

The Stay or Go Survey:

The Growing Gap Between Employers' and Employees' Expectations

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The Stay or Go Survey: How Employer Expectations Differ From Their Employees

TalenTrust and Optimize joined forces last year to conduct an analysis of varying opinions about the work environment, which we titled The Hybrid Gap. Our study found a great divide between the opinions of employers and employees about remote work. Since then, workers have settled into a new normal, with many returning to the office.

According to **Gallup**, employee engagement is in a major slump, with the number of engaged employees slipping to 30%. Dissatisfaction is particularly acute in remote and younger workers. Many employers are supporting employee desires to work remotely, and yet employees are still dissatisfied. In this white paper, we endeavor to unlock the secrets of why employees feel so disenfranchised.

The study

In this iteration of our continuing studies (conducted March-April 2024), we added 22 employers and 162 workers to our existing database. Employers surveyed represented a wide cross-section of the economy, from construction to manufacturing and professional services. Of employees surveyed, 49% were individual contributors, and 51% were supervisory or management workers.

According to the U.S. Flex Index, these numbers track with U.S. workforce trends. They show that, with pushback by employees and lower engagement scores in 2023 after returning to the office, there has been a reset on expectations. This has increased the proportion of remote workers in 2024. As of Q1 2024, the market is segmented in roughly thirds: According to the U.S. Flex Index, these numbers track with U.S. workforce trends. They show that, with pushback by employees and lower engagement scores in 2023 after returning to the office, there has been a reset on expectations. This has increased the proportion of remote workers in 2024.

There are strong variances by industry; some industries such as IT tend to be more remote, and manufacturing skews toward in-person.

Why employees leave

In last year's *Hybrid Gap* results, we noted the three most important variables in managing a distributed workforce: flexibility, compensation, and career progression. Before the pandemic, work-from-home revolution, and resulting talent war, studies revealed that compensation was not a key motivator for employees to separate. In fact, our business narrative has been that most employees change jobs because of their relationship with their managers.

Given the changing economic conditions and the compounding effect of inflation, employees are much more motivated by compensation than in the recent past. When asked why they separate, they placed far more weight on compensation than employers did.

Top reasons why employees leave	Surveyed employer responses	Surveyed employee responses
Compensation	11%	35%
More flexibility	0%	9%
Lower stress	21%	8%
Better culture	5%	8%
Advancement opportunity	32%	7%
Better manager	21%	3%

While managers believe employees leave for “advancement opportunities,” those opportunities are often parallel moves for more compensation. Employees are partially motivated by flexible work environment offers. If nothing else, these variances highlight dramatic differences in how employers and their employees view the employer value proposition.

The narrative that employees are not motivated by money is a story employers like to tell themselves. When asked why they stay, employees offered meaningful work (18%) as the most common reason.

Part of the problem with understanding employee compensation is the underreporting of wage inflation. The business press continues to report U.S. government total wage statistics, which understates real increases in wages. **According to ADP, wage inflation for job stayers was 5% in March of 2023, but spiked back to 10% for job switchers. In other words, job switchers command double the raise of those who stay in place. Job switching, which was prevalent early in this talent war, has returned in earnest.**

We're not entirely past the talent war. One clear sign is that nearly half of employees surveyed (46%) reported they'd received a job offer from another company within the past six months. However, only 17% accepted the offer.

Compensation is not only the top reason employees are willing to separate from their current employer. It's also the top reason they're declining other offers.

Top reasons an employee declined a job offer	Employee responses
Compensation	32%
Too little flexibility	12%
Insufficient advancement opportunity	12%
Didn't intend to leave; was just exploring options	12%

In addition to reiterating the importance of compensation, flexibility, and career progression, these data points also highlight the willingness of employees to explore new opportunities.

Employees are split on the likelihood they'll leave their current employer within the next 12 months: 38% report they are likely to leave and 37% report they are unlikely to leave. The remaining 25% were neutral or unsure.

These indications that more than half of employees are at least open to considering new opportunities make a compelling case that employers should not give up their fight in the talent war— including the talent they already have.



How have employers adapted to the hybrid environment?

We've heard time and again that employees working in hybrid arrangements want to know the purpose when called in to work onsite. Yet only a small number of employers have successfully created a clear path to collaboration on those days employees are in the office.

While 36% of employers believe they have made investments in tools and technologies to support hybrid, only 15% of employees feel that way.

Adaptation to hybrid	Employers	Employees
No notable changes in hybrid	18%	20%
Schedules shared in advance	18%	12%
Investment in tools and technology	36%	15%
In-office collaboration days	18%	15%



More flexible work arrangements

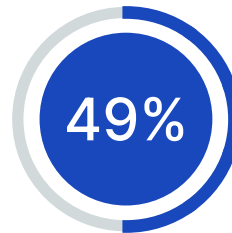
Both employers and employees agree that companies have provided employees ways to develop skills:

Our company has provided our employees with opportunities to acquire new skills.

