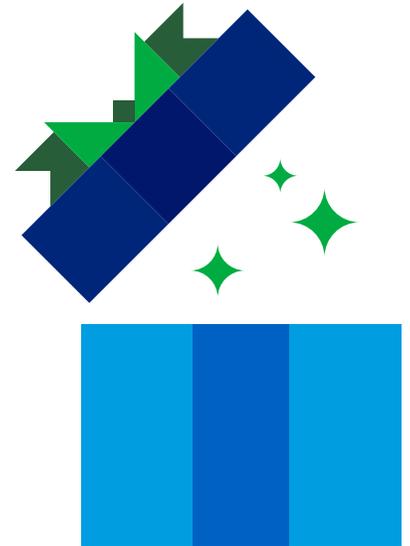


Attracting & retaining talent in
a post-pandemic world:

Is your employee value proposition still relevant?



We are in the midst of a workplace revolution. The pandemic has altered almost all aspects of the employee experience, changing everything from where people work to how they interact with clients, colleagues, and customers. Now there are strong signs that employees' core expectations about work are changing. In recent months, an unprecedented number of employees have [quit their jobs](#) in search of opportunities that are safer, saner, and more [sustainable](#).

Considering the size and scope of these changes, now is a critical time to determine if your employee value proposition (EVP) is still compelling and if your total rewards strategy is aligned with the current and future needs of your workforce.

The evolving employee contract

All EVPs and talent reward strategies are based on an implicit psychological contract that defines the relationship between employer and employee. For much of the 20th century, the [loyalty contract](#) was common. Compensation systems and EVPs were

based largely on extrinsic motivators and [financial incentives](#). Organizations provided pay, benefits, and job security in exchange for a lifetime of commitment from employees.

By the start of the 21st century, the limitations of this approach were apparent. A growing body of research—including our own—shows that while pay and benefits are important, employees also want jobs that are intrinsically motivating and provide a sense of meaning and purpose, community and camaraderie, and growth and development. This research led to the emergence of the engagement contract. Over the past two decades, many organizations started focusing on their employees' psychological needs by providing compelling jobs and meaningful work experiences.

Engagement will continue to be important in the future. But it will not be enough to attract and retain top talent in a post-pandemic world. This is because the pandemic has reset employee values. A decade ago, [work-centrality](#)—the relative importance that

people place on their work—was high. Stable jobs, good bosses, and promising careers were all coveted signs of success.

But now, after two years of lockdowns and layoffs, remote work and virtual meetings, and widespread illness and anxiety, many people have a different outlook on life. In one of our latest [studies](#), we found

that employees were significantly more concerned about their physical health, their work-life balance, and their emotional well-being than their job security, their boss, or their professional development. These findings reflect a trend we are seeing across organizations. Employees are looking for a new deal—one that promotes their health, fosters their well-being, and supports their lifestyle.

Employee contract



Is your EVP future-proof?

From a talent management perspective, the implications of this research are clear. If work-centrality is declining, core values are shifting, and a new employee contract is emerging, then organizations need to determine if their EVPs, rewards strategies, and benefits packages are still relevant in a post-pandemic world. Here are four steps to evaluate the current appeal of your EVP and identify the future needs of your workforce.

Explore experiences: During disruptive times like these, it is important to learn about the personal experiences of your employees. One of the best ways to do this effectively—particularly with remote employees—is to conduct online focus groups. Across various studies we have conducted during the pandemic, many of the most powerful and

unexpected insights have come from asking open-ended questions, allowing employees to share their thoughts, and using advanced qualitative methods like [natural language processing](#) to develop a rich description of what employees are experiencing.

Identify unmet needs: For an EVP to be effective, it must meet the core needs of your workforce. Otherwise, employees will become distracted, distressed, and start looking for jobs elsewhere. When evaluating the critical needs of your workforce, it is important to take a whole-person perspective, considering the wide range of life concerns that employees carry with them inside and outside of work. We use a [holistic needs assessment](#) to help employees identify their most pressing concerns in four critical life domains: their work life, their personal life, their financial life, and their health and well-being.

Then, using various statistical techniques, we develop evidence-based insights about what employees need now and in the future.

