

# State of Work in America



# Overview

Understanding the needs of employees is often a primary goal of companies across America, but one that may be difficult to do objectively given the understandable reluctance employees may have to provide an honest assessment of their employer and workplace. An objective tally of employee wants and desires can be a valuable tool for companies to gauge what American employees really expect in this post-pandemic work environment.

Towards that end, between June 28 and July 2, Grant Thornton surveyed 1,584 Americans who work full-time and receive benefits as part of their pay. Grant Thornton asked them a broad range of questions, covering hybrid work, healthcare, total rewards, culture and work-life balance. We have the findings and we describe them in our new State of Work in America report.

One key data takeaway is that employees are taking charge of what they want from their employer and are pushing for flexibility in when and where they work. Our survey uncovered many other findings about employee workplace needs, some that may require companies to re-examine workplace policies

We hope you enjoy the *Grant Thornton State of Work in America* report.



# The State of Work in America – War for talent



A recent Grant Thornton survey found that one-third of CFOs were planning to return employees to the office full-time, inconsistent with the desires of workers, as expressed in our survey. The vast majority of workers surveyed want flexibility in where and when they work, and half would give up a salary increase for more flexibility.

“The way we manage people and career development has to change when people are working remote,” said Tim Glowa, a principal in Grant Thornton Human Capital Services. “There needs to be more trust and accountability, as many managers still believe that employees aren’t as productive if they’re working remotely and can’t be seen.”

The fault could be with the managers themselves, as our research shows that a third of employees feel their manager is the most stressful aspect of their work. “The reality is that not everybody is qualified to manage people and a career path doesn’t always have to include people management,” Glowa added.

This is where metrics and measurement are so important. Companies need to decide how they’re going to manage productivity and performance in the future in a virtual environment, and not just by having workers in office seats.

“The way we manage people and career development has to change when people are working remote.”

**Tim Glowa, Principal, Grant Thornton Human Capital Services**



There have been varied strategies in handling compensation for remote workers. Some companies may reduce compensation if a remote worker moves from a high cost of living city such as New York to a lower cost of living city. Other companies have established annual pay review cycles, and since the war for talent started in the spring of 2021, they may not have the opportunity to adjust salaries until the end of the calendar year. This could place them at a competitive disadvantage.

“Retention is critical across all industries, but there needs to be a greater understanding that we can’t just let the older worker population retire,” said Angela Nalwa, a managing partner in Grant Thornton Transformation. “They are needed for many reasons, and we’ve got to find ways to keep them engaged as we don’t have a supply of talent for one-to-one replacement at this time.”

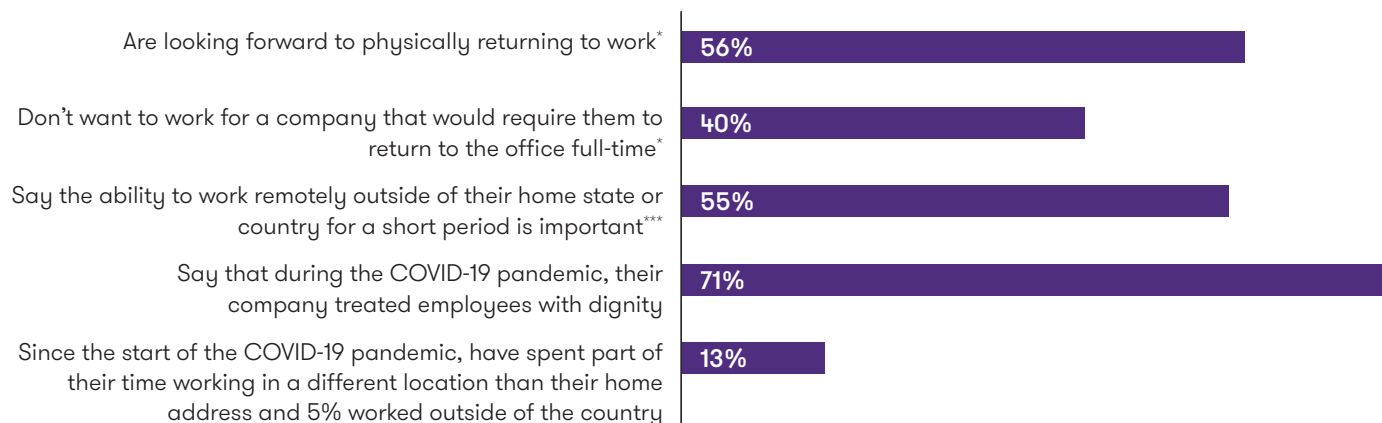
To win the war on talent, organizations need to be comfortable using data to address all aspects of the employee life cycle -- from attracting people, engaging and rewarding them and ultimately retaining them. It is critical to understand their needs and differentiate the value proposition meaningfully in the eyes of employees.



