

Navigating the new world at work

A guide to employees' most pressing needs and how your organisation can meet them, based on Mercer's 2023 Inside Employees' Minds® UK study.



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About this study

This study includes 2,027 full-time employees in the UK, working for organisations with more than 250 employees.

The study was undertaken in July 2023.

Demographic highlights

Top five industries



**Retail/Hospitality/
Food service**
345 employees (17%)



**Government/Public
sector/Not for profit**
300 employees (15%)



Healthcare
288 employees (14%)

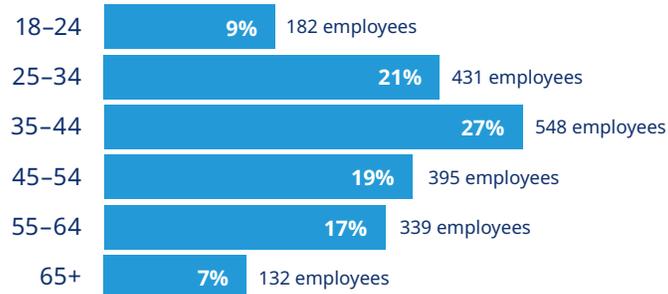


**Manufacturing/
Consumer goods**
224 employees (11%)

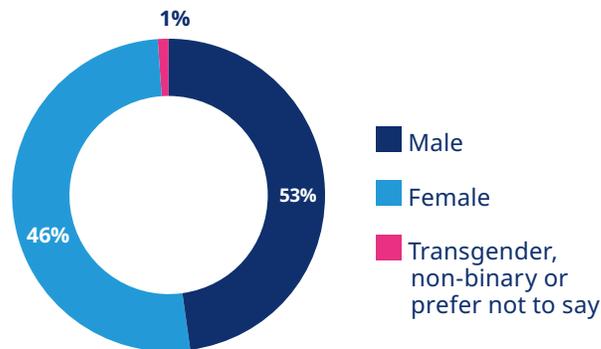


Transportation/Aviation
195 employees (10%)

Age



156 employees



39%
Hourly employees



61%
Salaried employees

Ethnicity



Executive summary

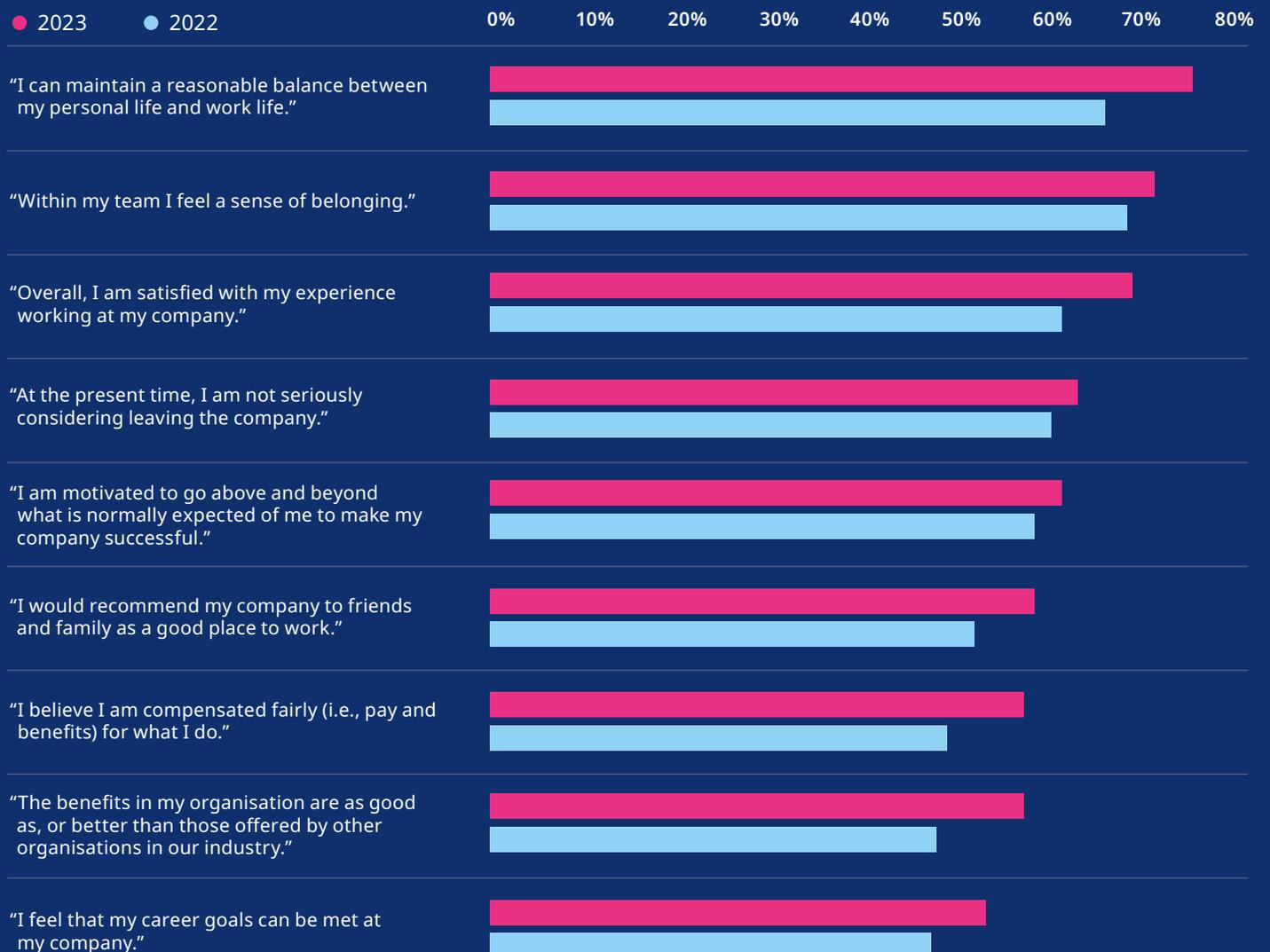
2023 was a challenging year for British employees.

On the positive front, employee engagement and satisfaction are up across the board. Overall experiences of work are also up: nearly seven in 10 employees feel valued, empowered and connected during their workday. Since last year, employees also have a greater sense of balance, belonging, adequate compensation, benefits and career opportunities — and they are less likely to consider leaving their employers.

Hourly employees believe they are compensated more fairly than last year — and feel more favourable about their pay compared to salaried employees — possibly due to a [National Minimum Wage uplift and boosts to employment protections for parents and unpaid careers](#). Employees earning less than £25,000 and those between 18–24 years old are most likely to leave their employers. This group may have changed jobs to benefit from larger starting pay increases this year.

Employee engagement is rising

Employees feel better than last year in all aspects of engagement



But things are not all rosy: employees are dealing with high anxiety over finances this year — and their mental health is struggling as a result. Financial stressors remain high, between inflation, the rising cost of living and higher interest rates, which have been squeezing households and businesses alike. An uncertain economy increased concerns over the ability to retire. And generative artificial intelligence (AI) such as ChatGPT exploded onto the scene, destabilising the nature of work.

Labour shortages and skills gaps also exacerbated the workloads of already-stressed employees. These shortages exist for several reasons. The “Great Resignation” is still alive; today, it is largely linked with pay, workload and poor relationships with managers. These three reasons to quit disproportionately affect women, and the job market is at risk of losing them if the current stressors continue.

In addition, when employers prioritised the survival of the business over training staff during the COVID-19 pandemic and Brexit, skill gaps developed. And an ageing population has also contributed to the scarcity of qualified employees.

At the same time, unemployment is slightly higher than it was pre-pandemic. This is largely driven by people unemployed for up to 12 months and may be linked to leaves of absence for mental or physical illness — more employees than ever are inactive because of long-term sickness.

This year’s data indicate that the UK is still in a period of economic turmoil. People are more protective of their financial security as the economy feels volatile, they prioritise well-being as the future is uncertain, and there is a starker divide between lower-income employees and the rest of the workforce — lower-income employees are feeling the brunt of the pain.

What makes employees leave?

The top three factors are the same as last year



Insufficient pay



Burnout due to a demanding workload



Relationship with boss/colleagues

Who is most at risk of leaving?

- Females; those on low salaries; salaried employees; and those in the healthcare industry are at most risk of leaving their employer due to insufficient pay.
- Females; hourly employees; energy, oil and gas/mining employees; top earners; and those on £25k-50k are at most risk of leaving due to burnout.
- Females; salaried employees; those on low salaries; and employees in life sciences and education are at most risk of leaving due to their relationship with their boss.





To succeed in today's environment, employers must rethink long-held views of work, from how we work, where we work, what we do and what we share. The four key findings from this year's *Inside Employee Minds*® study reveal where employers should focus to adapt to changing employee expectations:

1 Focus on financial security.

Concerns over financial security continue to weigh heavily, as employees struggle to recover from inflation stressors. Lower-income employees continue to struggle to make ends meet.

2 Amplify well-being through flexibility.

Mental health concerns persist, and employees are asking for employer investments. The employee experience is still overwhelming and exhausting for many — and employees say that rethinking work is the key to improving their well-being.

3 Build trust through career transparency.

Due to the skills gap that has developed in the labour market over recent years, focusing on skill development of employees will be crucial to keeping attrition levels healthy and ensuring your organisation does not lose valuable talent.

4 Unlock potential through AI.

Concerns over job security have decreased this year, dwarfed by personal finance concerns, but employees still have mixed feelings about whether technology will improve their experience of work.

