

# Future of Work, Workforce Dynamics and MA Competitiveness

Survey Results May 4, 2022

## **Disclaimer**

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COVID-19 is, first and foremost, a global humanitarian challenge.

Thousands of health professionals are heroically battling the virus, putting their own lives at risk. Governments and industry are working together to understand and address the challenge, support victims and their families and communities, and search for treatments and a vaccine.

Companies around the world need to act promptly.

This document is meant to help senior leaders understand the COVID-19 situation and how it may unfold, and take steps to protect their employees, customers, supply chains, and financial results.

## Massachusetts Business Roundtable (MBR) Future of Work

## **Background**

For the second year in a row, MBR is conducting an analysis on the Future of Work (FoW) for its member organizations to better understand how COVID-19 has impacted members' working models and ongoing workforce dynamics

## **Objectives**

- The Future of Work project allows MBR to understand the challenges facing member organizations and implications for the State of Massachusetts, in order to be a better advocate for business needs in MA and ensure MA remains a competitive place for businesses to thrive
- The project also allows member organizations to share advice on what is working well and how they are approaching shared challenges at a MBR event in May 2022

## Methodology

The MBR FoW project collected anonymized feedback from member organizations through an online survey and deep-dive interviews during the months of March and April 2022

**Survey.** We surveyed MBR members and received 51<sup>1</sup> responses, representing 53% of overall membership. Responses represent members in financial services, professional services, real estate, energy, education, technology, healthcare, biotech, CPG, defense, and legal

**Interviews.** Additionally, we conducted 15 deep-dive interviews with member organizations to further explore topics covered in the survey

## MBR Future of Work Study 2022: Four Key Takeaways



Deep dive to follow



#### The Great Attrition is with us for the foreseeable future

- 50% are experiencing higher than normal voluntary turnover, most heavily felt at entry- and manager-level (77%, 64%)
- 68% do not expect things to improve over the next 6 months
- · Organizations see compensation and workload as greatest drivers but know they may not understand the full picture
- Offering flexible working hours, higher salaries, hybrid tools, and wellness programs have been effective

## Operating model

#### Hybrid work is here to stay

- 68% plan to use a hybrid-virtual working model in the future steady-state
- WFH and hybrid working models have proven highly effective, with 100% of organizations operating in these models able to sustain high performance

## 3 Attracting Talent

## 'Great Attrition' can become the 'Great Attraction' – and how leadership shows up matters

- Recruitment is most difficult at management level (60% with challenges) and entry-level employees (56%)
- 89-95% of members are offering remote work across various roles, with the highest at the entry-level staff roles
- In order to attract and retain talent, members discuss how leaders are needing to "show up" differently (e.g., empathetic leaders who create an inclusive environment for employees and care about their overall well-being)

## Implications for MA

## Massachusetts is at an inflection point as talent becomes increasingly mobile

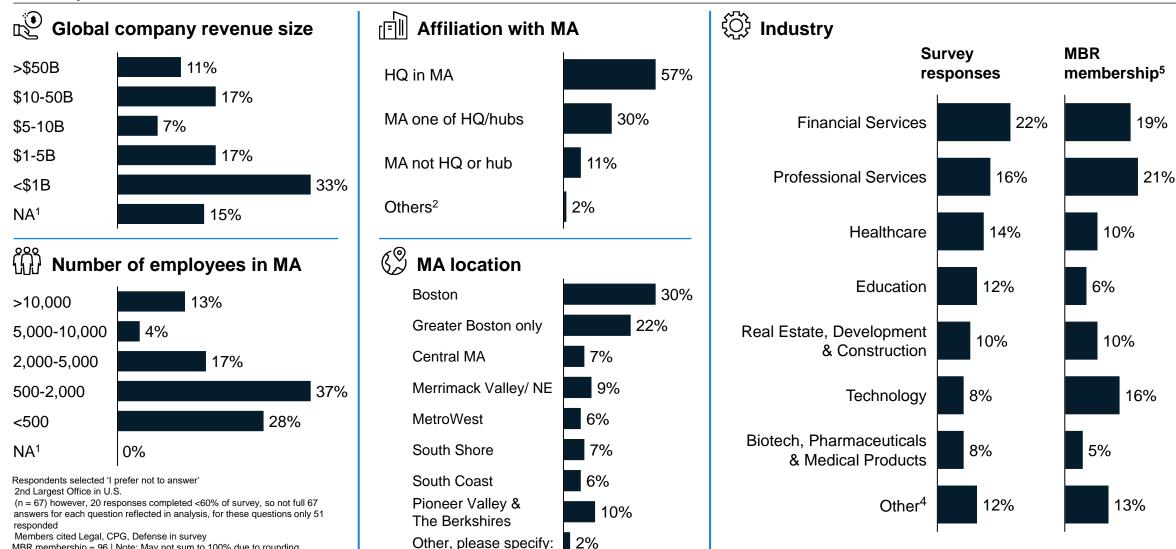
- 80% plan to maintain/expand presence in MA, citing access to world-class, diverse talent as reasons to be excited for MA, but cost of doing business / living as reasons to consider leaving
- Proportion of orgs with >10% of workforce out of state is expected to triple from pre-COVID levels
- Increasing access to affordable childcare, cultivating talent earlier (e.g., high school), creating more affordable housing, and revitalizing image of certain industries could all help employers in MA

## **MBR FoW Survey Demographics**

Survey  $n = 51^3$ 

MBR membership = 96 | Note: May not sum to 100% due to rounding

Total survey response was 51, but some responses did not answer all questions. Specific Question N is indicated throughout document



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Other, please specify:

