

2021 HR Trends Report Highlights

The New World of Work – Are You Tuned In?



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HUMAN RESOURCES (HR) AND THE NEW WORLD OF WORK: **Adaptability Is Key**

If there is one thing that has been proven to be true by the events of 2020, it is that change is the only constant. Human resource professionals across every industry have especially felt the weight of this truth as they had to navigate and adapt through an abundance of unexpected hurdles. The dark cloud of COVID-19 caused rapid changes in unforeseen areas like remote work capabilities, communication techniques, recruiting methods, compensation structures – the list goes on and on. Employers and HR pros are commonly stressed to the max and are leery about making any missteps in this time when brands are under immense scrutiny. **All of this change forced professionals in every industry to rethink fundamental HR concepts and redefine their expectations to discover a new world of work.**

How can employers and HR professionals succeed in this new world of work? The answer: Staying informed on top market trends and being prepared to adapt.

For over a decade, QTI's annual HR Trends Survey has provided hundreds of employers with critical insights into top HR trends. This "highlights" guide, prepared for nonparticipants of the survey, summarizes key findings and recommendations on how to forge ahead and develop a successful HR strategy for 2021.

Without much surprise, this year's data indicates that recent events have had a real impact on what employers are concerned about most. For the first time ever, our survey results indicate that employers consider **enhancing employee engagement** to be their top challenge; closely followed by **health and safety measures** and **attracting top talent**. Similarly to last year, our study found that the higher a company's employee engagement, the fewer HR challenges they face, and in 2021, companies could certainly use a break from extra challenges.

In this report we break down the current state of major drivers of employee engagement like **Diversity, Equity & Inclusion, Compensation, Career Development and Well-being**. By taking a closer look, we can discover how these drivers have been impacted by COVID-19 and leverage insights to ensure you're doing all you can to keep employees engaged.

The world of work looks different, but with the right tools and proper knowledge this new world could mean endless possibilities.

Continue reading to find out how.





TOP THREE HR CHALLENGES:

Keeping Employees Engaged, Safe and Interested

The events of 2020 have had a notable impact on HR challenges and priorities. According to this year's survey respondents, three HR challenges rise to the top heading into 2021:



1. Enhancing employee engagement

For the first time in this survey's history, "enhancing employee engagement" was ranked within the top four HR challenges. Not only that – it was ranked as the #1 HR challenge heading into 2021. Digging deeper, 82% of employers identified their workforce to be engaged with an average engagement score of 5.3 on a scale of 1 to 7 (1 = actively disengaged; 3 = disengaged; 5 = engaged; 7 = highly engaged). Engaged employees generally believe in the mission and values of the organization, work hard and deliver quality work while having a positive outlook. However, highly engaged employees take it to another level; they have excellent attitudes, are emotionally committed and regularly go above and beyond for the organization. In this time of economic decline and remote or hybrid workforce models, employers may need employees who go the extra mile to help the organization succeed. An important observation – found in both this year's and last year's studies – is that **organizations with higher employee engagement levels experience fewer HR challenges**. Further research shows that these organizations have lower voluntary turnover and greater financial performance as well. These are compelling reasons to strive toward enhancing employee engagement.



2. Health and safety measures

This HR challenge may come as no surprise amid a global pandemic. In a matter of weeks, organizations had to quickly adopt policies on masks, gloves and other personal protective equipment and launch safety measures such as temperature checks, questionnaires, COVID-19 testing and contact tracing, etc. To further promote health and safety, 59% of respondents have or will soon have a telemedicine offering

for their employees, and most are practicing social distancing if they already have returned to the office. Health and safety will continue to be a focus as employers consider return-to-work plans, while waiting for a vaccine or a cure. This is especially difficult because there is no one perfect way for all businesses to return to their work as it was done before. Companies are challenged with figuring out what works best for their team. What has been clear, however, is that those employers who have demonstrated care for their employees' health and safety (e.g., allowing flexible work arrangements such as remote work) are strengthening their employer brand – while some of those who have been more rigid have faced negative attention from the public and media.



3. Attracting the right talent

This challenge, which was ranked as the #1 HR challenge every year since the 2013 survey, has now slipped to #3. The decline may, in part, be COVID-19-related as 45% of respondents have frozen or decreased hiring. The talent pool may have grown for those employers who are still hiring as they embrace a remote workforce model and as heightened unemployment yields available talent. In fact, **38% of respondents indicated that they have experienced a candidate pool change, with over half seeing an increase in the number of candidates**. Another reason for the drop in this HR challenge from #1 to #3 could be that some employers are analyzing job design (i.e., how work gets done) in this new world of work. By taking this closer look, employers may notice opportunities to increase efficiency by eliminating tasks or roles. Some employers are also reevaluating job requirements (e.g., does this job really need a college degree?) to foster more diverse, equitable and inclusive environments. Both of these job-related changes can expand talent pools for employers.

