EngageRocket

The HR 2023 ◆ Outlook

Bridging cultural divides in the workplace

From the rising phenomenon of fragmented loyalty to the widening gap in employer vs. employee expectations, this guide will highlight prominent trends for HR in 2023 and what businesses can do to prepare.
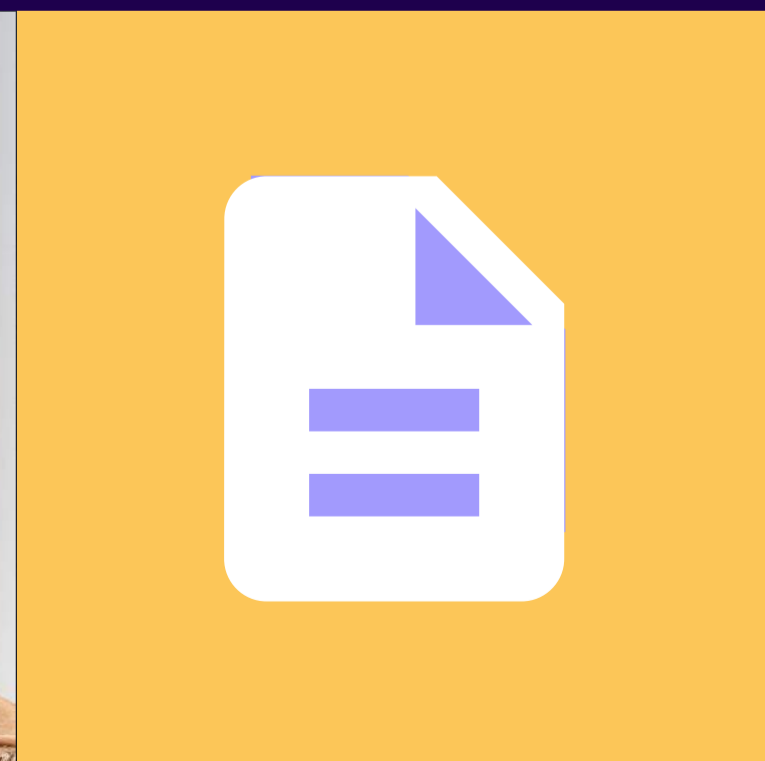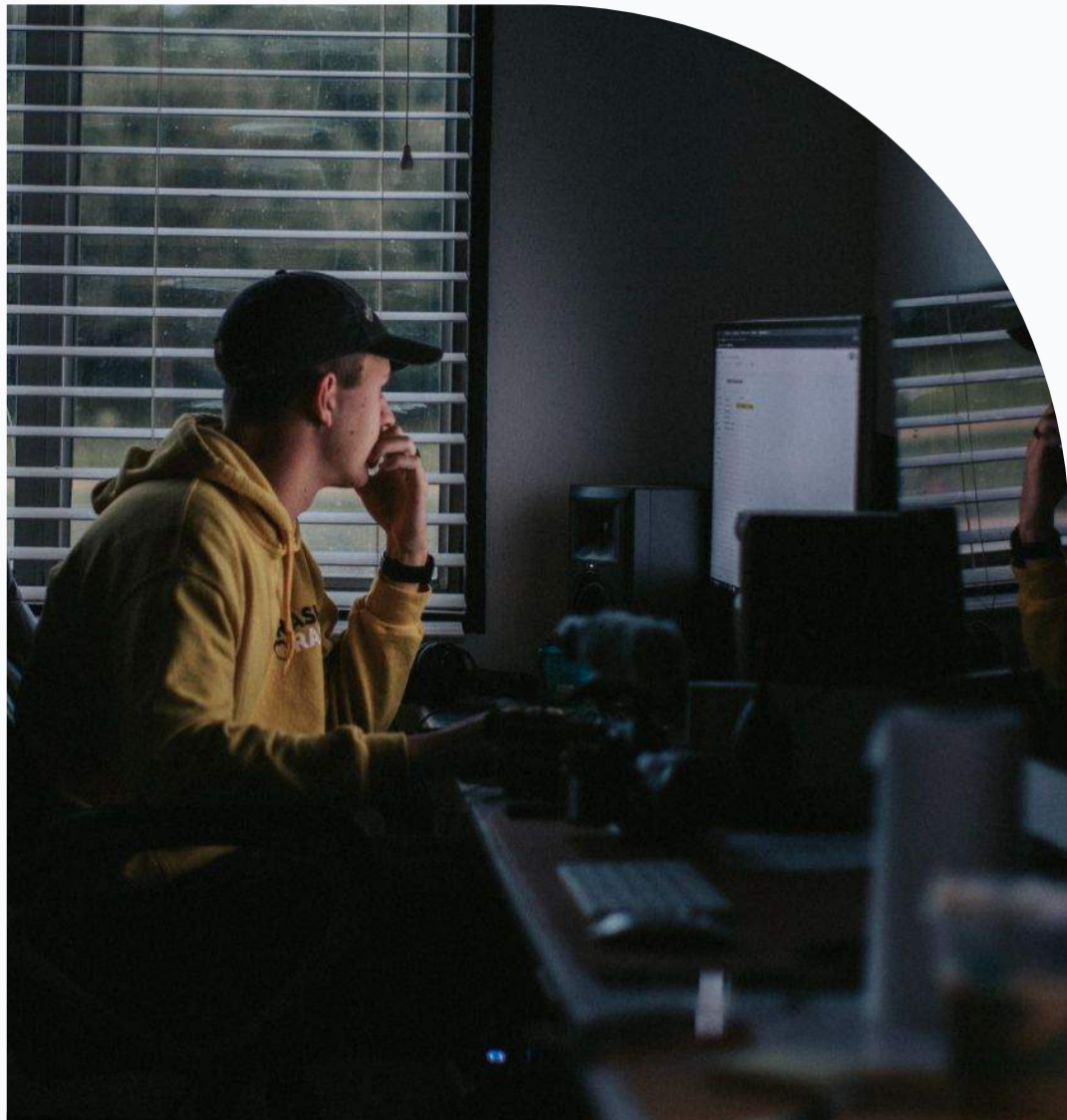
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New divides in a rapidly changing world

One of the most significant effects of the pandemic is that it has accelerated the pace of change in every sphere of our lives. Digital adoption is speeding up, enterprises are looking to make quicker decisions, and the global workforce is rethinking its priorities – causing the transformation of several years to take place rapidly. As a result, 2020-2022 was a turbulent period for employee experiences worldwide, spurring phenomena like the Great Resignation and Quiet Quitting.

