



# rethinking what we need from work

A guide to employees' most pressing needs and how your organization can meet them, based on Mercer's 2022 Inside Employees' Minds<sup>®</sup> study.



welcome to brighter

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# About this study

This study includes 4,049 full-time employees in the United States, working for organizations with more than 250 employees.

The study was fielded between August 26 and September 9, 2022.

## Industries with more than 500 employees



Food Service, Retail and Hospitality



High Tech, Telecommunications and IT

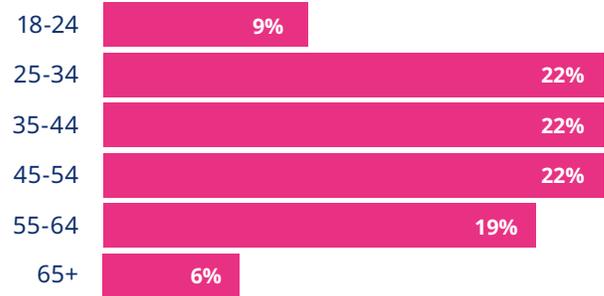


Insurance, Financial Services and Banking



Healthcare

## Age



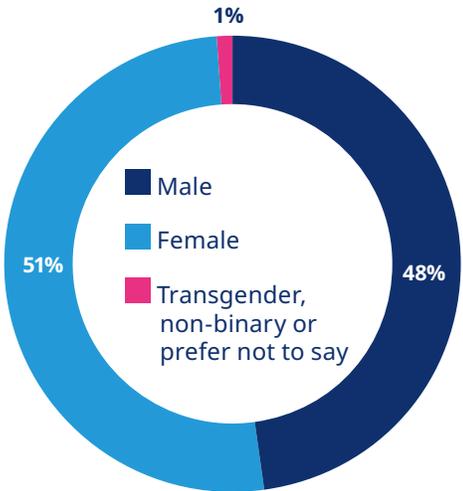
9% LGBTQ+



50%  
Hourly employees



50%  
Salaried employees



## Working arrangement



14%  
Full-time remote

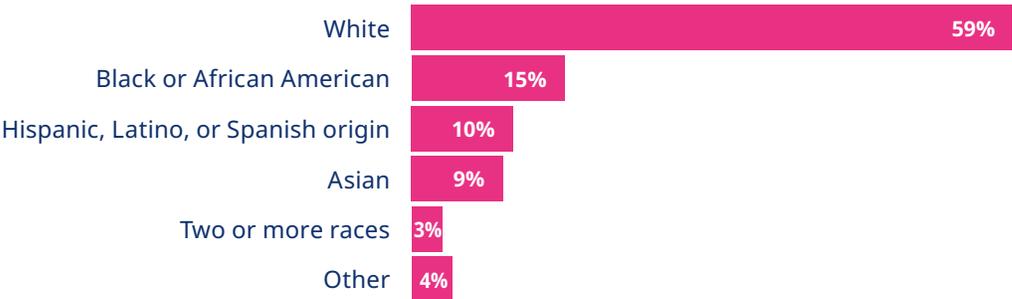


27%  
Hybrid



59%  
Full-time on-site

## Ethnicity



# Executive summary

2022 has brought significant changes in the top needs of employees.

After two years of continual existential crises — the pandemic, a war in Europe, inflation, and political and social upheaval — employees are more focused on securing their financial, physical, and emotional health and well-being than by achievement and climbing the ladder.

This is a significant change from when we conducted this survey in 2021. During the height of the pandemic, organizations provided deep support to their employees in four critical ways:

- They communicated
- They focused on health and safety needs
- They allowed greater flexibility
- They led with empathy

This support led to increased engagement and commitment from employees during the onset of the pandemic. But now, cumulative stressors and fears are causing many employees to feel less supported than last year.

The labor shortage and the ‘great resignation’ are taking their toll, particularly on frontline employees. While 3 out of 4 employees say they can maintain balance between their personal and work life, work life balance remains a top 3 concern, and half of employees say they feel exhausted on a typical day. Inflation has skyrocketed.

This year’s Inside Employees’ Minds study shows significant declines in employee satisfaction across the board, most noticeably in compensation, benefits, and career goals. Employee commitment to the company saw an eight-point drop since last year.

“I can maintain a reasonable balance between my personal life and work life”



“Within my team I feel a sense of belonging”



“I believe I am compensated fairly for what I do”



“The benefits at my organization are as good or better than those offered elsewhere”



“I feel that my career goals can be met at my company”



“At the present time, I’m not seriously considering leaving the company”



All these forces combine to bring the American worker to an existential inflection point. With all this change, it's clear more than ever that employees are not living to work – they're working to live. For some, especially front-line and low-income employees, that means financial survival. Others, who have their basic financial needs met, are placing increased importance on their lives outside of work.

Where does that leave employers? Organizations certainly can't return to pre-pandemic mindsets. Instead, **employers need to embrace a new contract with employees: the *lifestyle contract*, where people can find sustainable healthy experiences at work.**

## Employee needs are changing

Employers who adapt will win the war on talent



The six key findings from this year's *Inside Employees' Minds*® study reveal where employers should focus to keep up their end of the lifestyle contract:

- 1** Step up efforts on retention
- 2** Align to shifting workforce needs
- 3** Focus on financial health
- 4** Reimagine well-being at work
- 5** Accelerate diversity, equity and inclusion
- 6** Build a more flexible future



# Step up efforts on retention

As the economy cools, many employers are hoping that the Great Resignation will come to an end and an employer-led talent market will return.

But, while employees are increasingly concerned about job security, commitment to their company has declined since last year.



1 in 3 employees are considering leaving their employer — up from 1 in 4 last year.

Top three factors that will cause employees to consider leaving their employer:



Insufficient pay



Burnout due to a demanding workload



Insufficient healthcare benefits

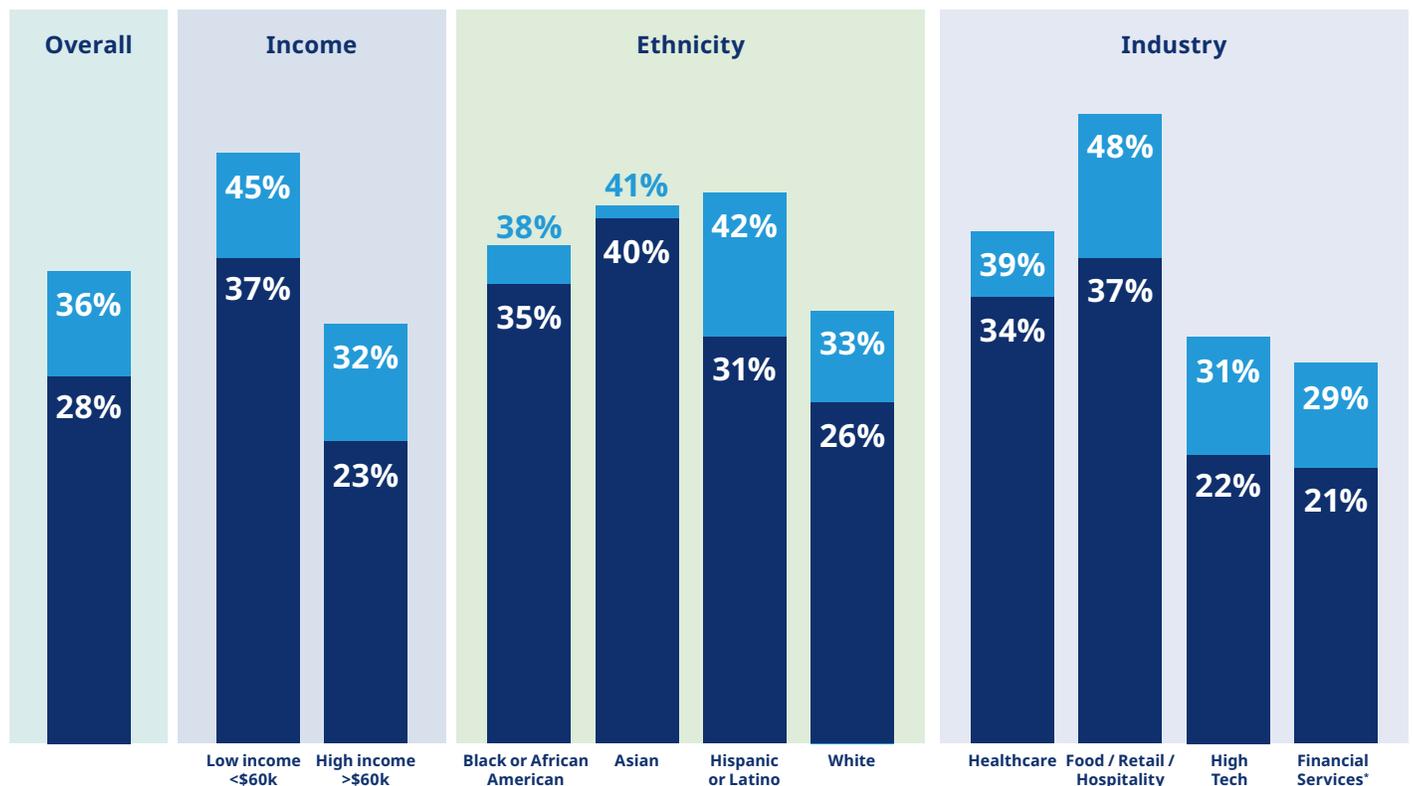
Like last year, low-income employees (defined in this study as those earning \$60k or less per year), frontline employees (healthcare, retail, hospitality, etc.), and minority employees are more likely than other groups to consider leaving their employer.