Focus on financial security

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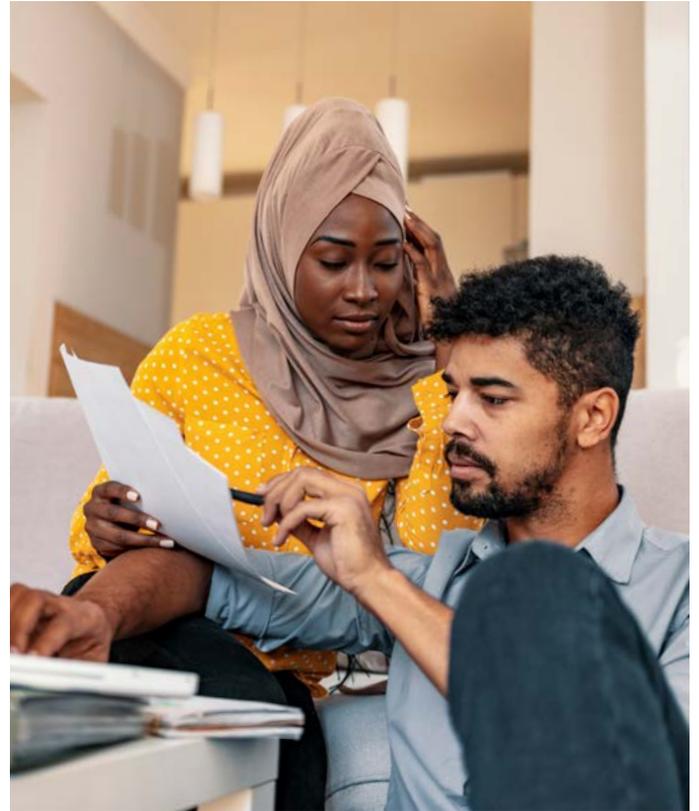
Finances remain the number one concern of employees overall, year over year. The UK's economy is struggling with high inflation, the rising cost of living and higher interest rates — and British employees across the income spectrum are feeling the pain. Seventy percent of employees overall say that high inflation and market volatility has significantly increased their financial stress.

Concerns over short-term financial security, such as covering monthly expenses, have slightly increased and remain the top concern of all employees. Long-term financial security, focused on the ability to retire, is showing an upward trend and has increased since last year.

In response, employees are more likely to reduce spending (52%) and more likely to tap into savings (36%). Lower-income employees earning less than £45,000 are the most affected when it comes to reducing their discretionary spending, but even employees earning up to £120,000 say they had to reduce their savings due to continued high inflation.

Although the Bank of England has been raising interest rates to try to slow inflation, millions of household mortgages and loan repayments have been affected, and landlords are increasing rents. According to the Bank of England, “more households [in the UK] are being affected by higher interest rates as fixed-rate mortgage deals expire. The proportion of households with high debt service ratios, after accounting for the higher cost of living, has increased and is expected to continue to do so through 2023.”

Personal debt is tied to interest rate rises, and concern about debt has jumped from the top nine worry in 2022 to the top six in 2023 for all employees. Lower-income employees are the most concerned about their personal debt, though employees earning £50,000–£80,000 show the biggest increase in concern since last year. This rise in personal debt suggests that employees’ efforts to reduce discretionary spending and tap into savings have not been sufficient to make ends meet.



Impact of economy and inflation

Employees continue to report both spending less and saving less due to concerns over economy and the impact of inflation

I have reduced my discretionary spending due to concerns over the economy.



I have reduced savings or tapped into my current savings due to continued high inflation.



● I am a salaried worker ● I am an hourly worker

Source: Mercer 2023–2024 *Inside Employees’ Minds*® Study

Ability to retire

Less than half of all employees (45%) are confident that they can turn their retirement savings into a consistent stream of income for life, though this number has increased since last year.

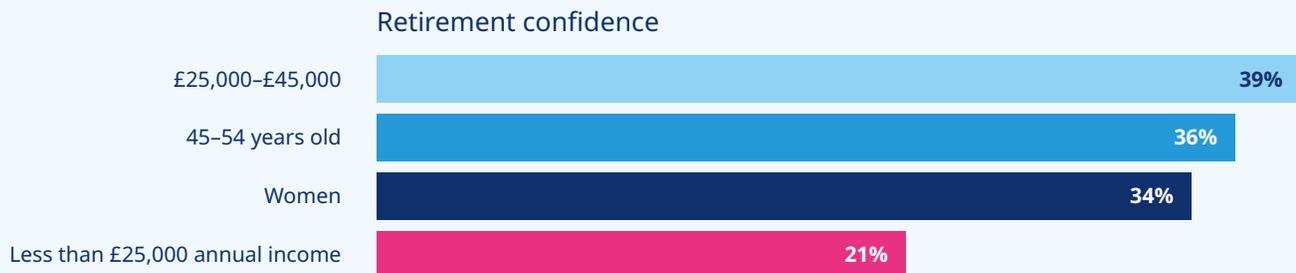
Like last year, income level is a defining factor in retirement confidence, with only 21% of employees earning less than £25,000, and 39% of employees earning £25,000–£45,000 feeling confident in their ability to retire.

Men (53%) are far more confident than women (34%) that their retirement savings will last the rest of their life, speaking potentially to the gender pay gap and the pension gap.

And like 2022, the least confident age group is 45–54-year-olds, at only 36%. Older employees are more vulnerable to recent market volatility because they have less time for their investments to catch up with inflation and recover after the post-pandemic market turmoil before they need to start withdrawing.

Who is least confident in their ability to retire?

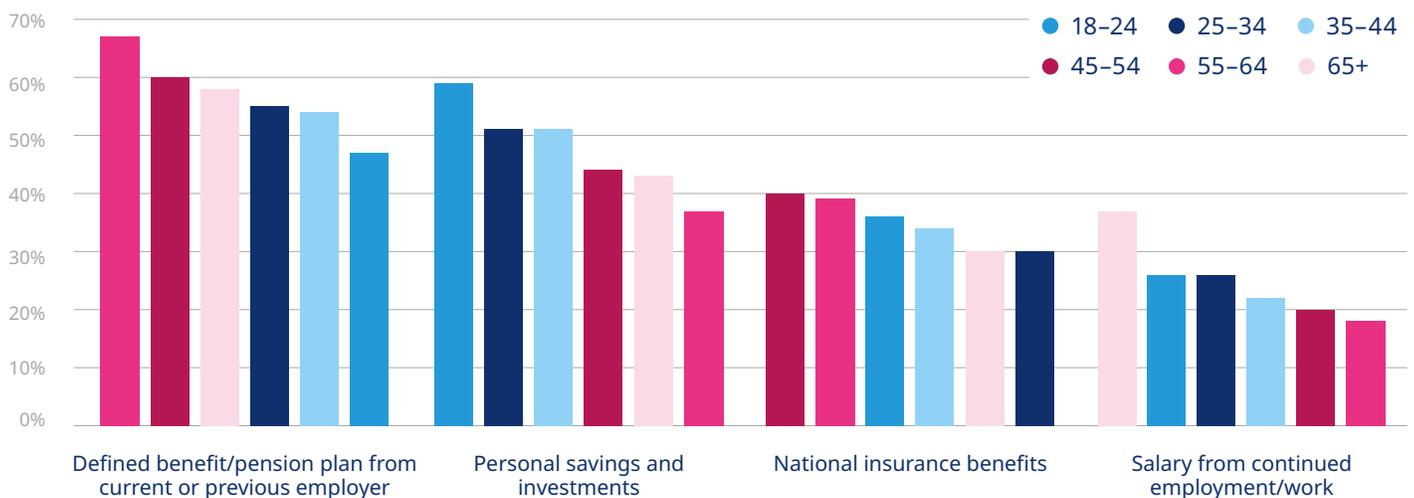
These groups are concerned that their retirement savings will not last the rest of their life



The 65+ age group was most likely to say they planned to use their salary from continued employment during retirement, suggesting that many people of retirement age will keep working longer than anticipated.

