

2021 Employee Experience Survey

Highlights of key findings

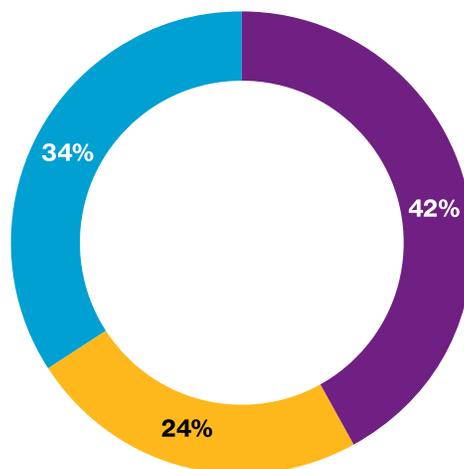


Willis Towers Watson 

About the respondents	Overview	Key findings The EX awakening	The EX delivers better business and people outcomes	Overcoming EX challenges	EX breakthrough moments	A radical new mindset
------------------------------	-----------------	---	---	--------------------------	-------------------------	-----------------------

About the respondents

A total of 1,550 employers representing 9.45 million employees around the world participated in the 2021 Employee Experience Survey. The survey was conducted between March 29 and April 23, 2021.



- Operations in a single country
- Operations across an entire region
- Operations in multiple regions

Industry representation:

- Manufacturing (22%)
- Financial services (18%)
- General services (16%)
- IT and telecom (14%)
- Health care (9%)
- Wholesale and retail (9%)
- Energy and utilities (8%)
- Public sector and education (4%)



Overview

More than

9 in 10

employers make enhancing the employee experience a top priority for post-pandemic success.



But few are prepared to deliver change.

Our 2021 Employee Experience Survey findings confirm that the pandemic created an EX stress test as employers deployed a range of actions, including restructuring, cutting pay and benefits, and adopting a flexible work model in response to the crisis. These actions took a significant toll on people and business with declines in productivity, engagement and wellbeing, among other areas, at many organizations.

As a result, we're seeing a "great EX awakening" – one that has 92% of organizations prioritizing EX enhancements over the next three years. This figure is up from 52% prior to the pandemic.

Employers recognize the urgency of improving the EX as they adapt to their new reality and face turnover and engagement challenges. Yet, nearly four-fifths of organizations (79%) report they have not yet reached their new reality in terms of returning to the workplace and ending temporary pandemic-related policies and procedures.

In other words, the stress on the EX persists and most organizations report they have a ways to go. Our survey insights will help organizations take the bold measures required to transform the EX in ways that enable both employees and the business to thrive in the post-pandemic world.

The employee experience (EX) is the sum of all the moments that matter between an employee and an employer. The experience that organizations shape across purpose, work, Total Rewards and people has direct links to workforce engagement, productivity and sustainable business performance.



The EX awakening

Organizations' awareness of the importance of the EX increased dramatically during the past year.

- More than nine in 10 employers (92%) indicate that enhancing the EX will be a priority over the next three years, while only 52% said enhancing the EX was a priority to their organization before the pandemic.
- This shift in priority reflects the employer view that the EX drives engagement (81%) and employee wellbeing (80%) as well as productivity (79%) and overall business performance (78%), thus creating value for both employees and the business.