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

% of employees neutral to disagree

■ 2022

■ 2021



\*2021 results include both financial services and professional services

Retention is an urgent problem for companies — and it has a strong business case. Our [new research](#) has shown that **tenure is the single largest human capital driver of a company's financial and operational performance**. That means, all else held equal, it's better to hold onto the employees you already have.

### Action

- Reward retention.** Across all demographics, pay was the top reason employees said they would consider leaving their employer — current compensation strategies reward job switchers — not those who stay. Employers should focus on long-term earnings growth — ensuring loyal, high performing employees are rewarded and keeping pace with the external market.
- Uncover what's really going on.** Pay is critical, but it won't solve everything. Employers need to dig deep into the root cause of turnover through analytics and employee listening to uncover what's really going wrong.
- Rethink elements of broken work.** Don't leave anything off the table. Rethink work structures, resourcing and talent models, and ways of engaging to solve real issues.



# 02

## Align to shifting workforce needs

**Unmet needs** are the concerns that keep your employees up at night and prevent them from having adequate mental and emotional bandwidth to do a great job at work. If your company can help employees meet these needs, you will gain a productive, highly committed workforce — and forge a path to a truly differentiated employer value proposition.

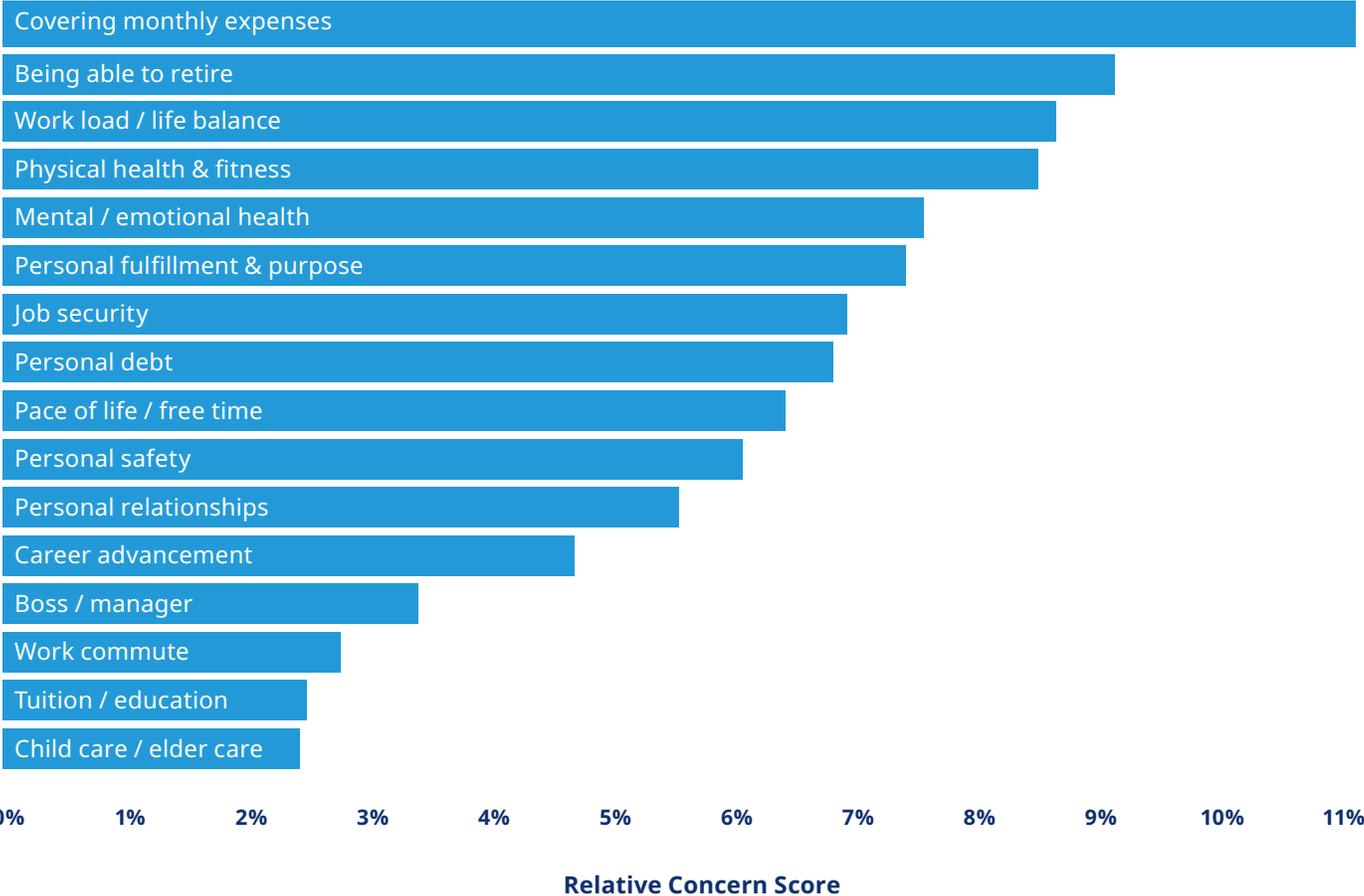
This year's study shows the pressing importance of employees' financial, emotional, and physical well-being. Three out of four employees (75%) say the high inflation and market volatility this year has significantly increased their financial stress.

**What's particularly striking is how significantly employees' needs have shifted in just one year; 6 of the top 10 concerns have shifted three or more positions. Of note:**

- **Covering monthly expenses now claims the top spot, up from #9 in 2021**
- **Ability to retire increased from #5 to #2**
- **Personal debt was not a top concern in 2021, and now is in the top 10**

# What's keeping your workers up at night?

## Financial concerns reign supreme in 2022



Our survey on unmet needs was conducted via conjoint analysis, meaning respondents had to make trade-offs between their top concerns and least concerns.



While financial health is the greatest unmet need, **mental health and burnout remain top concerns for employees** — particularly for younger employees (below age 35) and LGBTQ+ employees who rate mental health second, behind only covering monthly expenses. With better health and safety measures at work and a lesser threat posed by COVID-19, employees are less concerned about physical health this year than last, though it still claims the top spot for men.