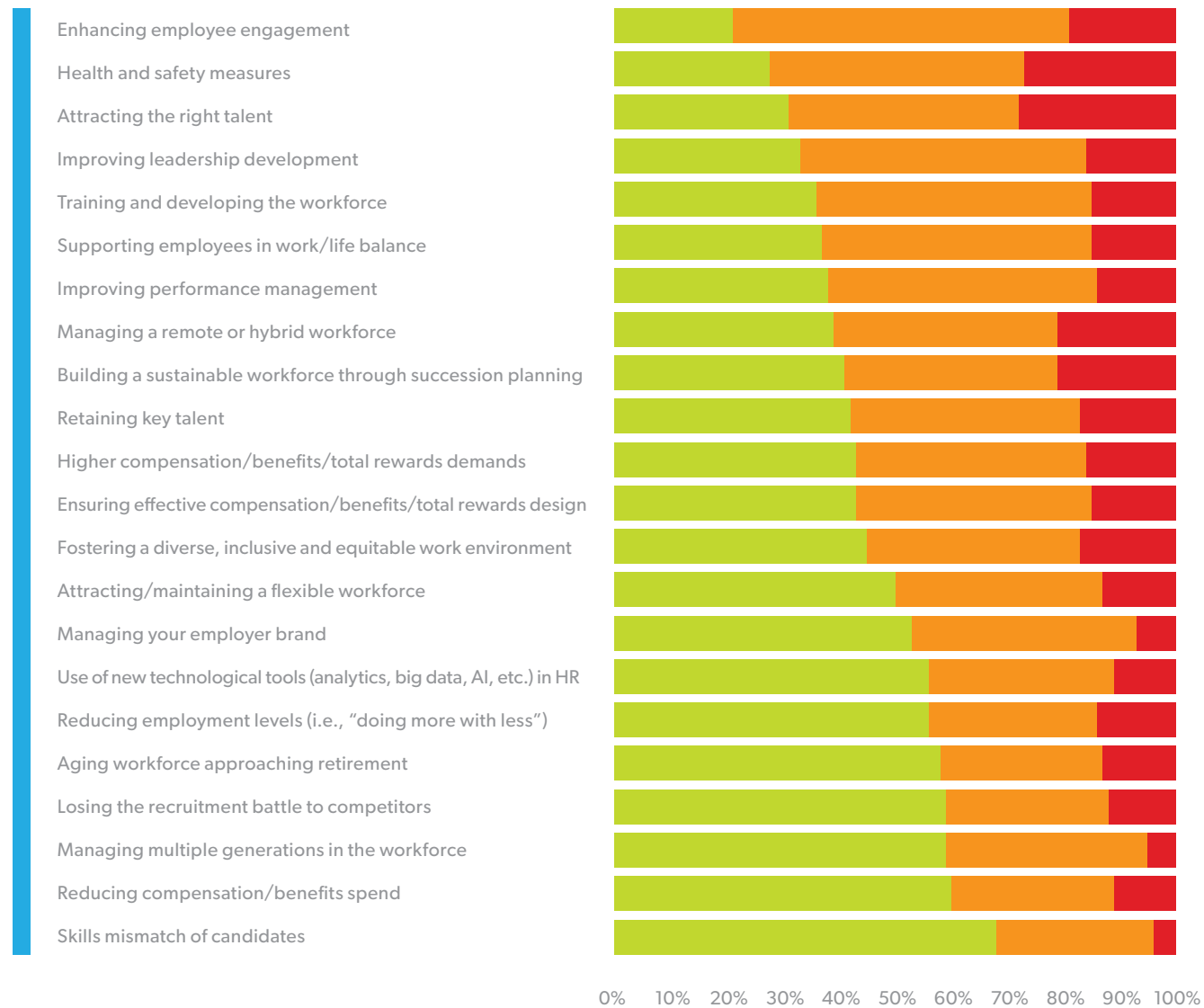


ASK YOURSELF:

What are the greatest HR challenges that your company is facing as we head into 2021?



2021 HR CHALLENGES



Note: Top challenges in this report refer to those ranked as moderate and significant in this chart.

Minimal Challenge Moderate Challenge Significant Challenge

Perspectives may also be changing as we head into 2021. In prior years, the top HR challenge was perceived to be a moderate to significant challenge by 90%+ of employers. This year's top HR challenge is felt by 79% of employers. Perhaps the events of 2020 have helped organizations regain perspective, redefine priorities and drive change in the important aspects of HR. Another variable to consider is how varied the COVID-19 impact has been on organizations, depending on their financial health, industry, leadership and more.



COVID-19 IMPACT: Understanding Our New Landscape

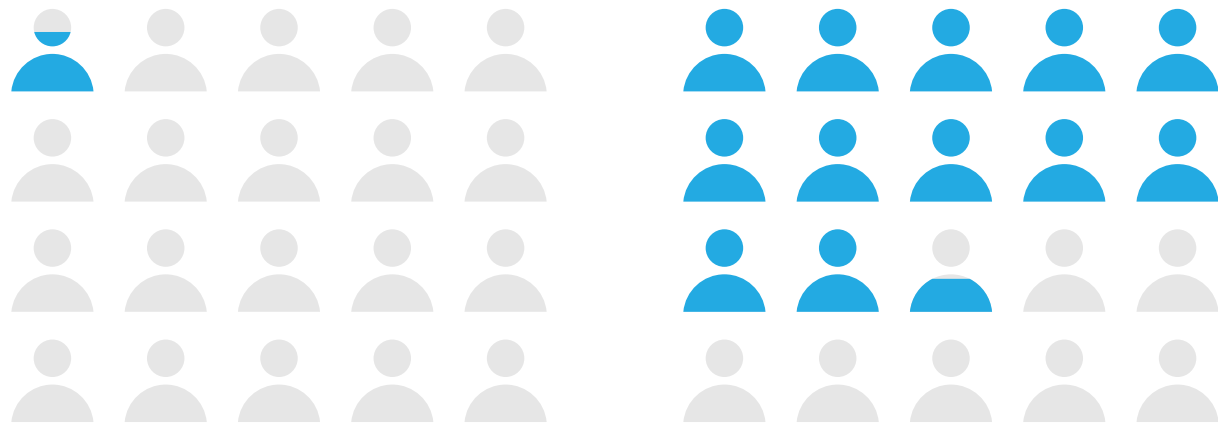
Communication is essential to almost every function of a working business. It is also one of the things that has been most affected by COVID-19. Before we break down important drivers of employee engagement, we need to consider the impact that the pandemic has had on the way employees interact with each other and their employers.

Remote Work: Professional Interactions From a Distance

Like it or not, the remote work environment is prevalent for a majority of companies, and it's not exactly clear if this trend will ever fade. Our survey shows that only 14% of respondents do not have any **remote workers**; the majority (86%) said that they have and will continue to offer remote work arrangements post COVID-19. These remote work arrangements are either ad hoc/occasional, which 70% of respondents offer, or full-time, which 54% of respondents offer. Sixteen percent of respondents have already declared that employees will be allowed to work remotely indefinitely.

86%
of survey respondents said that they have and will continue to offer remote work arrangements post COVID-19

COVID-19 IMPACT ON WORLD OF WORK



Before **COVID-19**, only **3.6%** of the U.S. workforce worked remotely half-time or more.*

Now, it is estimated that **62%** has been forced to work remotely due to COVID-19.*

*Sources: Global Workplace Analytics and QTI COVID-19 Survey

Most organizations do not offer a remote worker expense support program (e.g., remote workers receive \$50/month to help pay for internet, office supplies, ergonomics, etc.); however, 12% indicated they do offer this and another 15% are considering this program for 2021.

Remote working conditions have also had an impact on the **talent acquisition and recruiting process** – where the opportunity for employee engagement begins. While the majority of respondents (49%) are doing a mix of virtual and in-person interviews, 27% are doing 100% virtual interviews; only 5% are doing in-person-only interviews. Virtual interviews have allowed some organizations to be more flexible in interview scheduling. For example, instead of finding a half-day for a candidate to come in and have multiple back-to-back interviews (talk about a scheduling nightmare!), candidate interviews can now be spread over multiple days and be held via Zoom or Microsoft Teams.

There is, however, one aspect of the talent acquisition process that doesn't appear to be as affected by COVID-19. The majority of respondents have not experienced a change in their number of interviews nor in their candidate screening process.

While **return-to-work** plans vary widely, 75% of responding organizations have at least some employees working on-site or have given employees the option to work on-site. Additional findings show that 13% have not determined a date, 8% will allow employees on-site after January 1, 2021, and 7% will allow employees on-site once a COVID-19 vaccine or cure is available.

Communications: It's Time to Get Creative

Communications, an important driver of engagement, can be especially difficult with remote or hybrid workforce models. Some employers started out the pandemic strong in communications, even sending daily updates, but fatigue quickly set in and some significantly pulled back on the frequency of communication. When addressing communications with your team, consider committing to a jog pace as opposed to a sprint. This will be more sustainable in the long run.