Before the pandemic

52%

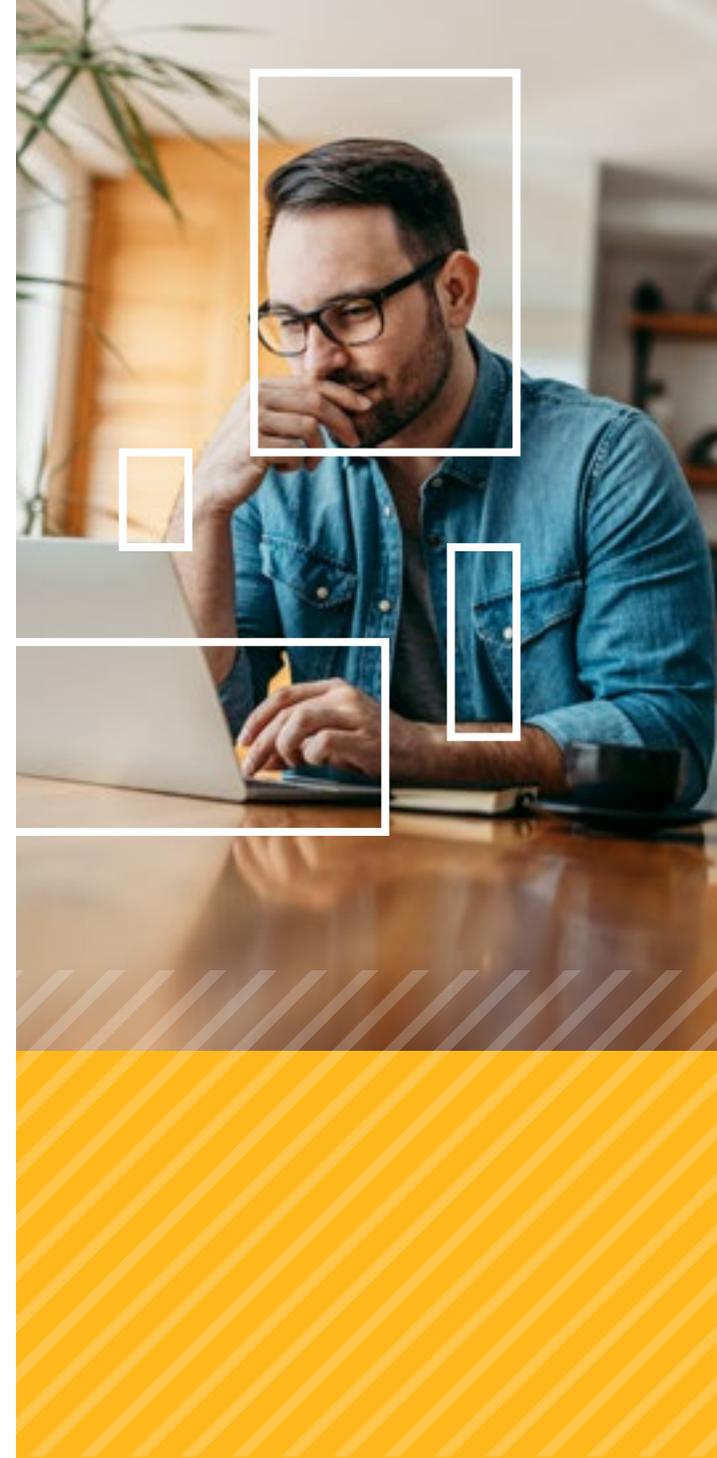
said enhancing the EX was a priority



Today

92%

say that enhancing the EX will be a priority over the next three years



What sparked a great EX awakening?

The pandemic created an acute stress test for the EX as organizations took rapid actions.

- 56% of employees worked fully remotely or in a hybrid model, up from only 9% three years ago.
- Nearly half of organizations (46%) cut people or hours.
- Over four in 10 (44%) restructured (36% did organization-wide restructurings).
- Roughly two-fifths (39%) cut pay or benefits.

In some cases, employers took action to preserve their business; in other cases, they were looking to capture growth opportunities. Regardless of the objective, the extent of these actions over such a short period of time exerted a significant toll on employees and organizations.

Employers report that the pandemic and related actions taken by employers had a negative impact on the employee experience (43%) as well as employee wellbeing (50%) and employee engagement (40%).

In addition, more than half of employers (52%) say that the pandemic and the actions taken in response to it hurt financial performance, while over a third (35%) indicate they experienced a decline in productivity as a result.

This situation created an urgency for employers to focus on the EX, a critical value driver. But few organizations were prepared to deliver a positive experience in unsettled times.

When asked about the impact of the pandemic and related actions...

52% 
said it hurt financial performance

43% 
reported a negative impact on the employee experience

35% 
experienced a decline in employee productivity

37% 
said it negatively shifted organizational culture

40% 
reported a negative impact on employee engagement

50% 
said it had a negative impact on employee wellbeing

Source: 2021 Employee Experience Survey - Shaping EX strategies for impact

The employee perspective

Data from employee surveys captured in the Willis Towers Watson Employee Opinion Normative Database reveals the impact of employer actions during the pandemic on employees, with over half (52%) reporting high to moderate anxiety and two-thirds (66%) reporting at least some work distraction. Similarly, in the initial phase of the global pandemic, 72% of responding employees had full confidence in leaders to protect employee health and wellbeing, but by the end of the year that number had fallen to 57%.

