

Total Rewards:

2023 Trends & Takeaways





Trends of 2023

The last few years have brought a great deal of change to the workplace and how employees view the idea of work. Resignation rates have seen a 12.7% increase in the last two years while unemployment has seen a steady decline from 14.7% in April 2020 (thanks to the pandemic) to 3.5% in December 2022.¹ Employees clearly have had the power in the employer/employee relationship, also called the “Workforce Value Proposition” (more on that later), and the trends of the past few years reflect the struggles of the modern workplace.

New data suggests that past trends and a new focus on total rewards should factor heavily in how organizations prepare for the future in 2023—and how they will drive success. Work and the workforce will continue to change in key areas, impacting how organizations do business, how they support their employees, and perhaps most importantly, how they will continue to be profitable in the year ahead.

What we'll see in 2023...

Job dissatisfaction and economic anxiety are at an all-time high. Organizations that focus on their culture and employees will see productivity and profitability rise.

Shift in power to employers provides organizations the opportunity to build a competitive edge. Total rewards carry the most impact, are the most cost-effective, and have the most ROI for effort.

Changing workforce expectations require organizations to adapt quickly, especially regarding flexible work. Those that do so will find greater, more long-lasting success than their less flexible peers.

A youthful and evolving workforce demands modern tools and technology that empowers value-driven initiatives and facilitates rewards and recognition programs that exceed expectations.



These highlighted trends will shape how organizations adapt and grow in 2023, and one of the most important areas of growth indicating future success in any industry is total rewards. Organizations that ignore the trends in 2023 and that fail to employ strategic rewards and recognition will pay the price of rising talent acquisition costs and employee disengagement, leading to lower productivity and high turnover rates.

Organizations that look to their people and utilize total rewards as a major focus of their employer/employee strategy will capitalize on gaps in the workforce value proposition and will not only thrive, but will set themselves up for success for years to come.

Culture builds productivity, satisfaction, and profitability.

Job dissatisfaction and economic anxiety are at an all-time high.

Lack of recognition is the #1 reason most people leave their current employment.²

Conversely, organizations with sophisticated recognition programs have 31% lower voluntary turnover³ and are 12X more likely to have strong business outcomes.⁴ The power of rewards and recognition in generating job satisfaction and alleviating workplace and economically-fueled anxiety cannot be overstated.

Resignation Rates⁵ vs Recognition Rates

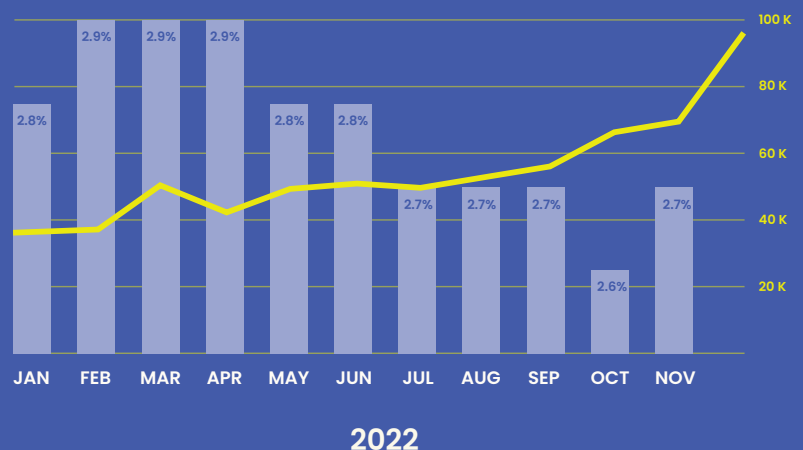


Figure 1

When recognition is frequent, voluntary resignations fall. Employee recognition is one of the best ways to combat job dissatisfaction and economic anxiety.

Organizations that focus on their culture and employees will see productivity, employee satisfaction, and profitability rise.

Our own data suggests that employers have a great deal of runway when it comes to improving their total rewards programs. In looking at the last two years' data (Fig. 1), it is clear that recognition fluctuates month to month, dipping in winter, and peaking in the holiday season due to holiday programs. Interestingly, resignation rates compared to recognition rates provide clear insight into the impact recognition has on resignations.

A more equitable approach, distributing recognition throughout the year in both service anniversary awards, spot recognition, incentive programs, and more will help organizations combat job dissatisfaction and employee anxieties—leading to greater retention and better business outcomes.



Top Recognition Industries⁶

2022 Top 5

1. Finance
2. Manufacturing
3. Software
4. Hospitals & Clinics
5. Business Services

2021 Top 5

1. Manufacturing
2. Finance
3. Software
4. Insurance
5. Hospitals & Clinics

Total Rewards are the competitive edge.