Of organizations with remote workers, 88% utilize multiple channels to keep all employees connected. Top channels utilized for communications included:

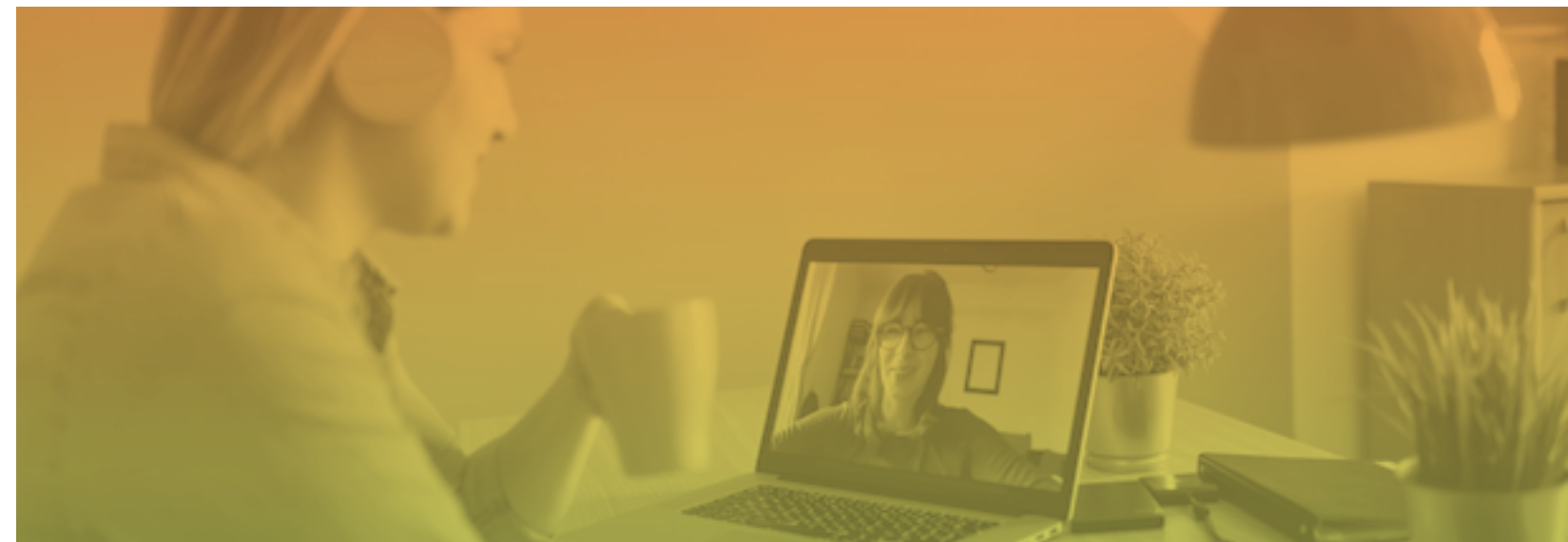
- Business communications platform (e.g., Slack, Teams, Chatter, etc.) (61%)
- At least weekly team meetings (56%)
- At least monthly all-company communications (e.g., emails and/or all-company meetings/webinars) (53%) to share important updates

We know that employees who have a good relationship with their manager and/or have a friend at work are more likely to be engaged than those who do not. However, the combination of social distancing, remote work environments and electronic communication puts a hindrance on employees' abilities to develop **social connections**. To boost social connections, 28% of respondents are doing informal virtual social gatherings (e.g., virtual happy hours, remote bingo games, speed-typing competitions, etc.), and 8% are still doing in-person social gatherings.

The bottom line is companies have to be willing to get creative when it comes to communicating. Those who take the time to develop intentional strategies for keeping their team connected will continue to build their team culture and have happier, healthier and more engaged employees.



PRO TIP: Consider doing monthly or bimonthly pulse surveys to understand employees' evolving engagement and be willing to take the actions necessary to improve.



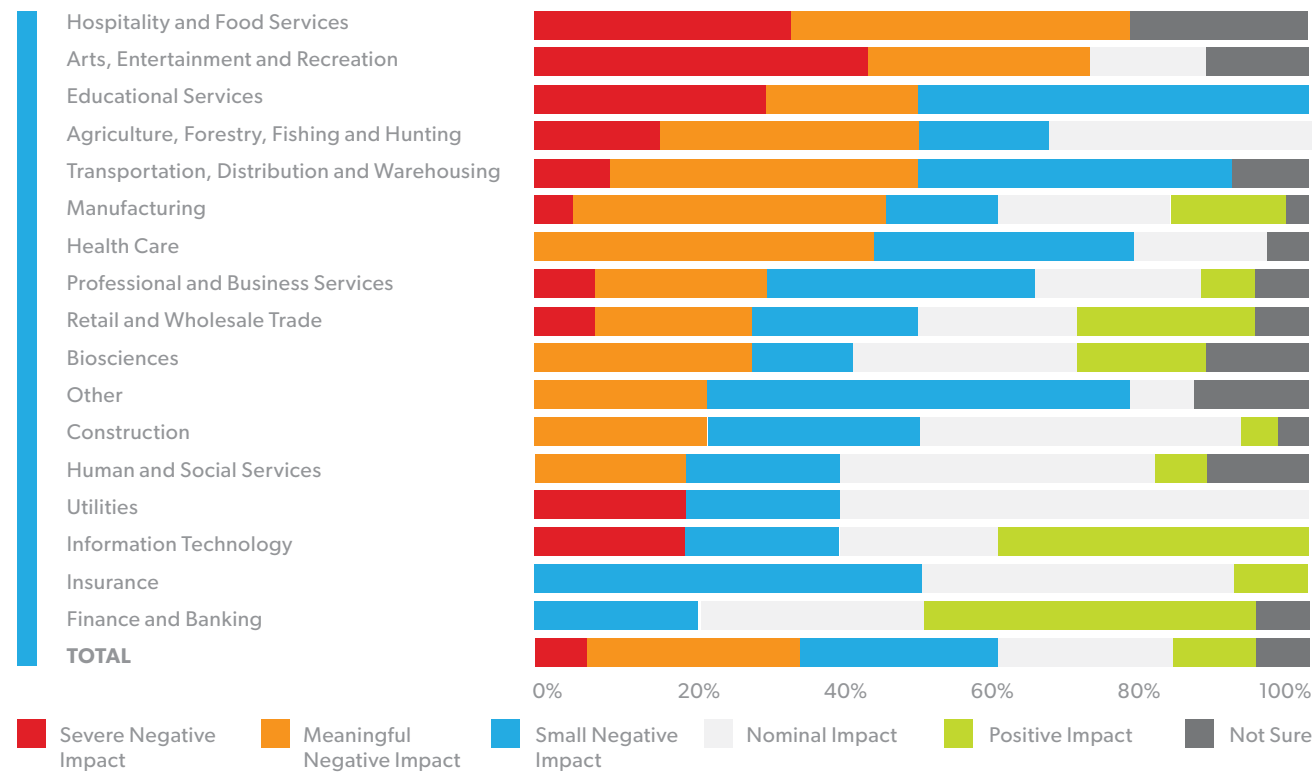


Financials in Flux: Projections Vary by Industry

In addition to considering changes to our physical environment, we cannot move on without taking a look at the financial impact that the pandemic has had on industries. Analysis of the COVID-19 impact on survey respondents reveals that 60% are expecting a negative **financial impact** of 5-40%+ on 2020 budgeted revenue, 7% are not sure and 33% are seeing a nominal or positive impact. Per survey results, some of the industries that appear to be faring the best are Finance and Banking, Insurance and Information Technology. Industries that are expecting less than positive results include Hospitality, Educational Services and Entertainment. See the full breakdown in the chart below.