“The challenge that companies face is creating an engaging experience for all employees whether they are working in an office or remotely.”

Jennifer Morelli, Principal, Grant Thornton Transformation

# The State of Work in America – Returning to work



Employees want flexibility. But flexibility does not mean working from home 100% of the time, and physically returning to work does not mean being in the office five days a week. Flexibility also includes the hours and days they work. Workers may need to work around eldercare or childcare issues. One spouse may want to work traditional hours while the other spouse wants to work a more tailored schedule.

“The challenge that companies face is creating an engaging experience for all employees whether they are working in an office or remotely,” said Jennifer Morelli, a principal in Grant Thornton Transformation. “Most of us have become used to engaging with teammates or clients when everyone is virtual.”

However, when returning to a hybrid environment where only some of the workforce is back in the office, we need to create an in-office experience that goes beyond sitting in front of a computer on virtual calls all day. Employees need to come into the office with a purpose, perhaps through in-person working sessions, an important meeting or a team building event. Organizations need to make sure they are providing meaningful opportunities and reasons to come into the office.”

Another issue is determining if there should be a different reimbursement policy for traveling to the office for flex or hybrid employees. The initial reaction is that it may be costly, but when considering the potential savings from an office footprint reduction that hybrid delivers, the overall costs likely balances out.

Giving employees enough lead time announcing return to work also is important. “Alerting workers one-week prior is not going to help in that process,” said Hal Bellovin, a managing director for Grant Thornton’s Human Capital Services. “Keep in mind that employees hired over the last 18 to 20 months have never been in the office, which means delayed onboarding for new hires.”

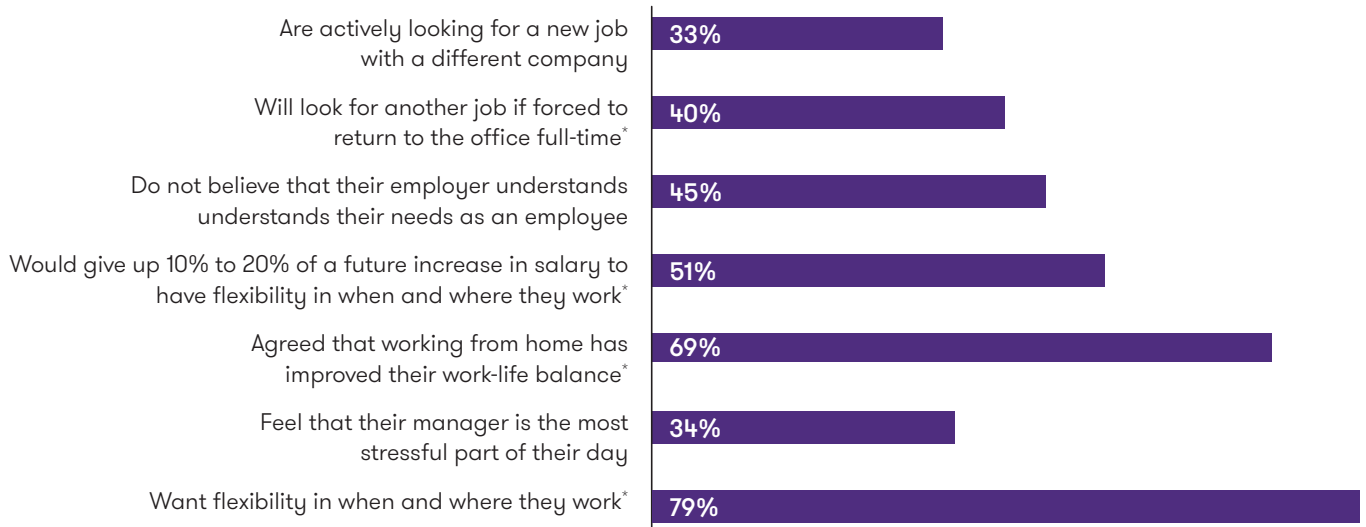
The welcoming event needs to be seamless and last for several weeks, especially with staggered returnees. For smaller offices, it could be one week, as most will return on a different day. Out-of-state or out-of-country hybrid workers can create tax issues for a company.