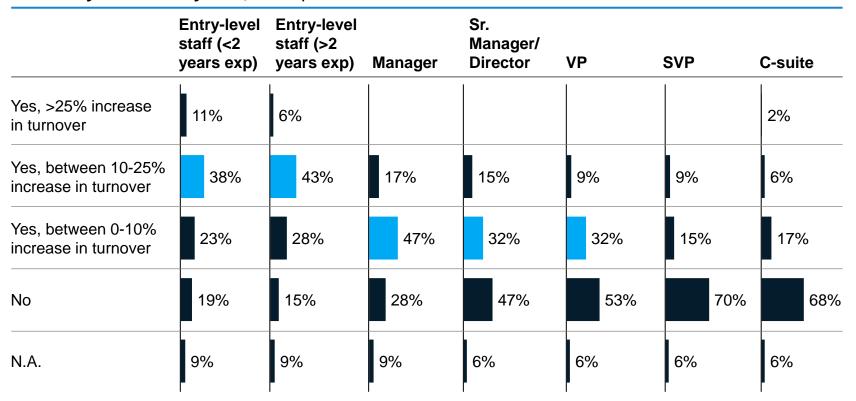
# 1. Higher levels of attrition at entry-level and managerial positions are a challenge

Survey n = 47



Are you experiencing **greater voluntary turnover** (e.g., quit, resignation) at different levels in your organization in the past year (i.e., 2021) than in years prior (i.e., average turnover in the 3 years pre-COVID-19)?

Voluntary turnover by role, % respondents<sup>1</sup>



<sup>1.</sup> May not add up to 100% due to rounding

## **Key takeaways**

Average of 50% of respondents have seen an increase attrition compared to normal level, and of this turnover most members are experiencing it at entry-level and managerial levels



reported attrition impact at

this level

Turnover is the highest I've ever seen it in my entire career. It spans across all tenures and job types at our organization. It is the greatest challenge we face today

We are **losing people to industries** we never had to compete with before

# 1. 68% of MBR members expect the rate of turnover to increase or stay same in the next 6 months

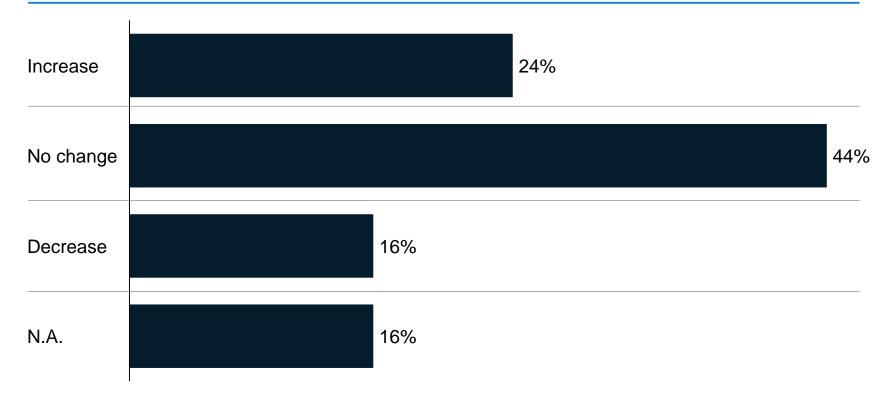
Question n = 45

**Preliminary** 



How do you expect the <u>rate of turnover to change</u> over the next 6 months?

#### Change in rate of turnover, % respondents<sup>1</sup>



<sup>1.</sup> May not sum to 100% due to rounding

Things are just awful—it is really hard to attract people to healthcare, and compensation is at an unsustainable high.

Staffing and compensation are our greatest worries and it is showing no sign of slowing

Attrition hit us really hard in 2021, but we think with the COVID stimulus running out soon this will slow down the attrition rate

People are getting poached because they are being offered 40-50% more money. This isn't sustainable, but people are thinking more short-term

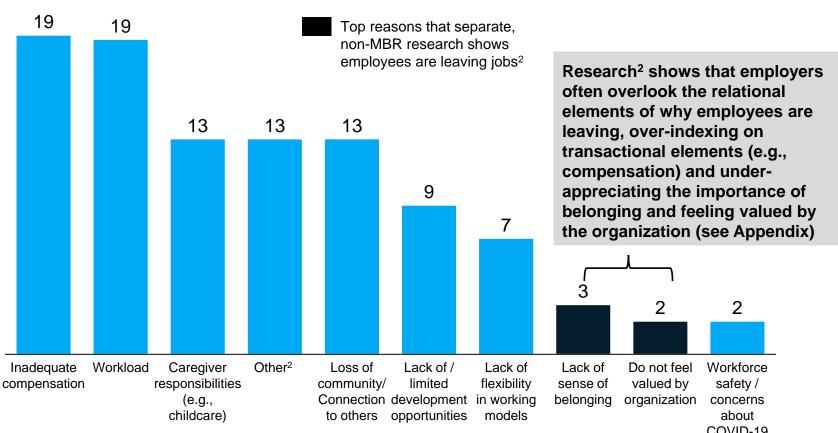
## 1. Employees are leaving for compensation, workload, and caregiver responsibilities

Survey n = 45



Why do you think employees are choosing to leave your organization?