Shift in power to employers provides unprecedented opportunity for success.



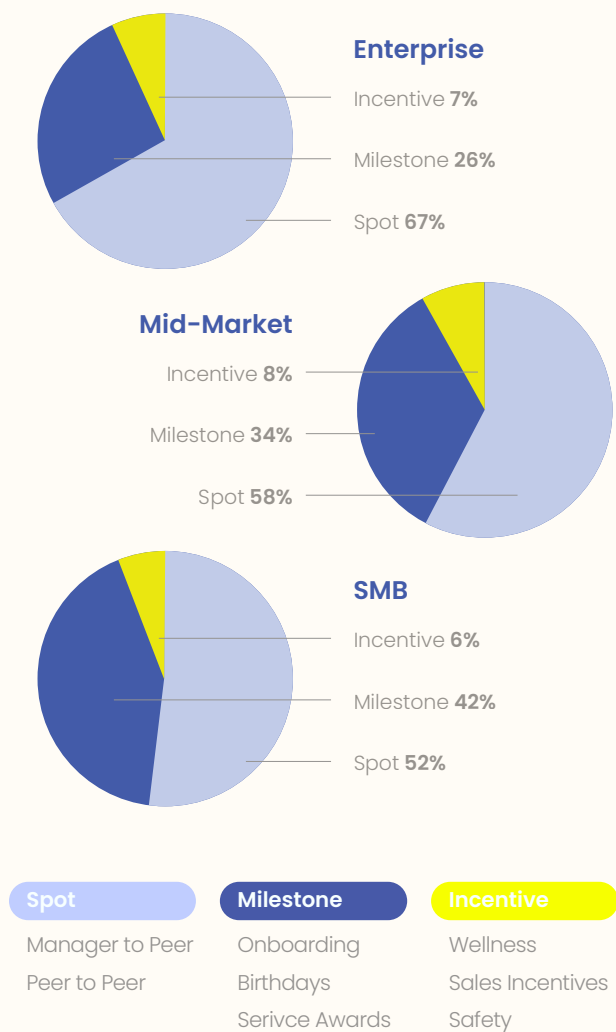
Employees have enjoyed a great deal of power recently in the employee/employer relationship. The Great Resignation spurred by the pandemic in 2020 led many employees to seek greener pastures, with a record 4.5 million resignations in November 2021 and a steady average of about 4 million throughout most of 2022.⁷

The Great Resignation forced many employers to rethink their retention strategies. However, as the economy marches forward into a recession, employers have more power to attract & retain employees—and to build a culture that will carry them through any upcoming challenges.

Total rewards carry the most impact, are the most cost-effective, and have the most ROI for the effort.

Successful organizations must have diverse programs in place to support and engage their workforce. While many companies have traditional rewards and recognition programs such as service anniversaries, these alone are not enough to attract, retain, and engage a productive workforce.

Recognition Program Distribution¹¹



The data suggests that a strategic total rewards program fills the gaps left by more traditional engagement methods. Companies that have a variety of programs as part of their total rewards strategy have a more engaged, stable workforce. To illustrate this, consider that **over 80% of employees state that more workplace recognition improves their experience, relationships, engagement, and happiness at work**,⁸ and that organizations with recognition programs had 31% lower voluntary turnover than those without.⁹

And more programs doesn't have to mean more administration time and cost. With the right investment, effective programs can cost less and help people leaders do more. One study revealed that an effective program actually saved administrators nearly 296 working hours and allowed HR leaders to do more than they ever could on their own.¹⁰

Adapt and succeed— and allow for flexible work.

Changing workforce expectations require organizations to adapt quickly, especially regarding flexible work.

Change is a constant, and this is especially true for managers in every organization as flexible work arrangements have become the standard for successful businesses. Highlighting this trend is the fact that 87% of workers embraced the opportunity for flexible work when it was available, and flexible work is now ranked as one of the top three motivators for finding a new job.¹²



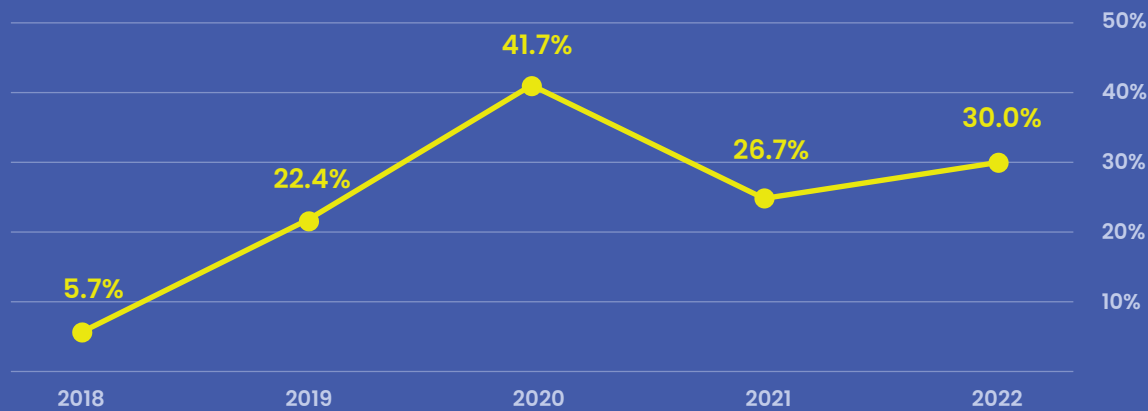
87%
of workers chose
flexible work
when available