# Significant shifts in workers needs

Financial concerns increased significantly — covering monthly expenses in the top spot from #9 last year, ability to retire jumped to #2, and personal debt is now in the top 10.

Ranking	2022		2021	
1	 Covering monthly expenses	11.1%	 Physical health & fitness	10.3%
2	 Being able to retire	9.1%	 Work load / life balance	8.6%
3	 Work load / life balance	8.6%	 Mental / emotional health	8.2%
4	 Physical health & fitness	8.6%	 Personal fulfillment & purpose	8.1%
5	 Mental / emotional health	7.6%	 Being able to retire	7.4%
6	 Personal fulfillment & purpose	7.4%	 Personal safety	7.3%
7	 Job security	6.9%	 Pace of life / free time	6.9%
8	 Personal debt	6.8%	 Personal relationships	6.8%
9	 Pace of life / free time	6.4%	 Covering monthly expenses	6.8%
10	 Personal safety	6.1%	 Job security	6.0%

Gray items represent items that were not in the top 10 both years

## Action

- Diagnose your employees' top concerns right now.** Needs are changing rapidly — organizations cannot rely on historical data to prioritize solutions. Results vary across organizations, depending on demographics and what offerings are already in place. Engage in active listening to employees and take a disciplined and prioritized approach to action.
- Maximize for energy, not motivation.** Well-being concerns top the list this year. Employees' basic needs for security are not being met. Employers should prioritize employee support — including culture, work practices and benefits.
- Optimize total rewards.** Workers priorities have shifted. Employers have an opportunity to differentiate — and maximize rewards investments — by aligning offerings to employee needs and values.

## Focus on financial health

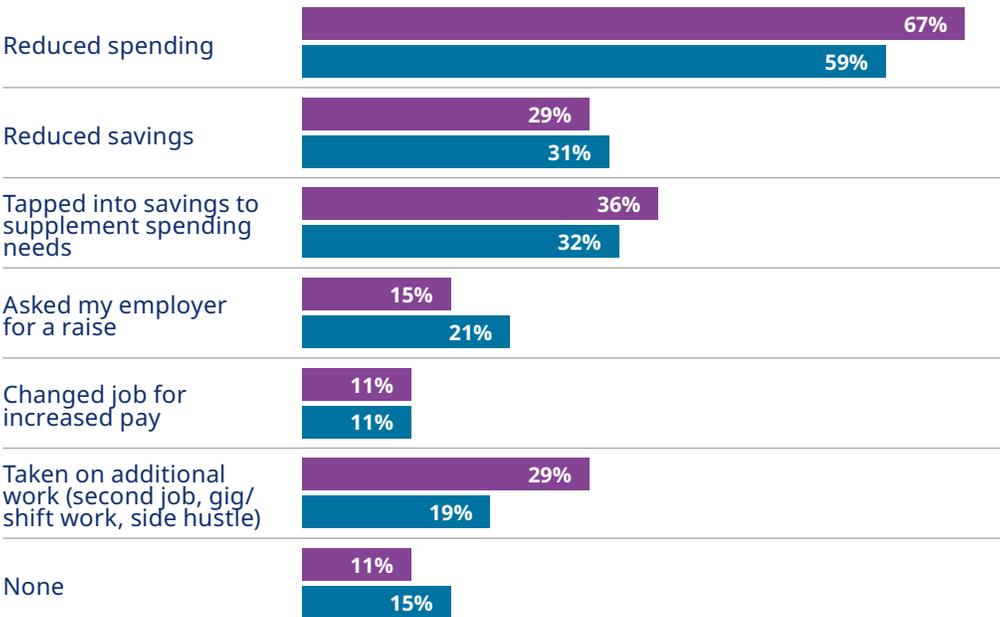
It's clear: Americans are in financial pain. Above all, our research revealed that the financial concerns of employees reign supreme this year. With 8.2% year-over-year inflation, employees have seen all wage gains — and more, considering base pay increased by 5% to 7% — eroded by rising costs.

Low-income employees aren't the only ones who are stressed. 7 in 10 employees making more than \$200k per year say that high inflation and market volatility has increased their financial stress. High earners are likely to have more assets invested in the market, have a good portion of their net worth wrapped up in their

home, and to have adapted their lifestyle to their income. But understandably, lower-income employees are more vulnerable to the impact of inflation and more likely to report that it's impacting both their short-term and long-term financial health, as opposed to one or the other.

People are making lifestyle changes as a result. They're dealing with inflation by reducing spending, reducing savings and taking on additional work. Nearly 1 in 3 low-income employees say they've taken on additional work to supplement their income, and they're also less likely to ask for a raise.

### What changes have you made in response to the current inflationary environment?



Given the scale of employee concerns with financial health, employers need a multi-pronged strategy that addresses the financial health of their workforce from multiple angles. The key priorities:

- Prioritize living wages for employees
- Focus on affordable healthcare
- Support holistic financial well-being
- Assist with retirement readiness

Income <\$60k  
Income >\$60k



## Action 1: Prioritize living wages for employees

People in low-paying, hourly industries such as retail, hospitality, food service, and healthcare have fueled the Great Resignation. During 2022, employers had budgeted **3.8% total base pay increases** for hourly employees, but gave **increases of 6.7%** in reality. Still, nearly half of employees in retail, food service, and hospitality are considering leaving their employer — many simply can't afford to stay put.

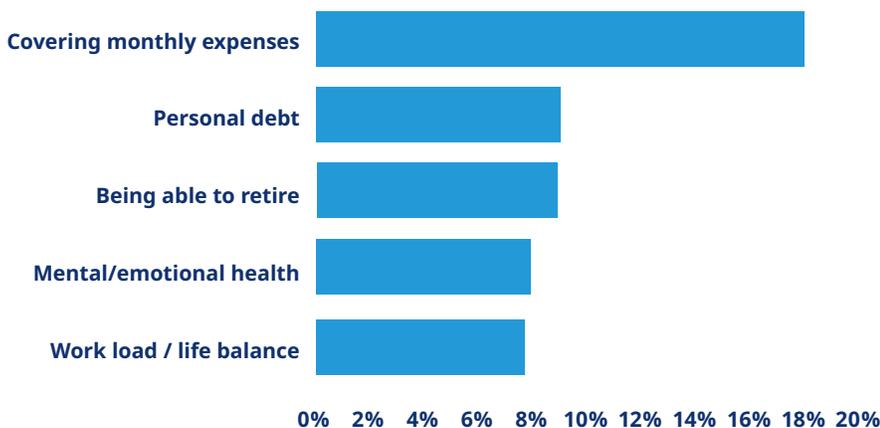
Living wages are an essential element of an organization's environmental, social and governance (ESG) programs.

**There's currently a disparity between employees' and employers' ESG priorities; more than 8 in 10 employees across all income levels say it's important to them that their employer supports living wages, while only 21% of employers say they have adjusted pay to align with living wages.**

But employees and consumers are increasingly seeking out companies whose values align with their own, so organizations need to shift from 2022's reactive approach to hourly pay to a proactive strategy centered on living wages. The ramifications are significant and require multi-year strategies that reconsider organizational profit models, optimize the use of talent and automation, and more.

