

Heartbeat

by Peakon

The Employee Expectations Report 2020



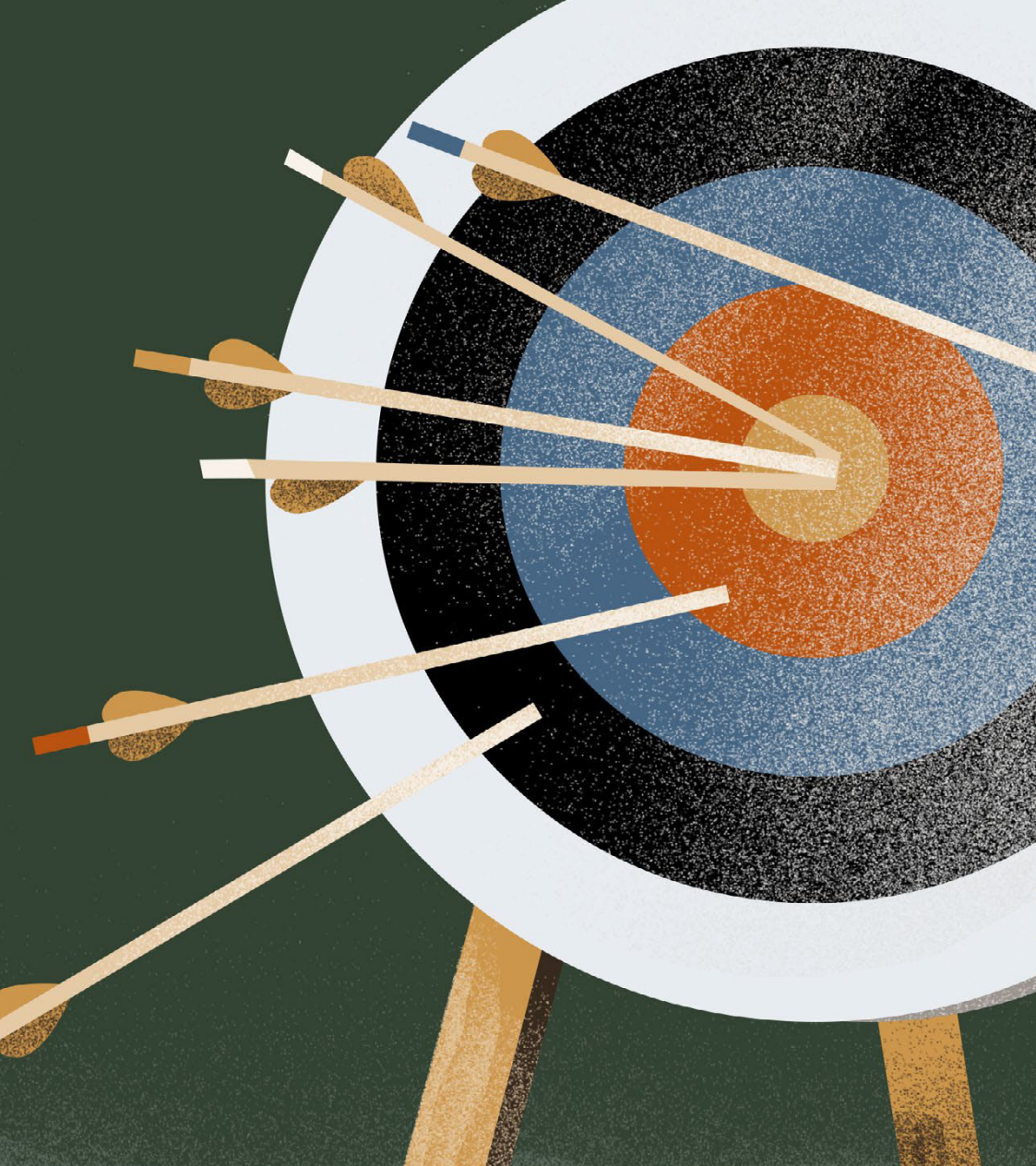


Table of Contents

03 - 04	Introduction
05 - 10	Climate action
11 - 16	Flexible working
17 - 22	Wellbeing
23 - 28	Diversity and Inclusion
29 - 30	Conclusion

01

Introduction

“As employees, we often think about what companies expect from us. But we also need to be clear about what we expect from our employers.”