**Reasons for leaving,** % respondents who selected option among 3 most important reasons<sup>1</sup>



COVID-19

1. Sum is not equal to 100% because respondents can select multiple options | 2. Other reasons cited: Instability caused by previous layoffs; relocation; Work no longer a priority; lack of flexibility: not leaving



We don't fully understand the reason why people are leaving so it's hard to pinpoint a solution— [attrition] seems to be expected by younger populations, but it is concerning that we are seeing it with established employees, who have high level of institutional knowledge

We provide an exit survey to capture why people leave, but I think it is inaccurate and not giving us great data on why people are really leaving

<sup>2.</sup> Source: McKinsey Great Attrition/Great Attraction survey in August 2021

# 1. Flexible working hours, higher salaries, and tools for hybrid work have been most helpful to MBR employers for attracting and retaining talent

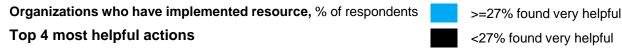
Survey n = 47

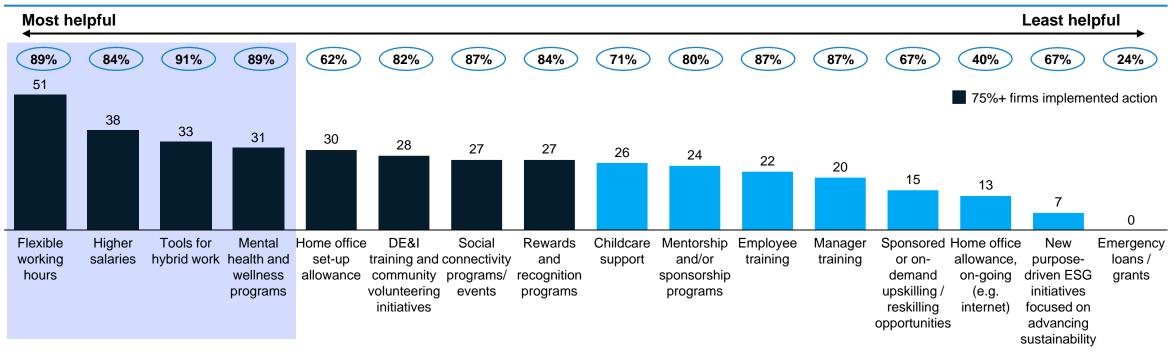


Please indicate which of the following <u>resources and supports are currently offered to employees</u> and <u>how helpful</u> have they been in attracting and retaining employees?

Organizations who have implemented resource. % of respondents are currently offered to employees.

Support offered to employees, % respondents<sup>1</sup>





""

**Employees want to know that the company values them** and that if something happens in their life, the company will support them—we want our culture and benefits to reflect this

We struggle to compete with firms that can offer much higher wages and fully remote positions

<sup>1. %</sup> offered calculated by subtracting % not offered to from 100%

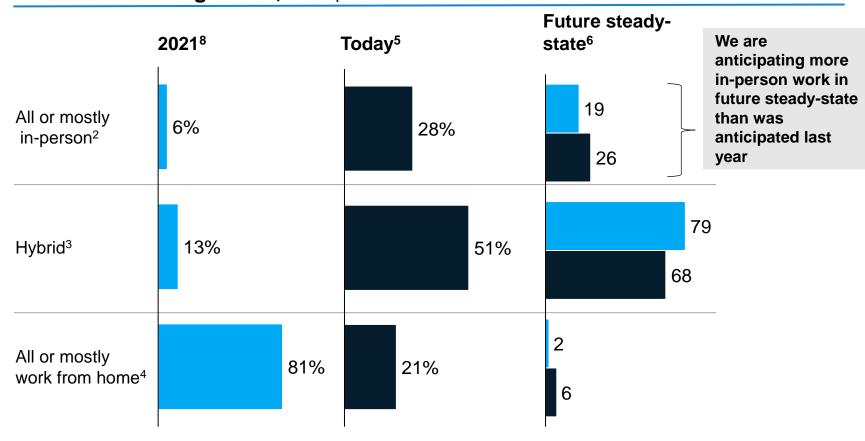
2022 answers<sup>7</sup>

## 2. Hybrid working models will continue to dominate, but at lower rate than anticipated in 2021

Survey n = 47

Which of the following best describes your organization's working model today and expected working model in the future steady state?

Workforce working model, % respondents<sup>7</sup>



<sup>1.</sup> May not sum to 100% due to rounding | 2. >60% of workforce | 3. Mix of work from home and in-person | 4. >60% of workforce | 5. March 2022 | 6. When COVID-19 is endemic | 7. MBR Future of Work and MA Competitiveness Survey, March-April 2021 (total n = 48) 8. Survey conducted in March 2021, n=48



We never wanted 100% virtual because we know the productivity during COVID was due to culture we built before; When we announced we aren't going 100% virtual many employees said, 'thank goodness!'

We surveyed employees and found majority want to be in person 2-3 day/week. We engage and discuss the benefits of being in-person so they understand why we are asking them to come in

Our employees told us that they want the flexibility to come into the office, but just don't want to be told what days

One of our biggest concerns in this new model of being 'virtual first' is creating and maintaining the culture our organization is known for

## 2. 100% of respondents operating in WFH and hybrid models have been able to sustain high performance

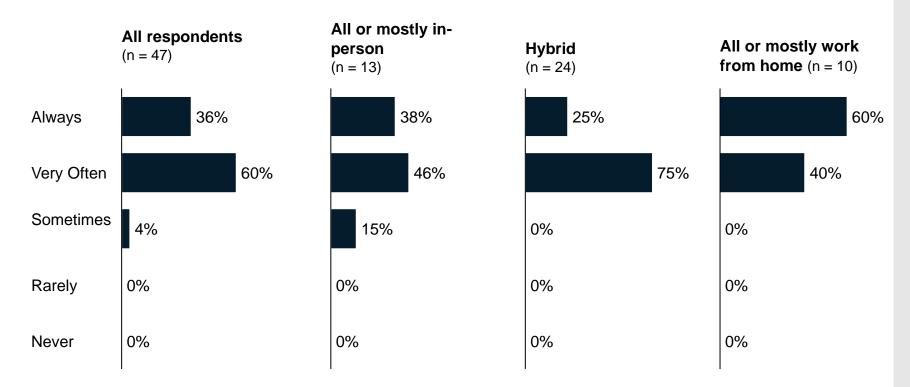
Survey n = 47

**Preliminary** 



To what extent has your organization been able to function at its <u>highest level of</u> performance in the current working model?