### Top 5 concerns of low-income employees

**Low-income workers are twice as concerned about covering monthly expenses as any other concern**

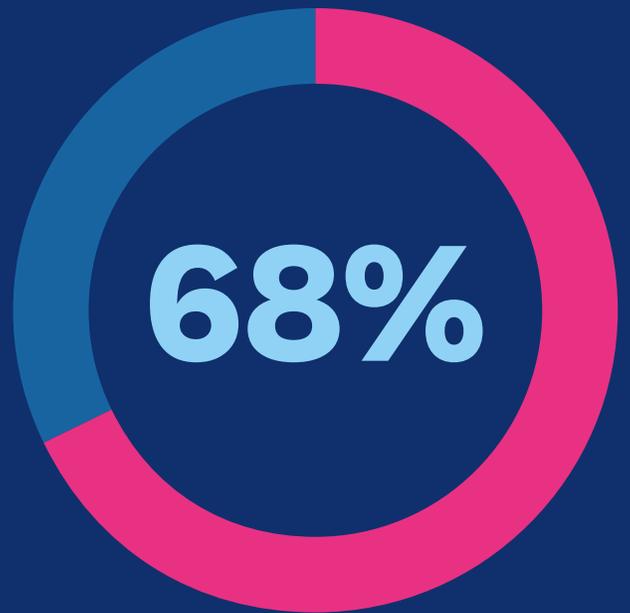




## Action 2: Focus on affordable healthcare

Alongside increasing gross pay, employers should work to help employees take home as much pay as possible. Employees report that behind pay and workload, insufficient healthcare benefits are the top reason they would consider leaving their employer. A key factor in take-home pay is the cost of health insurance. Consider offering a low-cost medical plan — or even free individual coverage — as an option for employees who most need to maximize take-home pay.

Further, employees report that they when they need care, they are having trouble affording the healthcare costs that aren't covered by health insurance plans, such as deductibles and co-pays. While most employers aren't making plan design changes that shift healthcare costs to employees in 2023, healthcare cost growth is accelerating and the pressure on benefit budgets will continue to grow. But as employers are increasingly aware, shifting a bigger load of healthcare costs onto employees can deliver a short-term gain with a long-term cost. Employees are already struggling to afford healthcare, so cost increases will likely cause people to defer care, leading to a greater likelihood of more expensive tests and treatments later.



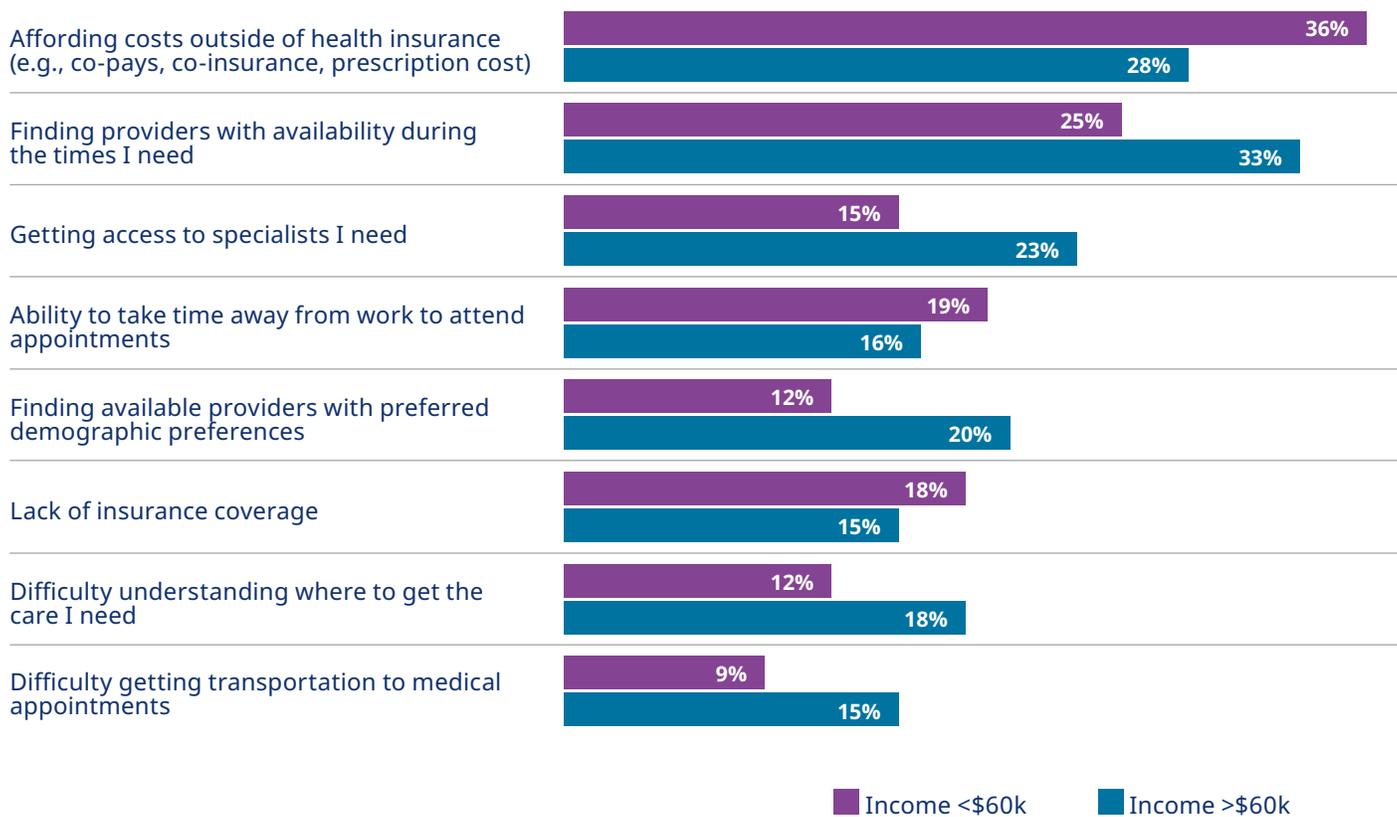
of employees report challenges getting the healthcare they need.



# Employees struggle to get the healthcare they need

Healthcare affordability is a challenge for employees — especially low-income employees

## What are your biggest challenges with getting the healthcare you need?



Employers need a holistic approach to balance two business imperatives: managing health plan cost and ensuring that employees can afford quality health care. Strategies that curb cost growth without shifting costs to employees include:

- **Steering employees to the highest-quality and lowest-cost care options**
- **Enhanced clinical management of members with specific conditions or needing high-cost specialty drugs**
- **Increased focus on virtual care offerings, which employees are likely to adopt**



## Action 3: Retirement readiness

The ability to retire is now the #2 concern of employees this year, behind only covering monthly expenses. This is a substantial jump from last year where it claimed the #5 spot. Fewer than half of respondents (46%) feel confident they can turn their retirement savings into a consistent stream of income to last the rest of their life - and confidence drops to 1 in 4 (27%) for low-income workers.

# Employees are increasingly concerned about retirement

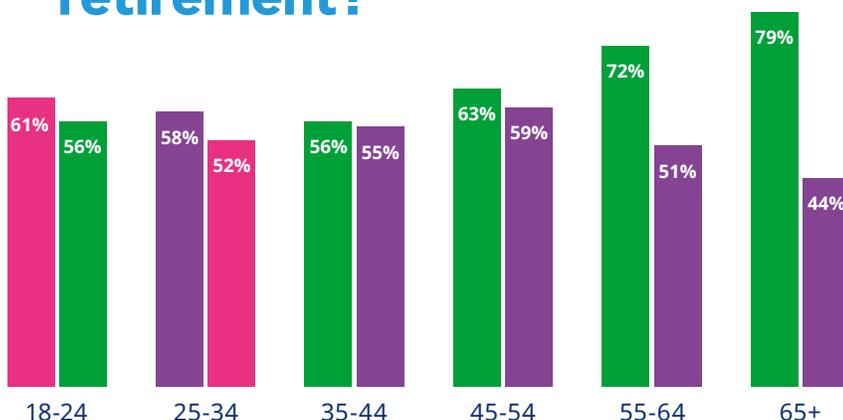
Age 45-54 is an inflection point in planning for retirement — concerns increase while confident decreases

Age Group	18-24	25-34	35-44	45-54	55-64	65+
Ability to retire rank as a top concern	#12	#11	#7	#2	#1	#1
Retirement confidence	50%	48%	54%	40%	39%	45%

→ Confidence declines
← Concerns increase

Older employees are more vulnerable to recent market volatility because they have less time for their investments to recover before they need to start withdrawing.