Adapting to the changing business environment over the last year has been an exercise in patience. The dramatic economic shift that has led to current recession concerns has forced businesses to find new ways to support their employees—especially with flexible work arrangements.

Many organizations have challenged the feasibility of sustained remote work strategies, as it isn't an option for many industries, and have called their workforce back on-site permanently. However, this trend only served to highlight the need to execute a flexible work solution, where possible, due to employees seeking opportunities elsewhere (consider the additional 4.1 million resignations in November 2022)¹³ that would give them what they need in terms of flexible work.

Organizations that adapt quickly will find greater, more long-lasting success than their less flexible peers.

REMOTE WORK PREVALENCE



Organizations need to challenge long-held assumptions of work and design physical, digital, or hybrid environments that fit varying work needs. Respecting employee preferences while still holding to company objectives such as culture, community, and teamwork is possible and necessary—and will lead to a stronger organization for years to come.

Developing a hybrid workforce across multiple locations can be facilitated with strategic investments in proper technology. Paramount spent 2022 wrestling with similar challenges of a diverse, disparate workforce and adapted quickly to unite 20,000+ employees under one overarching strategy—and saved their administrators a combined 52 working days worth of effort.¹⁴

Leadership in a boundaryless world is less about formal authority and more about use of insight, personal accountability, connection to values, and action.¹⁵

Utilize technology to drive greater success.

A youthful and evolving workforce demands modern tools and technology that enables great work.

Nearly

60%

of global customer interactions are all digital.

Nearly

60%

of all services are either partially or fully digitalized.¹⁶

And

45%

of employees work from home at least part of the time...