COVID-19 FINANCIAL IMPACT

Across industries, 60% of organizations are expecting a negative impact (5-40%+) on 2020 budgeted revenue due to COVID-19.



Now that we've laid the groundwork and developed a clearer picture of what the new world of work looks like, we're ready to take a closer look at current trends related to the key drivers of employee engagement. Read on to learn more about how these drivers have been affected by COVID-19 and examples of how these changes are being addressed by 273 survey respondents.



ASK YOURSELF:
Are you coming up with new solutions to keep employees connected?

COMPENSATION AND BENEFITS:

Reevaluating Rewards in a Revolutionary Time

The varied impact of COVID-19 on employers is leading to a **reprioritization** and a **reevaluation** of total rewards, including compensation and benefits. For example, some employers have shifted dollars from certain programs (e.g., paid parking, gym memberships, etc.) to fund other programs (e.g., wellness relief, caregiver support, subscription services to make lives easier such as Care.com or Amazon Prime, etc.) as employee needs change in this new world of work.

Despite these variances, compensation and benefits continue to be important drivers of employee engagement. Further, survey respondents specifically identified **compensation as the #2 reason that employees resign** from the organization. The #1 resignation reason is career development, which may be the "non-bridge-burning" way of also leaving an employer due in part to compensation.

Surprising results from both QTI's 2020 COVID-19 [April](#) and [May](#) surveys and 2021 HR Trends Survey show that not everything changed as we would've expected. The majority of employers have not reduced or frozen pay levels. QTI's 2021 HR Trends survey also found that most employers are not making any changes to their variable/incentive compensation plans (e.g., annual bonus, referral bonus, long-term cash, etc.). Further, the median actual 2020 and projected 2021 pay increase budgets are still at 3.0%, consistent with last year's survey.

BASE PAY INCREASE BUDGET

Year	Overall Median	Overall Average
2020 Actual	3.0%	2.6%
2021 Planned	3.0%	2.6%

However, where change does start to become evident is with the averages and the range of pay increase budgets (a.k.a. merit increase budgets).

✔ FACT:

This year's survey found average actual 2020 and 2021 budgets to be 2.6% of base pay – last year, they were higher at 3.1% and 2.9%, respectively. Further, the range of budgets for 2020 actuals was 0-12%, compared with 0-20% last year – and the range of budgets for 2021 projected was 0-8%, compared with 0-10% last year.

💬 IN OTHER WORDS:

The range of budgets is less varied than it was last year. This is interesting as one might have assumed that the budgets would be more varied given that the impact of COVID-19 has been so varied.

✔ FACT:

11% of respondents will not grant a pay increase in 2020, and 6% are not projecting an increase in 2021; these levels were 5% and 4%, respectively, in last year's survey.

💬 IN OTHER WORDS:

There are twice as many employers who will not grant an increase in 2020 compared to 2019; but most employers are still granting and projecting pay increases.

Remote Work Trends Spark Closer Look at Pay Philosophies

As some employers embrace a remote workforce model, a few (6%) are **reevaluating geographic differentials** and how they pay for remote work. For example, an employer may adjust its compensation philosophy and pay ranges to be competitive nationally, rather than locally. This makes sense as they are no longer limited by geographic boundaries in terms of the talent they are trying to attract, retain and engage.



PRO TIP: Here are the most common approaches to geographically setting pay ranges

- 1.) Based on the employer's worksite location(s)
- 2.) Based on the employees' remote locations
- 3.) Based on national comparisons

Which strategy is best? That depends on who holds the cards – if employers now have the talent supply and can realize savings in adopting national pay ranges, some will likely do so. On the flip side, if candidates hold the cards, a national pay range may not be enough – particularly if most of the talent being targeted resides in more expensive cities than the employer's operations. Long story short, there is not a one-size-fits-all strategy – it's a philosophical decision that requires objective market and talent data analysis to determine the best approach.



ASK YOURSELF:

Do remote-work capabilities provide a reason to reassess your pay philosophy and ranges?

Reassessing Employees' Needs: What Matters Most Right Now

Employees are struggling financially and may be more vulnerable during this economic recession. Research from Career Builder shows that:

- Astoundingly, **78% of U.S. workers are living paycheck to paycheck**
- **Nearly 3 in 4 workers say they are in debt** – and more than half think they always will be
- **About 1 in 3 workers use a budget** – and more than half save \$100 or less a month

Great employers have tuned into this alarming truth and have taken to reassessing their total rewards offerings. Recent trends in total rewards include on-demand pay, living wage philosophies, financial well-being commitments and cafeteria plans.

On-demand Pay

Timely access to earned wages helps employees pay bills on time and avoid bank overdraft fees. At present, 2% of respondents offer on-demand pay, whereby employees can access earned wages on demand (e.g., upon completion of a shift), although this prevalence increases to 12% when assessed nationally. Biweekly paychecks emerged after the introduction of income taxes as a way to manage the administrative burden of manual calculations. Now that technology can significantly ease this burden, some employers (e.g., McDonald's, Walmart, Burger King, etc.) provide on-demand pay and have seen improvements in talent attraction and retention as a result. Now, if the employee is required to pay a transaction or monthly fee for this service, it may just be a Band-Aid on a bigger issue.

12%
of companies nationally are offering on-demand pay service

Living Wage Philosophy

Another approach that employers could consider is adopting a living wage philosophy. In fact, 38% of respondents indicated that they currently or will in 2021 commit to paying a living wage – which may be higher than minimum wage and market competitive wage levels. Methods of determining living wage vary. For example, Patagonia relies on free research published annually by Massachusetts Institute of Technology to ensure that their wages are at or above living wages for all their locations.

A **living wage** considers the costs of food, savings, housing, education, healthcare, clothing and transportation. It draws on these cost elements and the rough effects of income and payroll taxes to determine the minimum employment earnings necessary to meet a family's basic needs while also maintaining self-sufficiency.

Financial Well-being

Recognizing that personal finances may be a growing employee concern, some employers have expanded their well-being programs to incorporate **financial well-being**. Financial well-being programs often include retirement planning, debt management and budget counseling and may be facilitated through an engaging technology platform. Per our survey, 59% of employers offer some type of financial well-being assistance/support to employees. Common offerings include:

- Financial education (38%)
- Tuition reimbursement/scholarships (38%)
- Employee discounts (37%)

Cafeteria Plans

With fewer dollars to spend or simply just to better align rewards with the personal preferences of employees, some organizations are considering cafeteria plans, if they don't already have them. In fact, 18% of respondents already have cafeteria plans and 7% of respondents are considering this for 2021. These plans give employees choice in how to spend a benefit contribution, be it toward a 401(k) plan, flexible spending plan, personal/professional development, student loan forgiveness, etc. You pick the options. This is a great offering to help maximize the return on investment in your total rewards programs.

As employers reprioritize and reevaluate total rewards strategies in the new world of work, it's important to not lose sight of **total rewards communications and education** of employees to yield maximum impact. Check out our [2020 HR Trends Report](#) for critical points on these topics.