The Great Resignation saw skilled workers around the globe leave their jobs for different organizations or, sometimes, different career paths altogether that would drive more meaning and purpose. PwC's 2022 report found that 1 in 5 workers look to change jobs in the next 12 months, implying that the Great Resignation is far from over. In response to widespread disengagement, unsuitable working conditions, and lack of purpose, employees are eager to find greener pastures.

Many of those who are unable or unwilling to switch jobs for varied reasons are experiencing 'quiet quitting'. Gallup found that quiet quitters (i.e., employees who do the bare minimum) make up 50% of the US workforce, and high levels of burnout in Asia could spur a similar phenomenon. Many argued that 'Quiet Quitting' might have more far-reaching implications, as employees who are unwilling to go the extra mile often increase the burden on their colleagues to take on extra work instead.

All of these changes have taken place in a short period, and employers need to take notice and adapt. The disconnect that employees feel, which causes them to pull away from their organization, is due to a divide between the employer and the worker. Long periods of remote work and time away from the office have driven a wedge in employee-employer relationships. Further, larger, personal changes brought about by the pandemic have led to a shift in priorities.

In 2023, organizations must act in response to these changes and bridge the divide in order to attract, retain, and nurture top talents. They need to undertake proactive measures – in line with five trends – to transform employee experiences in 2023, for the better.

From fragmented culture to fragmented loyalty

The concept of cultural fragmentation has been extensively studied and is often seen in distributed organizations. In the absence of a shared workplace, employees work from home, or in disparate locations, which causes a breakdown of the organizational culture into small, tightly-knit groups. However, this has morphed into something more long-lasting – i.e., fragmented loyalty. As employees work in a hybrid manner as the new normal, loyalty is strong within micro-communities and employee groups that are not always connected to the larger workplace.

As per EngageRocket's analysis of 20,000+ employees, there is evidence for this phenomenon:

- 85% of respondents feel welcome within their own teams, and 89% feel sufficiently supported.
- Yet, about 38% of employees are dissatisfied with cross-team collaboration in their company, indicating a breakdown of loyalty and trust beyond one's immediate peer group.

Another reason behind the emergence of fragmented loyalty is the rise of new employee cohorts. Before the pandemic, workers of various designations, skills, and backgrounds would work cohesively in a singular location, which helps strengthen interpersonal bonds. However, the last few years have made the lines between different cohorts more apparent due to differing working arrangements and policies – e.g., between essential and non-essential workers, between frontline and knowledge workers, and between blue-collar and white-collar staff.

> "To paint a picture of fragmentation, we can look at the case of organizations that employ essential and non-essential workers. These two groups have very different working arrangements, and the pandemic further exacerbates the contrast. Coming out of the pandemic, organizations need to carefully adjust their engagement plans to cater for the different cohorts."
>
> **Dr Yvonne Tan**
> *Lead People Scientist at EngageRocket*

Focus areas for 2023:

1   **Leverage team and community building to drive organization-wide connection**
Provide the means and channels for better collaboration, especially across different functional groups. Also, create a unified sense of purpose across teams so that they are motivated to work towards a joint vision. Simple action points include inter-departmental happy hours, combined teams brainstorming sessions, or cross-team collaboration projects.

2   **Empower managers to be the connecting bridge between team members and the organization**
Managers hold the key to foster cross-team connections as they know their team members at the individual level. Each manager should have the autonomy they need to allow and encourage cross-team collaboration. To enable this, provide them the support and guidance they need to better engage their team, such as with the use of a data-driven action suggestions platform.

"The success of a manager is no longer confined to delegating employee tasks and performance management. Managers today must accept new expectations laid on them to take ownership over the individual employee's personal motivations at work, growth expectations as well as his or her mental and physical well-being."