Phil Chambers

CEO, Peakon

According to our dataset of 80 million employee survey responses, 59% of the global workforce is disengaged as of January 2020.¹ That leaves only 41% of employees that are actively engaged at work.

Disengagement costs companies money — up to \$550 billion a year, in fact.² This high cost stems from lost productivity, low performance and eventual turnover. Successful businesses are built by great people, and to engage and retain them, you need to understand their expectations.

Historically speaking, businesses have always put the needs and expectations of their customers and shareholders before those of their employees. But as organisations have become more aware of how critical their people are to their bottom line, the focus has shifted towards the employee.

Today, employees expect a career, not a job. They expect their company to be purpose-driven, with a clear moral compass. Most of all, they expect to be able to bring their whole selves to work.

But there is a gap between what employees expect and the reality of how businesses respond — or fail to respond — to those expectations. This is called the expectation gap, and it's getting wider.

Employee expectations are always evolving, and new ones emerge every day. Organisations that don't keep pace with these changes will risk losing the people that define their culture, build their product, and drive their business.

Taken from our dataset of 80 million survey responses, we analysed 14 million survey comments to identify the latest trends in expectations of the employees in today's workplace. We produced this report to help organisations understand their employees' expectations and help them drive business success.

¹ Peakon, *The Global State of Engagement in 2020*.

² Sylvia Ann Hewlett, Ripa Rashid and Laura Sherbin, '[When Employees Think the Boss Is Unfair, They're More Likely to Disengage and Leave](#)', *Harvard Business Review*, August 2017.

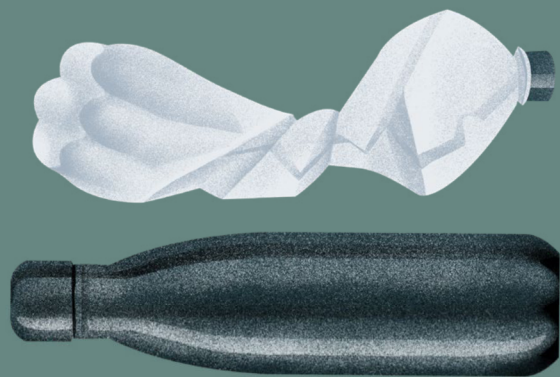
02

Climate action

“People are showing that you can be an activist in your professional life, as well as your everyday one. I think younger employees are looking to their employers to take decisive action on climate change because companies have the power, the platform and the responsibility to make a huge positive impact.”

Lizzie Carr

Founder, Plastic Patrol



Employee concern
about environmental impact
increased **52%** globally

Climate change is everyone's business

At the start of 2020, when Greta Thunberg addressed a crowd of politicians, businessmen and public figures at the Davos summit, she said: "Our house is still on fire. Your action is fuelling the flames by the hour."

As bushfires have continued to rage their way across Australia for much of the past year, the young activist's metaphor seemed particularly apt. In a time when 'zero waste' has become part of our language and Google search trends on ways of reducing plastic are at a five-year high, businesses have begun to understand that their employees now expect them to take decisive action on environmental issues.

Employees in 2020 expect their employers to be more environmentally responsible. Employee survey comments about environmental issues increased globally by 52% in 2019. Plastic, single-use and carbon footprint were among the most prevalent topics employees discussed, while 2019 also marked the first time that Greta Thunberg — the face of young activism — was mentioned in employee survey responses.



Concern among Generation Z employees grew **128%**
Millennials (+62%), Gen X (+56%),
Boomers (+59%), Silent Gen (+0%)

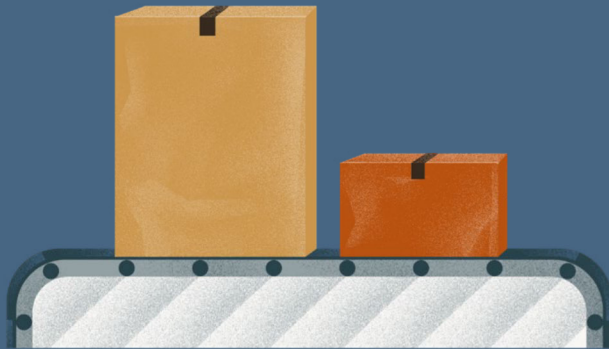
Employee discussion on the environment grew 128% among Generation Z

As the youngest members of the current workforce, Generation Z has grown up amid an unending litany of social and political unrest, and has become known as the generation that places high value on the ethics, authenticity, and social impact of a potential employer.

