



Segal Webinar

The Power of Culture

Driving Retention, Productivity and Performance

May 2023

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Today's Discussion

Changing Workforce and Trends


Toxic Work Culture

Mental Health and Culture

Generational Shifts in the Workforce

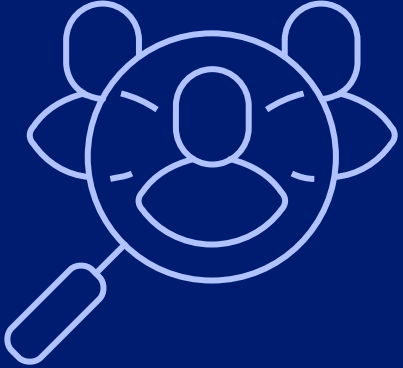
The Future of Work: Remote and Flexible Work

Changing Workforce and Trends

A woman with her hair in a ponytail is shown in profile, looking towards a whiteboard. The whiteboard has several charts and graphs on it. The scene is dimly lit, suggesting an office or meeting room environment. The image is overlaid with a dark blue gradient that transitions into a teal gradient where the text is located.

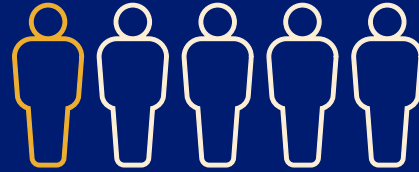
Coming out of the Pandemic, employers across nearly every industry are experiencing a significant labor shortage, an aging workforce, shifting generations of workers, and a deficit in talent relative to business needs. High turnover and difficulty recruiting have challenged most industries, and the Great Resignation has not shown significant signs of slowing down. Many of these workforce trends are predicted to continue to some degree for the next decade or longer, making talent and culture solutions more critical than ever.

Labor Shortage and an Aging Workforce



There are over
10 million
job openings
in the United States
right now – but only
5.7 million
unemployed
workers actively
looking for work

By 2040



about one in
five Americans
will be age 65
or older, from about
one in eight in 2000



About

10,000 baby
boomers

turn 65 each day,
and the entire
generation is expected
to reach retirement
age by 2030

The Great Resignation

About **50.5 million people quit** their jobs in 2022, beating out the 47.8 million in 2021, which means about 4.3 million workers quit their jobs each month

4 million quit in February 2023

Nearly **70% of Gen Z and Millennials** say they plan to leave their jobs in 2023

Although the actual cost of the Great Resignation is not yet fully understood, the potential cost of turnover is estimated to be as high as **50% of annual salary**



Employees have options making it easy to change jobs.
The power dynamic has shifted from the employer to the employee.

Employee Engagement and Retention

Why are Employees Leaving?

A multitude of factors are driving turnover, and lower levels of employee engagement and productivity, including:

- Toxic work environment
- Ineffective leaders and supervisors
- Stress, burnout and poor work-life balance
- Limited opportunities for growth and development
- Employees not feeling recognized, appreciated or valued
- Lack of remote and flexible work options
- Lack of competitive total rewards and programs that appeal to multiple generations
- Limited camaraderie and social connection



Employee Engagement and Retention

Why are Employees Leaving?

The biggest factors we are seeing:

- Toxic work environment
- Mental health, stress and burnout
- Shifting expectations and demands from new generations of workers
- Continued evolution of remote and hybrid work