Dorothy Yiu
Cofounder at EngageRocket
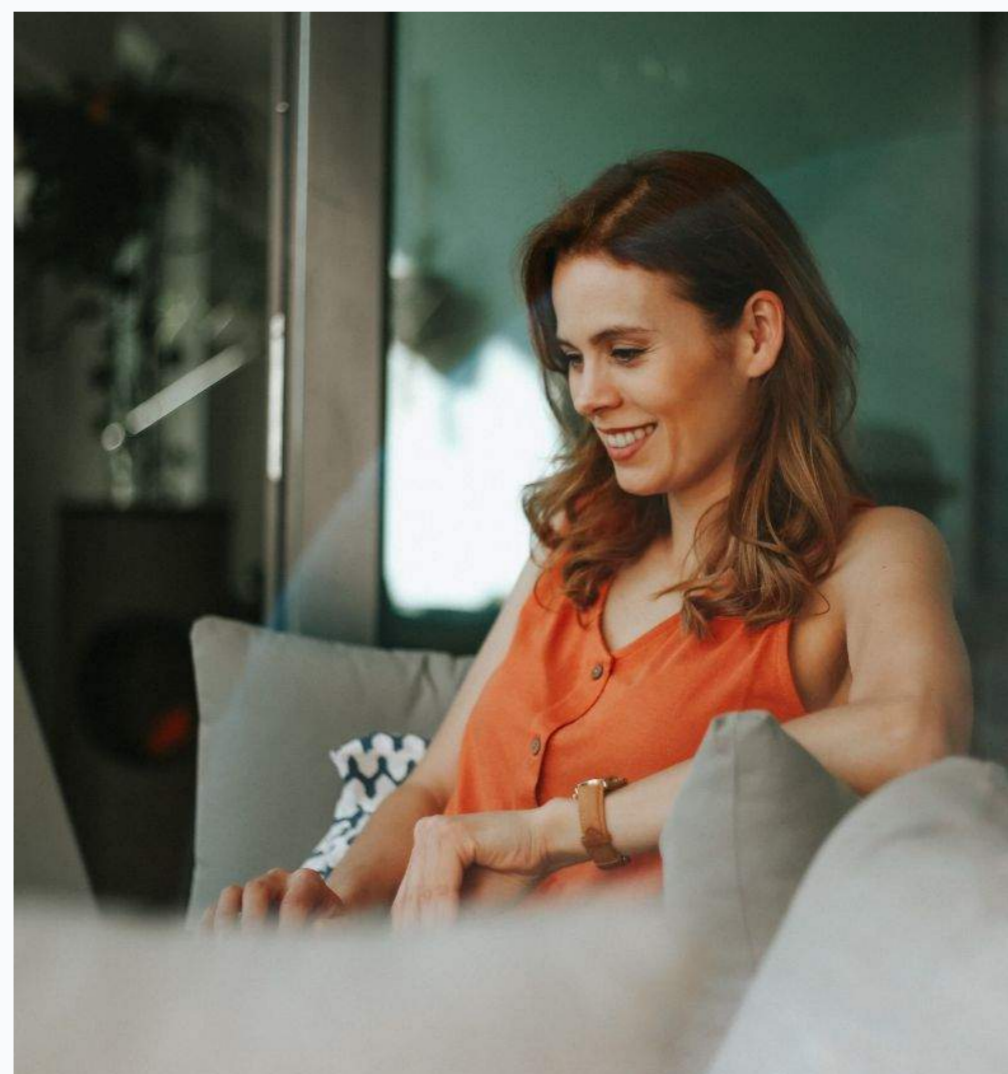
Tackling the root cause of disengagement and not its symptoms

Several of the key workplace phenomena mentioned previously can be traced back to deep-seated disengagement. The Great Resignation during the height of the pandemic revealed gaps and shortcomings in important areas of the employee experience, such as organizational support, work-life balance, and well-being. In the case of 'quiet quitting', employees had "logged off" a long time back and some have stopped going above and beyond in their roles.

Although different terms have been coined, ultimately these are symptoms of disengagement that are only the tip of the iceberg. Rather, organizations need to uncover the reasons behind disengagement in the context of their own workplace.

"The Great Resignation and quiet quitting are two consecutive phases and are different behaviors, but actually boils down to the same cause. These two phenomena are caused by disengagement at its core."

Dr Yvonne Tan
Lead People Scientist at EngageRocket

The causes for disengagement will vary from one organization to another, and even between different cohorts in the same organization. Traditionally, managers and HR teams have relied on gut instinct when it comes to designing employee experiences – but research shows that this could cause a sizable divide.

For example, a US survey found that 68% of employers are confident that they have invested heavily in their well-being value proposition, but just 51% of employees agree. By relying on gut feeling, organizations risk missing out on solving for the real causes of discontent and disengagement that employees face in the workplace.

"Quiet Quitting has been happening for a long time, and it's more commonly identified as disengagement. Companies need to get into the root causes of disengagement, as each organization has unique circumstances that drive it."

Judit Hordai
Director of People at Foodpanda

Focus areas for 2023:

1   **Offer a reason to stay engaged through purpose-driven culture**

Invest in 'benefits' that go beyond transactional nature. These may be done through actions such as team building exercises, guiding managers to be mentors, and focusing on building a safe, cohesive culture that centers around a shared organizational mission.

2   **Help managers step up as leaders**

Provide managers and leaders with the training they need to detect disengagement and stem it at the grassroots level. Give guidance on how managers can better nurture their team members and keep them engaged. This may be done through providing one-on-one conversation frameworks, guiding them to identify and have meaningful conversations about mental health issues at work, and having a clear leadership framework that managers can refer to at all times.

3   **Conduct regular feedback collection programs**

We cannot stress this enough: actions taken to address disengagement need to be based on real data collected from employee feedback, and not gut instinct. Two such examples of common feedback collection programs are employee experience surveys (EES) to understand sentiment and 360-degree reviews for employee capability and leadership growth.

"In the current world where hybrid working is the norm, it's important for leaders to make intentional efforts to draw closer team bonds and help members share what they are doing and how they are feeling about work."

Mich Goh
Head of Public Policy at Airbnb
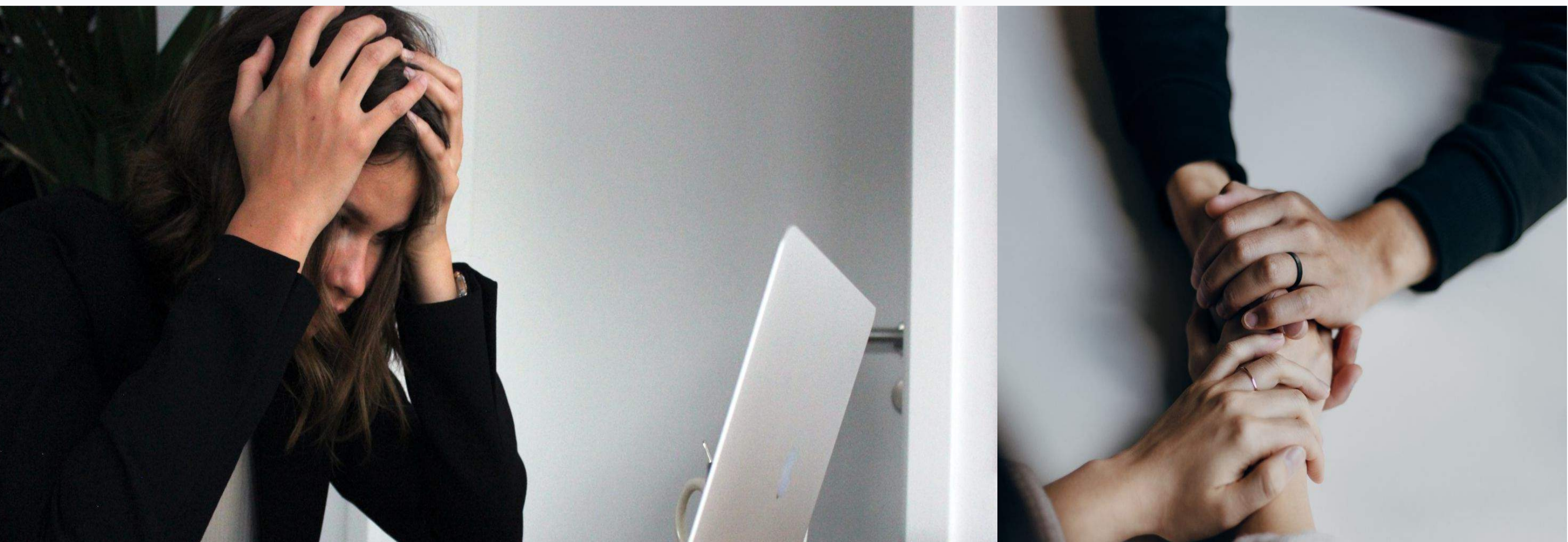
Trust taking on new meaning and dimensions