Expected sources of income in retirement by age

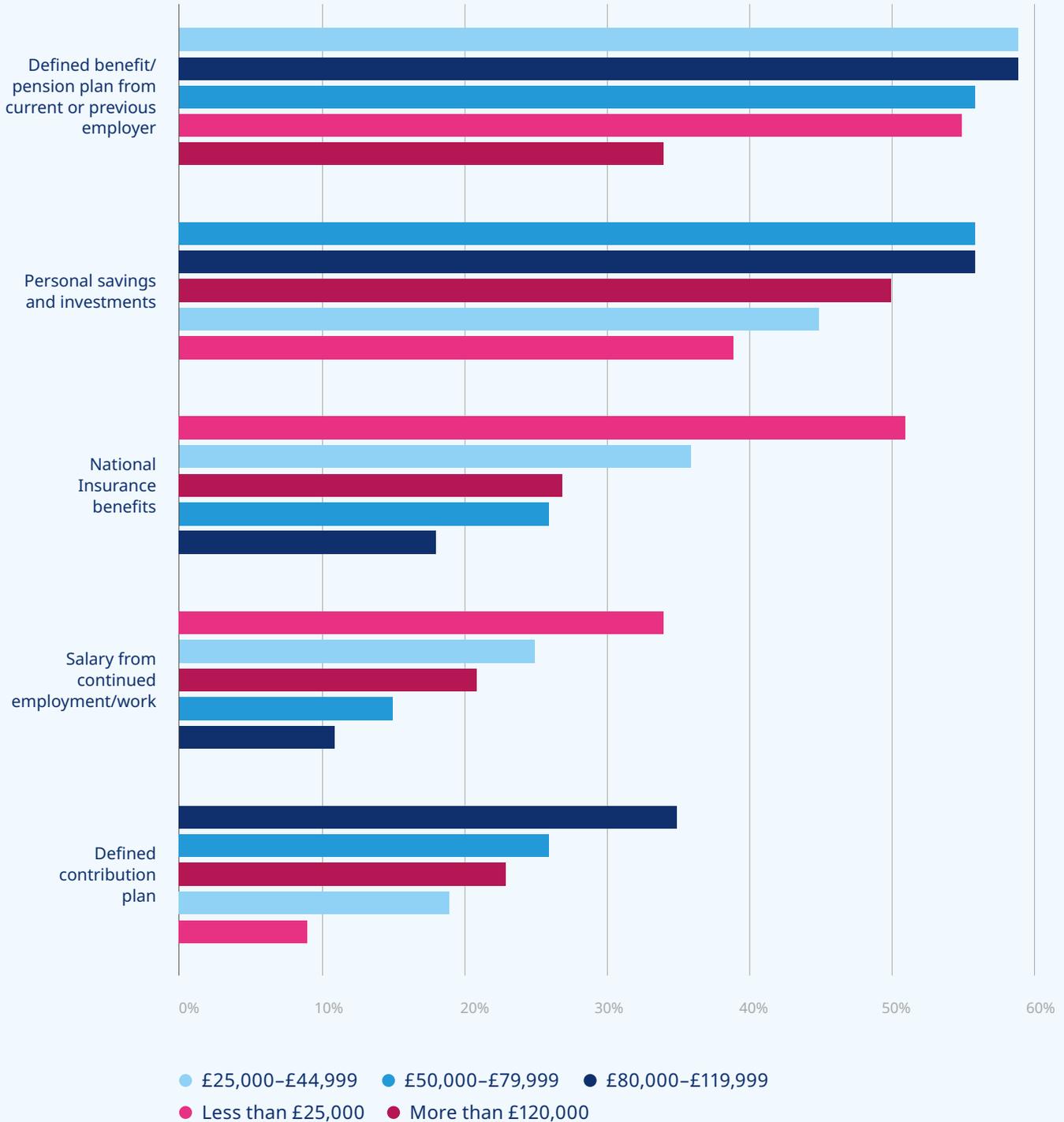
Different age groups have very different expectations



Over half (51%) of employees earning less than £25,000 say they are likely to depend on National Insurance benefits for retirement, as well as their pension from their employer.

Expected sources of income in retirement by income

Many employees will depend on pensions and personal savings

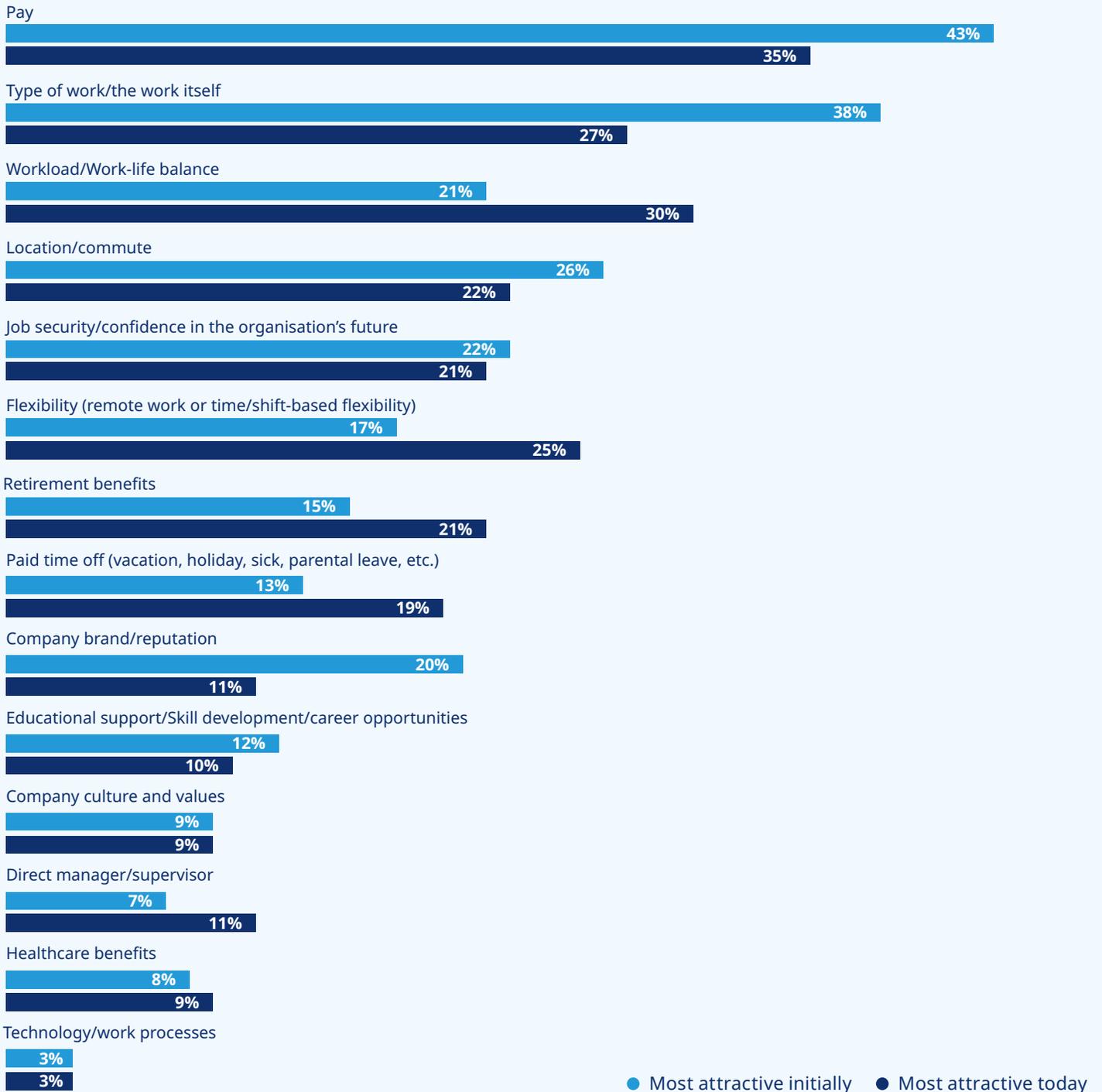


Pay

Pay continues to be the top reason employees are attracted to an organisation — and the top reason they stay.

Most attractive elements of the employment offer

What initially attracts employees differs from what retains them



Overall, employees' perception of fair compensation has increased since last year, from 49% in 2022 to 57% in 2023. This could be due to employers' efforts to increase pay cheques at a level approaching inflation. But perception of fairness remains low (37%) for employees earning less than £25,000.

Even though the European Parliament adopted the [EU Pay Transparency Directive](#) on 24 April 2023 to tackle equal pay, the gender pay gap and pay transparency across Europe, pay transparency does not seem to be the top priority for the UK government.

Employees who say they are paid fairly are notably more likely to say they understand how their employer determines their compensation, and that their manager or employer provided them with their pay range. Those who do not believe they are paid fairly are less engaged and less motivated to go beyond what is normally expected of them.

As a result, employees are finding out about pay ranges through other avenues. Sixty-four percent of employees say their managers have provided them with the pay range associated with their role; 55% have researched their own employer's job postings; and 49% have researched pay ranges through Glassdoor or other external sources.

How employees find out about compensation

Many employees research and compare compensation information

My employer/manager provides me with the pay range associated with my role.



I understand how my organisation determines my compensation.



I have researched pay ranges for my own role or other roles through my employer's job postings.



I have researched pay ranges for my own role or other roles through Glassdoor or other external sources.



My colleagues and I share our compensation information with one another.



- Favourable
- Neutral
- Unfavourable

Even though less than half of employees overall share their compensation information with colleagues, norms around talking about pay are changing between populations:

- More than half of employees aged 18–44 (millennials and Gen Z) are likely to share their pay information with one another.
- Hourly employees are more likely to share their compensation information (57%) than salaried employees are (41%).
- Black employees (48%), those of mixed ethnicities (55%) and white employees (48%) are the most likely ethnicities to talk about their pay information, whereas South Asian employees are the least likely to do so (23%).
- Men are more likely (50%) to share pay information than women (44%).