These characteristics are reinforced by our data. Over the past year, mentions of environment-related terms in employee survey comments surged 128% for Gen Z employees — far more than any other generation. Millennials and Baby Boomers follow them with comparatively lower 62% and 59% increases, respectively.

As our previous Employee Voice report confirmed, these figures indicate an emerging expectation among this group: Gen Z employees expect their employer to not only share their values, but also show willingness to take action on them.³

³ Peakon, *Heartbeat: The Employee Voice*, September 2019.



Concern among employees in the Manufacturing sector rose by **595%** in the past year
Consumer (+106%), Professional Services (+79%)

Environmental concern surged by almost 600% in the Manufacturing sector

As the impending climate crisis only gets worse, we're beginning to see its knock-on effects across different industry sectors. Most industries saw an uptick in employee comments on the subject of climate change, with Consumer (106%) and Professional Services (79%) in particular seeing steady increases.

However, employees in the Manufacturing sector were by far the most vocal on climate change in the past year, with an increase of 595% in climate-related terms overall. This was almost six times the increase of its nearest comparator, the Consumer sector.

As businesses globally come under increasing fire to reduce emissions and implement more ethical practices, this surge in the Manufacturing sector likely indicates the human impact of implementing more planet-friendly practices — and how the burden of doing so is passed down to the employee.



Environmental discussion
increased by more than **200%**
in Australia and New Zealand
Australia (+220%), New
Zealand (+216%), UK (+85%)

Environmental concern increased by over 200% among employees in Australia and New Zealand

Mentions of climate-related terms increased across all countries we analysed, but the highest growth was seen in Australia and New Zealand, with both seeing nearly 220% increases in discussion. This growth was over twice that of the UK, where concern on environment-related issues grew by 85% and almost five times that of Germany, where concern grew the least on this issue in the last 12 months with a still substantial increase of 42%. However, German employees have historically been the most vocal about climate change overall, with the highest proportion of comments on this topic in 2019.

What does this mean for businesses in 2020?

Social issues such as climate change are increasingly becoming an employee expectation, and this has brought about a fundamental shift in the way organisations operate.

This is supported by emerging trends in organisational policy. People-forward businesses are now shifting from the traditional Corporate Social Responsibility (CSR) model in a bid to build out more strategic, all-encompassing environmental policies.

CSR has been an organisational standard since the 1960s, and represents a company's efforts to make a positive social impact on their wider community. This could encompass giving to charity on a regular basis, or pledging to cut emissions. However, as companies have faced increasing calls over the past few years to be more transparent about the way they operate, CSR has fallen short of delivering on this demand.

Instead, Environmental and Social Governance (ESG) criteria and B Corporation certification are now becoming a new benchmark by which companies measure their social and environmental impact.

These two emerging policies go hand-in-hand, too. ESG is a metric-driven way of measuring organisational impact and corporate behaviour that evaluates a whole range of factors, from emissions to the sustainability of the supply chain. B Corp certification is awarded to organisations that are making demonstrable efforts to actively pursue social and environmental goals alongside financial ones.

Together, these are two sides of the same coin and reflect that stakeholders at all levels — from employees to C-Suite — see a need for businesses to improve and become change-drivers at an organisational level.



OUR ADVICE

In 2020, organisations should take proactive steps to implement ESG policies and earn B Corp certification if they want to be taken seriously by an increasingly principled workforce — especially among the next generation of workers. This could be especially pertinent for the Manufacturing and Consumer sectors, which both saw a surge in employee comments on this topic. Organisational positioning on social and environmental impact will become an increasingly important yardstick by which we measure businesses — both from a consumer perspective and an employee one.