Frequency of functioning at highest level, % respondents<sup>1</sup>



66 33

For certain roles we might consider more guidance and guardrails to boost productivity, like productivity monitoring tools

The way we operated during COVID was not sustainable. Future of work is all about flexibility and that means different things for different individuals

We've found that established teams have a stronger culture and work better together, meaning we need to be thoughtful about creating opportunities for new employees to be together in person

May not sum to 100% due to rounding

# 2. Operating Model: These data underscore the trade-offs and limitations members face when selecting a future operating model

Some organizations are learning they must adapt their operating model in order to attract critical talent...



I [CEO] was dead-set on bringing all positions back in person several days a week, but I've learned that might hurt us when attracting talent and I've had to really shift my mindset. For example, we posted a job opening requiring 2x days/ week in person and didn't receive a single application. We readvertised the position as fully remote and immediately received 30 applications. – MBR Member Org in Energy

...whereas some organizations don't have the flexibility or see in-person as critical for their culture



We are standing strong on being together in person as a company, so we have to be ok losing people who don't share this belief - MBR Member Org in Tech



We don't have a choice. The nature of our work requires we be in person" - MBR Member Org in Manufacturing

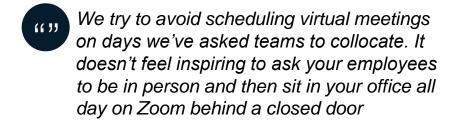
Ultimately, organizations have many factors to consider when selecting a future operating model and a "test and learn" approach might be a beneficial mindset moving forward

# 2. MBR members shared ideas on what is working well in their hybrid operating models

More details in Appendix

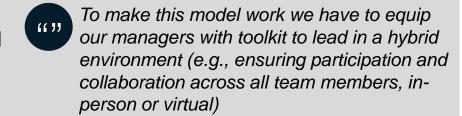


Strive to avoid virtual meetings on in-person days



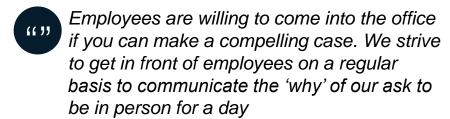


**Empower Managers to lead** in a hybrid environment





Make a compelling case for having employees in person





Make it fun to return to the office

We strive to bring people in for 'moments that matter' and create fun around it – serving lunch, playing games, collaborating over white board versus sitting in a cubical. This makes employees want to come back

#### Other ideas to consider

Use routine surveys to get quick "pulse" on how organization is feeling and quickly iterate as needed

Use features in Zoom/ Outlook to set time limitations on meetings to prevent meetings going over

Hold "Zoom-free" half-days to shield employees from spending all day on the phone

Host "employee appreciation" days with free lunches, etc. when people are in the office

# 3. Recruiting has been the most challenging across management and entry-level talent

Survey n = 45

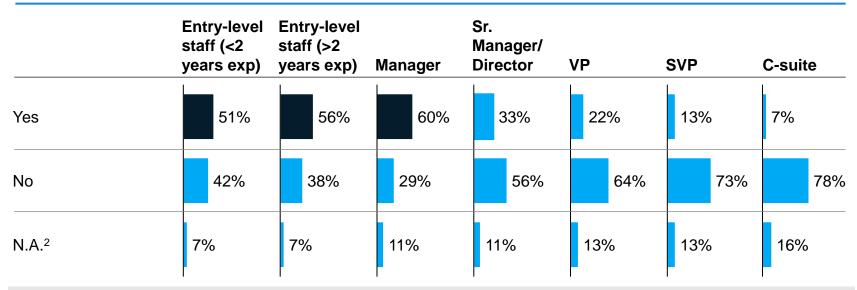


Are you experiencing **greater difficulties in recruiting talent** for the following roles in the past year (i.e., 2021) than in years prior (i.e., average turnover in the 3 years pre-COVID-19)?

## Difficulty in recruiting by role, % respondents<sup>1</sup>



>50% of respondents reported recruiting impact at this level





People are **demanding more**: higher compensation, sign-on bonuses, and more flexibility. I see this as an **opportunity to reset and redefine the workplace** 

You can't assume that people just want to be fully virtual. We've run into issue recruiting when we say the position is virtual because some really want to be in-person in an office

#### **Key takeaways**

Over 50% of respondents have found it harder to recruit entry-level and managerial positions, which is in line with the roles where members also cite the highest levels of attrition

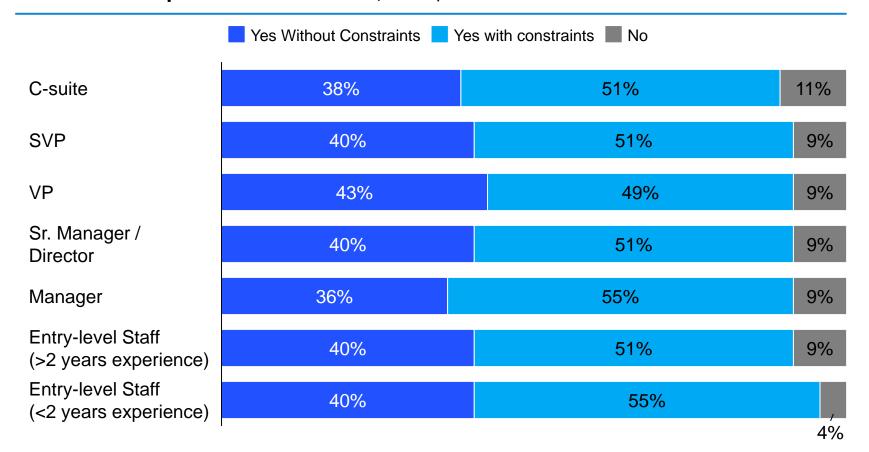
This heightened difficulty generally doesn't translate to more senior roles

<sup>1.</sup> May not add up to 100% due to rounding | 2. Includes respondents who selected "Don't know/I prefer not to answer" option

# 3. MBR member orgs are offering remote work more frequently to entry level staff than other positions Survey n = 47

Do you offer the option of remote (out of MA) work (i.e., for at least a portion of their working time) for the following roles?