The EX delivers better business and people outcomes

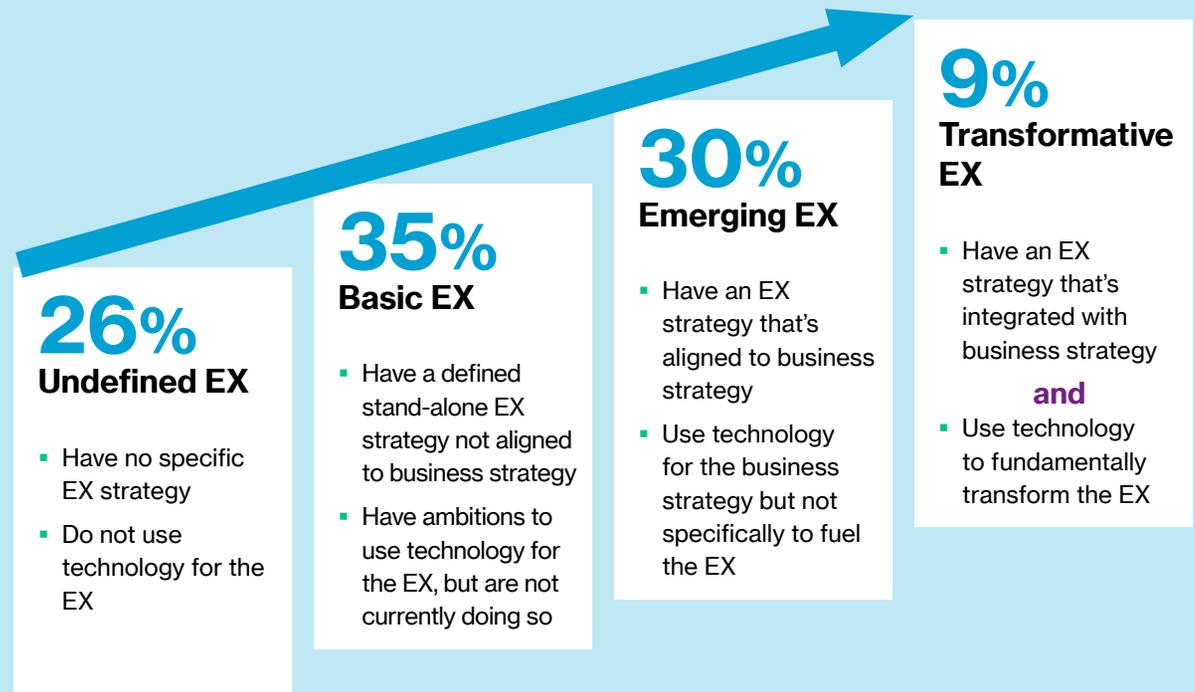
Few organizations are able to transform the EX and how work gets done in order to persevere in the face of challenges. Only roughly one in 10 organizations (9%) have an EX that is transformative, but these organizations are more likely to have achieved improved people and business outcomes.

The EX continuum

Our research enables us to identify different stages of EX development that form a dynamic continuum, allowing each organization to advance its EX as it evolves.



Only 1 in 10 organizations have a “Transformative EX,” which is required to deliver a high-performance EX (HPEX) to achieve better business and people outcomes



Source: 2021 Employee Experience Survey - Shaping EX strategies for impact

Transformative EX organizations are more likely to achieve better business and people outcomes – including lower annual turnover

- What do “Transformative EX” organizations do differently? These organizations have an EX strategy that is integrated with their business strategy, and they use technology to fundamentally transform their employees’ experience and the business.
- Why does this matter? Organizations that take such an approach are more likely to report strengths in areas critical to delivering a high-performance employee experience, which our research links to positive financial outcomes (see sidebar).

The Willis Towers Watson HPEX model identifies the performance areas critical to the employee experience. Organizations that excel in these areas outperform their peers in top-line growth, bottom-line profitability and return to shareholders.

Transformative EX organizations are more likely to report major strengths in HPEX excellence areas across purpose, work, Total Rewards and people



Sources: 2021 Employee Experience Survey - Shaping EX strategies for impact; and “Identifying the factors that make high-performance employee experience (HPEX),” Willis Towers Watson, 2019

Moreover, when compared with organizations that have not defined an EX strategy, Transformative EX organizations are more likely to experience a net positive impact in the following people areas: organizational culture (+44%), employee experience (+40%), employee engagement (+35%) and employee wellbeing (+28%).