“With employee demands for greater flexibility, including working out-of-state and out-of-country, tax becomes a serious and central issue for organizations,” said Richard Tonge, a principal for Grant Thornton Global Mobility Services. “Even a small percentage of employees working out-of-state or out-of-country could trigger significant corporate and employer tax risk, and challenges to sustainability of an organization’s hybrid working model.”

Importantly, as organizations respond to the demands for flexible working arrangements and the ability to be less geographically bound to employer work locations, the tax landscape has yet to respond and start catching up with this new way of working. With COVID-related tax reliefs for remote working expiring in the U.S. and globally, organizations need to navigate a path through tax rules that can be restrictive for remote and hybrid work, balancing risk while enabling change. Similarly, the tax enforcement environment is still developing. A handful of countries, including Israel and New Zealand, have targeted non-resident workers informing them of a liability to tax and the need to meet compliance obligations. Companies need to keep tax central to their return to work strategy, plan for and monitor developments longer term for the tax risks associated with remote and hybrid working.



# The State of Work in America – Benefits



The benefits landscape has changed over the past 18 months as employers navigate their return to their offices and evolving employee preferences. Most times, these shifts have redefined what employees really value. While traditional benefits have ongoing value to many, employers have leveraged special offers and voluntary benefits that have not previously been used, or have little traditional value associated with it. Food delivery allowances or tutoring benefits for children at home are a few nontraditional type benefits offered during COVID-19.

There are some interesting patterns and trends associated with a portion of the workforce. For example, about 30% each indicate they are not satisfied with their benefits, feel like the amount they pay for healthcare is not transparent, and are not confident that they have chosen the best medical plan. The benefits landscape has changed over the past year and a half regarding what employees really value. It's not so much the traditional benefits that are valued, but rather the value is placed on ancillary or voluntary type benefits with no traditional dollar value associated with it.

"Workers feel that the amount they pay for their healthcare is not transparent, are not confident in how they chose their medical plan and feel that they don't have the tools and resources to make correct benefit decisions," said Bob Lemke a director for Grant Thornton Human Capital Services. "Not surprisingly, about a similar amount are disengaged and are interested in looking for a new job."

And even though two-thirds say they have the tools and resources, they need to be smart healthcare shoppers. We are seeing a general benefits trend where employers are giving workers more decision-making tools to decide their healthcare options, either through the medical provider or through an actual enrollment provider.



### Reevaluating benefits

Just like any investment portfolio, the investments required to fund benefit programs need periodic rebalancing to ensure they are delivering the results expected during the post-pandemic era. “By creating benchmarks with external industry segments and internal performance metrics, employers can gain additional insights to guide benefits program decisions,” said Ashley Edwards, a senior manager for Grant Thornton, Human Capital Services. “The key to solid, accurate benchmarking is to analyze internal metrics and surveys so human resource leaders can identify inefficiencies and determine where employee experience has deteriorated.”

Organizations need to think critically about the employees they want to attract and retain. But many outstanding questions remain about the future of the American workforce. What does the worker of the future look like? Will the changes be purely demographic, resulting in a much-younger workforce? Or will the change in demographics lead to significant changes to how companies do business?

The COVID-19 pandemic has led many companies to expand and enhance their internal communications capabilities. If they didn’t before, organizations now realize how crucial it is to convey timely, detailed and relevant messaging that helps their people do their jobs and remain happy and healthy. For some companies, this means a shift to active listening: open and ongoing conversations with employees.

“By creating benchmarks with external industry segments and internal performance metrics, employers can gain additional insights to guide benefits program decisions.”

**Ashley Edwards, Senior Manager, Grant Thornton, Human Capital Services**





# The State of Work in America – Stress

Five distinct attributes stand out as causing individuals the most stress. The analysis revealed that personal debt, medical issues, the ability to retire, work/life balance and mental health were the most stressful issues for people.

To confront these issues, Glowa advises a fresh approach to the human resources function.

“Attracting and retaining employees, especially in a tight labor market, requires thinking like a marketing professional,” Glowa said. “You need to understand employee pain points, then brainstorm potential solutions to address them. If you can fix that pain point, you’ve made a big difference in the eyes of employees -- ideally, in a way that is difficult for competitors to replicate, at least in the short term.”

Organizations can take this thinking and apply it to the HR space in delivering better value propositions for employees. The result could be a revamped benefit and total reward package, or a new focus on workplace culture. It’s really about addressing the overall employee experience, and part of this positive experience is addressing employee drivers of stress -- what keeps employees up at night.