Remote work option offered for role, % respondents



## **Key takeaways**

Between 89-95% of members are offering remote work across various roles, with the **highest at the entry-level** staff roles with less than 2 years work experience

Between 49-55% of remote roles have constraints; however greatest constraints for remote work are placed on Managers and entry-level staff with less than 2 years work experience

# 3. To attract and retain talent, leaders are having to "show up" differently



Over the last 36 months from the pandemic and atrocities from racial injustice, we need leaders today to be focused on COMPASSION, EMPATHY, and how an organization shows up for its people. The 'one minute manager' will no longer work

This blurred line between personal and professional means leaders need to think more holistically about employees and how the organization can support them not only in their professional lives, but also their personal lives

We need to play a bigger role and checking on the mental well-being of our employees. You create followership when you show people you care. All of these things start to reshape an employer's responsibility

Leaders should be asking themselves critical questions going forward: What do we stand for? Why are we here? What we do and who we do it for? And who can we attract to do it better?

## 3. MBR members are deploying creative solutions to obtain critical talent

**Not Exhaustive** 

More details in Appendix



## **Develop partnerships**

- Establish relationships with educational feeder programs (e.g., local universities, trade schools) to interact with talent earlier in career
- Create programs to pay for tuition in exchange for post-graduation job commitment



## **Upskill/reskill employees**

Develop in-house training program to equip existing employees with skills to advance to different positions (e.g., lab techs to RN) or to recruit lesser skilled talent with opportunity to train



## Provide caregiver support

Offer childcare for employees (linked to reducing attrition by 60% and reducing absenteeism by 30%)<sup>1</sup>



## Revamp Employee Value Proposition (EVP)

Tailor an EVP to compete for highly sought-after talent and attract diverse pools of employees



## Lower barriers

Rethink requirements for certain positions (e.g., certifications/licensure/education) to see if requirements can be lessened in a way that broadens aperture for talent pool

# 4. Access to world-class, diverse talent attracts employers, while cost of living/doing business are reasons to leave MA Survey n = 44

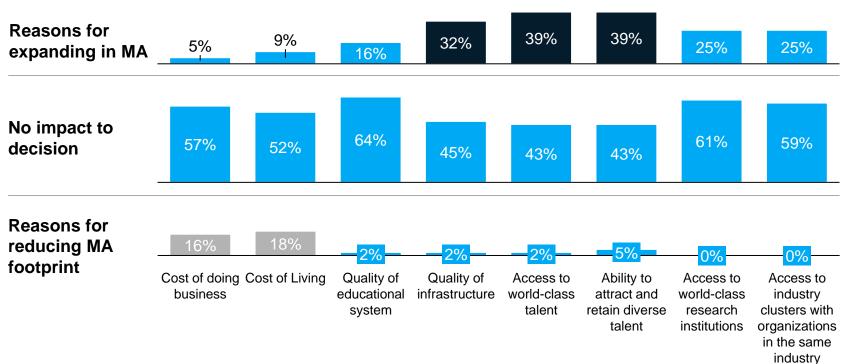
#### **Preliminary**



How will the following impact your organization's decision to leave or remain in Massachusetts over the next 12-24 months?

Reasons to increase presence, % respondents<sup>1</sup>

Highest (>30%) reasons for expanding presence in MA Highest reasons (>10%) for reducing presence in MA



<sup>1.</sup> May not sum to 100% due to rounding; % does not include responses for "No Impact" and "Don't Know."

## **Key takeaways**

Access to world-class, diverse talent is top reasons for employers to expand MA presence, with access to research institutions and industry clusters being a close second

Cost of doing business (16%) and cost of living (18%) were cited as top reasons to leave MA



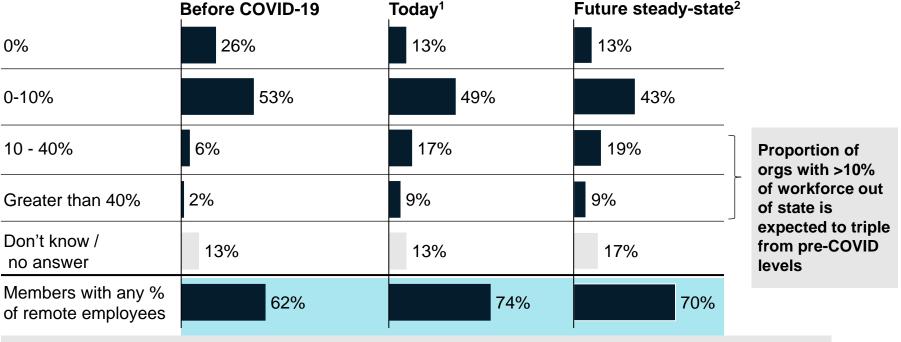
We've been pivoting more to hiring out of state – it is amazing how much money we can save by reducing high Boston salaries and being able to reduce our Boston real estate footprint

# 4. However, more MA-based operations jobs work remotely from outside of MA today and the proportion is likely to increase in future steady-state

Survey n = 47

What proportion of your employees affiliated with MA-based operations or locations are <u>based</u> outside of Massachusetts and work remotely?

