



Reimagining Work and Rewards Survey: 2021 – 2022

Global highlights of key findings



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Overview

Facing far-reaching workplace changes, employers look to rethink work, Total Rewards and careers.

But addressing these strategic areas will require new approaches and capabilities



Organizations have faced significant pressures resulting from far-reaching changes in the workplace over the past three years. These include new ways of working and a growing emphasis on diversity, equity and inclusion (DEI); changing technology and data strategies; and the increasing importance of organizational agility as well as the evolving manager and leader competencies required to operate in flexible work environments.

Against this backdrop, employers navigated the challenges of an increasingly tight labor market. While more than three-quarters of employers (78%) currently cite problems attracting or retaining digital

talent, roughly half also report difficulties hiring or keeping employees in salaried and sales positions. Talent challenges across all employee types are expected to continue in the near future.

In the face of these sweeping workplace changes, employers are shifting priorities across work, Total Rewards and careers to remain competitive. First, a greater emphasis on multi-skilling, DEI and the growing importance of new sources of talent are prompting many organizations to **optimize work and job design**. Where work gets done and the use of technology will drive the most change to new ways of working.

Flexible work arrangements have become table stakes for organizations in many industries or countries striving to attract and retain top talent. Consequently, almost three-fifths of organizations (58%) are building leader and manager capabilities needed to engage talent in these work arrangements. Companies are also looking to make changes in how they source talent and the types of jobs they offer.

Second, organizations are expecting to **reset their Total Rewards philosophy**, as many have been slow to adapt their programs to a reconfigured workplace and the needs of a diverse employee population. Those taking action in the rewards area are much

more likely than other employers to have priorities that include a greater focus on wellbeing and DEI, and the need to address business issues such as supply chain disruptions. The key measures these organizations are taking include assessing their mix of pay and benefits in light of new work arrangements, developing wellbeing programs to support a flexible workplace and provide security within this environment as well as reimagining the employee experience as it relates to Total Rewards.

Third, organizations are also looking to **define careers** to support a flexible and agile workforce. Fewer than half of employers think their current job architecture and job-leveling process support new ways of working. Organizations that are reassessing how they define careers have been more likely to experience supply chain disruptions. These employers tend to be more likely to emphasize multi-skilling and increase their focus on employee wellbeing.

Findings from our Reimagining Work and Rewards Survey, which fielded between October 28 and December 10, 2021, will help employers address the challenges and opportunities in today's flexible work environment. This starts with rethinking priorities related to work, Total Rewards and careers in order to shape programs needed to thrive in a post-pandemic world.