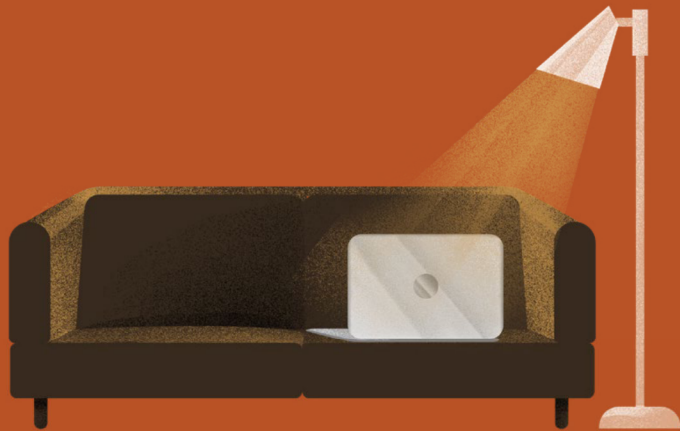
03

Flexible working

“Flexible working is a critical enabler of productivity and equality in our organisation. Giving people the ability to manage both their work and their commitments outside of work in a way that suits them develops an environment of trust, and means people are able to focus on the right things at the right times.”

Kim Culpan

Head of Organisational Development, Chorus



Employee concern about flexible and remote working increased **18%** globally

The flex appeal of remote working

When Dolly Parton sang about working '9 to 5' in 1980, she couldn't have predicted that it would become an anti-work anthem for employees everywhere.

Yet 40 years later — and 200 years after the eight-hour working day became institutionalised as part of working culture — very little has changed. We may have seen huge changes in the scope of our work, how we understand employee motivation and build great office cultures, but not much has changed when it comes to our workplace-based existence each day.

But according to a recent survey, an overwhelming 99% of employees would choose to work remotely if they had the option.⁴ As the daily grind has begun to grind us down and employees have struggled to balance family and personal lives alongside their professional ones, flexible working has not only become a trend, but an expectation in contemporary workplaces.

Over the past year, employee comments featuring flexible working-related terms have increased by 18%, with terms such as 'WFH' and 'flexible work hours' rising in prevalence.

⁴ Buffer.com, *The State of Remote Work*, 2019



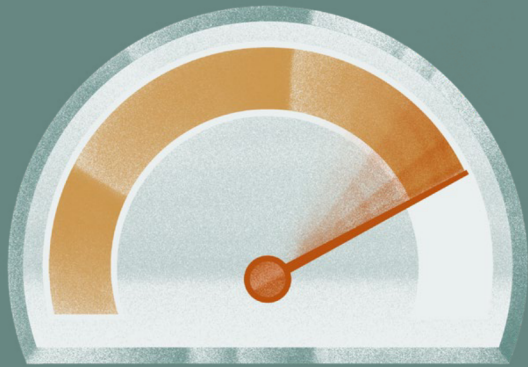
Younger workers have grown increasingly vocal about flexible work

Gen Z (+36%), Millennials (+34%) Gen X (+16%), Boomers (+11%), Silent Gen (+11%)

Generation Z employees saw a 36% increase in discussion on flexible working

While we saw growth across all generations, discussion on flexible working gained the most traction in the younger employee cohorts. Gen Z employees discussed this topic the most, with a 36% increase in comments on this topic. Millennials weren't far behind them with a 34% increase — with growth in this trend two to three times greater than other generations.

Raised in a time when the internet and smartphones became mainstream, Millennials and Gen Z are seen as the 'always on' generations. With the tools at their disposal to work from anywhere and break the restraints of the 9-5, these employees place high value on freedom and autonomy in their work — and they expect their employers to offer this flexibility.



Discussion about flexible working increased most in the Transportation sector
Transportation (+52%), Consumer (+51%), Government (+16%)

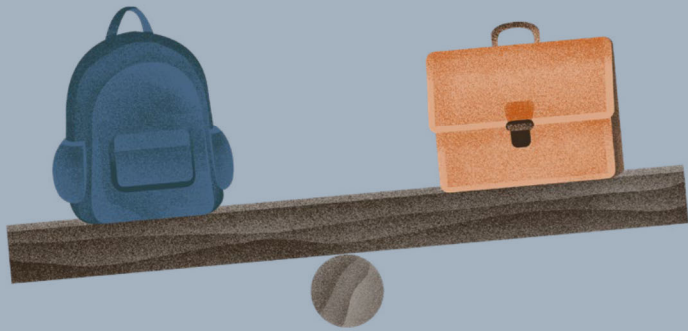
Employee discussion on flexible working grew 52% in the Transportation sector

Increases were seen across most industries, but the Transportation sector saw the highest year-on-year increase in discussion about flexible working, with a rise of 52%. The Consumer sector wasn't far behind, with a 51% increase.