Proportion of MA workforce who work remotely from out of state, % respondents



## **Key takeaways**

Overall, the number of member orgs with any percentage of remote workers has grown since before COVID (62% to ~70% today and in future)

We got creative and learned we can hire hard to fill roles out of state

We've been saving a lot of money on compensation by shifting roles out of state

We created an internal team to focus on how we can attract more remote talent

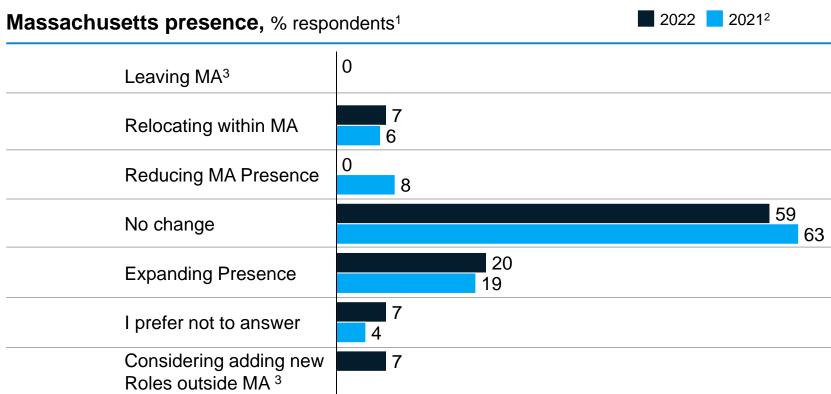
<sup>1.</sup> March 2022 | 2. When COVID-19 is endemic

## 4. ~80% of MBR members are planning to maintain or expand presence in Massachusetts

Survey n = 44



Is your organization considering leaving Massachusetts in the next 12-24 months?





We **love working in Massachusetts and want to expand MA hiring**. In terms MA real estate, we must justify those costs to our clients so that might mean **reduction in real estate if we pivot to more remote** work

## **Key takeaways**

Overall, ~80% of members intend to expand (20%) or maintain MA presence (~60%), which is consistent with 2021 responses

No member plans to leave MA or reduce presence in MA, which is a change from the 8% in 2021 who planned to reduce MA presence

<sup>1.</sup> May not sum to 100% due to rounding | 2.MBR Future of Work and MA Competitiveness Survey, March-April 2021 (total n = 48) | 3. Question not asked in 2021

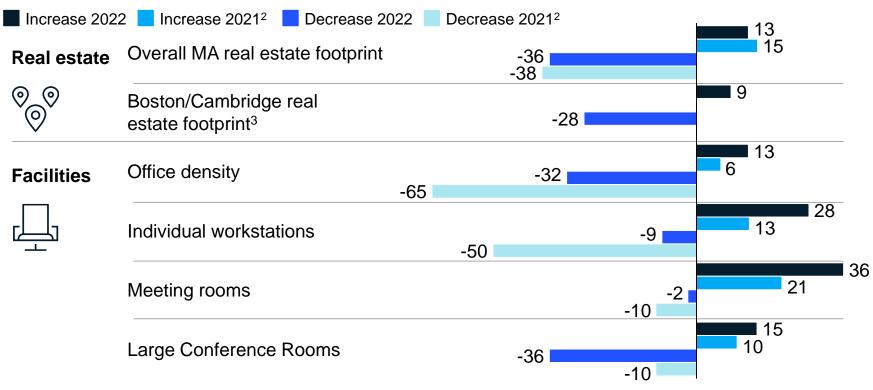
## 4. Members intend to decrease overall MA RE footprint, consistent with 2021

Survey n = 47



Either currently or at your next real estate decision point (e.g., lease expiration), how do you expect your organization's <u>Massachusetts-based real estate footprint and facilities to change</u>, compared to pre-COVID-19 pandemic?

## Expectations of office use post-COVID-19<sup>1</sup>, % respondents<sup>1</sup>



<sup>1.</sup> May not sum up to 100% due to rounding; graph does not show responses for "No change" and "Don't know" | 2. MBR Future of Work and MA Competitiveness Survey, March-April 2021 (total n = 48) 3. Question was not asked in 2021



I used to look at commute times to inform our real estate, but now we think about roles where you can be home. I think this also lends itself to taking out real estate you don't need

Reducing our real estate in Massachusetts is a way to offset the high compensation rates we have to pay now

As we pivot to a more virtual operating model, we can't justify the high costs of real estate so we will continue to reduce our real estate in Boston

# 4. Member organizations see four opportunities for Massachusetts

#### **Not Exhaustive**



Create more affordable child-care opportunities so MA employees can justify staying active in workforce while sending their children to reputable childcare centers



Cultivate new talent earlier by getting involved in high schools to inspire young talent to seek career paths in certain industries



Make housing more affordable for lower income levels



Assist in revitalizing the image of certain industries to attract more talent (e.g., healthcare, manufacturing)



We don't focus enough in the state on the **creation of manufacturing jobs** that are harder to move or relocate in a post covid environment

Childcare is a huge deterrent- we need good solutions for affordable care - Boston is typically 1-3 highest costs in the nation - this is truly prohibitive in our ability to move talent to Boston

Biggest opportunities for MA competitiveness remain quality of life issues - specifically transit and housing costs. The biggest risks include lack of access to diverse talent

## MBR members are innovating around talent and the future workplace

Illustrative and not exhaustive

#### **Attrition**

- Offer more flexible working hours
- Provide higher salaries
- Offer tools for hybrid work
- Create mental health and wellness programs for employees

## **Operating Model**

- Strive to avoid virtual meetings on in-person days
- Empower Managers to lead in a hybrid environment
- Make a compelling case for having employees in person
- Make it fun to return to the office
- Use routine surveys to get a pulse check on how organization is feeling and iterate as needed
- Limit Zoom (hold Zoom-free days or set time limitations on meetings)
- Host employee appreciation days in person

## Attraction / Cultivating New Talent

- Develop partnerships with educational programs
- Upskill/reskill employees
- Provide caregiver support
- Revamp employee value proposition (EVP)
- Lower barriers for certain positions
- Cultivate leaders who care about overall well-being of employees

For discussion: What are other discoveries / innovation is your organization testing and/or finding beneficial as it relates to talent and building the future workplace?