Actions you can take

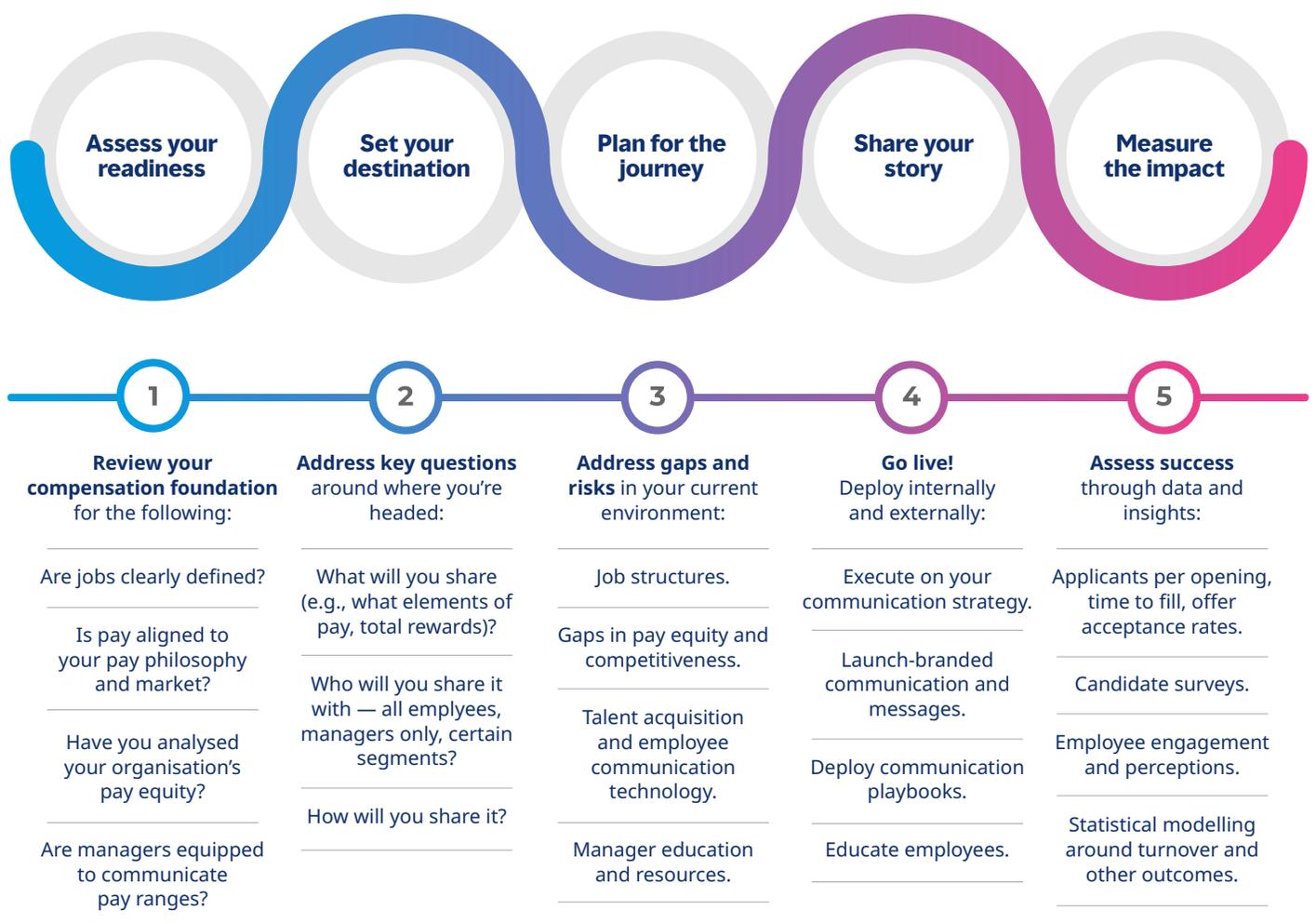
Provide targeted well-being support by uncovering employees' unmet financial needs and well-being benefits that can support them across a wide spectrum of needs, such as managing everyday finances, preparing for the unexpected or preparing for financial goals such as retirement.

Consider programmes that can drive both short- and long-term financial security. Programmes such as matching contributions for paying down student loan debt or revised contributions to pensions can support employees with their short-term financial needs, while also building their retirement readiness over the long term.

Assess readiness for pay transparency, considering things like the strength of your job architecture and the competitiveness of pay ranges.

Define your narrative around compensation strategies, because if you do not tell the story, someone else will — and it may not be the right one.

Educate, educate, educate. Most managers and employees do not understand current compensation practices, creating more confusion. Start to bridge the gap now and build awareness around your organisation's compensation programmes.



Amplify well-being through flexibility

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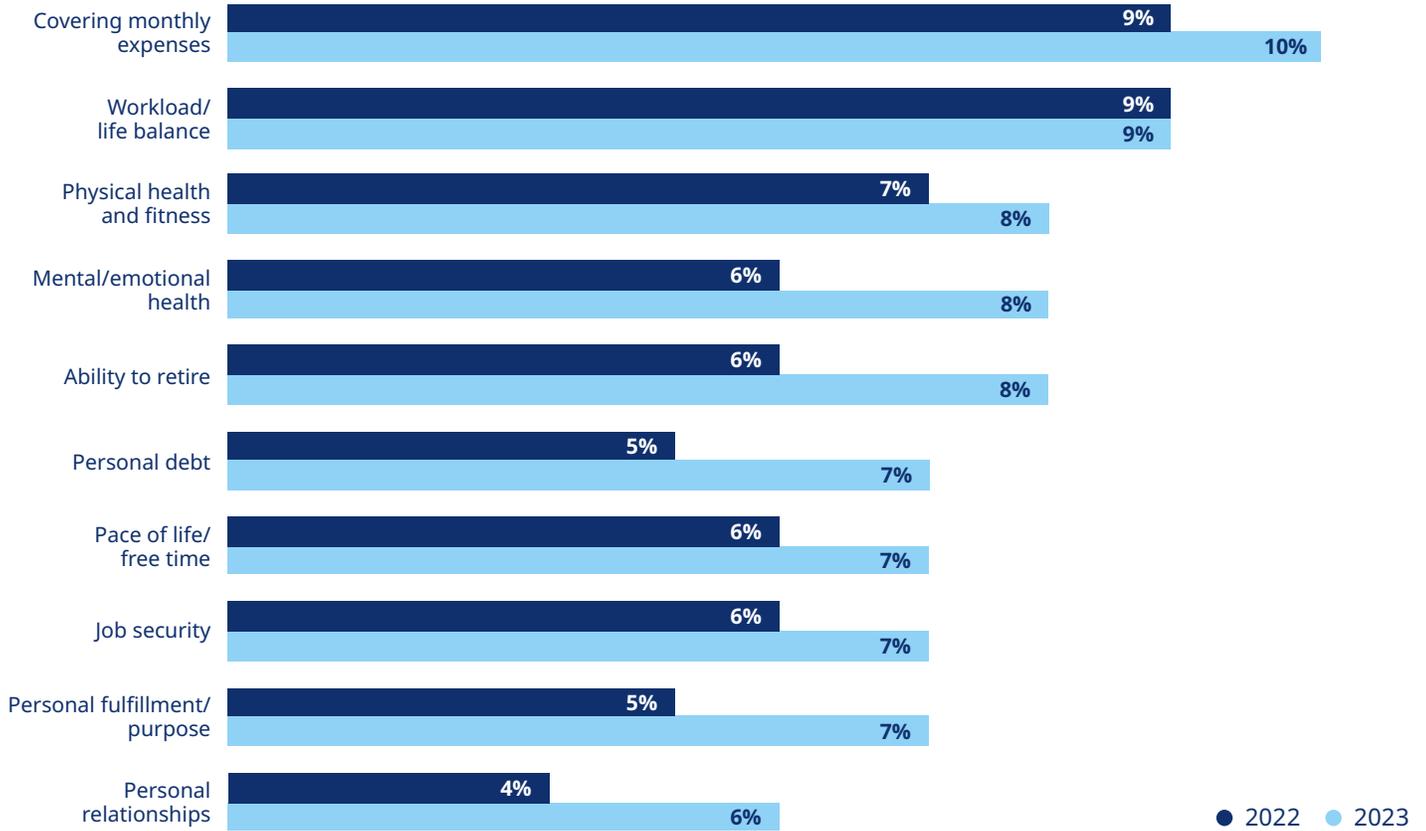
Concerns about well-being continue to top the list for UK employees. Covering monthly expenses; workload and life balance; and physical health and fitness remain the top three concerns for employees since last year — though mental and emotional health and the ability to retire jumped from the top 10 into the top five, replacing pace of life/free time and job security.

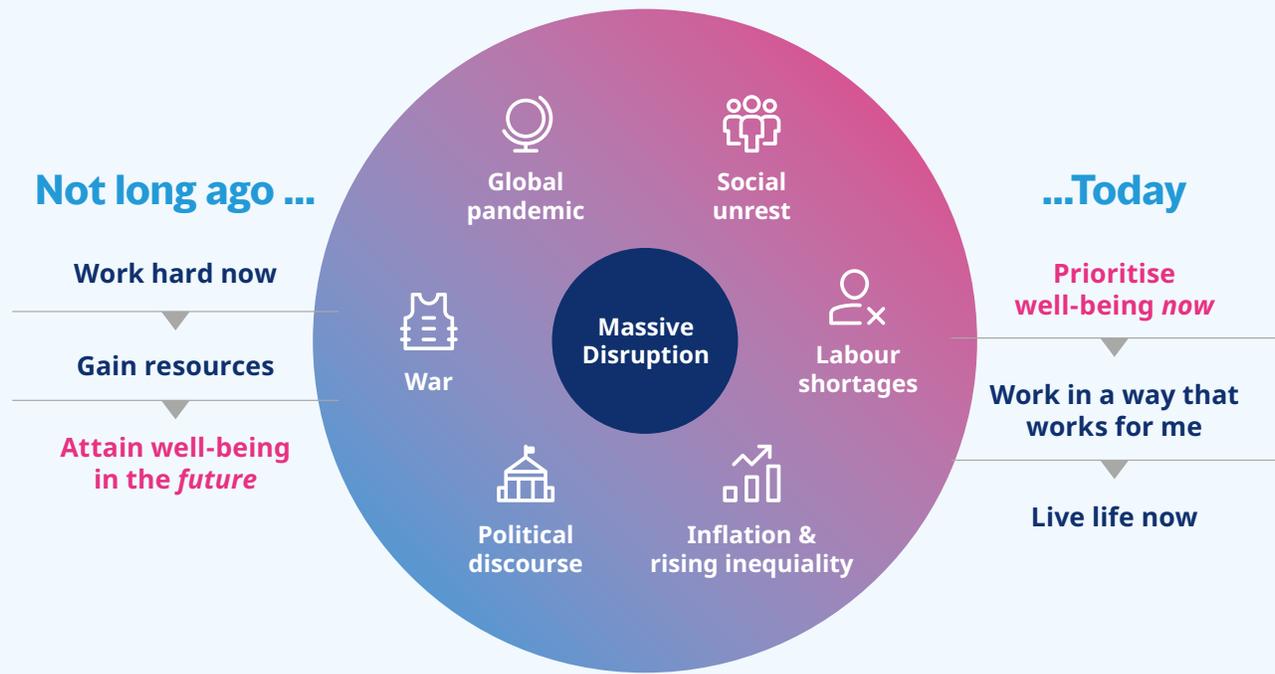
These strains are the outcome of underlying financial stress due to the high cost of living, inflation, high borrowing costs and difficulty getting a mortgage. In addition, the [Office for National Statistics](#) states that overall in the UK, weekly working hours have increased. This uptick in hours could be linked to an increasing workload that is spread among fewer available resources.