This approach allows an organization to “own” a particular benefit or workplace feature, where the business becomes known for this feature. Too many organizations will state that their goal is to be at the 50th percentile of benefits, meaning they want to be “average” in their market. But when you do that, you “own” nothing and in a war for talent, you’re not providing employees any incentive to stay.

“If organizations can identify these pain points, brainstorm potential solutions, they can then differentiate that employee experience or value proposition in an incredibly meaningful way,” said Edwards. “But we can’t do this with just 50th percentile benefits, 50th percentile total rewards and a lackluster employee experience. Organizations have to stand out for something. For example, GE built a reputation for being a ‘leadership’ company; if you worked at GE, they turned you into a leader.”

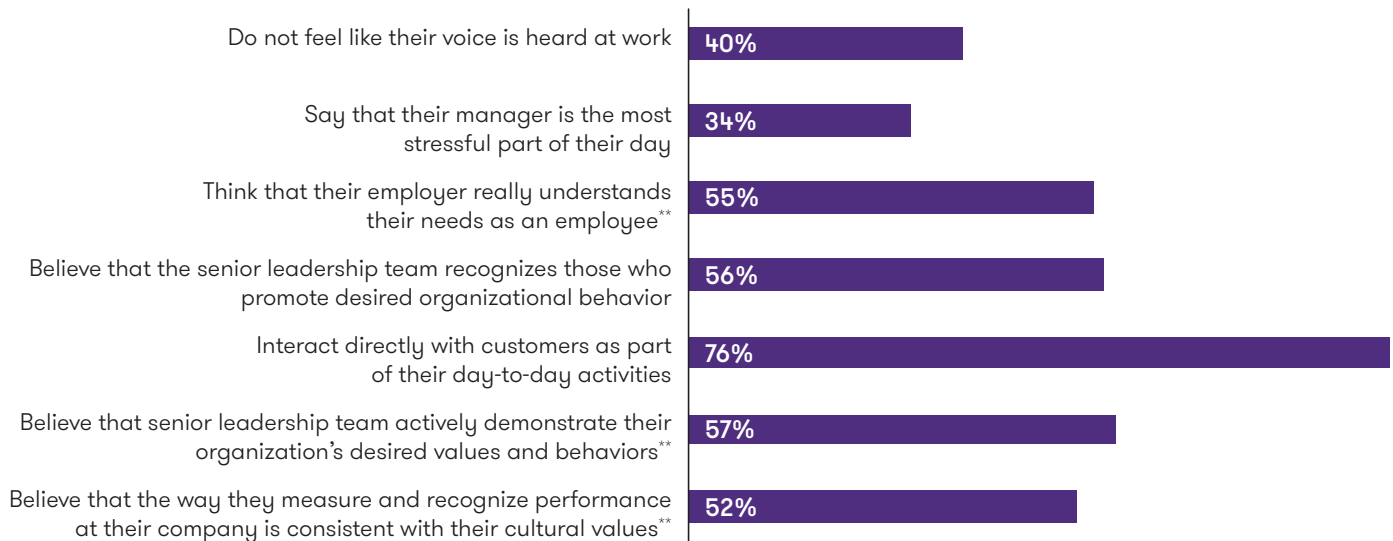
Regarding health care concerns, in China, it’s very common for employee medical coverage to also covers parents. So, when employees are thinking about medical issues for themselves or a loved one, are there innovative ways to think through ways to address this that might differentiate your organization -- something that takes away this medical stress pain point?

Companies only need to look as far as one major Texas-based hospital. Nurses saw the hospital providing world-class care to their patients, but often were frustrated that their own parents weren’t as fortunate. The hospital conducted an employee preference optimization study to determine the interest in a program where the parents of any employee could access to a healthcare provider within the system free of charge. After implementing, employees viewed it as the equivalent of a 22% increase in salary and turnover dropped by half.

“With big drivers of stress, the fix isn’t necessarily a hard button like benefits and total rewards compensation packages,” said Alex BeMiller, a Grant Thornton tax associate. “It could be as simple as the culture within the organization, work-life balance or quiet hours during certain times of the day so employees can catch their breath. Or matching contributions to organizations that employees connect with.”

Sometimes the phrase “War for Talent” is overused, but there is a lot of truth to it. Any business’s enemy is its competitor because they’re trying to take the best employees away in hiring and retention. Don’t fight on their terms. Find a weakness that can be exploited (through offering a solution) to attract and retain the best people. Easing employee stress is a great place to start in winning this battle.