## **Appendix**

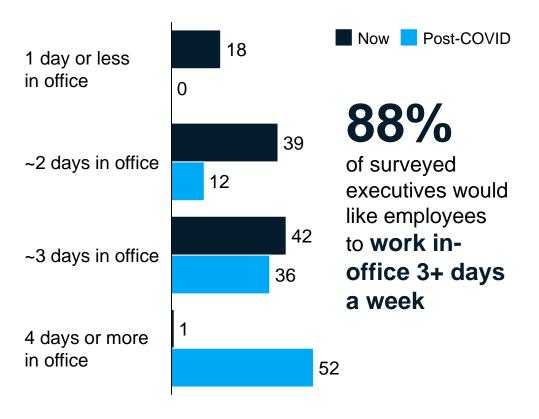
# 1. McKinsey research shows that majority of employees in the US would prefer a home-centric approach, despite executives' preference for employees to be in person 3+ days a week

Many C-suite executives believe that the primary center for work will remain as the office



Employees, however, would prefer a more home-centric approach









**53%** 

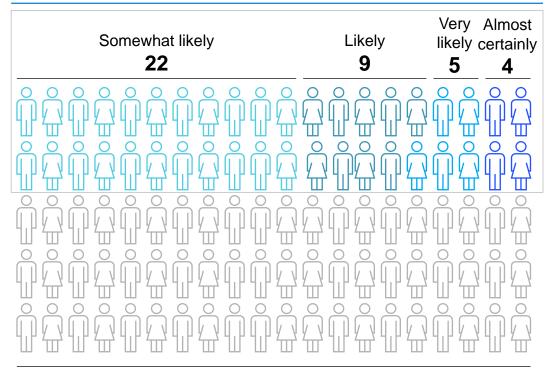
of surveyed employees would like to work from home 3+ days a week

29%

of surveyed employees said they would consider switching employers if went back to a fully on-site model

# 2. Research shows that Great Attrition challenges could also get worse for employers

Likelihood employees will leave their current job in next 3 – 6 months, % of respondents



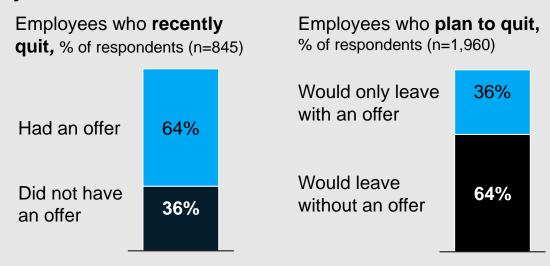
Not at all likely: 60

40%

of employees stated that they are at least somewhat likely to leave their current job in the next 3 - 6 months

Sample size breakdown (n) = not at all likely (2,964), somewhat likely (1,086), likely (428), very likely (266), almost certainly (180).

## Employees are increasingly willing to leave without a job in hand ...



... and location agnostic talent sourcing could increase the flight risk of otherwise satisfied employees

65%

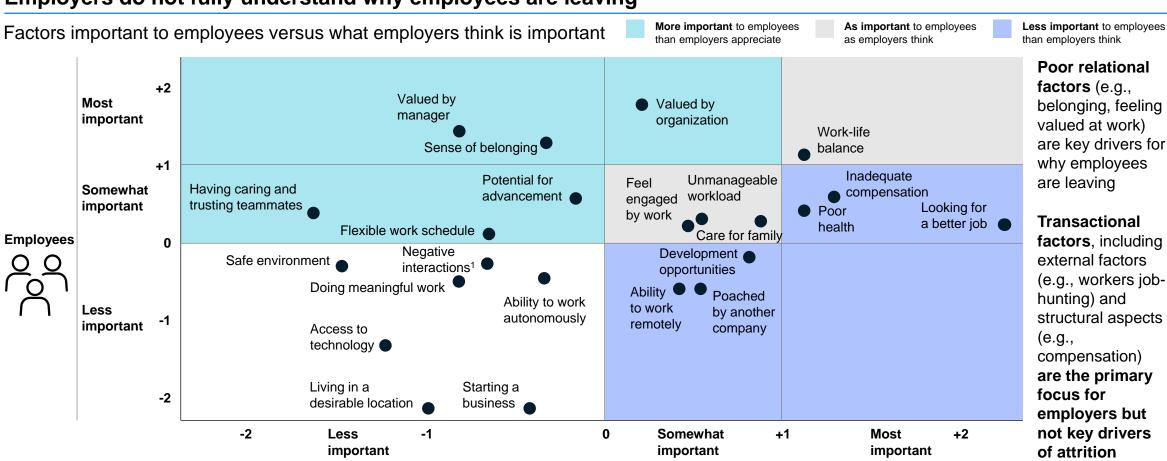
of employees who are unlikely to leave said one of the primary drivers for staying was liking where they lived 87%

**>>>** 

Of people who took jobs in other locations without having to move

# 2. McKinsey research shows that many employers seem to overlook the relational elements of why employees are leaving, over-indexing on transactional elements