Highlights and trends

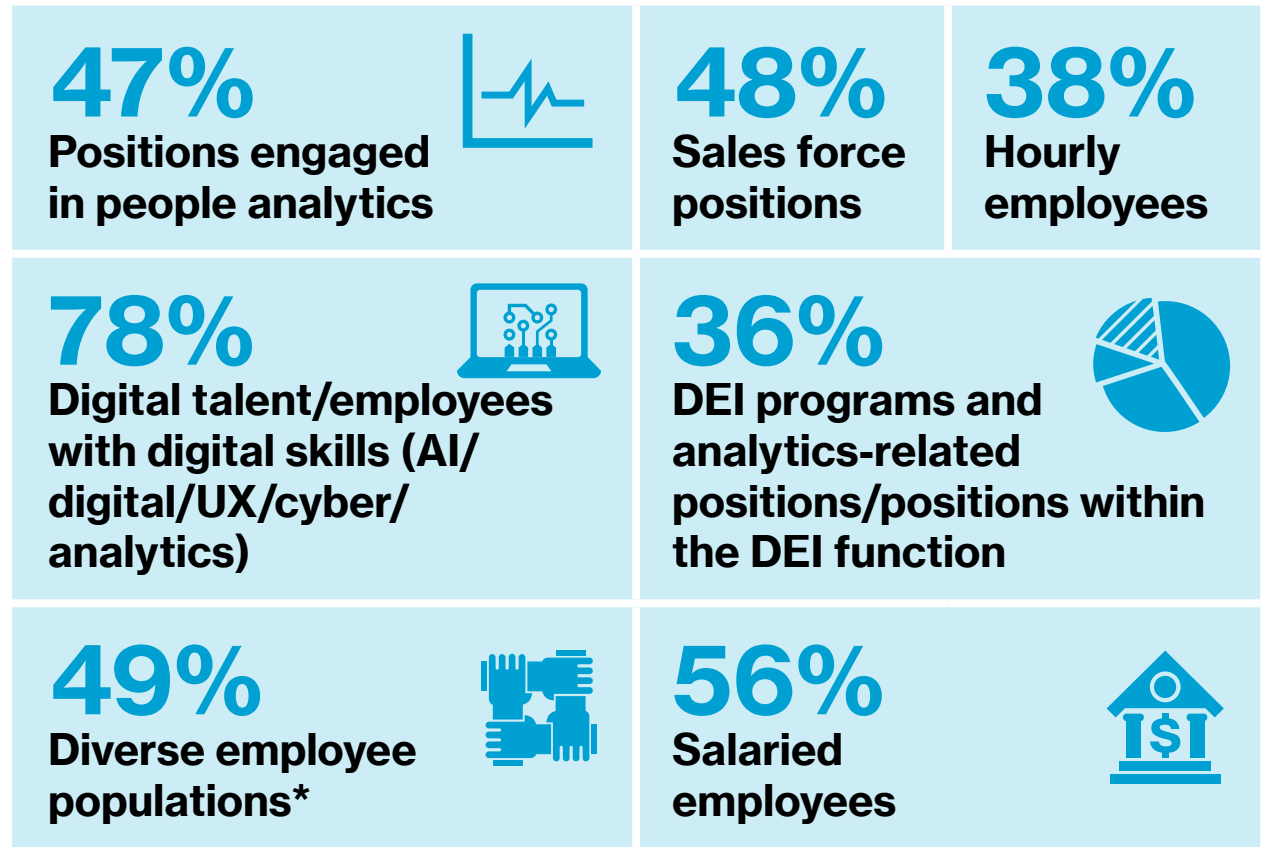
Understanding the pressures and challenges of a disrupted workplace

Over the past three years, employers experienced extensive changes in the following areas, which became pressure points in a disrupted workplace:

- Ways of working, including increased flexibility (72%)
- Technology strategy (64%) and data strategy (57%)
- Growing emphasis on DEI (59%)
- Increasing importance of organizational agility (57%)
- Shifting leader and manager competencies (57%)

Moreover, the number of organizations experiencing difficulties attracting and retaining talent rose over the past two years. While fewer than half of employers reported problems attracting (37%) and retaining (27%) employees in 2020, these figures jumped to 66% and 59%, respectively, in the second half of 2021 and are expected to continue to rise in 2022. Talent challenges are common across all employee groups from digital talent to salaried employees to hourly workers.

Organizations report attraction or retention difficulties across different employee types



Percentages indicate "Great/Moderate extent." *Diverse employee populations are employees included in formal diversity and inclusion programs.



Focusing on the three strategic areas that matter

Our findings show substantial increases in the percentages of employers expecting to make extensive changes in the following strategic areas over the next three years:

- Optimizing work and job design (+50%)
- Resetting the Total Rewards philosophy (+80%)
- Defining careers (+90%)

But employers recognize that addressing these areas will require new capabilities in HR. Fifty-five percent of employers indicate that the capability to build new strategies around work and rewards is one of the most important. Slightly over half of organizations (51%) also see a need to create a human-centric, holistic and purpose-driven employee experience or build talent ecosystems that encompass alternative work models.

What distinguishes organizations taking action across work, Total Rewards and careers?



Compared with those not taking action, organizations making changes in these strategic areas are:

- 70% more likely to be making changes to their business strategy
- More than twice as likely to be changing their financial strategy
- More than twice as likely to be changing the skills required to get work done
- 80% more likely to have new competitors for talent
- More than two and a half times as likely to be responding to stakeholder concerns about board effectiveness

Optimizing work and job design

Employers that are taking action in work and job design are much more likely than others to report that the following factors have driven extensive changes within their organizations: new sources of talent, growing importance of multi-skilling, perceived changes in employee preferences and greater emphasis on DEI. These organizations are looking to address these priority areas through improvements to work and job design.