Bonds of trust between organizations and their workforce were always central to engagement, and this is more important than ever before. Existing relationships become strained due to remote work, with many managers struggling to engage, connect, and motivate their teams. Meanwhile, employees demand flexibility as part of table stakes, no longer viewing it as a differentiator. Organizations must find ways to allow and support remote/hybrid work without challenging these already-strained bonds of trust.

Research indicates that this is an issue for a sizable number of companies, which must be addressed in 2023. Here are the findings from PwC's recent survey:

• Remote/hybrid work seems to have boosted productivity, but **less than 33% of HR leaders are confident that they are building high levels of trust between employees and the organization.**

These are signs of rigid policies and a top-down blanket approach that tries to optimize output without keeping employee wellbeing in mind. When employees feel that they are not prioritized, they may feel that they are treated as a worker instead of a valuable person and hence their trust for the organization will be low.

"Trust is an invisible currency in today's workplace. Employees that feel safe and trusted are more likely to reciprocate that trust and perform at their best. This is why nurturing a culture of trust should be at the forefront of every organization's employee experience design."

Nauveed Salim
Regional Director at EngageRocket
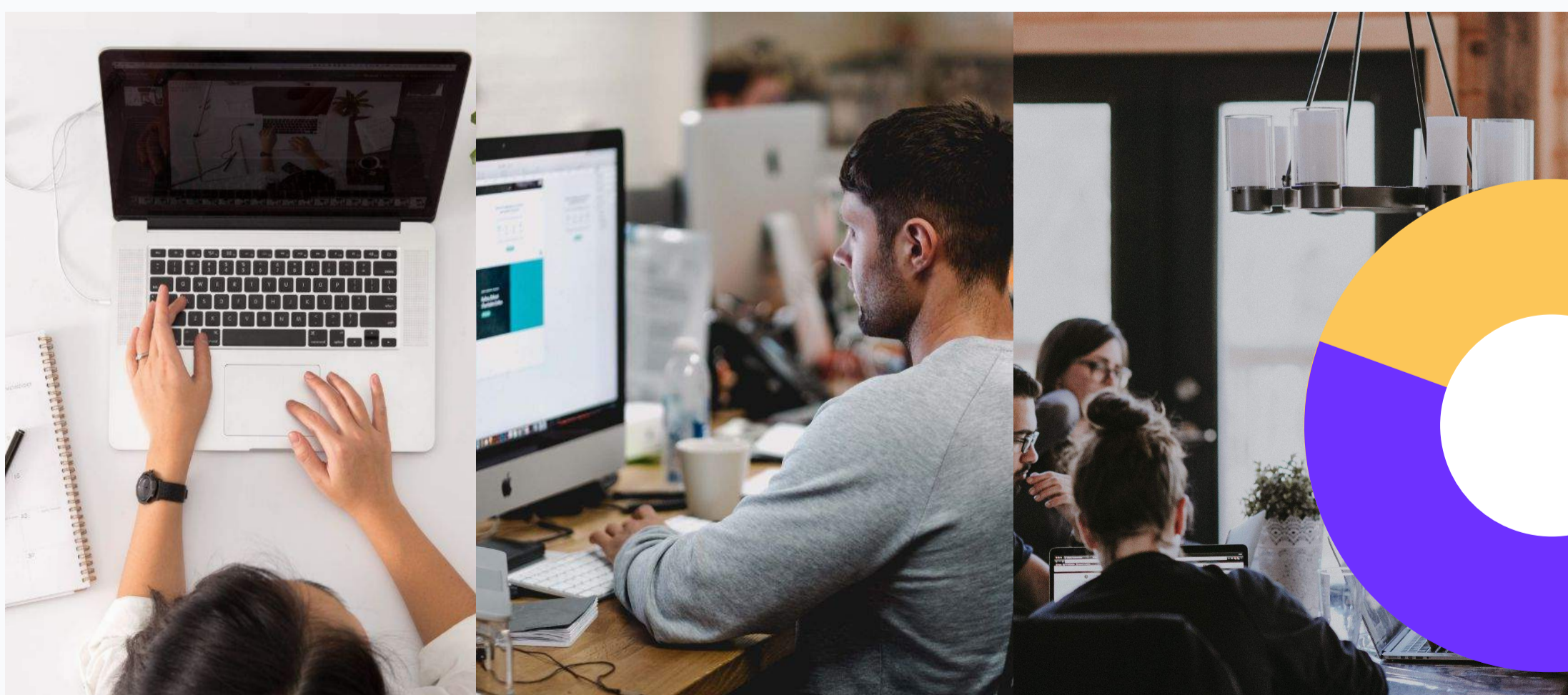
According to EngageRocket's study, managerial trust and support have a direct and correlational impact on employee engagement. We found that an employee's ability to openly discuss their issues with managers is the most significant predictor of engagement. Looking from the perspective of wellbeing, among employees who have low levels of burnout, ~91% feel that their managers are approachable and offer them support, much higher than ~60% among those who have high levels of burnout.