## Employers do not fully understand why employees are leaving



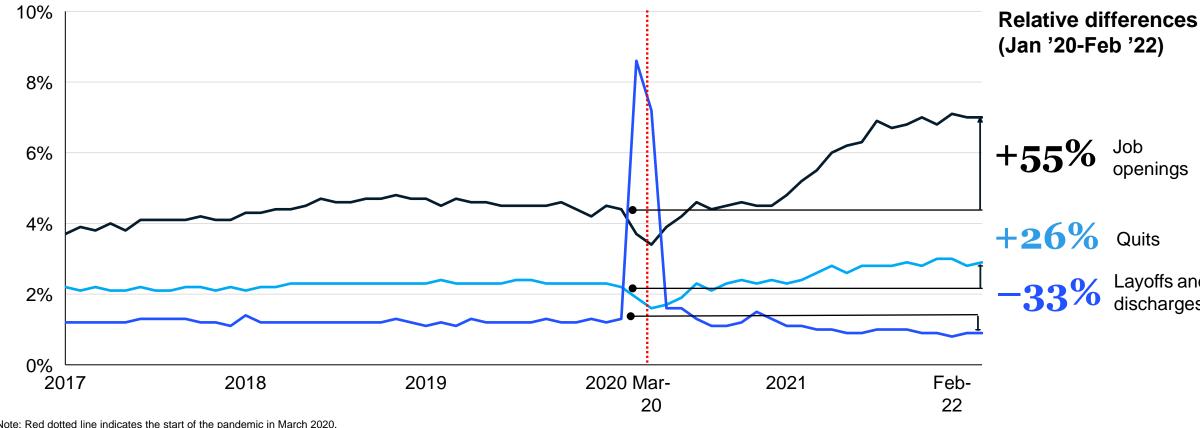
#### **Employers**

Note: Standardized scores are reported for both employee and employer perspectives. Employees were asked to respond to the following questions To what extend did the following factors impact your decision to leave your last job? (Not at all, slightly, moderately, very much, extremely); employers were asked to respond to the following question: Why do you think employees are choosing to leave your organization now? (select all that apply) | 1. Employee insights from employees who recently quit (n=845) | 2 Employer insights (n=250)

## 2. Employees in the United States are quitting their jobs at a record pace

% of total employment in the US

Rates of job openings, quits, layoffs and discharges in the United States since January 2017



Note: Red dotted line indicates the start of the pandemic in March 2020.

Source: BLS JOLTS

# 3. Organizations can turn the 'Great Attrition' into the 'Great Attraction' by focusing efforts in three areas: Work, Workforce, and the Workplace

Deep dive to follow

\A/a-sla	1 Invest in people managers
Work	2 Redesign work and roles
	3 Preempt unwanted attrition
	4 Establish dynamic talent marketplace
Workforce	5 Invest in employee advancement
WOIKIOICE	6 Expand your sourcing channels
	7 Target and accelerate hiring
	8 Revamp employee value proposition (incl. rewards)
Workplace	9 Build a hybrid virtual model that works
	10 Invest in strong culture and purpose

# 3. Building managerial skills aligned with employee relational and well-being needs will help to attract and retain talent

From		То
Employees not feeling valued by their <b>organization</b>	<b>&gt;&gt;&gt;</b>	Employees feel organization actively invests in their development, well-being and 'future-readiness'
Employees not feeling valued by their <b>manager</b>	<b>&gt;&gt;&gt;</b>	Managers value employees through recognition, coaching, and investing in connections based in mutual attention, empathy, vulnerability, & compassion
Employees lack belonging	<b>&gt;&gt;&gt;</b>	Managers and employees share vocabulary and skillset to mutually build psychologically safe, inclusive teams which focus on belonging as well as performance
Employees work/life balance and workload is not manageable	<b>&gt;&gt;</b>	Well-being as a skill at the individual and team-level is specifically developed Workload and priorities are openly discussed, using courageous conversation and psychological safety

# 3. An employee value proposition (EVP) defines the unique promise made to an employee regarding the experiences and benefits



The EVP framework was shaped through research and pressure tested by experts



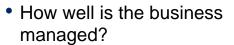
Hackman & Oldham's (1976) job characteristics theory on what organizational characteristics drive employee buy-in



Research from online forums such as Indeed and Glassdoor to understand how employees think about EVP



Expertise from industry veterans to ensure the framework will yield practical guidance regarding attract and retain talent



 Is there a well-defined culture and are values appealing?

 What impact does the business have on community and society?

- How does leadership motivate and inspire employees?
- Is top tier management well aligned and trustworthy?



- Are there opportunities to improve skills?
- How interesting and challenging is the work?
- What coaching and mentoring platforms exist?

- How are employees recognized and rewarded?
- How does the business differentiate high performers?

## 3. Four critical EVP categories can be broken down into 11 measurable dimensions



	1	Working environment	Pace of work, working norms, collaboration, and company culture (e.g., clarity on values, mutual respect, emphasis of wellness, etc.)
	2	Physical environment	Design and attribute of physical space (e.g., cubicles, open office, noise)
	3	Purpose	Impact that the job has on people, society, and their communities
	4	Sustainability	Time available for activities outside of work, flexibility of hours/location
	5	Systems and processes	Clarity and reliability of organizational processes
	6	Management	Leadership, support from superiors and how authority is being practiced
	7	Compensation and benefits	Total compensation (including bonuses and job benefits)
	8	Job advancement	Opportunity for internal promotion and growth; potential for long term tenure
	9	Task variety	Diversity of skills and tasks required in role; flexibility in activities
	10	Achievement	Entrusted responsibility to work on important tasks, to own execution end-to- end, to feel empowered and experience autonomy
	11)	Training/ development	Opportunity to continuously build out skills and knowledge through formal training, mentorship and deployment in roles that inspire professional growth