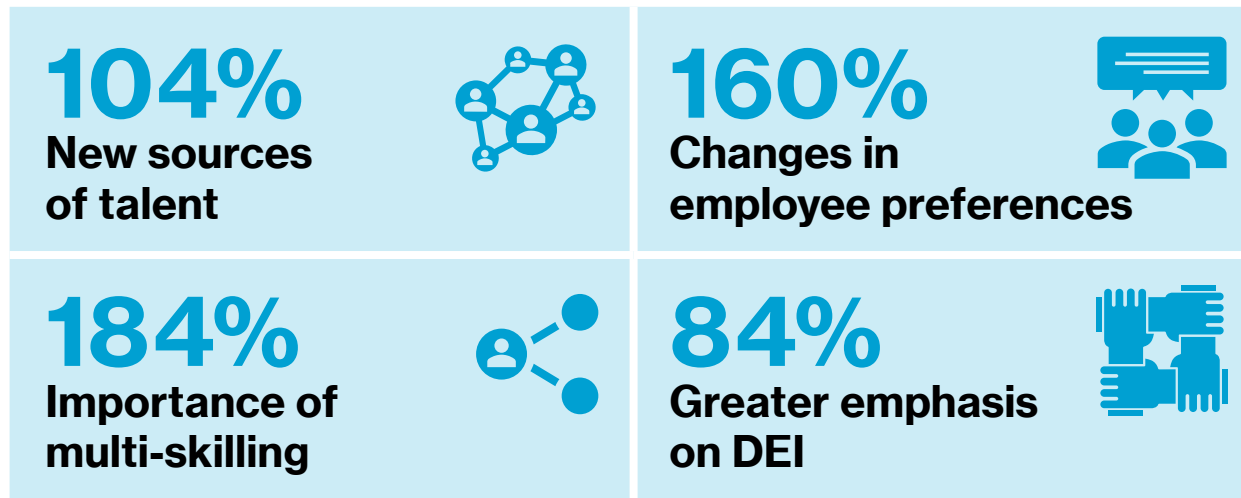
Flexible work is no longer a differentiator: It's table stakes.

While flexible work may vary substantially by industry or country, in the aggregate it is becoming more pervasive and expected. While fewer than 10% of employees (8%) worked remotely or a mix of remote and onsite three years ago, half of employees are doing so today. Additionally, employers expect nearly half of their workforce (48%) to be working primarily remotely or a mix of onsite and remotely in three years.

How will ways of working change over the next three years?

- Over half of employers indicate that where work gets done (i.e., onsite, hybrid, remote) (54%) and the amount and type of work completed using automation, artificial intelligence and digitalization (51%) will drive the most change.
- Other areas where employers anticipate changes include how they source talent (41%), use of skills-based placement of work (37%) and jobs offered/type of work (37%).

Employers' top priorities when making changes to work and job design



Numbers represent how much more likely organizations making changes to work and job design are to have these change drivers, compared with organizations that are not changing how they design work and jobs.

How do high-performing organizations support new ways of working?



- Nearly four out of five high-performing organizations* have the technological infrastructure necessary to enable flexible work arrangements.
- They are nearly 30% more likely to have monitoring software that measures productivity for employees using flexible work arrangements.

*These organizations have achieved higher return on assets (ROA) and return on equity (ROE) than their industry peers.

Addressing skills gaps

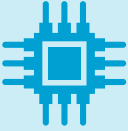
In the face of persistent skills gaps, employers recognize the need to track evolving skill requirements and the growing role of multi-skilling in order to facilitate an agile workforce. Over the next three years, organizations expect:

- A 44% increase in those identifying changes in skills required to get work done as a key driver of change
- A 53% increase in those focusing on multi-skilling to enable employees to do tasks from different jobs as a key driver of change

In addition, the number of organizations anticipating building talent ecosystems encompassing alternative work models over the next three years is expected to double.