Focus areas for 2023:

1 **Understand and build upon the new dimensions of trust**

Trust between team members, teams, and organizational units went through a transformative change during the pandemic. Seek employee input on their unique relationships of trust with others by conducting a feedback collection program such as through employee engagement surveys. In doing so, confidentiality is a must so that employees can feel safe in voicing their honest opinions.

2 **Put trust at the center of the employer value proposition (EVP)**

Acknowledge that flexibility is no longer a differentiator in today's war for talent. Highlight that the organization has trust in every employee to get their work done without rigid constraints to schedule or location. Show that employee performance is not appraised by criteria such as number of hours online or how often people go to the physical office. Place trust front and center of the EVP, publicly communicate your commitment to it, and implement concrete initiatives that increase trust with and between employees.

"In today's new world of work, the organizations who are succeeding are those that enable their employees to find meaning and purpose at work."

Hannah Lennon
Senior Consultant at Mercer

The urge to rush towards restoration

Since the second quarter of 2022, several companies have started to reopen their offices and have initiated a return from full-time WFH. For some, this means working in a hybrid model, switching between one's home and the office. Others (like Tesla) are mandating nearly 100% office time. Throughout all of this, there is a very clear urge to rush toward restoration – and achieve pre-pandemic levels of productivity and business performance.

There is a potential plateau in people's drive for productivity after the pandemic. In the early stages, people invested in learning and upskilling amid an atmosphere of job uncertainty, and also out of the initial adaptation period of working from home. But now – as the Quiet Quitting phenomenon indicates – this enthusiasm is hitting a plateau, out of sync with most organizations' restoration plans.

Also, there is a shift in priorities, as employees take stock of the decline in work-life balance experienced in the last two years. Ultimately, both employers and employees are navigating the balance of what works best for them, and in 2023, it will be vital to reconcile and intersect the two journeys.

"When the employees have more time to deal with things that matter to them more, it will eventually make them happier and feel more refreshed to complete their work productively."

Simmons (SEA) Pte Ltd
GOLD winner of EngageRocket's Workplace of the Year Awards in the Best Work-Life Harmony Strategy

Focus areas for 2023:

1   **Democratize post-pandemic decision making processes**
Allow employees to have a say in the way forward. Gather data on engagement drivers to craft employee-centric restoration strategies. Ask open-ended questions to crowdsource ideas and make employees feel more valued. Be transparent about decision making processes so employees know their voices are heard and valued.

2   **Reward loyalty by prioritizing employee wellbeing**
Strive to find a balance between productivity goals and employee wellbeing, since the two are actually directly correlated.

New expectations around employee wellbeing

While mental well-being in the workplace was always a matter of utmost importance, it came further into the spotlight during the pandemic. This was due to several reasons – to begin with, prolonged periods of isolated remote work triggered mental health issues that may have been swept under the rug for years. Also, a climate of economic and personal uncertainty exacerbated the challenges and made people more aware of the state of their mental health. According to the World Health Organization's 2022 estimates, the global prevalence of anxiety and depression grew by 25% during the pandemic.

However, acknowledging the problem is only step one. Organizations took concrete steps to support employee well-being in 2021-2022, with interest in mental health apps growing by over 500%. This has significant positive effects: research by EngageRocket's partner, Intellect, found that an end-to-end mental well-being platform can reduce employee anxiety (93%) and increase their ability to cope with everyday challenges (76%). Well-being, especially in terms of mental health, must continue to be a top priority in 2023.

> "Employers need to be cognizant that while mental health awareness has grown tremendously over the past 2 years, the critical work to be done is moving forward regarding driving action and change in how we access and seek support."

Theodoric Chew
CEO at Intellect

The rise of the "hustle culture" is another reason why there are new expectations around employee wellbeing. Employees' opinions toward work and motives have evolved. According to a recent report by Intellect and Milieu, the top reasons to be productive are the desire to build a better life for themselves and their loved ones (58%) and achieve a sense of accomplishment (53%). Understanding these motives, employers need to cultivate positive and balanced working environments that embrace their employees' personal and professional lives.

Microsoft conducted a survey with 20,000 employees in 11 countries and found that:

- Almost 50% of employees and 53% of managers said they were burned out at work.
- 81% of employees say it's important that their managers help them prioritize their workload, but less than a third (31%) say their managers have ever given clear guidance during one-on-ones

Organizations must invest in measures that build mental resilience among their workforce while supporting employees through a positive and balanced professional environment. Managers play an important role in achieving this since EngageRocket's study found supportive and approachable managers to be a significant driver of engagement.

Focus areas for 2023:

1   **Invest in end-to-end well-being platforms and initiatives**

Go beyond employee assitance programs (EAPs) and mental health days that offer occasional and reactive support. Adopt comprehensive care platforms that support employees in their end-to-end well-being journey.

2   **Create safe spaces for mental health conversations**

Empower managers to be mental health champions within their teams. Provide resources that guide managers on how to conduct mental health conversations.

3   **Measure well-being with the correct metrics**

Implement a more holistic measurement of employee well-being that also includes burnout levels and one's ability to cope with challenges. Use the built-in question libraries available with platforms like EngageRocket Belong to conduct effective and confidential surveys.

> "Employees often suffer in silence for long periods of time or "check out" so they turn up to work but are not motivated or engaged, these are also insidious and show more prevalent signs of poor mental health. Managers need to utilize or enhance their emotional intelligence to better assess and read team members' responses to stress, personal boundaries or ability to speak openly."