The rising demand for flexible working conditions poses an interesting question for the Transportation industry: namely, does its future lie in an Uber-style gig economy and zero-hour contracts? If it does, would employees in this sector be content with the trade-off between increased flexibility and reduced job security?

When we look at the overall volume of employee comments, the Education sector stands out as the most vocal, with over 4% of all survey comments in the last year referencing the topic of flexible working. The site-specific nature of the Consumer, Education and Transportation industries mean that many roles are impossible to carry out on a remote basis.

With very little freedom or scope to work remotely, employees in these sectors are making their voices — and expectations — heard, and it's clear that employers are yet to meet them.



2.32% of all comments made by UK employees in the last year were on the topic of flexible working
Germany (2.23%), US (2.15%)

Employees in the UK and Germany are more vocal about flexible working

Employees in the UK and Germany are the most vocal countries about flexible working with over 2% of comments focused on this topic. However, employees in New Zealand saw the greatest increase in flexible working-related comments, with a year-on-year rise of 44% — more than twice that of the global average.

What does this mean for businesses in 2020?

As the world of work continues to evolve, it has become clear that the standard workday may not be working for us any more.

Companies can look to Finland as an example on how to drive an effective flexible working culture. In 1996, the country implemented its Working Hours Act, which allowed employees to adjust their working day by up to three hours earlier or later, depending on their preference.

However, on January 1st 2020, Finland made the landmark decision to expand the scope of this legislation, giving the majority of full-time employees the right to decide when and where they work for half of their working hours.⁵ Part of the success of Finland's flexible working model hinges on a mutual trust between the employee and their employer, as well as a sense of autonomy to carry out their work in a way they see fit.

But it's not just about fulfilling employee expectations; research shows that implementing flexible working offers measurable strategic benefits.

In a 2014 study, Stanford professor Nicholas Bloom found that implementing flexible working policies at Chinese travel agency Ctrip increased performance by 13%, while attrition decreased by 50%.⁶ Other studies have since demonstrated that it also improves employee engagement and job satisfaction, as well as improving employees' overall sense of wellbeing.

As we face a chronic skills shortage across multiple sectors and the war for talent becomes more fierce, implementing flexible working policies can become a key competitive advantage. The Finland model may seem like an extreme shift in favour of flexible working, but it's a timely reminder that expectations are changing, and businesses need to adapt accordingly.

OUR ADVICE

In 2020, employees expect their employer to accommodate the demand for more flexible working opportunities. Investing in technologies that facilitate collaboration and remote working will be key. Businesses will need to be cognisant of the tools they need to help each employee flourish while balancing the demands of their role and their lives — and give them the autonomy to do so. Beyond this, organisations will need to demonstrate flexibility when it comes to policy, such as considering job redesign, changing working hours or patterns, and job sharing.

⁵ Johnny Wood, 'Finland is taking a radical new approach to flexible working', *World Economic Forum*, August 2019.

⁶ Nicholas Bloom and others, 'Does Working from Home Work? Evidence from a Chinese Experiment', *The Quarterly Journal of Economics*, November 2014.

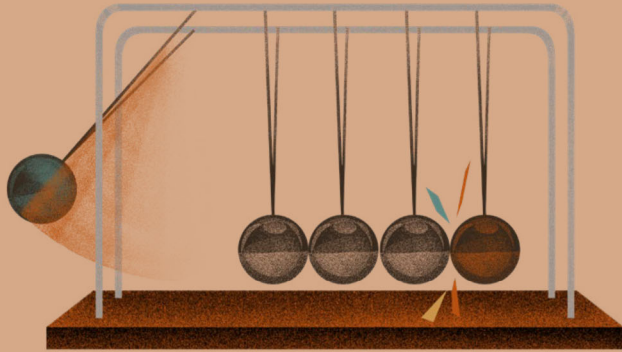
04

Wellbeing

“There is a growing realisation globally that we have failed to convert the wealth we have created into wellbeing. Wellbeing has become the new yardstick for whether or not we are moving in the right direction. It is wonderful to see not only companies, but governments and scientists embracing new measures of progress.”