However, employers are challenged when it comes to using analytics to build skills-based work strategies. In fact, even among high-performing organizations, less than a third are effective at using analytics to track and measure skills of existing employees in the organization (30%) or skills required to get work done (29%).

Nearly **2x**
as many organizations
expect to build a
talent ecosystem
encompassing
alternative work models
over the next three years.



Actions for employers to consider:

- Identify new sources of talent based on your organization's new work patterns for where, when and how work gets done.
- Recognize how work and skills are changing based on technology, digitalization and worker preferences for flexibility.
- Redesign jobs leveraging data science to identify emerging skills and new work value.
- Consider aligning Total Rewards with new ways of working.

Organizations are taking the following actions to optimize work and job design

Changing wellbeing programs to support an agile and flexible workplace. High-performing organizations are 80% more likely to be committed to enhancing their retirement and financial wellbeing programs and 30% more likely to be committed to enhancing their physical and emotional wellbeing programs to provide workers with the security they need.

Changing how they source talent and the type of work/jobs offered. Roughly two-fifths of organizations believe approaches to talent sourcing (41%) and the jobs offered (37%) will influence how work evolves over the next three years.

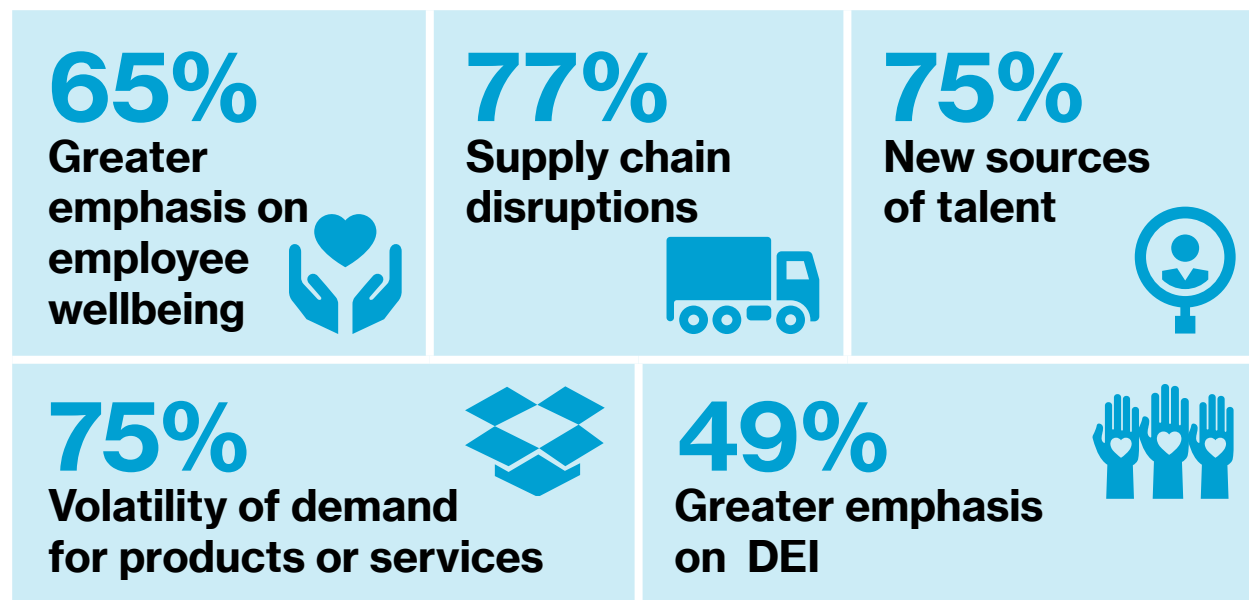
Building leader and manager flex capability. Approximately three in five organizations (58%) are building leader and manager capabilities around engaging talent with flexible work arrangements.



Resetting Total Rewards philosophy

A mix of workplace challenges and business issues are prompting organizations to reset their Total Rewards philosophy. These include a greater emphasis on employee wellbeing and DEI, new sources of talent as well as supply chain disruptions and volatility in demand for products or services.