They also are more likely (2.7x as likely) to report higher productivity and lower annual employee turnover (90% more likely) relative to their peers.

- Despite facing the same pandemic-related EX challenges as other organizations, Transformative EX organizations fared better in key leadership areas.

Transformative EX organizations were:

- 32 percentage points more likely to report having senior leaders who are effective at setting and communicating strategies as well as managing change
- 28 percentage points more likely to be effective at helping employees understand their company goals and objectives
- 27 percentage points more likely to be better at helping people develop their full potential

Transformative EX organizations are more likely to experience a net positive impact*...

+40%



employee experience

+44%



organizational culture

+35%



employee engagement

+28%



employee wellbeing

And they are more likely to report*...

2.7x

significantly higher productivity than their industry peers

90%



more likely to report lower annual turnover than their industry peers

*Compared with organizations without a defined EX

Overcoming EX challenges

EX challenges are not going away

Approximately eight in 10 organizations (79%) report that they have not yet arrived at their new workplace reality, and about 40% don't expect to reach this milestone until 2022 or beyond. This suggests that these organizations expect more changes and EX challenges in the future. Even once organizations reach the Transformative EX stage, it is critical for them to maintain a sustained focus on the EX to remain Transformative as different challenges arise.

63%



recognize the need to prioritize employee wellbeing to enhance the EX

Adapting to the new reality will take time and require a sharp focus on three areas:



Work

Over eight in 10 organizations (82%) recognize that the new realities of labor markets require a hybrid model for many roles, but they're often not ready to realize that ambition.



Wellbeing

Six in 10 organizations (63%) acknowledge the need to prioritize employee wellbeing in order to enhance the EX. This would involve improving existing offerings or changing other aspects of their wellbeing programs.



Total Rewards

Over half (54%) report increased momentum to align Total Rewards programs with the diverse needs of different talent groups.

In three years, employers expect **1 in 4** employees to be working a mix of onsite and remotely. This is in addition to the 19% who will primarily be working remotely.



EX breakthrough moments

The following actions can help employers achieve breakthrough moments and better position themselves to address ongoing challenges and deliver a high-performance EX.

 <h3>Adapt to flexible work</h3> <p>Recharge strategies, programs and policies to address the emerging needs of flexible work</p>	 <h3>Rebalance EX offerings</h3> <p>Focus on the importance of designing and delivering Total Rewards, embedding inclusion and diversity (I&D) programs, and creating a culture of wellbeing</p>	 <h3>Lead through change</h3> <p>Equip leaders and managers to lead through change</p>	 <h3>Reconnect with employees</h3> <p>Adopt the hallmarks of Transformative EX organizations to understand, listen to, communicate with and engage employees</p>	 <h3>Build an integrated EX strategy</h3> <p>Build an EX strategy that is integrated with your business strategy and fueled by technology</p>
--	---	--	---	--

 **Achievable with bold steps on prioritization, investment and technology**

Adapt to flexible work

Almost three-quarters of organizations (73%) have identified flexible work as a priority to improve the EX over the next three years. But many employers are not ready for this shift as only 56% say they're flexible regarding where and how work gets done, and only 50% indicate they are in the process of reimagining careers in response to changes in how work is accomplished.

Transformative EX organizations are two times as likely as other organizations to redesign pay programs and policies to align with high-demand skills and to add new programs to promote workplace flexibility, such as backup day care or reimbursement of costs of working from home.

Additionally, Transformative EX organizations are more than twice as likely to shape strategies that address job reinvention, reskilling and talent redeployment.

Rebalance EX offerings

This involves developing a sharp focus on delivering fair pay, aligning Total Rewards programs with diverse talent needs, prioritizing health and wellbeing programs, and embedding inclusion and diversity into human capital strategies. Transformative EX organizations are more likely to be taking steps to address these issues.

Employee satisfaction with benefits ranks among the top five most common metrics used by Transformative EX organizations, reflecting an understanding of the importance of benefits to the EX. These organization are also three times more likely to rethink and invest in employee health and wellbeing programs, and to proactively manage diversity.

Transformative EX organizations are

3x



more likely to rethink and invest in employee wellbeing and to proactively manage diversity

Equip leaders and managers to lead through change

All organizations support this imperative with only 22% saying a lack of senior management support is a challenge to deliver the EX.