## What do you expect to be your two largest sources of income in retirement?



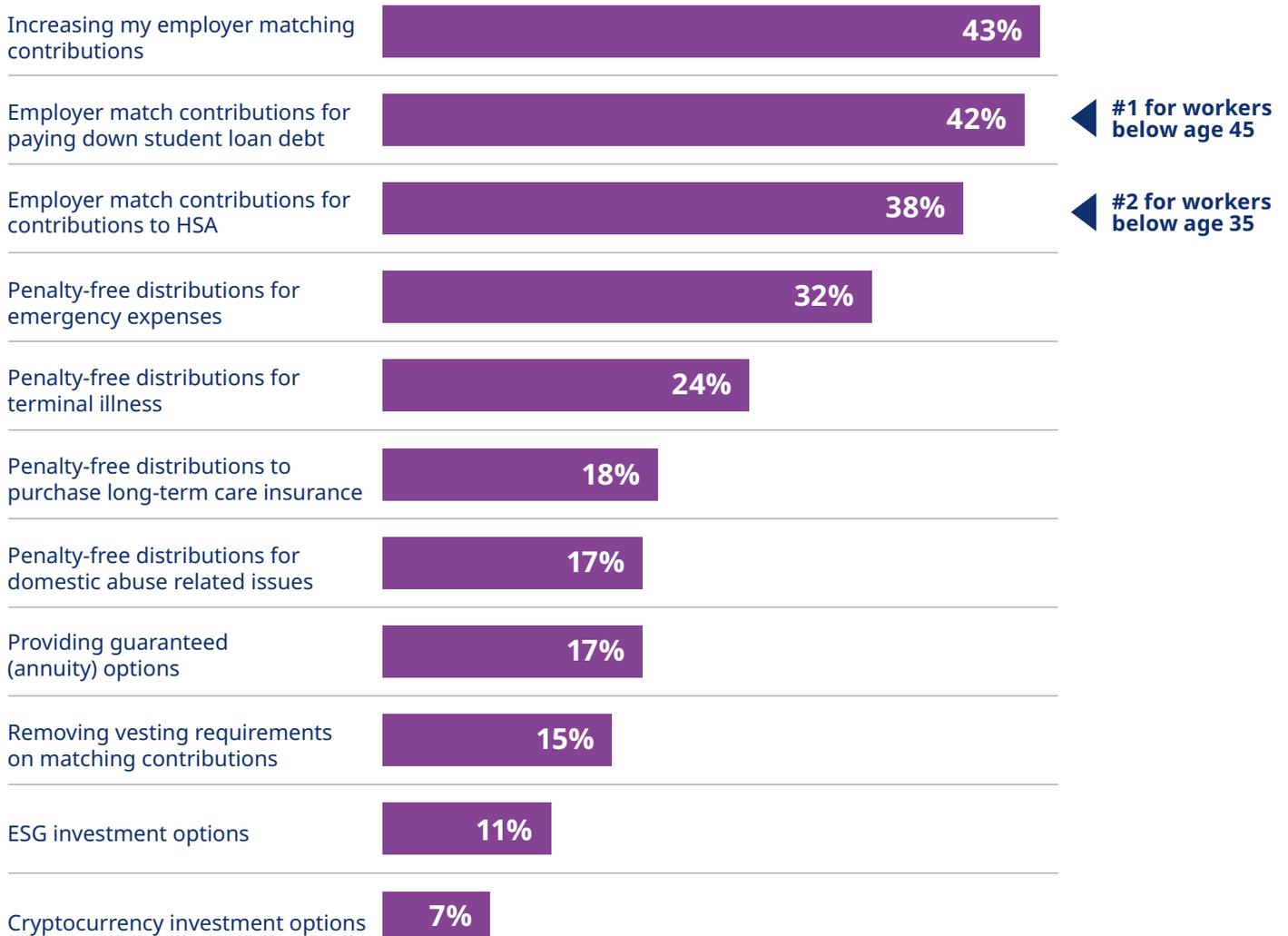
Employees are also heavily reliant on Social Security benefits. This is of significant concern, given that the future of Social Security is at risk.

- Personal savings and investments
- Social security benefits
- Defined contribution plan

Employers need to design retirement plans that meet employees' needs and address their concerns. When asked what changes they would value most, employees overall chose an increase in the contribution amount matched by their employer.

But employees under 45 also asked for employers to match payments made to student loan debt and contributions to a health savings account (HSA). Younger employees may not have the disposable income to contribute to retirement savings, and by matching retirement contributions for expenses that are often a significant portion of income, like student loans and healthcare costs, you can help them build their nest egg early — reducing stress and increasing retirement confidence for the future.

## Which of the following defined contribution retirement plan features would be most attractive to you?





## Action 4: Support holistic financial well-being

A key part of financial stress is the lack of financial literacy. According to the [Financial Industry Regulatory Authority](#), only about a third of Americans have a working understanding of interest rates, mortgage rates, and risk — and many turn to non-professional sources of financial advice, such as family and friends or online research.

# Consider enhancing financial well-being supports for employees across a spectrum of financial needs



Source: Consumer Financial Protection Bureau. Financial Well-being: The Goal of Financial Education, 2015.

Employers have a vested interest in supporting employees' financial needs, because financial stress affects work performance and can lead to turnover. A few ways to support employees on their journey to financial freedom include:



Educate on budgeting and debt management



Encourage and provide resources for emergency savings, short-term savings, and insurance



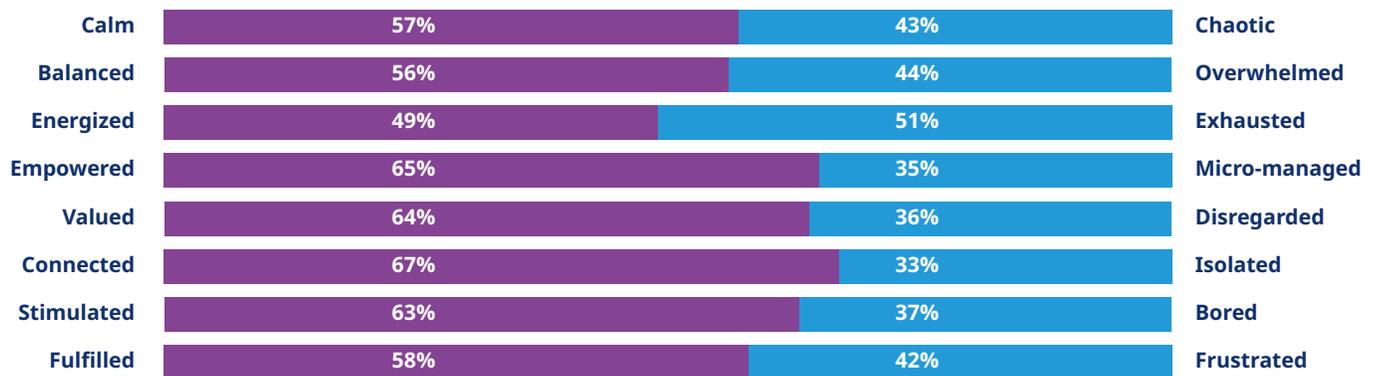
Help them meet long-term goals, such as retirement, home ownership, and education through well-designed benefit programs and targeted resources

# Reimagine well-being at work

As with last year, burnout and work-life balance remain high as the #3 concern. Mental health concerns remain high as well, especially for employees under 35, LGBTQ+, and women. Even with the onset of remote and hybrid work, 2 out of 3 employees say they are empowered, valued, connected and stimulated. However, half of employees say they feel exhausted on a typical day at work.