Employers' top priorities when resetting their Total Rewards philosophy



Numbers represent how much more likely organizations making changes to their Total Rewards philosophy are to have these change drivers, compared with organizations that are not changing their Total Rewards philosophy.

Uncovering strengths and weaknesses

Roughly two out of three organizations have a formally articulated Total Rewards strategy (62%) and a good understanding of the Total Rewards offerings (64%) their employees value; however, organizations often fall short in how they deliver their programs. For example, only approximately a third effectively communicate their Total Rewards strategy (36%) and deliver their benefits via a consumer-grade experience (36%).

In addition, many organizations have been slow to adapt their programs to the broader requirements of today's business environment (Figure 1). Only roughly a third of employers have adapted their benefit programs to new ways of work (33%).

About a quarter (24%) have linked their Total Rewards strategy to their organization's DEI commitments, while fewer than one in five (15%) have connected their Total Rewards strategy to their climate policies.

Bridging these gaps will help organizations to attract, engage and retain the talent critical to their future growth.



Figure 1. Organizations have been slow to adapt their Total Rewards programs to new ways of working, DEI and climate commitments



Embracing a comprehensive view of Total Rewards

Most organizations consider base pay/salary, bonus or other short-term incentives as well as health and wellbeing programs to be part of their core Total Rewards offering; however, high-performing organizations are inclined to take a more comprehensive view of Total Rewards. These employers are more likely to consider company stock or other long-term incentive programs; career growth initiatives; retirement and wealth-building benefits; and other programs, including voluntary benefits, to be part of their core offering.

By embracing such a comprehensive view of Total Rewards, these employers are better positioned to meet the needs and preferences of their diverse employee population.



Organizations are taking the following actions to reset their Total Rewards philosophy

Reviewing the mix of pay and benefits to reflect the change in use of remote/hybrid work or other flexible work arrangements. A quarter of employers have already conducted this type of review or are planning to do so; almost half (46%) are considering doing so.

Recognizing that wellbeing programs need to change to support employees in a more flexible and agile workplace. Over half (53%) believe their health and other physical/emotional wellbeing programs need to change, while over four in 10 (44%) think their retirement and financial wellbeing programs require changes.

Considering how issues of gender pay equity or fairness for diverse employee populations affect individual pay increases. High-performing organizations are about 80% more likely to say concerns over gender pay equity or fairness for diverse employee populations drives individual pay increases.

Reimagining the employee experience as it relates to Total Rewards. Almost three in 10 (28%) have already taken action in this area or are planning to take action, while over half (52%) are considering doing so.

Actions for employers to consider:

- Reset your Total Rewards strategy for a compelling employee experience.
- Build an ongoing measurement strategy to understand market competitiveness and success of programs in meeting goals.
- Make effective trade-offs between design and cost optimization, acknowledging the new hybrid work environment.
- Create a road map to drive environmental, social and governance (ESG) and DEI goals through Total Rewards.
- Increase the prominence of wellbeing within your Total Rewards strategy to drive organizational resilience.

Defining careers

As employers embrace flexible ways of working, they are defining careers for a reconfigured, agile workplace. In doing so they are looking to tackle priority issues in areas where they have experienced extensive change. These include the growing importance of multi-skilling, increased focus on employee wellbeing and the critical business challenge of supply chain disruptions.

High-performing organizations are almost 60% more likely than low-performing organizations to have redefined the meaning of careers while adopting new ways of working. But employers overall have high aspirations in this area. While only 32% of employers report that they have changed how they define careers at their organizations over the past three years, 62% expect to focus on redefining careers in the next three years.

Specific change priorities have created either disruptive challenges or new career growth opportunities. Employers are defining careers anew to address supply chain disruptions, emphasizing multi-skilling and increasing focus on employee wellbeing.

Fewer than half of employers indicate that their current job architecture (44%) and job leveling (43%) process support a flexible and agile workforce.