Robyn Cam
Behavioral Health Coach at Intellect
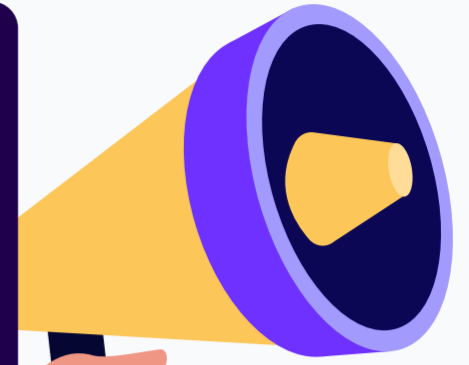
Key takeaways to remember in 2023

1

Address the shift from fragmented culture to fragmented loyalty

- Leverage team and community building to drive organization-wide connection
- Empower managers to be the connecting bridge

Notable insight:

89% of employees feel supported in their teams, but 38% are dissatisfied with the cross-team collaboration.

2

Notable insight:

41% of employees planned to quit in 2021, and in 2022, 1 in 5 workers were looking to change their jobs in the upcoming year.

Tackle the root cause of disengagement and not its symptoms

- Offer a reason to stay engaged through purpose-driven culture
- Help managers step up as leaders
- Conduct regular feedback collection programs

3

Notable insight:

Remote/hybrid work seems to have boosted productivity, but less than 33% of HR leaders are confident that they are building high levels of trust between employees and the organization.

Act on the new meanings and dimensions of trust

- Understand and build upon the new dimensions of trust
- Put trust at the center of the Employer Value Proposition (EVP) and offer autonomy to employees

Control the urge to rush toward restoration

- Democratize post-pandemic workplace decisions
- Reward loyalty by prioritizing employee wellbeing

4

Notable insight:

Companies are initiating a return to office (RTO), and several, like Tesla, are mandating nearly 100% office time, which may be out of sync with employee expectations.
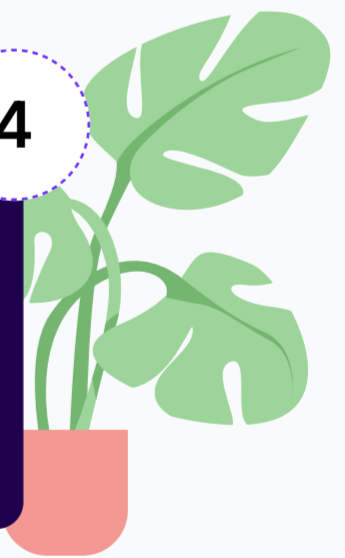
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Notable insight:

An end-to-end mental well-being platform can reduce employee anxiety (93%), while supportive and approachable managers are a significant driver of engagement.
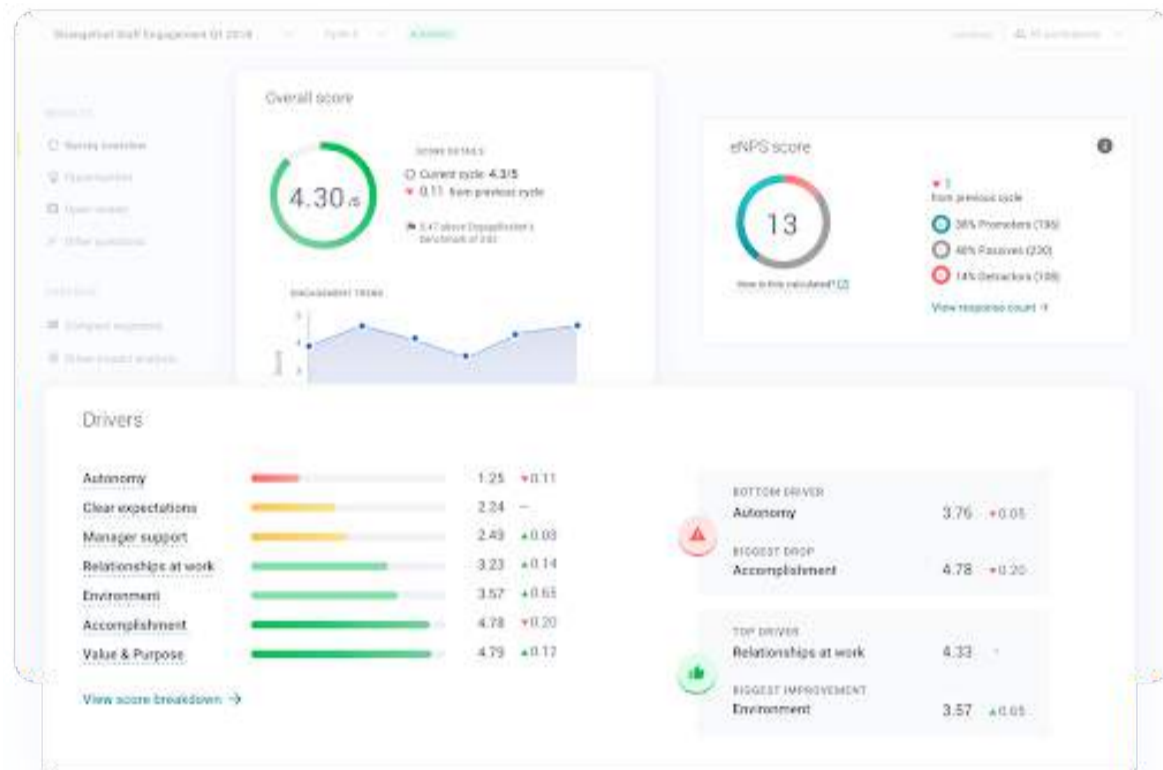
Navigate new expectations around employee well–being

- Invest in end-to-end well-being platforms and initiatives
- Create safe spaces for mental health conversations
- Measure well-being with the correct metrics
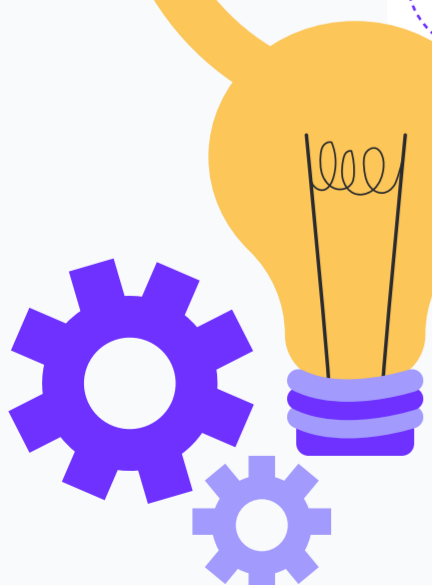
Improve employee experience with
EngageRocket's BELONG

