirement and investment outcomes, and unlocking real health and well-being. We do this by meeting the needs of today and tomorrow. By understanding the data and applying it with a human touch. And by turning ideas into action to spark positive change.

For 75 years, we've been providing trusted advice and solutions to build healthier and more sustainable futures for our clients, colleagues and communities.

Welcome to a world where empathy and economics make a difference in people's lives.

Welcome to brighter.

For further information, please visit  
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## How Mercer can help

Continuously rethinking purpose and priorities drives HR transformation. Shaping the future of work requires improved strategies around investment and retirement, health and wellness benefits, talent and communications. We believe in the value of investing in the future to build resilience for your business and your employees.

Together with our clients, we find ways to elevate the employee experience with effective compensation and communication strategies. Through investments in reskilling and learning, we focus on developing strengths that the workforce of the future needs.

Investments and retirement require sophisticated solutions. We approach these with a big-picture view that prioritizes long-term financial wellness. We offer research and advice on assessing risk and designing benefits programs while keeping in mind the need to optimize throughout changing times.

As part of our forward-thinking approach, we provide strategies to foster healthy lifestyles with innovative health and wellness benefits.

Our consultants help you provide personalized benefits options that suit a range of employees' needs. We understand that today's workforce is multi-generational and diverse, and we're prepared to create solutions with you that support employees, wherever they work.