with

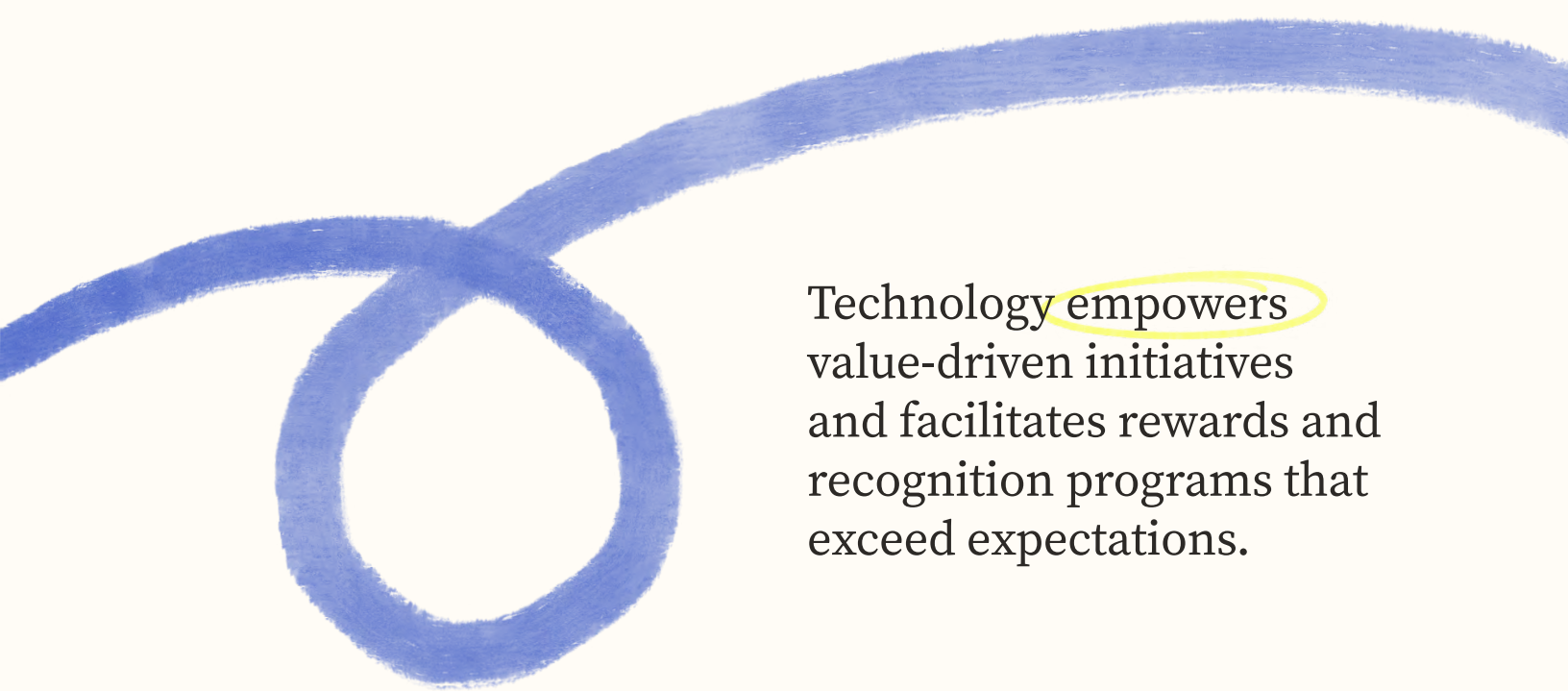
90%

of them eager to continue to work digitally.¹⁷

The workforce is changing,
and digital tools and technology
are required to keep up.

Technology that increases efficiency, reports on success, and provides engagement opportunities for employees to participate in their own rewards and recognition is vital to any successful organization in 2023. Those that do not invest properly in effective technology will fall behind, lose employees, and see company culture wither.

Using technology to boost culture and facilitate value-driven rewards and recognition is possible, no matter how many locations or employees are in the organization. **One global entity employed technology to unite their programs and people, and saw a 33% boost in adoption of cultural values as a result.**¹⁸



Technology empowers
value-driven initiatives
and facilitates rewards and
recognition programs that
exceed expectations.

Decide your future.

Those organizations that make rewards & recognition a holistic focus, rather than a function of HR, will capitalize on gaps in the workforce value proposition and will not only thrive in the year ahead, but will set themselves up for success for years to come.



// This is your opportunity to take advantage of the lack of boundaries to reframe your role in creating the future of your organization.¹⁹ //

What YOU will see in 2023...

Job dissatisfaction and economic anxiety are at an all-time high. Organizations that focus on their culture and employees will see productivity and profitability rise.

Shift in power to employers provides organizations the opportunity to build a competitive edge. Total rewards carry the most impact, are the most cost-effective, and have the most ROI for effort.

Changing workforce expectations require organizations to adapt quickly, especially regarding flexible work. Those that do so will find greater, more long-lasting success than their less flexible peers.

A youthful and evolving workforce demands modern tools and technology that empowers value-driven initiatives and facilitates rewards and recognition programs that exceed expectations.

Get ahead of the trends.

Visit award.co/start, email sales@awardco.com, or call 800.320.0893.

Endnotes

- 1 <https://www.bls.gov/opub/mlr/2022/article/the-great-resignation-in-perspective.htm>
- 2 Gallup – “How Full is Your Bucket?”
- 3 <https://www2.deloitte.com/us/en/insights/deloitte-review/issue-16/employee-engagement-strategies.html>
- 4 <https://www2.deloitte.com/us/en/insights/focus/human-capital-trends.html>
- 5 <https://tradingeconomics.com/united-states/job-quits-rate>
- 6 Awardco Recognition Data
- 7 <https://www.bls.gov/news.release/jolts.t04.htm>
- 8 <https://www.shrm.org/hr-today/trends-and-forecasting/research-and-surveys/documents/shrm-globoforceemployeeerecognition%202018.pdf>
- 9 <https://www2.deloitte.com/us/en/insights/focus/human-capital-trends.html#activating-the-future>
- 10 <https://www.award.co/customers/america-first-credit-union>
- 11 Awardco Recognition Data
- 12 <https://www.mckinsey.com/industries/real-estate/our-insights/americans-are-embracing-flexible-work-and-they-want-more-of-it>
- 13 <https://www.bls.gov/news.release/jolts.t04.htm>
- 14 <https://www.award.co/customers/paramount>
- 15 <https://www2.deloitte.com/us/en/insights/focus/human-capital-trends.html#activating-the-future>
- 16 <https://www.mckinsey.com/capabilities/strategy-and-corporate-finance/our-insights/how-covid-19-has-pushed-companies-over-the-technology-tipping-point-and-transformed-business-forever>
- 17 <https://news.gallup.com/poll/355907/remote-work-persisting-trending-permanent.aspx>
- 18 <https://www.award.co/customers/percepta>
- 19 <https://www2.deloitte.com/us/en/insights/focus/human-capital-trends.html#activating-the-future>