Toxic Work Culture

Retention and the Work Environment

Drivers of Turnover

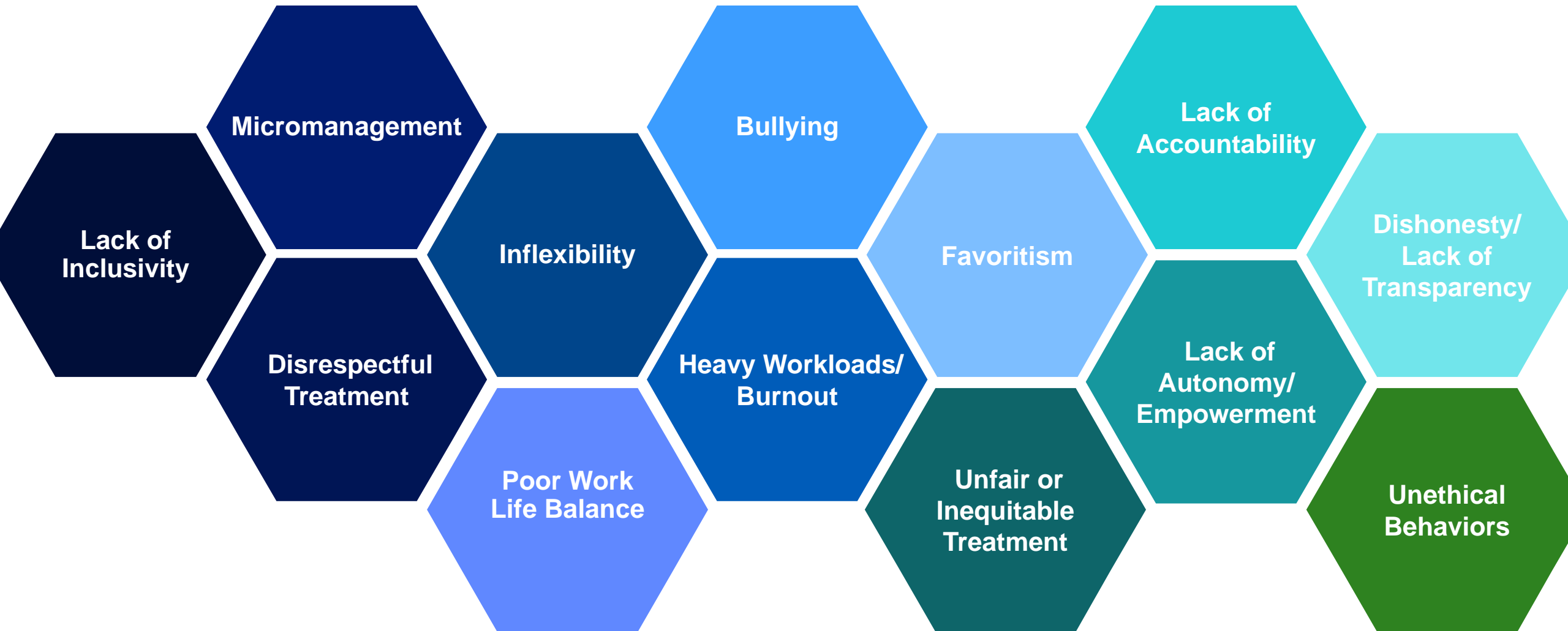
Toxic Work Culture

- The strongest predictor of turnover and contributor to the Great Resignation by far is a toxic work culture:
 - A toxic work environment is **10.4 times** more powerful in driving turnover than compensation
 - In fact, **compensation ranks 16th** among factors driving turnover in the recent MIT Sloan study on drivers of the Great Resignation
- Toxic work culture is a major contributor of mental health challenges
- Productivity, absenteeism, and presenteeism are common impacts: a toxic work culture contributes to reduced productivity by up to 40%



Toxic Workplace

Common Contributors of a Toxic Work Environment



Retention and the Work Environment

Where to Start

Establish a baseline and understand where you are at:





- Utilize culture and engagement surveys
- Gather input and ideas from employees through focus groups and other direct mechanisms
- Collect and leverage data (turnover trends, exit interview data, etc.)
- Evaluate engagement and the employee experience at the department level
- Monitor external rating sites to gain insights into employee sentiment
- Develop action plans to address results and assign accountabilities for results to leaders

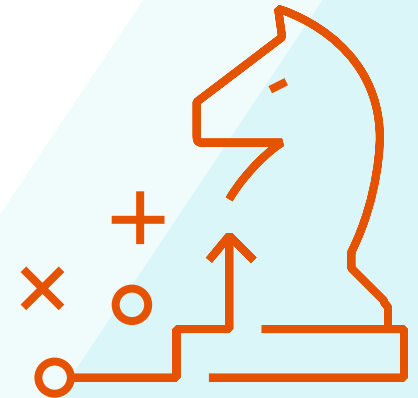


Establishing a baseline of employee engagement and morale and a comprehensive, tailored strategy for retention and engagement are an imperative.

Retention and the Work Environment

Top Strategies for Addressing a Toxic Work Environment

-  Ensure strong and visible senior leadership buy-in, sponsorship, ownership and support
-  Clearly define your desired culture and core values
-  Ensure appropriate resources are in place in HR to lead and manage culture and retention efforts
-  Invest in robust training and development and require for managers



Retention and the Work Environment

Top Strategies for Addressing a Toxic Work Environment

-  Develop leadership and management core competencies and establish performance expectations and accountabilities
-  Establish safe and confidential reporting mechanisms for employees to surface issues and concerns
-  Evaluate and revise policies to ensure an inclusive and fair work experience
-  Consistently address incidents contributing to a toxic work environment
-  Expand resources and support for work/life balance and mental health
-  Develop a compelling recognition and reward programs

Employee Engagement and Retention

The Employee Experience



Toxic Workplace

Polling Question

What tools are you utilizing to prevent or address a toxic work culture?