ASK YOURSELF:

Are you making appropriate adjustments to your total rewards strategy based on the evolving needs of your employees?



DIVERSITY, EQUITY AND INCLUSION (DEI):

Invest in Your Community and Your Community Will Invest in You

DEI is one of the best ways to increase engagement as it supports employees in being their full and authentic selves. In fact, last year's survey found that employers who identified DEI as a strategic priority were two and a half times more likely to respond that they had high employee engagement levels. While **higher engagement levels are a beneficial outcome of DEI, they should not drive the pursuit of DEI.** Simply put, it is the right thing to do, and **it is our responsibility to both our employees and communities** to create an inclusive workplace and ensure that each employee has full opportunity to thrive.

The global pandemic shed some light on powerful data that emphasizes the need to not only focus on, but also prioritize, a commitment to DEI, particularly when it comes to race. Data from the Centers for Disease Control and Prevention (CDC) show that Black and Latinx people have been disproportionately affected by COVID-19. They are three times as likely to become infected and two times as likely to die from the virus as white people.

Employers who identified DEI as a strategic priority were

2.5X
more likely to respond that they had high employee engagement levels

Per the CDC, "Some of the many inequities in social determinants of health that put racial and ethnic minority groups at increased risk of getting sick and dying from COVID-19 include discrimination, healthcare access and utilization, housing, occupation, and educational, income and wealth gaps."

These alarming CDC statistics illustrate **systemic racism**, which is how different institutions, policies and processes operate together to create a disproportionately adverse outcome for Black, Indigenous and People of Color (BIPOC). The prevalence of systemic racism in our society means that it's extremely **important for employers to actively work against racism in order to create anti-racist workplaces and equitable opportunities for the people in their community.**

Anti-racism: A form of action against racism and the systemic racism and oppression of marginalized groups

We as employers can take actions to address occupation, education and income and wealth gaps that contribute to systemic racism. For example, one action that we can take is to regularly conduct **pay equity analyses** (i.e., checking for pay disparities across protected classes such as race, ethnicity, gender, age, etc.). Of employers surveyed, 25% say that they have administered a pay equity analysis at least once in the past three years or plan to do so in 2021.

To make a positive impact in their communities and combat systemic racism, some companies are being more intentional in supporting BIPOC-owned businesses as suppliers and community partners. Additionally, some employers are being more vocal in their stance on human rights issues, such as racism and supporting employees in getting involved in the community to advocate for change. We are seeing a redefinition and reprioritization of community impact at this time.



ASK YOURSELF:

Are you aware of how your policies can affect occupation and wealth gaps?

A Commitment to Both Actions and Words: Addressing DEI in your Own House

- The #1 action survey respondents are taking to advance DEI is **providing trainings, workshops and development opportunities**, which is a great starting point. Ongoing company-wide education and communication is critical. It's not a one and done – it's a journey. Cost should not be a barrier as there are many community partners that offer free workshops/trainings, a lot of great resources online and books accessible through public libraries.
- The #2 action respondents are taking is providing a safe place/way for employees to share feedback. This is important as we need to get more comfortable having uncomfortable conversations and asking difficult questions so we can grow as a society.
- It's important to take the learnings gained from #1 and #2 and apply them to improve employment practices and policies, such as talent sourcing, hiring, development and compensation. Check out the following chart for specific ideas of actions that your organization can take, if it hasn't already, to progress in your DEI journey.

DEI requires top-down and bottom-up commitment, as well as a **commitment in both actions and words**. Some employers in this year's survey identified that DEI is a strategic priority, but they didn't identify that they are taking any actions to advance in DEI. Similarly, some employers are taking actions, but didn't identify DEI as a strategic priority.

ACTIONS TAKEN TO ADVANCE DIVERSITY, EQUITY & INCLUSION



EMPLOYERS ARE PRIORITIZING DEI MORE YEAR OVER YEAR

The Black Lives Matter movement appears to be driving some positive change in commitments and actions per the year-over-year improvements in the following important survey results.

Percentage of Survey Respondents	2020 Survey	2021 Survey	YOY Improvement
DEI is a strategic priority	47%	64%	+17%
DEI training/development is offered	22%	60%	+38%
DEI dedicated employee or committee	7%	31%	+24%

While this is forward progress, significantly more progress is needed. COVID-19 and the Black Lives Matter movement have given us another opportunity to stop, reflect and commit to fostering greater diversity, equity and inclusion within our organizations. But we need to lean in – **this is only a tipping point if we make it a tipping point**. Let's invest our time, resources and voices to progress toward anti-racism.



ASK YOURSELF:

How do you show your commitment to furthering DEI?



CAREERS:

Creating a Vision for Their Future


Each year, organizations are tasked with not only attracting talent but also retaining that talent. In the past 12 months, the **average voluntary turnover rate of respondents was 12.3%**. Looking forward, 58% of respondents identified that **retaining key talent** will be a challenge in 2021. Even though the average voluntary turnover rate is not alarmingly high for most and is not a top concern for the future, voluntary turnover takes a toll on organizations, with lost knowledge and productivity.

So how does an organization retain employees? Again, it goes back to employee engagement. Research by Villanova University shows that a **highly engaged employee is 87% less likely to leave an organization**.

A key driver of employee engagement is career development. In fact, survey respondents identified career development as the #1 reason why employees resign from their organization.

A growing trend in the new world of work is **job redesign, job architecture and career pathing** initiatives. Approximately one-third of respondents indicated that they have job ladders/career paths that are communicated to employees in at least a portion of the organization; 17% of respondents are considering adding them for 2021. Employees and candidates want to know where they can take their careers, and the tools developed in these initiatives help with that. It is no longer just about vertical career movements either – employees are also interested in horizontal, diagonal and sometimes even backward career opportunities. These tools/frameworks also provide more structure to compensation and performance decisions as well as the opportunity to reevaluate job descriptions from a diversity, equity and inclusion standpoint.

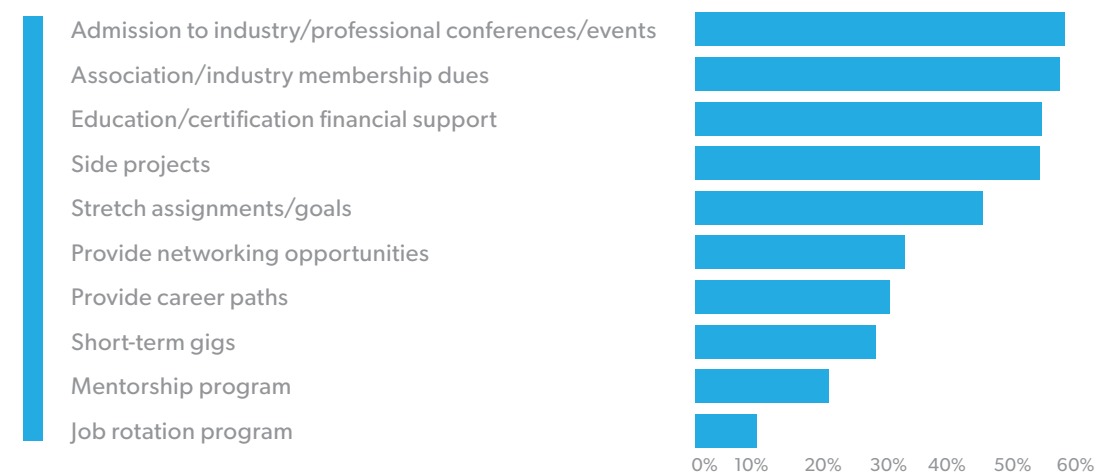
Directly connecting employees with purpose is the ultimate way to drive an emotional engagement from employees. In addition, research shows that employees who derive purpose and meaning from their work are more than three times as likely to stay with their organizations. Consider integrating purpose statements into any updated job descriptions that result from job architecture/career pathing initiatives.