📋 **BELONG: Employee Experience Survey**
Engage your talent from day one

- **Question Library:** Ask research-backed questions & get feedback for on-boarding, engagement, etc
- **Confidentiality**: Encourage communication without compromising employee's confidentiality.
- Build **multi-language surveys** in one click.
- Measure **program efficiency and analyse the returns** on your people initiatives
- Create and export **custom reports** easily

Automate your 360 feedback reviews with
EngageRocket's GROW
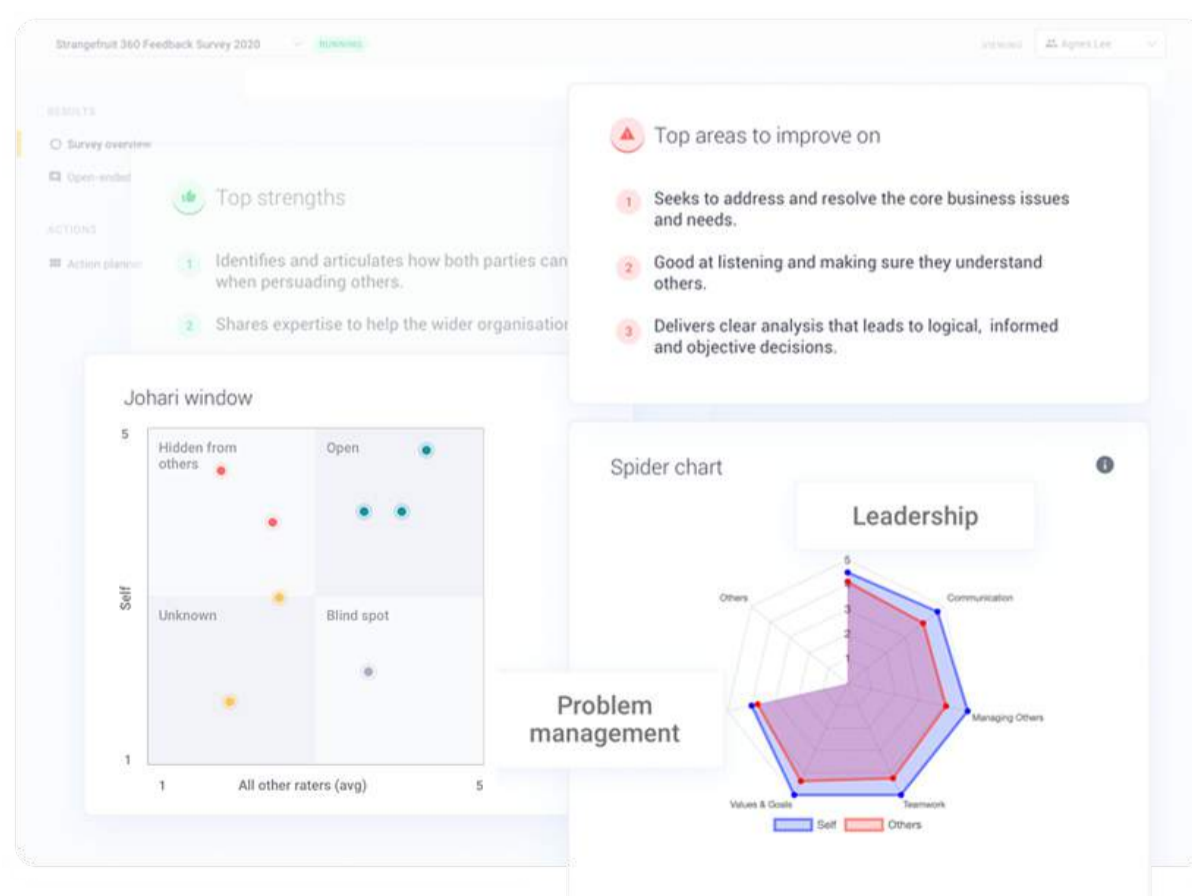
🎯 **GROW: 360 feedback review**
Develop your leaders into their best selves

- **Flexible setup**: customise questions, rater groups, selection methods, communication and reminders.
- Large validated competency and **question banks**
- Powerful **analytics**
- Data-driven **learning needs analysis**
- **Action planner**: Set goals, targets, tasks and reminders to encourage personal mastery
- Follow through closely and **monitor progress**

NEW Empower managers to take action with **EngageRocket's ACT**

|		
25% **of HR professionals** are unsure of the right actions to take after an employee engagement survey. *	**42%** **of HR administrators** find it difficult to include managers in the process to act on survey results.	**95%** **of HR leaders** want to empower team leads with the right tool to take meaningful actions. **