## Excessive workloads are weighing on employees

### On a typical day at work, I feel...



These issues are most pronounced in frontline workforces — 60% of employees in healthcare, retail, hospitality and food service job functions report feeling exhausted in a typical day — and 59% of retail, hospitality and food service workers report feeling frustrated.

## Action

- **Address the root causes of burn out.** The #1 action employees say would support them is a reduced workload. Employers need to understand what's creating unsustainable workloads and act. Expanding resourcing pipelines, optimizing the use of talent, and ruthless prioritization of initiatives will all make a difference.
- **Support work-life boundaries.** Employees are rejecting 'hustle culture' (the idea that people must sacrifice their personal lives to achieve career ambitions) and turning to 'quiet quitting' (the concept of accomplishing job duties and nothing more). Much of this sentiment is about setting boundaries between work and life, and employers should support this. Respecting people's personal time will drive increased commitment to the organization.
- **Continue to provide well-being benefits to address the mental health crisis.** While employers have been expanding well-benefits to employees, more is needed. Enhancements to employee assistance programs — for example, making them more accessible and covering additional sessions — was the top benefit employees said would be useful, along with access to mental health apps.

# Which of the following benefits or actions would do the most to support your mental health and ease burnout?



**#1**  
Reduced workload



**#2**  
Enhanced Employee Assistance Program (EAP)



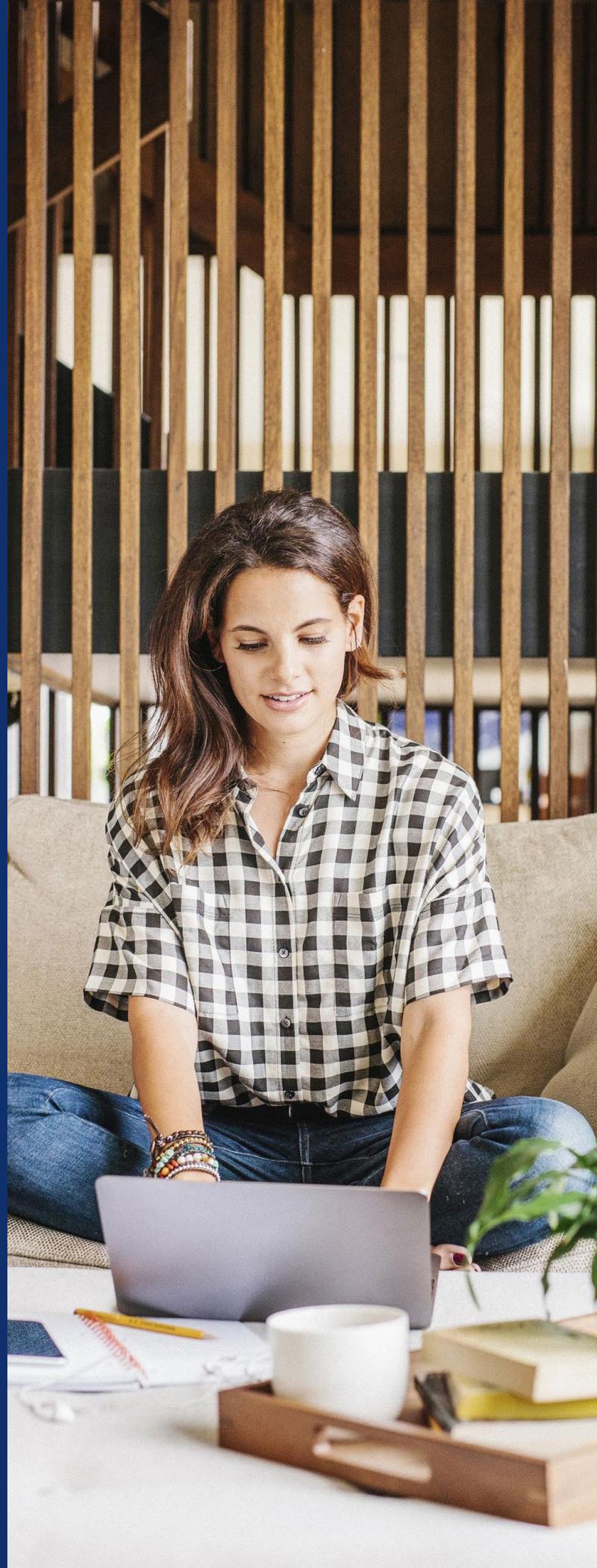
**#3**  
Access to mental health apps



**#4**  
Modified work schedule (e.g., 4-day work week)



**#5**  
Enhanced access to mental health providers in my local area



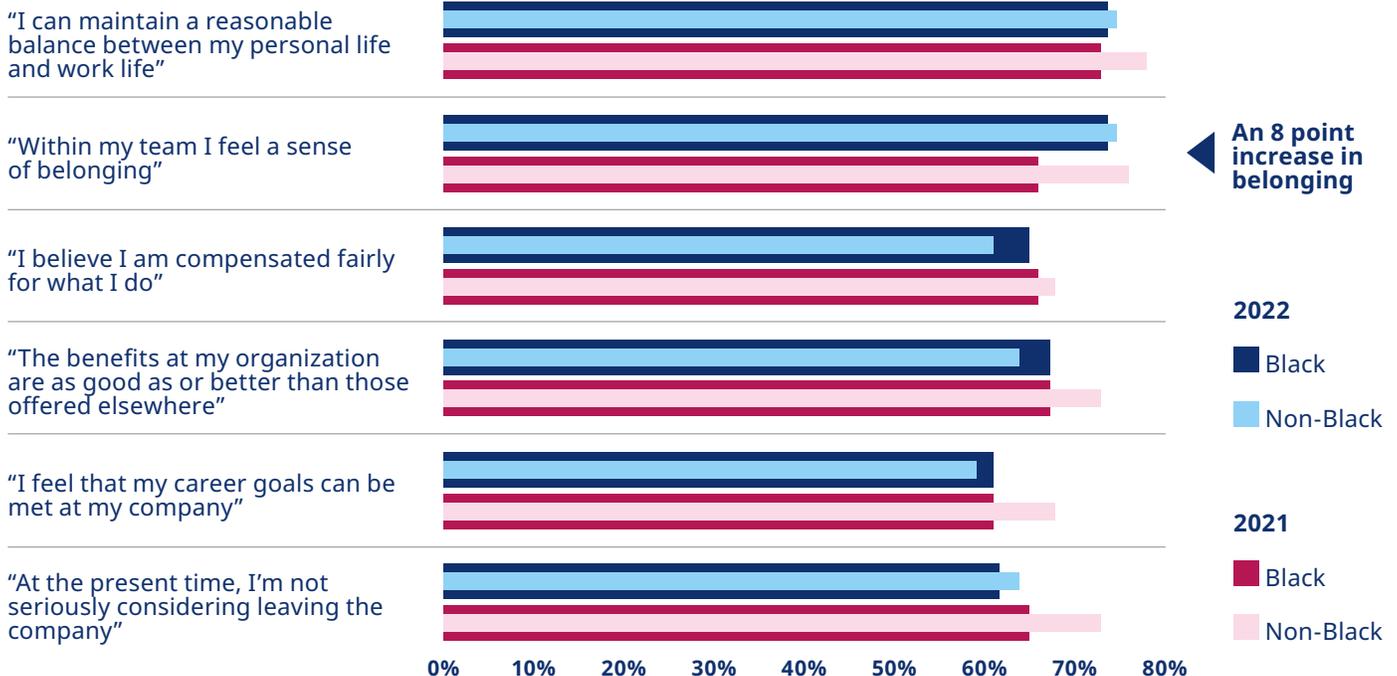
## Accelerate diversity, equity and inclusion

Employers have focused on diversity, equity and inclusion (DEI) efforts over the last several years, and this year’s study shows that some efforts have been paying off. But employers still have a long way to go; underrepresented employees remain significantly higher than other employees to say they are considering leaving their employer.