Due to the many existential crises that they have faced over the last several years, employees today are saying their well-being cannot wait. People are attempting to prioritise and reclaim their financial and mental well-being and work-life balance in a post-pandemic world. But in the face of continued exhaustion and increasing stress, they are not necessarily succeeding.

What keeps employees up at night?

The top 10 unmet needs and how they have evolved over the last year





Many employees wish to take the reins of their work lives and have the power to structure their weeks in a way that works for them. Above all, people desire remote work, hybrid work, flexible hours and the ability to easily take time away from work for everyday life events.

In some instances, employers are providing flexible work — which can mean flexibility *at* work (e.g., remote, hybrid and shift flexibility) or flexibility *from* work (e.g., the ability to take time off to restore, address family issues, or avoid rush hour and the accompanying transport fees).

Flexible working can help support both employees' well-being and their finances. The high cost of living in cities is driving people to live further away from their place of work, so the ability to work some of the time from home — cutting out the long and expensive commute — is a real benefit. However, these types of programmes tend to provide greater benefit to higher-income, office-based employees rather than lower-income employees, who are struggling the most.

For employers, offering flexible work can [unlock access to a greater talent pool](#). More than 400,000 people in the UK cannot work unless they

can find a part-time or flexible role, and another 1.5 million work in poorly paid part-time jobs below their skill level because of a shortage of quality flexible jobs.

Remote work is still highly desired

Levels of working from home peaked during the pandemic, but three years on, around [40% of working adults still report having worked from home](#) at some point in the last seven days. Employees are positive about the changes to their flexibility brought by the pandemic: 80% of full-time remote employees would choose full-time remote again, and no employees who work at least one day offsite would choose to work fully on-site at the office again. In addition, fully on-site working continues to fall.

Remote work remains the most preferred work arrangement among employees (21%), though it was less strongly preferred than in 2022 — suggesting some employees may see the benefits of hybrid work. The collective percentage of employees who prefer various hybrid work arrangements is also greater than the percentage who prefer full-time remote work.

Employees' flexible working preferences

Full-time remote work is preferred

How satisfied are you with your company's flexible and remote working arrangements?



I would work remotely full-time



I would work on-site 2 days per week, and 3 days remotely



I would work mostly remotely, but work 1-3 days per month in the office



I would work on-site 3 days per week, and 2 days remotely



I would choose to work on-site at my company full-time, even if it was not required



I would work on-site 4 days per week, and 1 day remotely



I would work on-site 1 day a week, and 4 days remotely



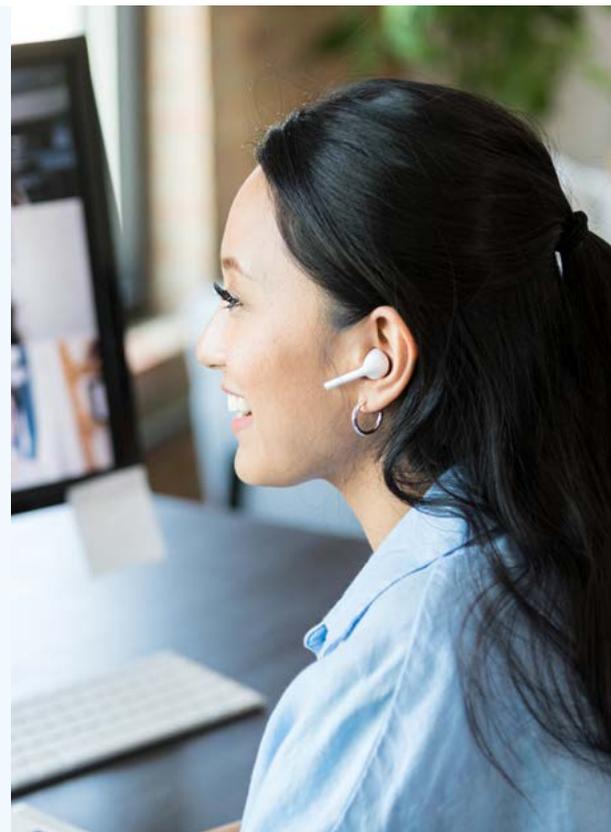
Satisfaction with flexible and remote work increased, mainly due to the neutral score having decreased since last year.

Remote work remains the preferred work arrangement, although it has decreased since last year (-10ppt). The drop is explained by the increase in preference for on-site two days per week, three days remote.

Seventy-three percent of employees overall say they are satisfied with their employer's flexible and remote working arrangements. This number has increased since last year, mainly due to a decrease in the neutral score. However, only 54% of employees who work on-site full-time are satisfied, compared to 89% of those in hybrid work arrangements and 86% of full-time remote employees.

Satisfaction with work arrangements

Employees with hybrid and full-time remote work arrangements are the most satisfied



We also saw a significant year-over-year increase in how much employees value remote work — perhaps because people no longer take the opportunity for granted amid increasing requirements to adopt hybrid work. The ability to flex hours during the day was a close second.

The most valued types of flexibility

The ability to work remotely is valued more than last year

Ability to work remotely

3rd in 2022

48%

+9ppt

Ability to flex my hours during the day on a consistent basis (e.g., 6 am to 3 pm versus 8 am to 5 pm)

1st in 2022

47%

+7ppt

Ability to easily take time away from work for “everyday life” events (e.g., doctor’s appointments, children’s school events, etc.)

2nd in 2022

41%

+2ppt

Ability to take vacation time at a time I choose

28%

Ability to choose my shifts

26%

Ability to work part-time

17%



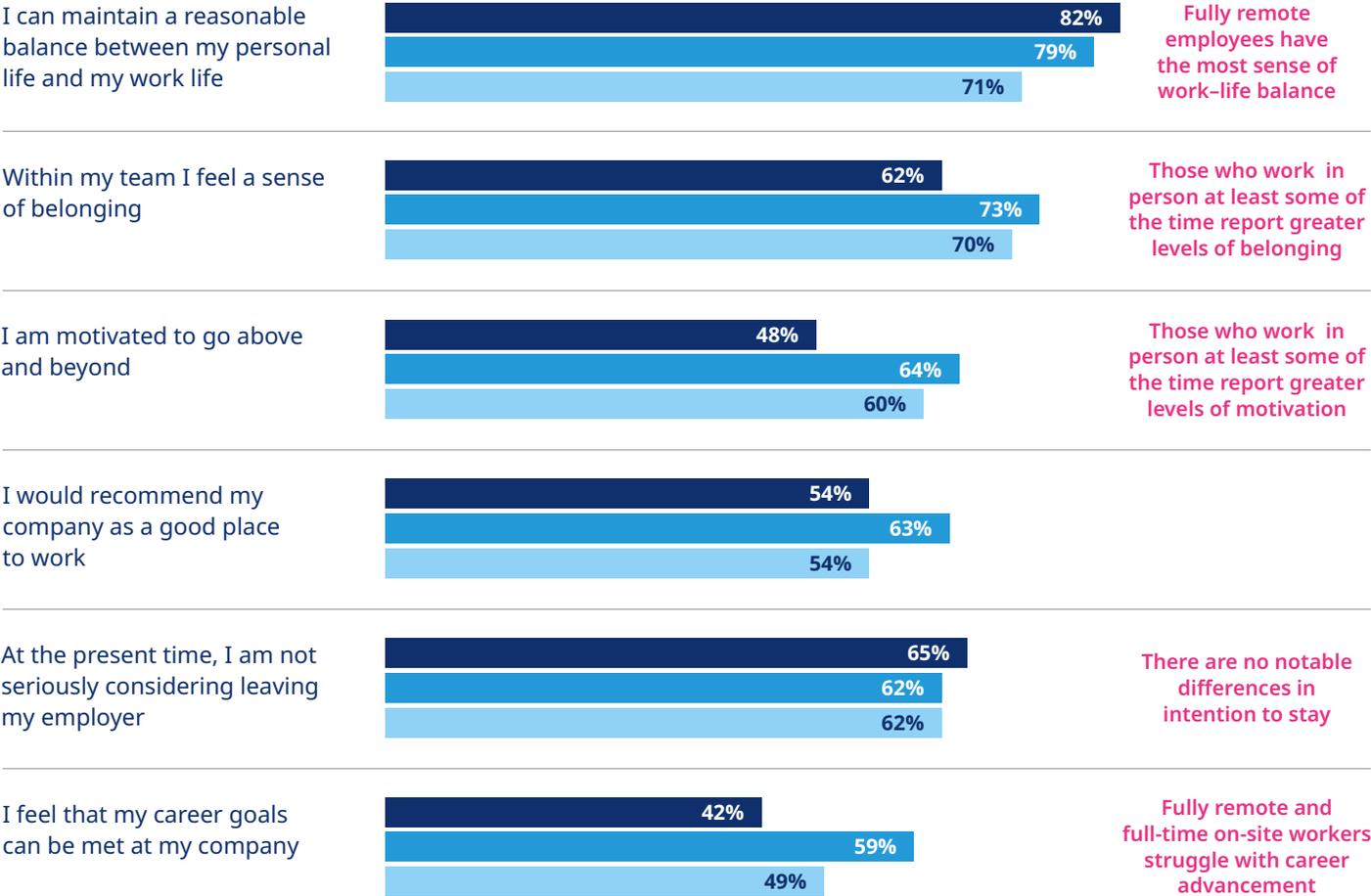
Employees in hybrid roles are more engaged, energised and fulfilled and feel less exhausted, disregarded and frustrated than any other work-arrangement group.