Agree or Strongly Agree:



Employers

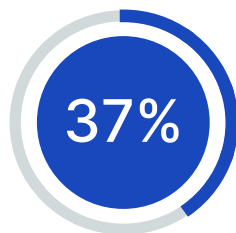


Employees

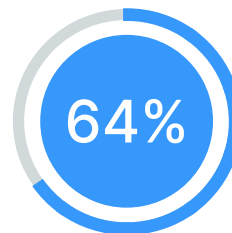
Yet there remains a fundamental disconnect on the productivity of remote workers. A common gripe among workers is that their managers require they be in the office but are often not there themselves.

Remote work is equally or more productive.

Agree or Strongly Agree:



Employers



Employees

These trends are occurring amidst calls for the adoption of a four-day workweek. Studies in the UK and elsewhere concluded that employee retention may improve when employees are offered a less strenuous work schedule. Yet many employers who feel that productivity has slipped are skeptical. One Gallup study found that employees in a four-day workweek crammed the same amount of work into less time but had high incidents of burnout. Some environments, such as manufacturing, don't lend themselves to fewer days in production or coverage for customers.

It is possible that governments and organized labor will mandate four-day workweeks. A more reasoned approach may be to offer every other Friday afternoon off, or some system that does not dramatically impact production or service levels.

Some companies take another approach by eliminating or reducing the number of team meetings on Fridays. This option promotes more planning and deliberate time management as well as demonstrating to employees that you value their work-life balance.

Many studies reveal that in addition to shorter weeks, employees want more PTO and holidays—especially ones that they identify as part of their diversity and inclusion policy, such as Juneteenth and Jewish holidays.

Career progression

As we noted last year, workers care as much about skills acquisition as being promoted. This is especially true in smaller companies where there's less opportunity for advancement. Our data suggest most employers are doing a good job building employee skillsets, including using learning management systems and AI tools.

Some employees hesitate to work remotely based on the perception that they won't be promoted if they do. They are not entirely wrong. According to data published in the Wall Street Journal, employees are 31% less likely to be promoted if working remotely. Some employers have overtly stated that for certain positions, they will not promote those who are not in the office five days a week.

The reality is that some employers are punishing remote employees based on their preference to create work-life balance. Talented workers are valuable, and when companies don't support remote work, they risk jeopardizing their ability to attract top candidates. If jobseekers perceive a ceiling on their career progression as a result of working remotely, they will find another employer.



Recommendations

- Monitor the **ADP National Employment Report** for realistic changes in wage inflation, or use surveys or compensation consultants to examine the true cost of wages in your sector.
- Consider long-term incentive plans for high-potential employees. By tying compensation to a company's profits or enterprise value, employees can participate in more meaningful increases in compensation that integrate with their life goals.
- Be diligent and thorough in reporting total rewards.
- In lieu of increasing more expensive benefits, consider offering more holidays or PTO.
- Conduct outreach with employees to understand their work schedule preferences. In some environments, imposing no-meeting Fridays or every other Friday afternoon off can create good will.
- Engage in proactive workforce planning, including identifying job role requirements in advance. When appropriate, utilize third parties (such as TalenTrust) in filling roles before you become short-staffed.
- Review the **Perfect Calendar** for ways to manage time in a distributed workforce.
- Even if you do not fully implement the Perfect Calendar, find ways to structure in-person days for maximum productivity, including organized one-to-ones, team meetings, strategy reviews, talent reviews, and KPI reviews.
- Find ways to engage younger workers, who may embrace certain social interactions (or shy away from them) more so than older workers. In-person social events are important, but they need to feel authentic—such as volunteerism for causes that align with your company's mission.
- Create a communication protocol and clarify when email, chat threads, and calls should be used, and where documents like SOPs should be stored.
- Seek out AI tools to augment roles and key processes such as new-hire orientation.
- Reimagine your office space (if you haven't already) to maximize collaboration.
- Lead by example. If you expect your workers to be in the office, you had better be there too.

Conclusion

By now, there can be no doubt that the world of work has been turned upside down. Not the least of our challenges are the new expectations and demands driven mainly by the growing number of younger workers. Together, Gens Y and Z currently make up about 60% of the workforce, and employers are in large part failing to engage or motivate them. Remote work is a major point of contention and a determining factor in whether employees choose to stay or go.

As our study demonstrates, there are significant gaps in opinion between employers and employees about remote work, making it a key factor in the continuing war for talent. This white paper furthers employers' understanding of the issue and offers actionable recommendations for solutions.

TalenTrust

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