- Employee engagement surveys/assessments
- Robust training and development programs
- Exit and/or stay interviews
- Leadership performance accountabilities for driving/modeling the desired culture
- Turnover data and trend analysis
- Dedicated HR or other resources(s) supporting employee engagement and retention

Mental Health and Culture

Mental Health in Today's Workplace

Mental Health issues are prevalent in the current workforce and are affecting your workplace culture:

- 76% percent of U.S. Workers reported at least one symptom of a mental health condition
- 81% percent of workers reported that they will be looking for workplaces that support mental health in the future
- Mental health challenges and stress can have significant impacts on your workplace, including:
 - Diminished job performance
 - Lower productivity
 - Negative impacts to employee engagement
 - Absenteeism and presenteeism
 - Higher rates of disability and unemployment



Mental Health in Today's Workplace

Mental Health in the workplace has become such a pressing issue that late in 2022 the US Surgeon General developed a framework for Workplace Mental Health and Well-Being

Five Essentials for Workplace Mental Health & Well-Being

Centered on the worker voice and equity, these five Essentials support workplaces as engines of well-being. Each Essential is grounded in two human needs, shared across industries and roles.



What Can You Be Doing?

Reevaluate your benefits

- Conduct a formal benefits audit to gauge relevance and effectiveness of current offerings and identify gaps
- Evaluate mental health coverage in health insurance
- Bolster EAP programs
- Make mental health a significant part of your wellness programs

Prepare managers

- Train and educate leaders on the signs of mental health issues
- Equip leaders with tools and approaches for identifying mental health issues and connecting employees with resource



Mental Health in Today's Workplace

Reduce the Stigma in Your Workplace

- Create safe spaces for conversations about mental health
- Hold regular forums and events aimed at mental health

Monitor Employee Needs and Effectively Communicate

- Gather employee input on needs or incorporate relevant questions in your employee engagement surveys/assessments
- Establish an effective benefits communication strategy, campaign, and resources to keep the workforce informed



Generational Shifts in the Workforce

Characteristics of Different Generations

By 2025, 75% of US workforce will be Millennial and Generation Z.

Silent Generation
Born mid-1920s to 1940s

Embrace security and tradition, risk averse

Boomers
Born mid-1940s to 1960s

Hard working, value work over personal pursuits, competitive

Gen X:
Born mid-1960s to late 1970s

- Hold over 50% of all leadership roles
- Adaptable, embrace technology, value work-life balance

Millennials
Born mid-1980s to late 1990s

1/3 of the US workforce in 2018

Generation Z
Born mid-1990s to 2010

25% of the U.S. population, a larger cohort than Baby Boomers/Gen X, and outnumber Millennials by 1M

Facts and Figures

Gen Z employees are more likely than other generations to prefer working for smaller companies, with **73%** saying they prefer companies with fewer than 100 employees.

Millennials and Gen Z employees prioritize work-life balance over financial rewards. **71%** of Gen Z respondents said they would take a pay cut to work for a company that aligns with their values.

Millennial and Gen Z employees are more likely than older workers to consider leaving their jobs, with **9 in 10** saying they would consider leaving their current role within the next three years.



Facts and Figures

Millennial and Gen Z employees prioritize purpose and development opportunities in their jobs. They are more likely to be engaged in their work if they feel their jobs have meaning and they have opportunities to learn and grow.

80% of Millennials and **74% of Gen Z** employees are interested in job opportunities outside of their current role or organization.

Millennial and Gen Z employees value diversity and inclusion in the workplace. **86% of Gen Z** respondents and **77% of Millennial** respondents said they would consider an employer's diversity and inclusion policies before accepting a job offer.



Key Benefits of a New Generation of Workers



Potential Challenges with a New Generation of Workers



The Employee Experience

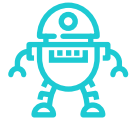
New Generation of Workers

	Traditional Approach	New Approach
Technology and Communication	<ul style="list-style-type: none"> • Manual processes and dated technology • Bureaucracy • Lengthy email communications 	<ul style="list-style-type: none"> • AI • Self-service • Social media • Bite sized communications
Professional Development	<ul style="list-style-type: none"> • Classroom based and generic eLearning • Annual performance reviews 	<ul style="list-style-type: none"> • Diverse training modalities • Customized learning tied to career growth • Regular mentoring and career conversations
Data/Tools/ Processes	<ul style="list-style-type: none"> • Traditional 9-5 in person schedule • Benefits that favor longevity • Recognition of years of service 	<ul style="list-style-type: none"> • Remote and hybrid work • Robust wellness and recognition programs • Innovative and diverse rewards and perks
Culture and Engagement	<ul style="list-style-type: none"> • Transactional HR resources and limited focus on culture and engagement • Reactive retention approaches 	<ul style="list-style-type: none"> • Dedicated HR resources with a strategic focus on culture and engagement • Strategies for retention and being a recognized employer of choice • Clear and compelling Employee Value Proposition (EVP)