### Black employees

There are a few bright spots that show some progress is being made for Black employees:

- Black and African American employees’ sense of belonging with their team increased by 8 points to 74% — just 1 point behind white employees.
- Black employees’ commitment and satisfaction lagged non-black employees last year — but this year they are much more closely aligned. While the broader population saw significant declines in these metrics in 2022, results for Black employees did not significantly drop.
- In 2021, Black and African American employees rated personal safety as their #1 concern. This metric dropped to the #4 position this year — though it remains a high priority.



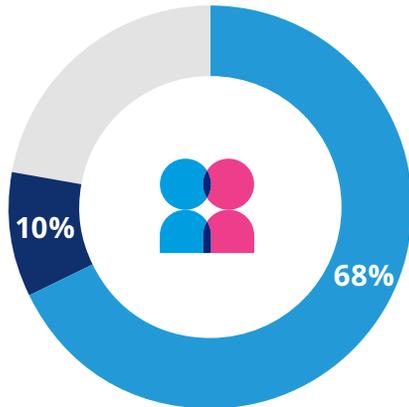
## Hispanic and Latino employees

There's been a significant decline in balance, satisfaction, and commitment of Hispanic and Latino employees across all categories, and they are significantly more likely to consider leaving their employer.

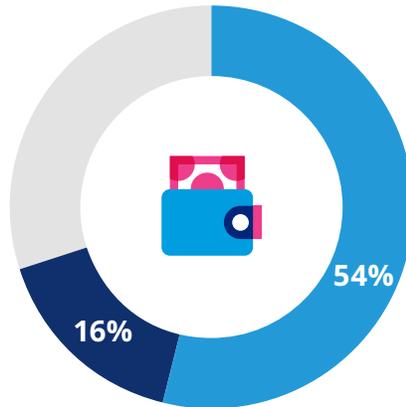
		2022	2021
	"I can maintain a reasonable balance between my personal life and work life"	67%	78%
	"Within my team I feel a sense of belonging"	68%	71%
	"I believe I am compensated fairly for what I do"	54%	66%
	"The benefits at my organization are as good as or better than those offered elsewhere"	59%	71%
	"I feel that my career goals can be met at my company"	57%	70%
	"At the present time, I'm not seriously considering leaving the company"	58%	69%

## Women

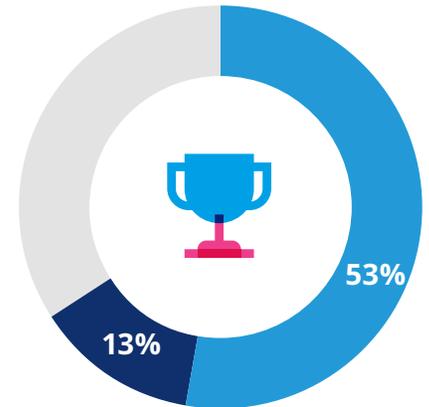
Women reported significantly lower scores than men in all factors, with differences of more than 10 points in their sense of belonging with their team, belief that they are compensated fairly, and feeling that their career goals can be met at the company.



“Within my team I feel a sense of belonging”



“I believe I am compensated fairly for what I do”



“I feel that my career goals can be met at my company”

Female

Gap to Men

Women also showed much higher financial concern than men, perhaps because they are more likely to be in lower-paying job functions, and nearly twice as likely as men to be low-income employees (earning less than \$60k per year).

Women were more likely than men to have had to reduce spending (65% versus 59%) and take on additional work to supplement their income (25% vs. 19%). However, men were more likely to have asked for a raise (22% versus 16%).

This should be of significant concern to employers — as research has shown that white men are more likely to get a raise when they ask. The chaotic and disruptive job market of 2022 led many employers to provide pay changes outside of the typical governance cycles — and potentially adding to pay equity issues.



## LGBTQ+ employees

One in three LGBTQ+ employees do not feel a sense of belonging with their team, and fewer than half believe they can meet their career goals at their current organization. 44% of LGBTQ+ employees say they are considering leaving their employer — an 8-point difference over non-LGBTQ+ employees. LGBTQ+ employees rank mental health as a #2 concern (behind only covering monthly expenses) and employees report significantly higher levels of exhaustion and frustration during a typical day than non-LGBTQ+ individuals.

### On a typical day, I feel...

#### Chaotic (vs. Calm)



#### Overwhelmed (vs. Balanced)



#### Exhausted (vs. Energized)



#### Micro-managed (vs. Empowered)



#### Disregarded (vs. Valued)



#### Isolated (vs. Connected)



#### Bored (vs. Stimulated)



#### Frustrated (vs. Fulfilled)



■ Non-LGBTQ+ ■ LGBTQ+

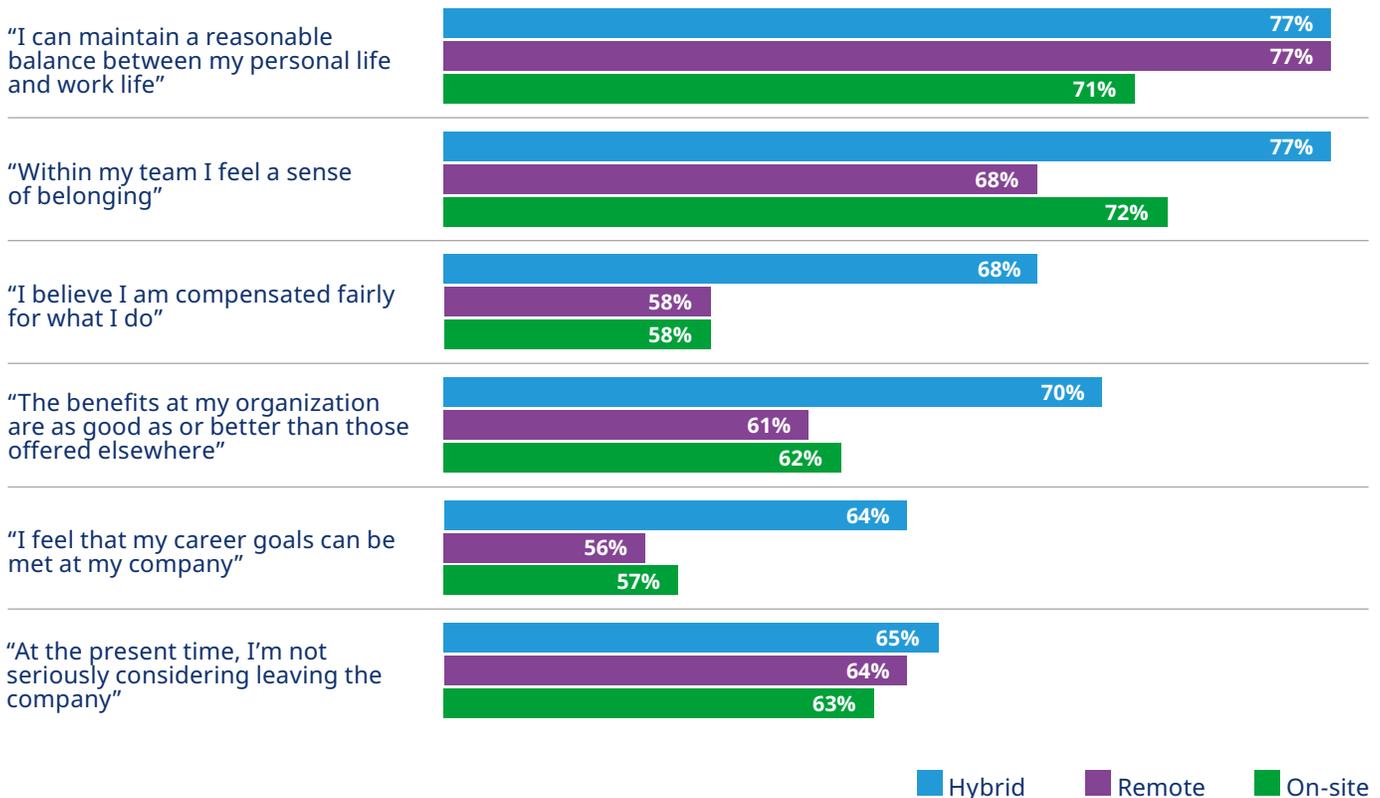
## Action

- Continue to target turnover and focus on building strong talent pipelines for Black employees.
- Dig into the needs and concerns of Hispanic and Latino employees to understand the root causes of their eroding loyalty.
- Focus on gender equity through advancing both pay and career equity for women.
- Prioritize LGBTQ+ employees' mental health to understand what's not working and how the company can better engage and support these groups.