However, on a typical day at work, those who always work remotely feel more balanced and more able to focus on essential work compared to other types of work arrangements. Employees working full-time on-site are the most exhausted group.

It appears that some in-person work is good for both employers and employees — and it is possible for employers to achieve the desired benefits of in-person work while balancing employees’ desire for flexibility and remote work to support their well-being.

Employee engagement by work arrangement

Hybrid employees are the most engaged

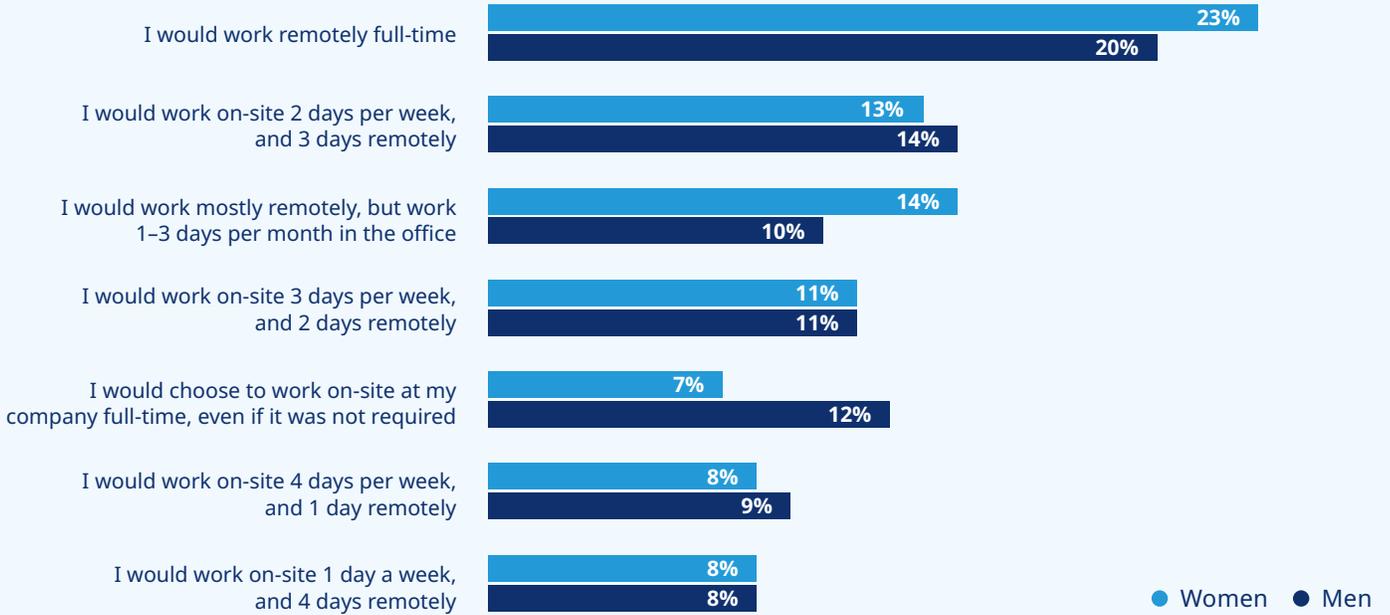


● Fully remote ● Hybrid ● Fully on-site

But not everyone cares about remote work equally. Remote work is of higher importance to women — and women would much prefer not to work on-site full-time compared to men.

The gender split in work arrangement preference

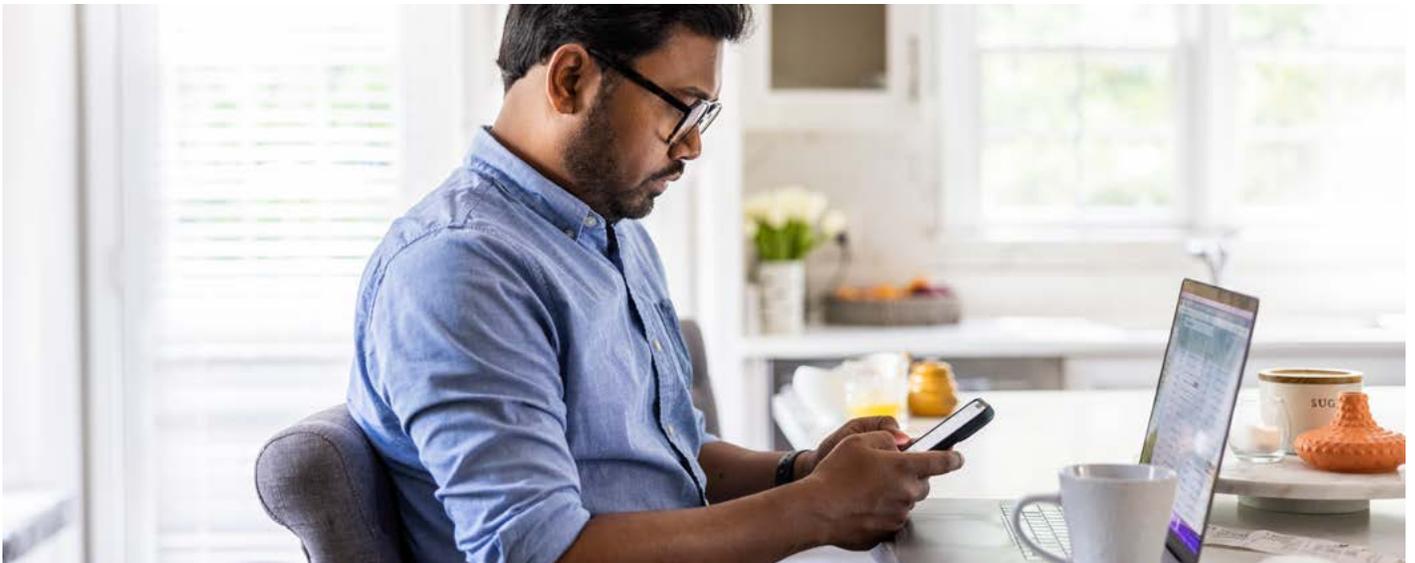
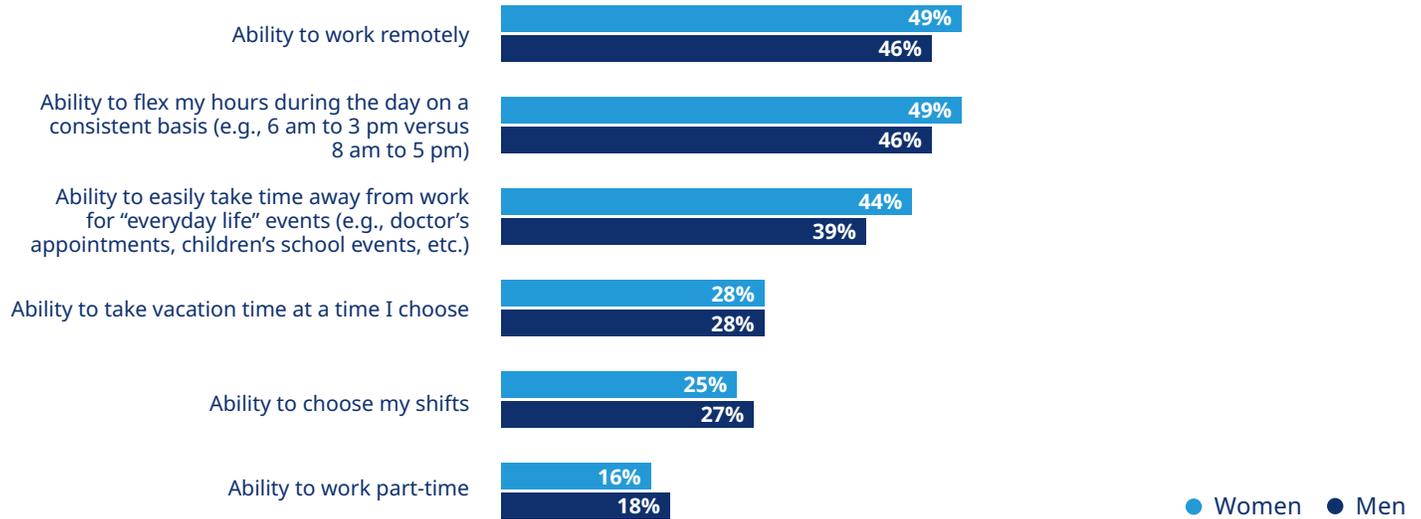
Women generally prefer remote work arrangements more than men



We saw major gender differences in preference for other kinds of flexibility, too. Women prioritise the ability to flex hours during the day and the ability to easily take time away from work, whereas men value the ability to choose their shifts or work part-time.

The gender split in most-valued types of flexibility

Women value flexible hours, ad hoc time away from work and remote work more than men



Women also rank flexibility in the top three reasons that would motivate them to come into the office more frequently — ahead of pay, free meals and better work arrangements. Men are more motivated by pay, greater number of people in the office and flexible work attire such as casual dress.

Because coming to the office asks so much of employees, in many cases, people want it to make economic sense; for example, if employers subsidise travel, meals or parking. Premium pay was tied with flexible hours as the top reason employees would want to return to the office.