*based on a poll of 102 HR professionals in APAC
**based on EngageRocket's user interviews with CHRO and HR Directors in APAC
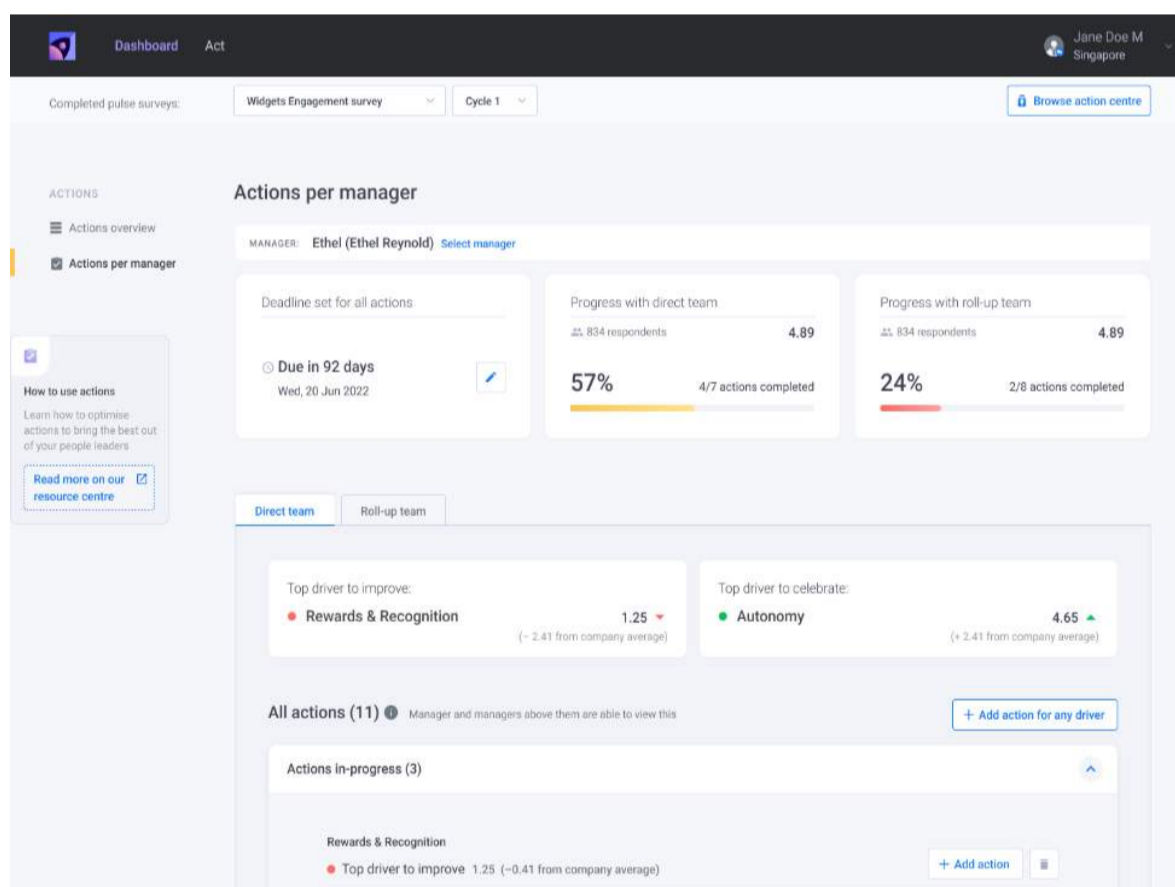
📄 ACT: Action Suggestions for Managers
Empower leaders, so your people can thrive

- **Equip managers with the right tools** to identify of key areas to focus on based on employee feedback
- **Enable better team connections** with targeted activities and conversation points
- **Motivate upskilling** with Adaptive learning repository in our curated Action Center
- **Monitor progress to foster accountability** with HR Dashboard to track actions and send reminders to team leads

About Us

EngageRocket

EngageRocket is an employee experience technology provider that empowers companies to enable human connections at scale. Companies across 14 countries and 20 industries such as Sephora, Toyota, Nikon, CGS-CIMB and Epson use EngageRocket to drive sustainable people and business outcomes with relevant and timely people-insights.

Learn more at www.engagerocket.co

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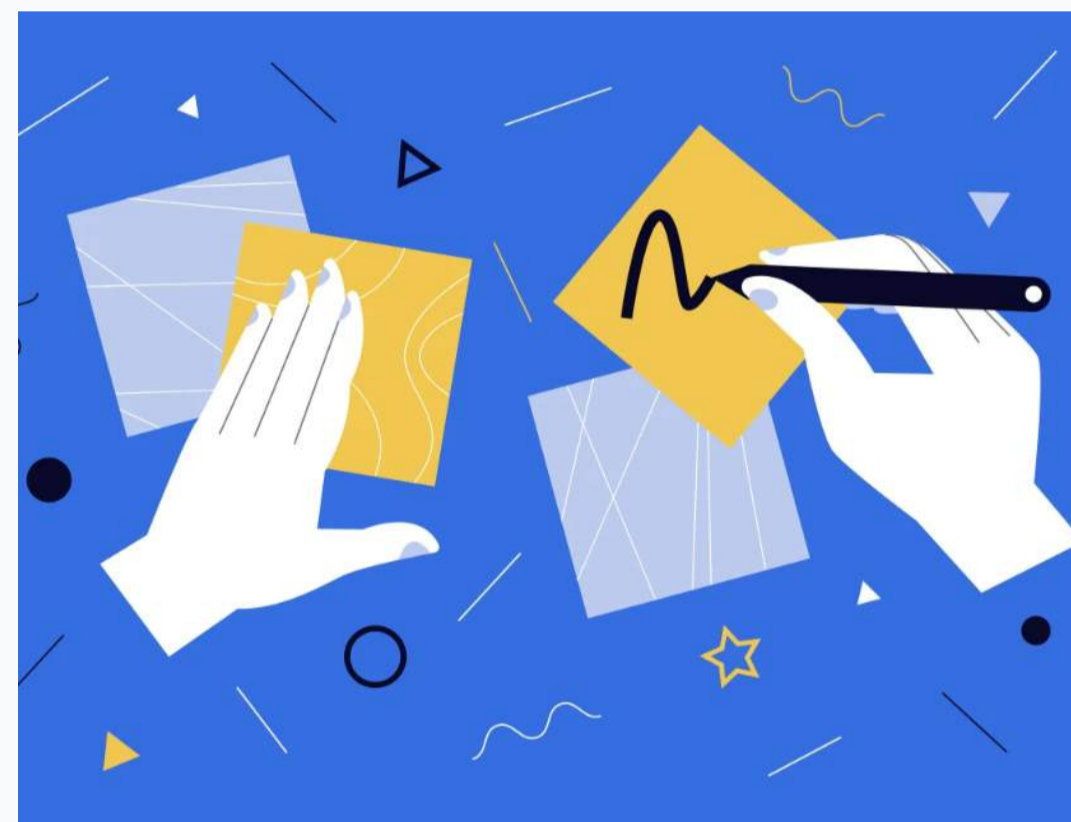
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