Meik Wiking

CEO, The Happiness Research Institute



Employee concern about wellbeing in the workplace increased **17%** globally

Why employee health is wealth

In 2019, the World Health Organisation officially added burnout to its International Classification of Diseases, defining it as 'chronic workplace stress that has not been successfully managed'.

Burnout is the zeitgeist of the 'always on' world we now find ourselves in. As the lines between our personal and professional lives blur, the increased pressures of high workloads, a shifting skills economy and a never-ending slew of emails creeping into our inbox after hours means we're seeing more cases than ever of work-related stress. At best, we're feeling a bit more overwhelmed, overworked and overtired than usual. At worst, it's putting our physical and mental health at risk.

The financial burden of this modern affliction is high. Burnout is estimated to cost the global economy up to \$323.4 billion each year — meaning that wellbeing has now become a business issue.

Over the past year, employee mentions of wellbeing-related topics in survey comments increased by 17%.



Wellbeing discussion increased most among younger generations
Gen Z (+28%), Millennials (+22%),
Gen X (+13%), Baby Boomers (+6%), Silent Gen (+19%)

Generation Z employee comments on wellbeing grew by 28%

Research suggests that younger generations are more health-conscious than their older peers, and are, at least in part, responsible for bringing wellbeing into the workplace.

While all generations experienced a growing year-on-year increase in wellbeing-related comments, this expectation is highest among Gen Z employees, who saw a 28% rise in discussion on the topic. This increase is more than twice that of the Generation X cohort at 13%, and more than four times that of the Baby Boomer group, which saw a more modest increase of 6%. Their older peers, the Millennials, share Gen Z's interest in health and wellness at work with a 22% increase in related comments.

Proving that health is not just a concern for the young, the Silent Generation cohort saw a 19% increase in wellbeing-related terms in their survey comments.



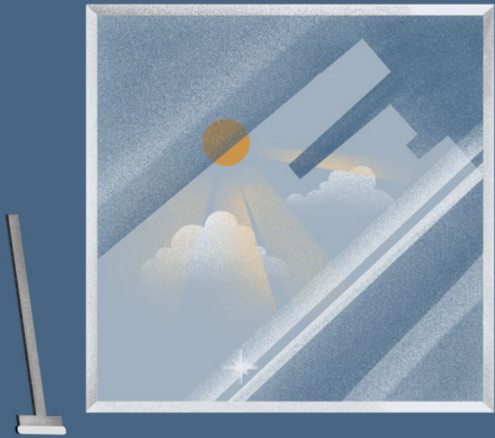
Wellbeing discussion has risen by **51%** in the Finance sector
Government (+40%), Consumer (+35%), Materials (+21%)

Discussion on wellbeing increased by 51% in the Finance sector

While the majority of industry sectors saw a year-on-year increase in employee discussion on wellbeing, some sectors were more vocal than others.

The Finance sector saw the biggest increase in comments featuring terms relating to wellness and wellbeing, with a 51% year-on-year rise. The Government and Consumer sectors follow, with increases of 40% and 35%, respectively.

Industry analysis consistently places the Finance sector among the worst for employee stress and mental health support. With a work-life balance a continuing concern among this cohort alongside a turbulent economic and political climate, employees in this sector are demanding more support from their employer as a result.



Employee comments on wellbeing increased by **37%** in New Zealand
UK (+21%), Australia (+9%)

Employee comments on wellbeing increased by **37%** in New Zealand

New Zealand saw the highest increase in wellbeing-related terms in employee comments with a rise of 37%. However, employees in the UK and Ireland saw the highest proportion of discussion on this topic, with over 2% of comments devoted to employee wellbeing. Interestingly, all countries discussed wellbeing at work more negatively than positively.

What does this mean for businesses in 2020?

Over the past few years, businesses have begun to understand that in order to be truly people-forward, they need to make employee wellbeing part of their strategy.