Cultural Strategies that Drive Recruitment and Retention



Create options for flexible work and remote arrangements



Modern technology, social media and on-demand



Limited bureaucracy and barriers to innovation



Variety of bite-sized learning and development opportunities



Focus on Work/Life balance and Wellness (physical, emotional and financial)



Robust recognition strategies



Highly diverse and inclusive work environments



Continuous performance feedback and check ins



Variety in work assignments and experiences



Social responsibility as an organizational value

The Future of Work: Remote and Flexible Work

Current State of Remote and Flexible Work in the U.S. Facts and Figures

81% of workers expect their employer to continue supporting remote work.

Flexible work arrangements are offered by **80%** of U.S. companies.

26% of U.S. jobs are remote and 56% of companies allow for some remote work.

53% of hourly front line workers say that flexibility over their working hours is important to them.

59% of workers report being more likely to choose an employer that allows remote work rather than one that doesn't.

The average U.S. worker works remotely **5.8 days** per month

By 2025, there could be as many as **36.2 million** Americans working remotely.



Polling Question

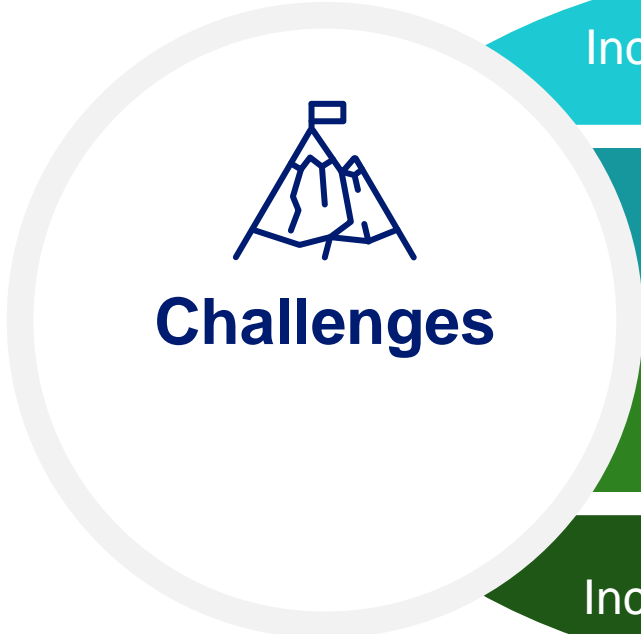
Where is your organization headed when it comes to remote and flexible work?

- Remote and flexible work is increasing at my organization
- Remote and flexible work is decreasing at my organization
- Remote and flexible work is staying the same at my organization
- I am not sure what my organization is doing about remote and hybrid work

Key Benefits of Remote and Flexible Work on Your Organizational Culture



Potential Challenges of Remote and Flexible Work on Your Organizational Culture



Increased feelings of loneliness and isolation







Decreased mental and physical well-being

Decreased professional development opportunities and visibility

Increased burnout and stress






Strategies for Success

How to Make Remote and Flexible Work, Work for Your Culture

-  Develop a **human-centric remote and hybrid work strategy and policy** that aligns with your organizations culture, values, and mission
-  Give teams the autonomy to decide which remote and flexible arrangements work for them
-  Empower leaders and managers to set **boundaries** and **expectations** with their teams to combat burnout behaviors and preserve **work-life-balance**
-  Ensure managers, supervisors, and employees have adequate **training** and resources for managing and working in a remote and flexible work environment
-  Find opportunities to create **human connections** and **community** across the organization
-  Develop meaningful **rewards** and recognition programs that creates a **culture of appreciation** and **celebrates wins**

Strategies for Success

How to Make Remote and Flexible Work, Work for Your Culture

-  Develop **onboarding** and **orientation** programs that clarify organizational values and build connections
-  Provide clear **career pathways** and **professional development** opportunities for employees at all levels and are reflective of a remote and hybrid workforce
-  Incorporate “**wellness**” goals into performance discussions to promote **physical** or **mental wellbeing**
-  Design physical meetings spaces that are conducive to hybrid work meetings and allow for **intentional asynchronous collaboration**
-  Ensure your organization has sufficient, modern, and user-friendly **tools** and systems that enable teams to easily **collaborate**, **share information**, and **connect**



Questions and Discussion