Ability to flex working hours and paid incentives are the top three reasons for wanting to come to the office frequently

What motivates employees to come to the office?

There are gender differences, but flexible hours and premium pay reign supreme

Ability to flex my working hours (e.g., to avoid heavy commute periods)



Premium pay and/or stipend



Free meals



N/A — I already work full-time on-site/in the office



Better working arrangements (e.g., quiet space vs open space)



Employer-provided paid parking/commuter assistance



Childcare assistance



More people in the office



More flexible work attire (e.g., casual dress vs more formal business attire)



Workout/gym benefits



Enhanced office technology



Flexibility for hourly employees is an opportunity

Hourly and frontline employees may not necessarily be able to participate in remote work, but they want flexibility, too. Many would like to easily take time off throughout the day for necessary life events (for example, appointments, home repair needs, children’s events).

The flexibility hourly employees want

Hourly employees value flexible hours and time away for everyday life events

I can easily take time off throughout the day for necessary “everyday life” (e.g., doctor’s appointments, home repair needs, children’s school events, etc.)



I can easily swap/trade shifts with my co-workers if something comes up



I can choose the shifts that I work during the week to meet my needs



I can work a compressed workweek as long as I meet my required hours (e.g., 4, 10-hour days)



I can adjust when I start and stop work during the day to accommodate my needs, as long as I work my required hours



0% 10% 20% 30% 40% 50% 60% 70% 80% 90%

- I have this flexibility
- I do not have this flexibility but I would like to have it
- I do not have nor want this type of flexibility

Employees who have a compressed work week can easily take time off throughout the day and can adjust when they start and stop work during the day show higher levels of engagement. Employers can offer different types of flexibility for employees who cannot work remotely, and we see a major opportunity for employers to drive engagement and retention of this workforce, where labour shortages are most extreme.



Supporting annual leave is crucial

Across all industries, employees have taken less time off over the last two years. This could be due to the lack of available resources with the right skills to cover for those on annual leave. But employers must recognise that supporting the workforce in taking leave when needed will lead to increased productivity and decreased burnout.

Seventy-two percent of employees say they were able to fully use the annual leave provided by their employers, but only 67% say they can do it at a time of their choosing. In 2023, time off and reduced

workload are the top things employees say will help them support their mental health and ease burnout.

Hourly employees typically have less paid time off than salaried employees — something employers should consider given that feeling burnt out by a demanding workload is in top three reasons lower-income employees leave their jobs.

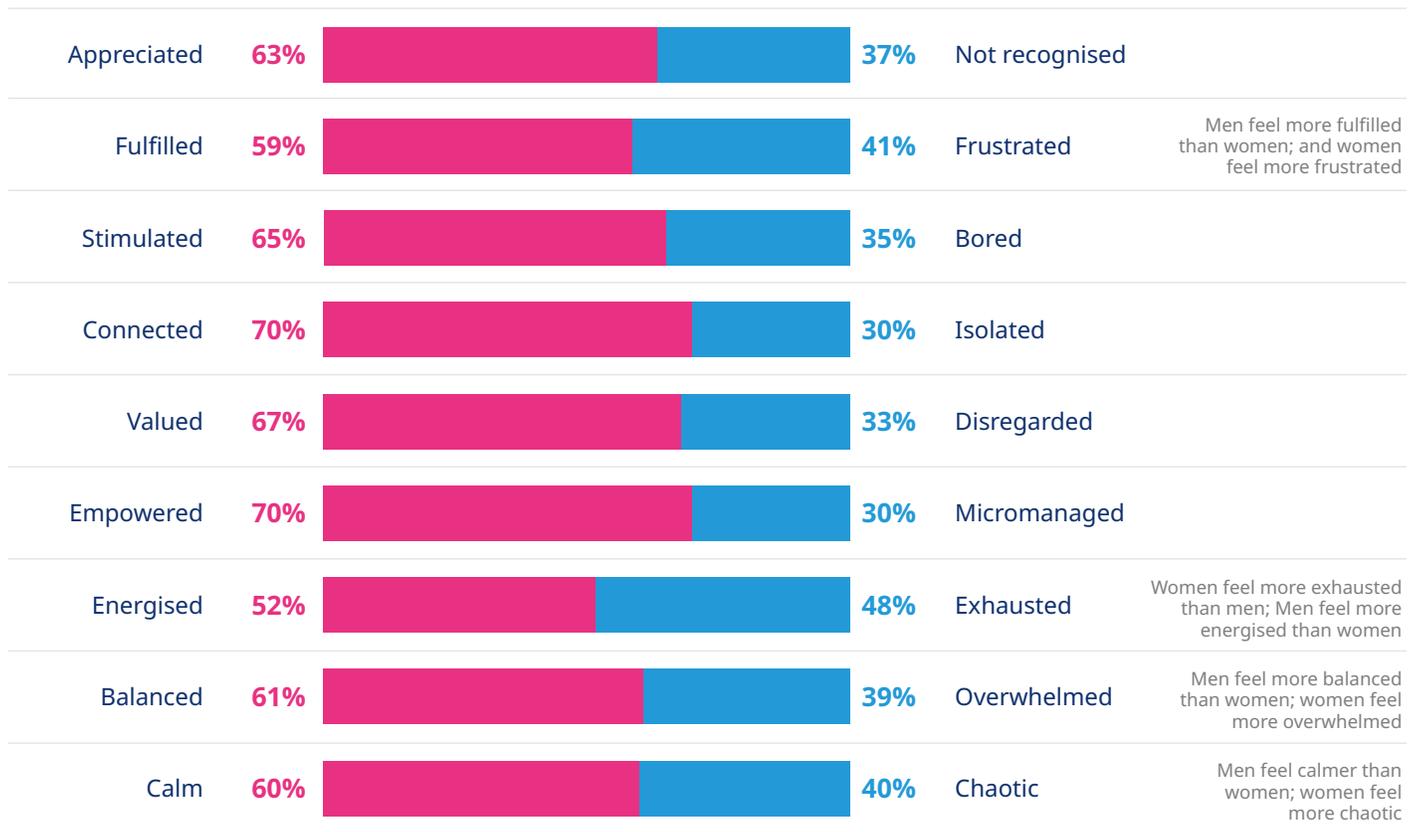
Mental health is suffering

Although employees’ overall experiences of work have improved since last year, we see many opportunities for employers to do better.

How employees feel on a typical day at work

Generally, employees feel positive — but there are significant gender differences

On a typical day at work, I feel:



● Positive ● Negative

On the one hand, the best parts about work have got even better in 2023, with nearly seven in 10 employees feeling valued, empowered and connected during their workday. These positive experiences are most felt by employees that earn over £120,000 a year, those aged 65 and older, and those in executive roles.

But the worst parts about work are still a pain point: approximately two in five employees feel overwhelmed, frustrated and not recognised and that the workday is chaotic. Nearly half of employees (48%) feel exhausted.

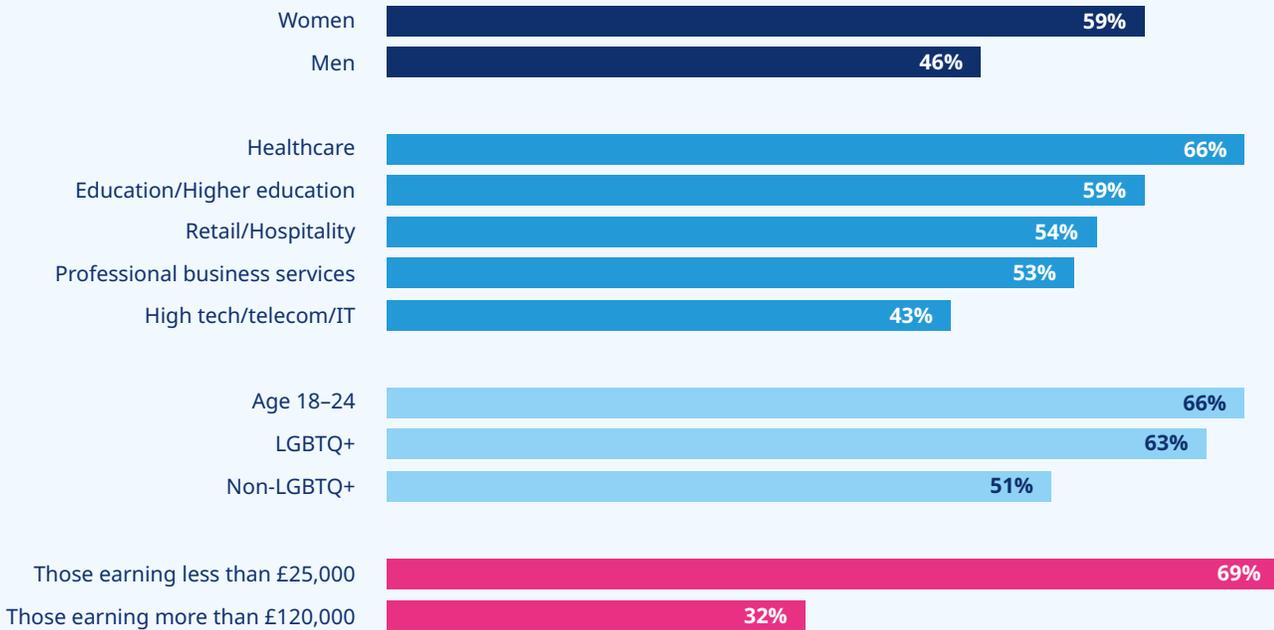
These negative daily experiences are most pronounced among women, lower-income employees, those aged 18–24 and LGBTQ+ employees. This suggests that less-experienced and younger employees, women, and underrepresented groups are still stuck, overwhelmed and exhausted — far more than they need to be.