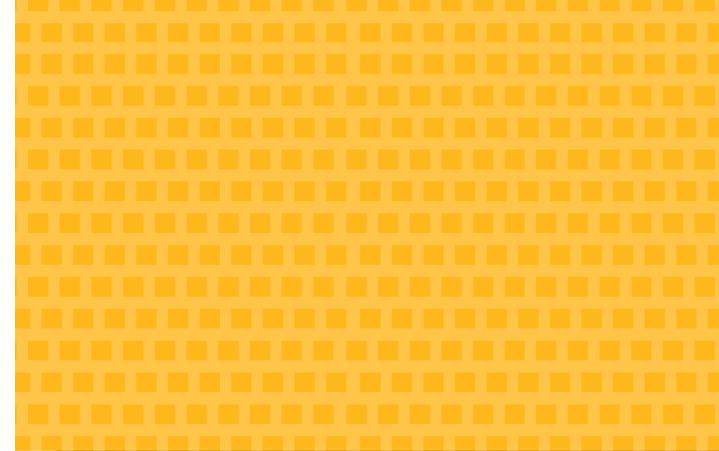
A majority of organizations appear to recognize the need to improve leadership competencies. Nearly two-thirds (64%) say changing leadership competencies over the next three years to improve their EX is a priority. Organizations also have a gap in the area of change capability with only a quarter of organizations (25%) indicating that senior leader effectiveness at managing change is a major strength.

Reconnect with employees

Reconnecting with employees requires the use of communication technology and tools as well as analytics to listen to, communicate with and engage employees. Transformative EX organizations are more likely to communicate to drive behavior change and use tools to help employees get the most out of their benefits.

Build an integrated EX strategy

For initiatives in the preceding areas to be effective, they must be supported by an EX strategy that is technology-enabled and integrated with an organization's business strategy. Three in 10 organizations indicate that the use of technology is transforming the EX and who they are as a business today, compared with two-thirds that indicate they expect to use technology this way in three years. Such a strategy requires an investment in technology today. Two-thirds of Transformative EX organizations (66%) are already investing in software to build and deliver the EX.





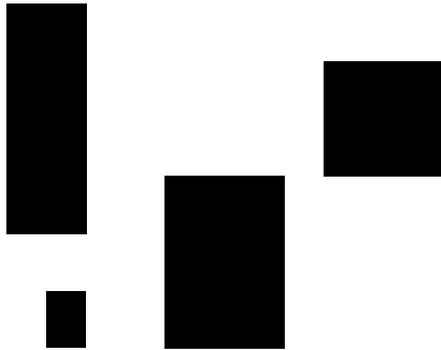
A radical new mindset

With 92% of organizations making it a priority to enhance their EX, there's an urgency to take bold action to get ahead of the curve. This requires a radical new mindset focused on prioritizing and enhancing the EX on an ongoing basis.

Organizations adopting such a mindset strive to develop an EX model supported by technology and anchored around purpose, work, Total Rewards and people to power specific business and people outcomes. They use data and analytics to guide their EX actions in the face of shifting challenges. Additionally, these organizations make aggressive investments in the EX to secure an ROI in the form of engagement and wellbeing for employees, and productivity and performance for the business.

It's time to let go of legacy mindsets and practices, and embrace the change and sustained effort needed to keep the EX a top priority for post-pandemic success.





About Willis Towers Watson

Willis Towers Watson (NASDAQ: WLTW) is a leading global advisory, broking and solutions company that helps clients around the world turn risk into a path for growth. With roots dating to 1828, Willis Towers Watson has 45,000 employees serving more than 140 countries and markets. We design and deliver solutions that manage risk, optimize benefits, cultivate talent, and expand the power of capital to protect and strengthen institutions and individuals. Our unique perspective allows us to see the critical intersections between talent, assets and ideas – the dynamic formula that drives business performance. Together, we unlock potential. Learn more at willistowerswatson.com.



willistowerswatson.com/social-media

Copyright © 2021 Willis Towers Watson. All rights reserved.
WTW10105/07/2021

willistowerswatson.com

Willis Towers Watson

About the
respondents

Overview

Key findings

The EX awakening

The EX delivers better
business and people
outcomes

Overcoming EX
challenges

EX breakthrough
moments

A radical new
mindset