Employers' top priorities when defining careers

82%
Greater emphasis on
employee wellbeing



181%
Importance of
multi-skilling



135%
Supply chain disruptions



Numbers represent how much more likely organizations making changes to how they define careers are to have these change drivers, compared with organizations that are not changing how they define careers.

Falling short

Employers fall short in two key areas related to careers:

- Job architecture and job leveling. Fewer than half of employers indicate that their current job architecture (44%) and job leveling (43%) process support a flexible and agile workforce.
- Career experiences. Only roughly a third of employers (36%) have multiple formally defined and communicated career paths/tracks (e.g., support/professional/ management) for the entire organization. In addition, fewer than half (45%) enable career progression for individual contributors as well as managers throughout their organization.

Unlocking these opportunities to improve careers will help organizations support a flexible and agile workforce.



Employers are taking the following actions to define careers

Reducing layers. Roughly half of companies have already completed or are planning/considering actions to reduce layers within the organization. These actions typically result in removing one layer within the organization while increasing the number of direct reports for the remaining managers.

Providing more flexibility in career options. High-performing organizations are 2.4 times as likely to have taken action in this area.

Advancing skills-based placement of work. Almost two-fifths of employers indicate that the use of skills-based placement of work will be a significant factor in how their organizations change their ways of working over the next three years.

Enabling career progression for individual contributors as well as managers. High-performing organizations are 21% more likely to already provide career paths for individual contributors in addition to their managers.

High-performing organizations are 
32%
more likely to regard career growth as a key component of their Total Rewards offering.

Actions for employers to consider:

- Assess how your organization's philosophy on career growth is changing.
- Set an overarching career enablement strategy in line with your Total Rewards strategy.
- As your organization reduces layers, define career options and alternatives, and make them visible to managers and employees.

What will it take to propel your organization forward?

It's essential to keep in mind that you are shaping new strategies and solutions around work, Total Rewards and careers in order to unleash the performance of your people. To that end, leadership and HR capabilities need to evolve to support the diverse needs of today's employees. With this foundation in place, you are ready to begin your journey.

The following overarching measures can help you meet the challenges and opportunities of an ever-evolving workplace and propel your organization forward:

Develop an integrated work and rewards strategy that links to new business and financial strategies and is accelerated by technology.



Tap into data-driven employee and work insights to inform, measure and refine new work and reward options.



Pilot and pivot as necessary, embedding new capabilities into the organization and employee experience.



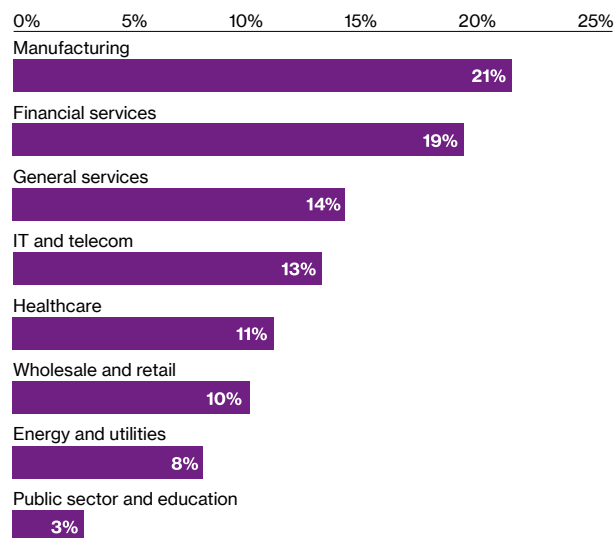


About the respondents

A total of 1,650 employers representing 11.9 million employees around the world participated in the Reimagining Work and Rewards Survey. The survey was conducted between October 28 and December 10, 2021.

For profit	Nonprofit	State-owned or government
88%	6%	6%

Figure 2. Industries represented by Reimagining Work and Rewards Survey respondents



Global 31%
Significant operations (i.e., majority of functions) represented on three or more continents

International 24%
Multifunction operations across an entire region (e.g., Asia Pacific, Europe, Latin America, North America) or in several countries on different continents

Domestic 45%
Majority of operations are in home country and mainly supply the domestic market; may have small operations with a few functions in other countries

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