## Build a more flexible future

One positive for both employers and employees this year relates to flexibility. In response to the pandemic, organizations have increased the level of flexibility they offer, particularly with remote and hybrid working — and employees love it.

Hybrid employees report more satisfaction with their employer, the greatest sense of belonging to their team, more satisfaction with compensation and benefits, and more confidence that their career goals can be met at the organization.



### Myth busting

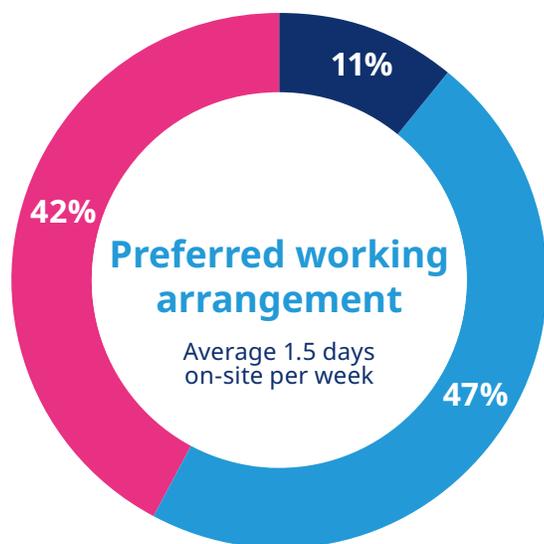
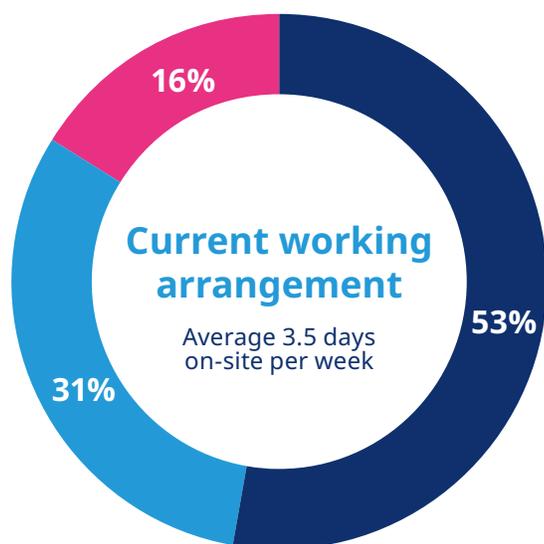
Full-time remote employees are *not* considering leaving their employer at rates significantly higher than their hybrid working or on-site peers. Commitment levels were largely consistent among remote, hybrid and on-site employees.

While the benefits of hybrid work show clear, there are significant gaps between how workers are currently working and how they want to work – with workers preferring more remote models. Nearly two-thirds of employees prefer more flexibility than they are offered today. Employees are currently working on-site an average of 3.5 days – but prefer an average of 1.5 days.

# Employees aren't *really* getting what they want

Significant gap between current and preferred working arrangements

■ Full-time on-site   ■ Hybrid   ■ Full-time remote



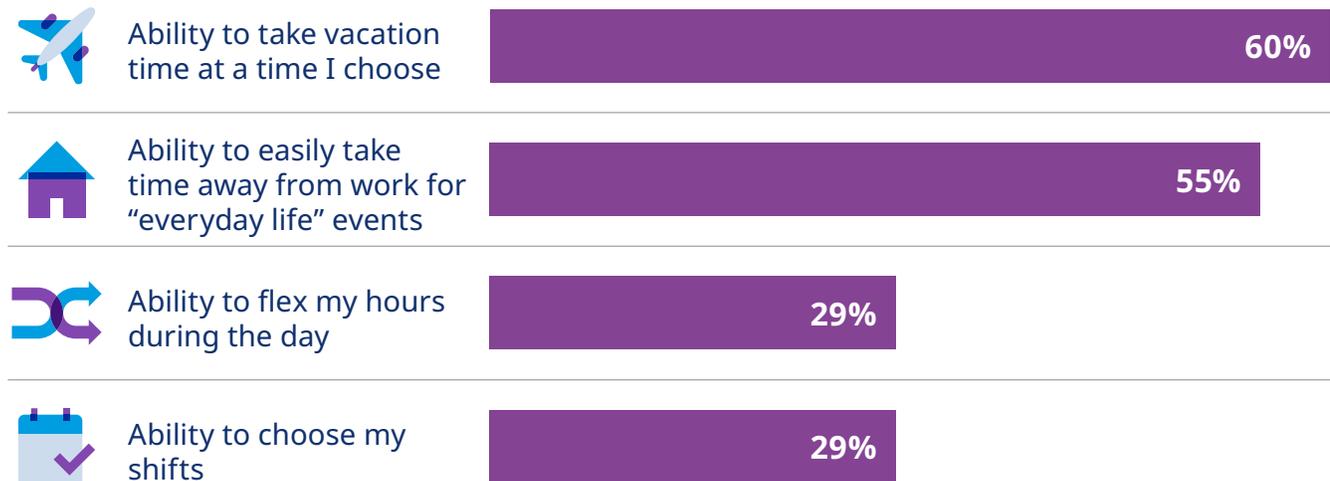
Excludes employees who report being in jobs that cannot be performed remotely



## Most valued flexible work options

For employees who say their job can't be performed remotely

**% of employees ranking flexible work option in their top 3**



### Action

- **Minimize the gap between the flexibility you offer, and the flexibility employees want.** Optimize flexibility based on the needs of the role - which is probably more than what's being offered today. Employers who offer greater flexibility may gain competitive advantage in attraction and retention, as behind pay, flexibility was the top item that would attract employees to a new employer.
- **Don't forget frontline employees.** Employees in jobs that can't be done remotely want more time-based flexibility. Employers need to build in more agile scheduling and resourcing systems to make this a reality. Given the retention challenges front-line employers are facing, flexibility is a low-cost solution that can be leveraged to attract and retain employees.
- **Consider a 4-day work week.** Women, low-income wage employees, employees in front line industries such as retail and healthcare, and older employees rated modified work schedules such as 4-day work weeks as the #2 item that would support their mental health and ease burnout.





# Embrace the lifestyle contract

Companies who embrace the lifestyle contract — who try to understand employees' priorities and meet their changing needs — can become an employer of choice in today's job market.

While employers continue to hope for more bargaining power as the economy softens, the job market is likely to remain tight and there's no going back to pre-pandemic times. Employees are focused on their financial, emotional, and physical health and their work-life balance, and they're looking for an employer that delivers. This really is the new normal, and leaders must embrace a new employment model if they want to win in this tight labor market.

Employees' unmet needs have shifted dramatically in one year's time, so it's time for employers to shift the contract they have with their people: if you holistically and empathetically look after people's financial security, safety, and well-being needs, you'll be rewarded with loyalty, commitment, and retention when you need it most.

welcome to  
**brighter**

**Contact us to find out how you can attract, retain, and engage  
the talent you need in today's challenging labor market.**