# The State of Work in America – Culture



“Employees understanding how they fit into the overall strategy and how they advance firm goals is a large driver of culture and employee satisfaction.”

**Melissa Dimitri, Managing Director**  
**Grant Thornton Strategy**

Measuring culture requires company leaders to ask themselves two key questions: Are we who we think we are? And if not, why not? It's not unusual to uncover a gap between leadership's perception of how it is to work in their business and what's actually happening in the company.

“Employees understanding how they fit into the overall strategy and how they advance firm goals is a large driver of culture and employee satisfaction,” said Melissa Dimitri, a managing director in Grant Thornton Strategy. “We are seeing a lot of challenges with leadership modeling, where they're saying one thing in promoting corporate values, but then are behaving very differently.”

Leadership might not be as in touch as they should be, or not listening as well as they could be. This is not surprising given that such a large percentage of employees don't feel that their voice is heard at work. Companies may not have an outlet for employees to voice their opinions, give suggestions or have any input into decisions across the organization.

Managers need to communicate clearly. They should connect with employees, helping address unique needs, providing guidance on flexibility. To do this, an organization must help managers be successful. Managers should have the information they need to address concerns from employees and help them with work/life balance.

What is the organization doing and what else do they need to do to retain their people? Turnover could be symptomatic of problems with pay and benefits, lack of recognition, measuring results and alignment with the mission and vision values.

“The internal culture influences and is influenced by your external brand,” said Kim Jacoby, a director for Grant Thornton Employee Listening and Human Capital Services. “When you say you have a customer-centric culture, and if that’s actually true, then it should be projected. At Amazon, all of their employee-facing processes – including their training and their policies – are designed to incentivize and cultivate employees to provide an exceptional customer experience to customers.”

Conversely, there are examples of companies attempting to embrace a certain type of culture – whether that is innovative, agile/continuous improvement, or something else – and the external brand reflects something completely different. Often, the missing link is because of a misalignment between the type of culture an organization is aspiring to and the reality of the employee experience.

Last, remote workers are not feeling connected, leading to negative conclusions. If employees don’t hear from their manager for a couple of weeks, they assume their manager is unhappy with them and the employee starts feeling guilty. Remote work has limited our communication in some respects, and that lack of communication could have a negative influence on an employee’s perception of their value in an organization.

To conclude, the shocks of the past two years, ranging from the COVID-19 pandemic to the Jan. 6 Capitol attack, were cited by respondents as new sources of stress and uncertainty in their lives outside of work. Our State of Work in America survey, overall, saw American workers reacting to these stresses by favoring workplace conditions where they could exercise a level of control and choice that seemed, at times, lacking outside of work.



## Contacts

**Tim Glowa**

Principal  
Human Capital Services  
T +1 832 487 1452  
E [tim.glowa@us.gt.com](mailto:tim.glowa@us.gt.com)

**Jennifer Morelli**

Principal  
Advisory  
T +1 215 701 8899  
E [jennifer.morelli@us.gt.com](mailto:jennifer.morelli@us.gt.com)

**Richard Tonge**

Principal  
Global Mobility Services  
T +1 212 542 9750  
E [richard.tonge@us.gt.com](mailto:richard.tonge@us.gt.com)

**Hal Bellovin**

Managing Director  
Human Capital Services  
T +1 732 516 7600  
E [hal.bellovin@us.gt.com](mailto:hal.bellovin@us.gt.com)

**Angela Nalwa**

Managing Director  
HR Transformation  
T +1 855 704 8034  
E [angela.nalwa@us.gt.com](mailto:angela.nalwa@us.gt.com)

**Melissa Dimitri**

Managing Director  
Strategy  
T +1 312 602 8367  
E [melissa.dimitri@us.gt.com](mailto:melissa.dimitri@us.gt.com)

**Kim Jacoby**

Director  
Human Capital Services  
T +1 312 602 8877  
E [kim.jacoby@us.gt.com](mailto:kim.jacoby@us.gt.com)

**Bob Lemke**

Director  
Human Resources and  
Compensation  
T +1 312 602 8969  
E [bob.lemke@us.gt.com](mailto:bob.lemke@us.gt.com)

**Ashley Edwards**

Senior Manager  
Human Capital Services  
T +1 704 632 6972  
E [ashley.edwards@us.gt.com](mailto:ashley.edwards@us.gt.com)

**Alex BeMiller**

Associate  
Tax  
T +1 704 632 3504  
E [alex.bemiller@us.gt.com](mailto:alex.bemiller@us.gt.com)