PRO TIP: An effective purpose statement articulates why you do what you do, why your organization exists and why you serve a higher purpose.

GROWTH OPPORTUNITIES

The most prevalent growth opportunities offered to employees include admission to conferences/ events and membership dues.



Leadership development and succession planning continue to be front of mind for employers as these were ranked as the #4 and #9 HR challenges heading into 2021. In fact, only 13% of survey respondents are not doing any succession planning for leadership jobs. To address these challenges, approximately two out of three organizations are identifying and assessing current employees who can potentially fill future leadership jobs. Additionally, 44% are integrating succession planning into the organization’s long-term business strategy to ensure it receives appropriate attention. Other common actions include determining the gaps between available and needed talent (44%) and creating development plans and opportunities for current employees identified as future successors (41%).



ASK YOURSELF:
How can you provide and communicate to your employees a clear path for career development?

Good Feedback: Give It Often, Be Objective and Focus on Results

Providing employees with **performance feedback** is another important facet of career development. In this COVID-19 world, where many are working remotely, providing employees with performance feedback is of greater challenge and importance. When we can no longer do the verbal drive-bys, we need to be more intentional in sharing feedback.

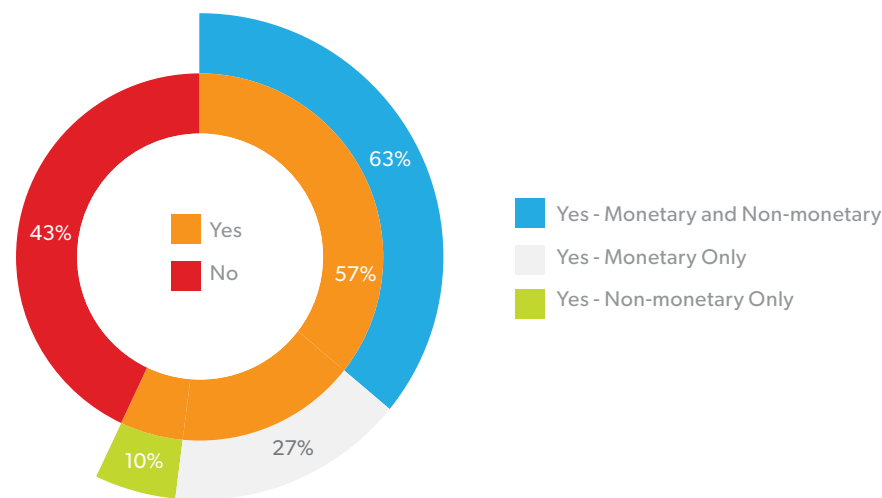
Last year, the majority of respondents (54%) said managers were sharing performance feedback with employees on an annual or biannual basis; this year, that prevalence dropped to 37%, suggesting employers are moving toward more frequent performance conversations. In fact, the majority of respondents (51%) this year say that managers are sharing performance feedback with employees at least monthly; 22% are providing **ongoing/continuous performance feedback**. Interestingly, these employers with ongoing/continuous performance feedback were twice as likely to respond that they have highly engaged employees as employers with other performance feedback frequencies.

Rather than leaning on gut assumptions of how a remote or hybrid workforce is performing, some organizations are investing in better ways to **objectively measure** employee productivity; once measured, these employers can identify and remove any obstacles to increase employee productivity, where needed. Now this is easier said than done – it’s a big undertaking depending on the type of organization and industry. A crucial point, however, is that leading employers are **focusing on results like quality of work, client satisfaction, etc.** – not on keystrokes, hours logged or activities completed. This is referred to as “macro” vs. “micro” level management. This macro level style, especially when the results are shared transparently with employees, builds trust and helps to better recognize and retain high performers.

An important aspect of performance feedback is recognizing a job well done. Interestingly, 43% of respondents do not have a recognition program. This is shocking, as research shows that just **1% of payroll spent on recognition can increase employee engagement up to 85%!**

1%
of payroll spent
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RECOGNITION PROGRAM PREVALENCE



The majority of respondents with recognition programs (63%) have both monetary and non-monetary components, but don’t let this stop you if budgets are tight, because some of the best recognition is free. In a socially distanced world, it may be harder to do high-fives and handshakes to express appreciation. We need to be more intentional and planful with recognition. Many respondents (62%) are conveying recognition virtually through an intranet site or internal communication platform (e.g., recognition channel in Microsoft Teams or Slack). Approximately 12% of respondents have been able to invest in a dedicated recognition system (e.g., Kazoo, Bonusly, etc.). Additionally, 13% of respondents have democratized recognition by giving employees an annual allotment of rewards/dollars to recognize other employees through the year.

PRO TIP: When in doubt use these recognition best practices:



- 1.) Tie it to spontaneous recognition
- 2.) Make it timely and specific
- 3.) Connect recognition to company values
- 4.) Let employees choose the reward that matters
- 5.) Democratize it – empower employees/teams to reward each other
- 6.) Track, analyze and improve it
- 7.) Have fun with it!

Whatever your means, we encourage you to lean into recognition programs. When done right, recognition can bring purpose and appreciation to an employee’s work, ultimately increasing their engagement and productivity within a role. When employees are engaged and productive, organizations succeed.



ASK YOURSELF:
How often do you provide intentional, quality feedback?



WELL-BEING:

Actions Speak Louder Than Words

When it comes to employee well-being (an important driver of employee engagement), perceptions are everything. Your organization may regularly do market compensation studies and know that pay is competitive, but your employees may still perceive pay to be below market. Or your organization may offer great opportunities for employees to grow and develop, but your employees may still claim you don't do enough. When these gaps between employer intentions and employee perceptions exists, especially to a large extent, employee engagement can be negatively impacted.

Over the past few months, some employers have told employees that they care about them, but the actions that they took in responding to COVID-19 were perceived by employees as not demonstrating care. In other words, there was **misalignment between the employer's words and actions**, which negatively impacts engagement.

An example of this would be an employer who tells employees, "We support you in having flexible work schedules and workloads that balance your personal needs," while the actions of the employer have actually extended working hours (e.g., early morning or evening meetings, 24/7 emails, etc.) and caused employees to take on more work.



PRO TIP: Conduct regular employee engagement surveys to objectively understand and address the gaps between your intentions and your employee's perceptions.



ASK YOURSELF:
How do your employees perceive your intentions?