However, wellbeing at work isn't a one-size-fits-all solution — and it's not just about the snacks or the free yoga classes you provide. Businesses can look to provide a more expansive, individualised offering to their employees that supports all aspects of their wellbeing, such as financial resources or a profit-sharing scheme, for example.

Making wellbeing part of strategy brings tangible business benefits. When employees feel that their company supports their wellbeing, absenteeism decreases and productivity rises.

Yet employers are still falling well short of their employees' expectations when it comes to wellbeing. According to a recent report, 58% of senior leaders believe that their organisation supports its staff, compared to just 41% of employees.⁷

This shows that there is an expectation gap in terms of what companies think they provide, and the reality of their employees' experience. Bridging this gap is key to providing a supportive, comprehensive wellbeing offering that aligns with employee expectation.



OUR ADVICE

In the current competitive landscape, employees expect a more holistic, individualised offering from their company that encompasses support for mental, social, financial and emotional health. But organisations should remember that just because wellbeing is a rising trend, providing your employees with all the top perks doesn't necessarily lead to an engaged workforce.

⁷ Business in the Community, *Mental Health at Work Report 2019*, October 2019.

05

Diversity and Inclusion

“More and more, businesses are realising that appealing to and being able to embrace difference enables the formation of new ideas, ways of working, new business and new customers. I am not the first one to say ‘The only constant in life is change’, and D&I is about embracing the change. Our biggest strength is our difference and that’s what makes us unique.”

Dionne Maxwell

Diversity, Inclusion and Belonging Manager, Hearst



Employee concern about D&I
increased **19%** globally

Cultivating belonging

The global conversation on diversity and inclusion in the workplace has never been louder or more expansive.

Employees now expect to work for a company that promotes radical transparency, and that supports them as an individual. Above all, they expect belonging on a human level — whatever their race, ethnicity, gender, age, religion, ability or sexual orientation.

There are clear benefits to belonging: Turnover decreases by 50%, absenteeism decreases by 75%, and performance increases by 56%.⁸

However, in today's workplace, it's estimated that it will take 100 years to close the gender pay gap. Almost half of US LGBTQIA+ employees don't feel safe enough to be their full selves at work.⁹ Nearly 40% of UK FTSE 100 companies have no non-white board members.¹⁰

There's still a long way to go to meet employee expectations.

Over the past year, we saw employee demand for inclusive workplaces continue to grow, with a 19% increase in diversity and inclusion-related terms in employee comments. Terms such as 'POC', 'race' and 'minority' rose in importance.



Concern among Silent Generation
grew most year on year
Silent Gen (+31%), Millennials
(+22%), Gen Z (+15%), Gen X
(+14%), Boomer (+13%)

Employee discussion on Diversity and Inclusion grew by 31% among Silent Generation employees

Although all generations show increasing concern about diversity and inclusion in their places of work, the Silent Generation experienced the highest increase at 31%. This was more than the Millennial cohort (22%), and more than double the increase seen in the Gen Z group (15%).

This cohort is nearing retirement age, and as younger employees make up the majority of the current workforce, Silent Generation employees are becoming increasingly aware of their older years and the bias this may bring.

The content of their comments throws a little more light on this finding. Among the highest-ranking terms seen in Silent Generation comments on this topic, we see age, bullied and discrimination at the top of the list. This points to the fact that this generation does not feel their needs and expectations are being met at work — and that employers need to cultivate inclusive working cultures for all generations.

8 Evan W. Carr and others, 'The Value of Belonging at Work', *Harvard Business Review*, December 2019.

9 Human Rights Campaign Foundation, *A Workplace Divided: Understanding the Climate for LGBTQ Workers Nationwide*, 2018.

10 Philip Inman, 'Top UK firms failing to increase boardroom diversity, study shows', *The Guardian*, December 2019



Diversity and Inclusion comments
grew by **43%** in the Education sector
Education (+43%), Consumer (+29%),
Manufacturing (+26%)

Discussion on Diversity and Inclusion grew by 43% in the Education sector

In industry, most sectors saw an increase in diversity and inclusion-related discussions in employee comments. Education saw the biggest increase of 43%, with the Consumer and Manufacturing sectors following suit with 29% and 26% increases, respectively.