Evaluate trade-offs: In an ideal world, organizations would be able to meet every need of every employee. But practically speaking, organizations must make trade-offs and design rewards packages that are realistic and cost-effective. Conjoint research is one of the most effective ways to identify these tradeoffs. When we conduct a conjoint study, we start by asking our clients to identify the specific EVP elements they are considering offering to their employees. We then take those elements and arrange them in a series of balanced design comparison sets, usually consisting of three or four elements. Research participants are then asked to select which they value the most and the least.

Below is a list of concerns that may worry you daily and potentially keep you up at night.

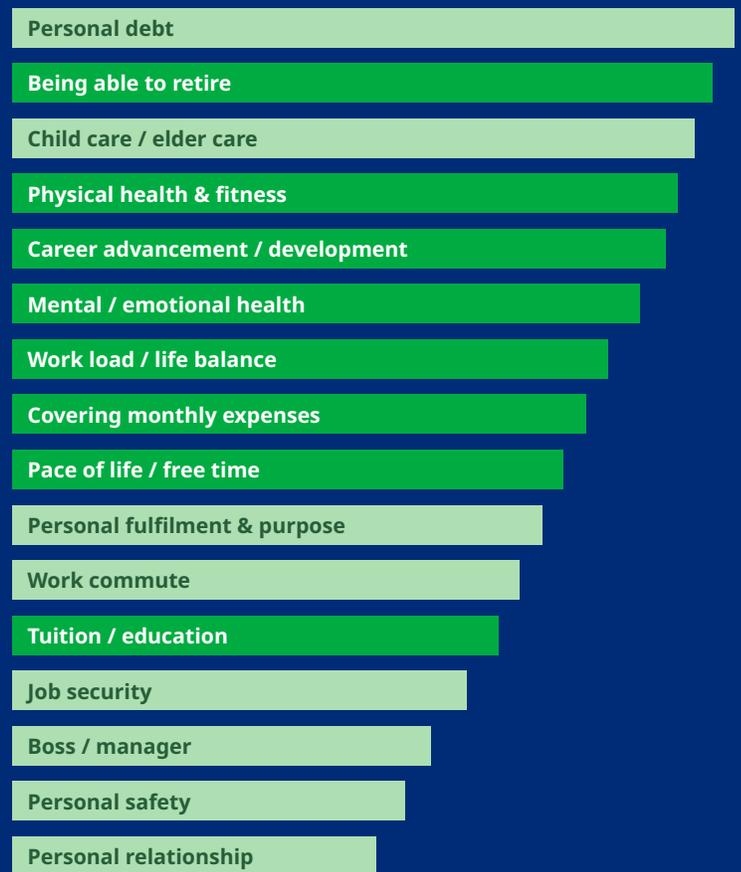
Considering only the list below, which is the Biggest Worry and which is your Smallest Worry?

	Biggest concern	Smallest concern
Being able to retire		
Personal debt		
Pace of life / free time		
Physical health & fitness		
Child care / elder care		

The resulting analysis generates a rank-ordered score for each element, reflecting the value that employees place on each EVP offering. If your organization is seeking clarity on how best to invest in your people, this is the information you need to make evidence-based choices.

Mercer will help to understand what is most concerning to the workforce in and outside of work.

Biggest concern



Least concern

■ Non-rewards ■ Rewards



Profile preference patterns: The days of one-size-fits-all employment contracts are quickly becoming outdated. More and more people want to tailor their own work experiences and establish **idiosyncratic employment arrangements** – or personalized deals – with their employers. The pandemic has accelerated this trend, raising a range of challenges that vary based on employees’ career stage, their personal lives, and their future aspirations. As you redesign your EVP, it is critical to determine the extent to which employee preferences differ across employee populations. We use a set of research techniques, including cluster analysis, profile analysis, and personas, to identify preference patterns and

determine the extent to which EVP offerings need to flex to meet the needs of a particular workforce segment. Based on our research, we find that employees’ work-related needs and desires vary based on their gender, their generation, their job level, and their caregiving status.

No one knows exactly what work will look like once this pandemic has passed. But one thing is certain: the war for talent will continue. Now is an important time to talk with your employees, evaluate your total rewards strategy, and start designing an EVP for the **new shape of work**.