Not only can examples like this negatively affect engagement – they can lead to something even worse ... **burnout**. The World Health Organization defines burnout as a "syndrome resulting from chronic workplace stress that has not been successfully managed." Job stress is a growing issue and is estimated by the American Institute of Stress to cost U.S. companies more than \$300 billion a year in health costs, absenteeism, turnover and poor performance. Symptoms of burnout include:

- Feelings of energy depletion or exhaustion
- Increased mental distance from one's job or feeling negative toward one's career
- Reduced professional productivity

Clearly, burnout is not good for employees or employers. Leading employers work to prevent burnout by demonstrating care in both words and actions. In doing so, these employers improve employee engagement levels.

CARING AS IT RELATES TO WELL-BEING AND BURNOUT

Care is related to well-being, engagement and inclusion

When an organization cares...

- Well-being is 42% higher
- Engagement is 51% higher
- Inclusion is 81% higher

Care is related to intent to stay and likelihood to recommend

When an organization cares...

- Employees are 53% more likely to stay 3+ years
- Employees are 82% more likely to recommend the organization as a great place to work

Care is related to lower stress and burnout

When an organization does not care...

- Only 14% of employees feel that their stress is manageable
- 84% of employees feel burned out

Promoting Employee Well-Being: Leading with Care and Compassion

How do employers demonstrate care? Some are rethinking the norms of culture and employee support by defining **Workforce Pledges**, in which their CEOs express commitments such as being family sensitive, setting boundaries, supporting flexibility for personal needs and supporting "not camera ready" times. This top-down, transparent support goes a long way with employees.

We also know that time off is important to prevent burnout and support employees in achieving **work-life balance**, which is the #6 HR Challenge heading into 2021. At the onset of COVID-19, some employees **canceled their paid time off/vacation plans** due to travel restrictions and/or to help their organizations get through the uncertain time.



To support employees in taking time off, 34% of respondents are adjusting their paid time off (PTO)/vacation policy in some way, such as:

- Increasing carryover/accrual maximums (13%)
- Extending the timeframe in which employees may use their paid time off (12%)
- Requiring employees take paid time off by a certain date or lose those days (9%)
- Adding or enhancing payout of earned unused vacation/PTO days (6%)

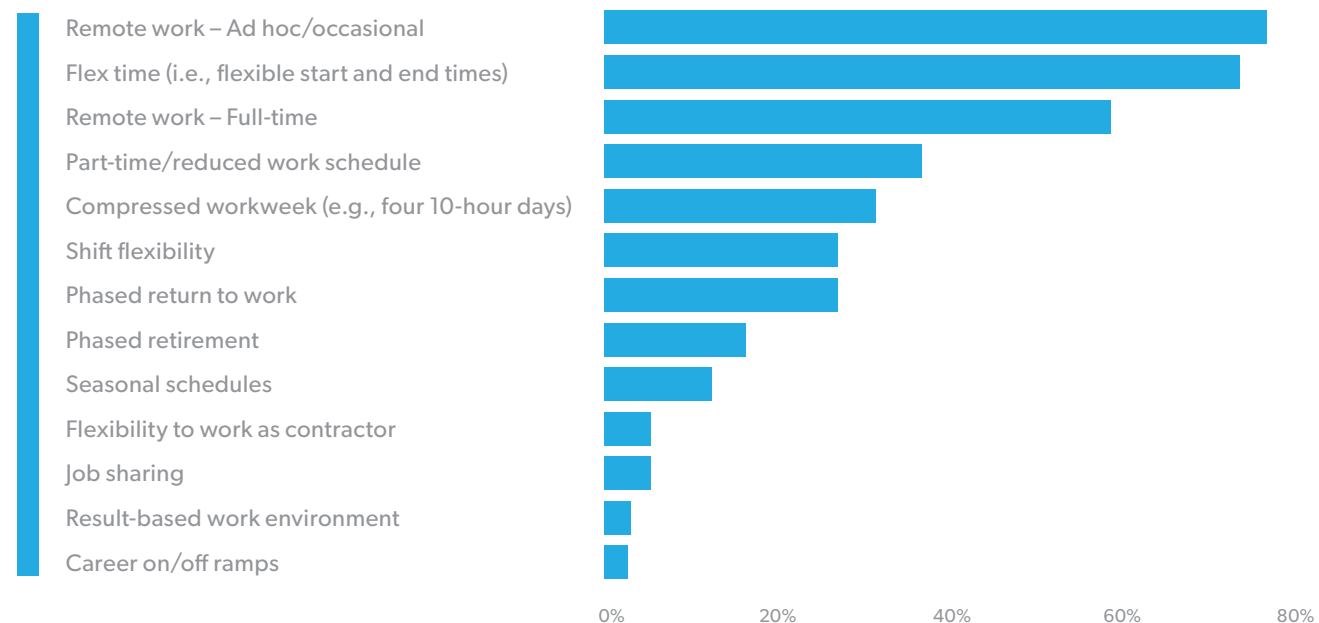
Some employers are also allowing PTO usage for exempt employees in smaller increments (e.g., two hours instead of the traditional four or eight hours). Another way to support employees in taking time off is **paid holiday shutdown week(s)**, commonly the week between Christmas and New Year's, so employees can return to work recharged and with fewer emails from colleagues.

To prevent Zoom fatigue and increase productivity, some employers have also adopted **no meeting days**, commonly on Fridays, such that employees have time to focus on getting work done before they head into the weekend.

Employers also demonstrate care by providing **flexible work arrangements**. In fact, the vast majority of respondents are offering flexible work arrangements of some kind – think flexible start/end times, remote work opportunities, compressed workweeks, etc. – and plan to continue these offerings post COVID-19. The following table represents the new standard in terms of what it takes to attract, retain and engage talent.

FLEXIBLE WORK ARRANGEMENTS

86% of responding organizations have and will continue to offer remote work arrangements (either ad hoc/occasional or full-time) post COVID-19.



Additional Ways to Increase Employee Engagement Through Well-Being

Working parents may be more vulnerable to burnout, particularly those with virtual or hybrid schooling. Most organizations (67%) are offering flex time and remote work (86%) to support employees in balancing work and childcare needs. Another approach, which promotes a more supportive and inclusive culture, is an all-company **midday break** to allow working parents to make lunch for their kids without missing out on important meetings. While few respondents offer paid caregiver support, childcare referrals, childcare spending account subsidies and/or vouchers, on-site daycare, discounts/stipends for childcare/learning providers or apps, or babysitter/nanny/tutor reimbursement programs – these may still be worthwhile programs for your organization to consider.

One action that employers can take to demonstrate both care and a commitment to DEI is to offer **paid parental leave**, which 24% of respondents indicated that they provide. The median paid leave is six weeks for maternity leave and four weeks for other types of parental leave (e.g., paternity, foster, adoption, etc.).

Education and tools are another important way for employers to demonstrate care and promote employee well-being. Some ways that respondents help employees with this include:

- Employee assistance programs (87%)
- Mental health education/tools (e.g., stress management programs) (33%)
- On-site relaxation room (11%)
- Meeting management guidelines (e.g., scheduled rest breaks, etc.) (4%)
- Span of control limits (i.e., a maximum number of employees reporting into a manager) (2%)



PRO TIP: Employee well-being has many dimensions, including emotional, financial, physical and social. Consider doing a SWOT (strengths, weaknesses, opportunities, threats) analysis on your well-being program and challenge yourself to consider these various dimensions. You may be surprised to find additional ways to improve your well-being program and demonstrate care to your employees!