In the UK, the Education sector has been lauded as one of the most inclusive sectors for LGBT employees.¹¹ This larger year-on-year increase in comments could be reflective of the fact that this topic is particularly important to employees in this sector, causing it to be top of mind.

¹¹ Data taken from Stonewall's 'Top 100 Employers 2020' list.



2.79% of all comments made by Danish employees in the last year were on the topic of Diversity and Inclusion
New Zealand (2.20%),
Ireland (2.04%)

Employees in Denmark are the most vocal about Diversity and Inclusion

Danish employees are most likely to discuss Diversity and Inclusion at work, with almost 3% of all comments mentioning related terms. However, when we look at the year-on-year increase, we can see that this topic rose in prevalence in New Zealand over the past year, with a 44% increase in mentions. Ireland (40%) and the UK (26%) also saw steady increases in Diversity and Inclusion-related discussion.

What does this mean for businesses in 2020?

Over the past year, our data shows that the discussion on Diversity and Inclusion in the workplace has only continued to gather steam.

As our world has become more vocal on topics including the gender pay gap, LGBTQIA+ rights and neurodiversity, the same can be said of workplaces — and it's become clear that Diversity and Inclusion is moving from a compliance requirement to a business strategy.

Glassdoor's 2020 Job Trends report revealed that hiring demand over the past two years surged by 106% in the UK in D&I-related roles. In the US, job postings for specialist roles in this field increased by 30%. The rising need for these roles shows that our expectations of inclusive, diverse workplaces are causing a cultural shift.

Businesses now have a responsibility to not only support diversity and inclusion, but also to advance it. They have a responsibility to foster a culture of belonging that transcends socioeconomic, cognitive, ethnic and racial borders.

However, having a diverse workforce doesn't make a business inclusive by default.



OUR ADVICE

In 2020, employees expect their employers to make tangible efforts to build diverse, inclusive cultures that come from a place of honesty, rather than to tick a box or bolster the bottom line. The foundation of this lies in building a culture that promotes psychological safety, where employees can bring their full selves to work.

Great minds don't think alike — and businesses need to work harder to understand and accommodate individuality, and address knowledge and vocabulary gaps as our understanding of Diversity and Inclusion evolves.

As Diversity and Inclusion takes increasing precedence as an employee expectation, it's important to remember that this topic is far from a passing trend. The path to a truly diverse, inclusive organisation will require ongoing, long-term cultural and strategic shifts that will change the way businesses operate at a fundamental level.

06

Conclusion

“The future of People teams lies in taking the same approach to data as Product or Marketing teams. You need to use insights to identify trends and drive strategic decisions.”

Dr Joe Caine

Director of Data Science, Peakon

This report set out to uncover the emerging employee expectations for the workplace in 2020. Based on our global dataset of 80 million survey responses and 14 million employee comments, we found that the topics of the environment, flexible working, wellbeing, and diversity and inclusion are rising sharply in importance among employees all over the world.

Climate action has become a major concern for employees in Manufacturing, while employees in Finance worry chiefly about their wellbeing. Silent Generation employees see the odds stacked against them in terms of their age, while Generation Z and Millennial employees place a high value on flexibility and autonomy.

Many of these trends are being driven by younger generations. As Generation Z employees continue to populate the workforce, their natural affinity for activism and individuality may force organisations to put their money — and strategy — where their mouth is if they want to attract and retain this group.

The consequences of not appealing to or attracting new generations as they enter the workforce could be dire for businesses as they grapple with a continuously evolving business context. New generations bring new skills, different perspectives and expectations that will diversify the current talent pool and change the way we build companies and cultures in a fundamental way.

The result of these shifts is being felt across all generations, industries and regions, and employees no longer feel they need to leave their personal lives at the office door.

As differing expectations shift business priorities, it's important to remember that meeting 100% of your employees' expectations isn't a realistic goal. Instead of focusing on total satisfaction, organisations should focus on the idea that actions speak louder than words, and shift their thinking to how they can respond and where they can have the most impact. When you listen to your employees' feedback on a regular basis, you can meet their changing expectations before they turn into turnover.

Employees are the most critical driver of business success — and when employees feel that their voices are heard and supported, they will feel empowered to drive your business forward.