ASK YOURSELF:
What are you doing to promote a positive work-life balance?



ASK YOURSELF:
Are there flexible work arrangements that work best for your employees?

Feel Empowered

BY YOUR 2021 HR PLAN

The world of work has dramatically changed in our most recent trip around the sun. Whether your company is struggling with revolutionary changes to working conditions, communication techniques or financial performance, one finding remains the same – employers with highly engaged employees are more likely to succeed.

This truth makes it especially important for HR pros and company leaders to find ways to support their teams and keep them connected through these turbulent times – and they are feeling the pressure.

Results from this survey illuminated some great ways to achieve success with enhancing employees' engagement levels. By focusing on key drivers like career development, compensation and benefits, diversity, equity and inclusion, and well-being, you should expect to experience an increase in positivity, productivity and dedication.

To help you create the most powerful and actionable plan for addressing employee engagement in 2021, we put together some helpful questions to ask yourself along the way:

- ✔ What are the greatest HR challenges that your company is facing as we head into 2021?
- ✔ Are you coming up with new solutions to keep employees connected?
- ✔ Do remote-work capabilities provide a reason to reassess your pay philosophy and ranges?
- ✔ Are you making appropriate adjustments to your total rewards strategy based on the evolving needs of your employees?
- ✔ Are you aware of how your policies can affect occupation and wealth gaps?
- ✔ How do you show your commitment to furthering DEI?
- ✔ How can you provide and communicate to your employees a clear path for career development?
- ✔ How often do you provide intentional, quality feedback?
- ✔ How do your employees perceive your intentions?
- ✔ What are you doing to promote a positive work-life balance?
- ✔ Are there flexible work arrangements that would work best for your employees?

The challenges brought on by recent times have given leaders the opportunity (whether they wanted it or not) to reflect on what matters most and improve on what was. Good leaders will take this time to consider new possibilities and search for ways to keep their great employees committed to their cause.

To quote Harvard Business Review, “[Leaders] who manage the economic effects of this crisis in a clear and compassionate way create more value for their companies and will come out of this pandemic stronger than ever before.”

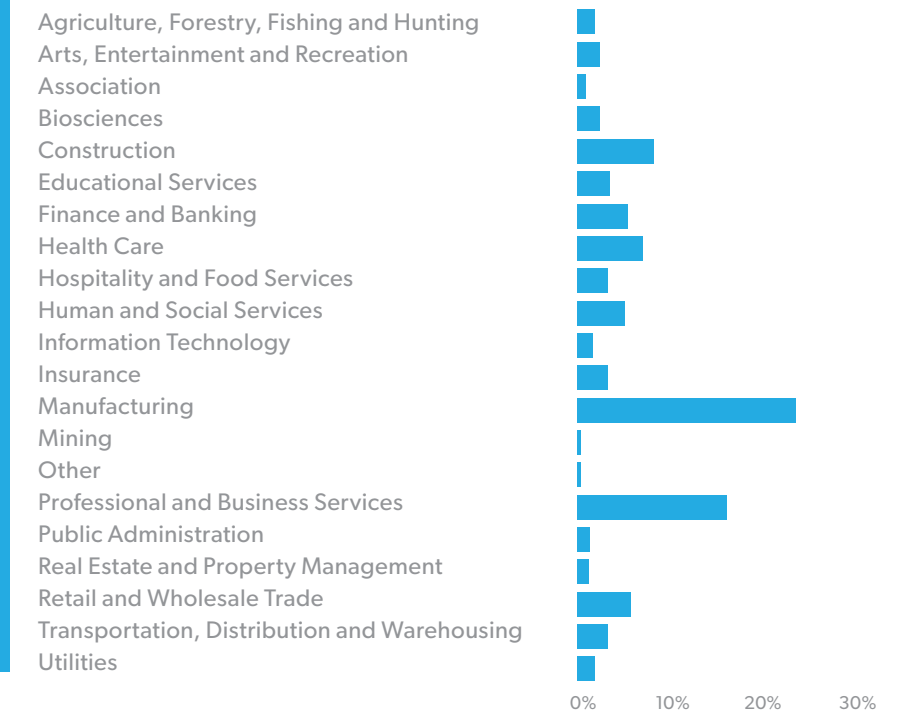
As you prepare your 2021 HR strategic plans, we encourage you to lead with compassion and take the time to reflect, such that you, too, may emerge stronger than ever.

Looking for More Detailed Information?
 Survey participants receive an exclusive copy of complete survey results. If you didn't have a chance to participate this year, please consider doing so next year to receive these additional insights. Contact us at QTI@QTIGroup.com to learn how.

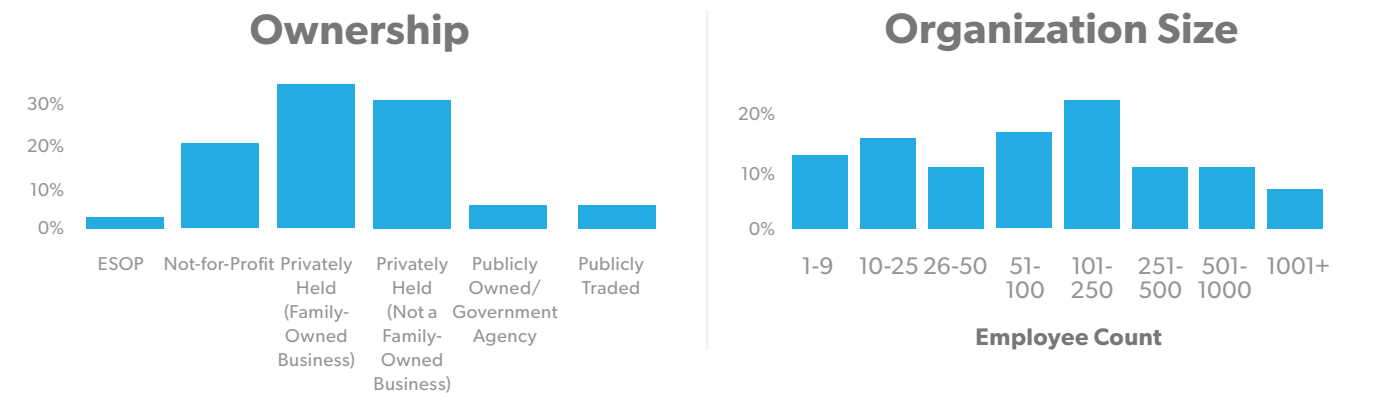
Methodology

QTI's 2021 HR Trends report is based on data submitted by 273 primarily Wisconsin-based employers across a variety of industries and organization sizes. The majority of respondents are privately held organizations. The survey submission period was July 27 – August 14, 2020. If you are interested in receiving the full survey results, please participate in next year's survey. Contact us at QTI@QTIGroup.com to learn how.

PARTICIPATION BY INDUSTRY



273 PRIMARILY WI-BASED RESPONDENTS



**Our work is people.
Because people are the heart of every business.
Are you ready to apply these trends to your 2021 HR strategy?
Contact us to get started.**

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