Healthcare stands out as an industry where employees are more exhausted than average, due to a shortage of staff and resources. Healthcare employees are making their frustration known through strikes, and employers have real opportunities to improve efficiency and reduce these employees’ workloads, support their mental health and recognise their efforts.



Who is most exhausted at work?

Lower-income employees, healthcare employees and younger people report higher levels of exhaustion



In the UK, mental and emotional health have become a bigger concern than they were last year, especially for younger employees. It is now the fourth highest-ranking concern overall, after pay, work-life balance and physical health. Inflation, increasing living costs and economic uncertainty also contribute to employees’ stress and anxieties.

But we saw significant differences by population: mental health moved into the top five concerns for employees aged 55 and older. Significantly, it also jumped into the top five from the top 10 across all industries. Employees within the transportation, education, manufacturing/consumer goods and government/public sector industries showed the biggest increase in concern about their mental health.

In some cases, employees are missing work for mental health reasons — and this trend is increasing. According to the ONS, more than half (53%) of those [inactive because of long-term sickness](#) reported that

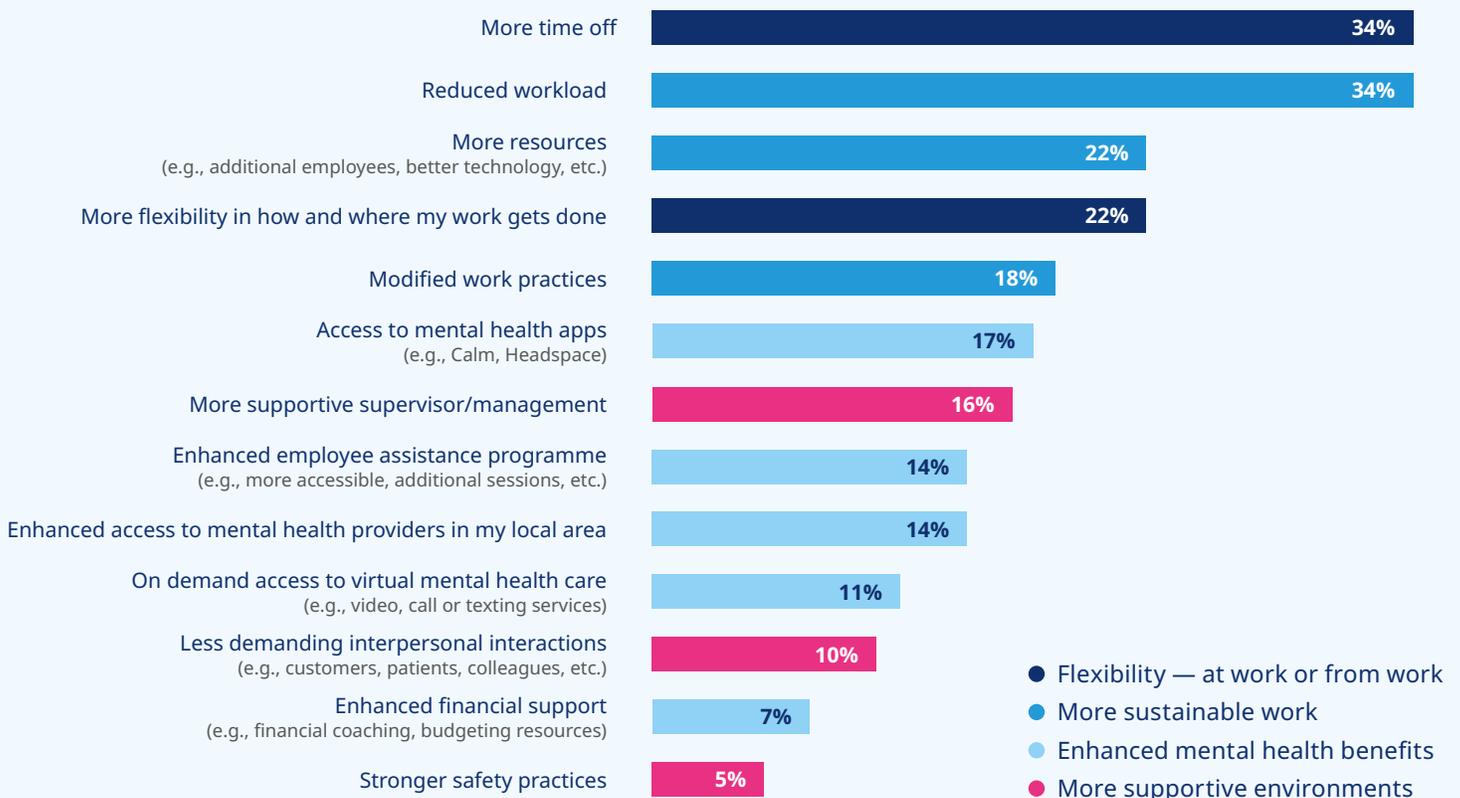
they had depression, bad nerves or anxiety. And more employees are likely to leave their employers due to burnout than last year.

[Total well-being](#) comprises emotional, physical, social, career and financial elements of the workplace experience. Although employers are concerned about their employees’ mental health and have plans to promote long-term employee total well-being, Mercer’s [Global Talent Trends report](#) shows that only 36% companies are specifically addressing the mental and emotional aspects. Employer support would be a critical support to employees — especially the most vulnerable groups who are more likely to experience daily burnout, frustration and stress — particularly given the [shortage in mental health providers](#).

More time off, a reduced workload, more flexibility and more resources are factors that employees overall believe would support their well-being, but priorities vary among different groups.

What would support employees’ mental health and ease burnout?

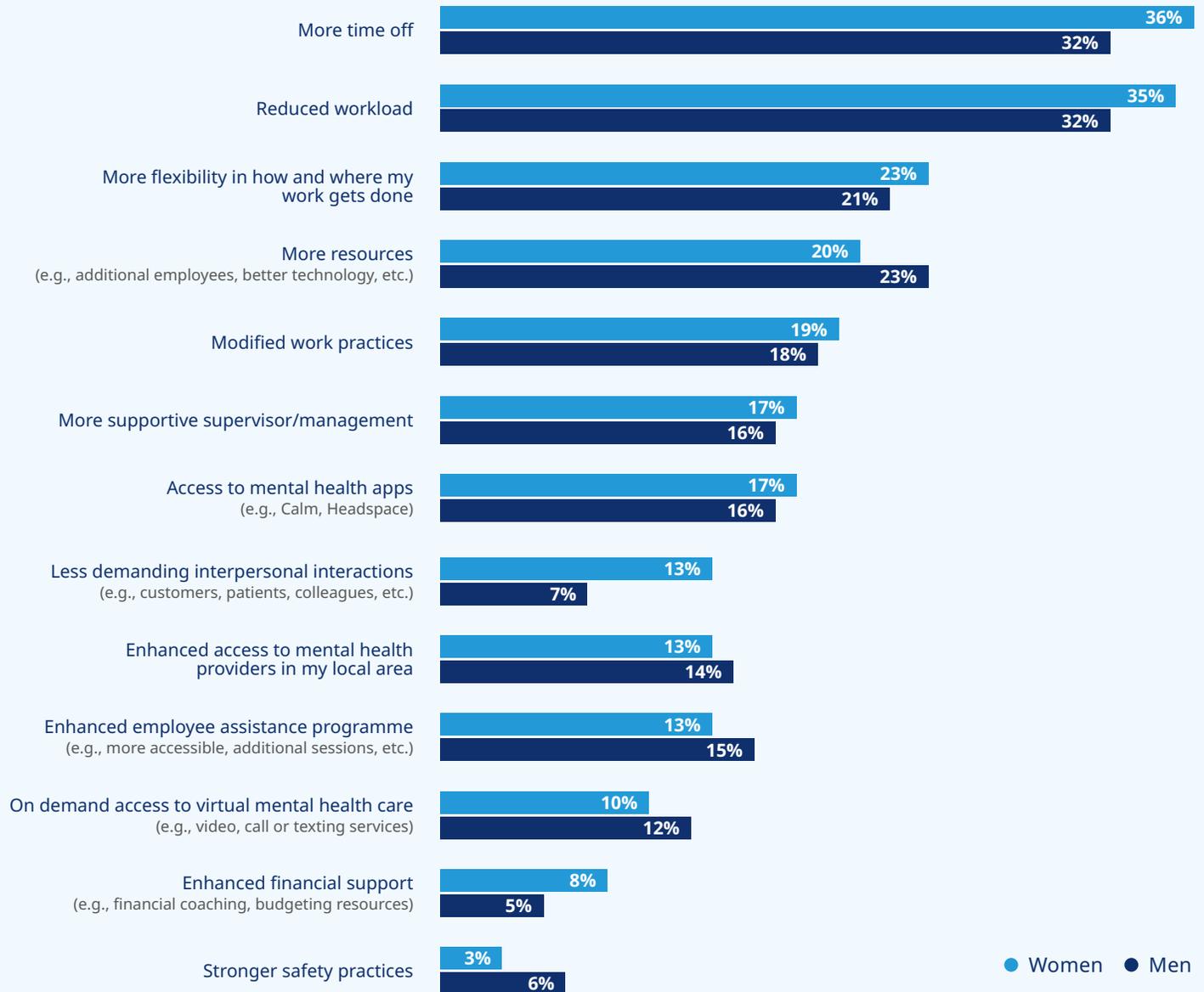
Employees want more time off and a reduced workload



Women are more likely to ask for reduced workload and greater flexibility, whereas men are more likely to ask for more resources, enhanced employee assistance programmes and access to mental health resources.

The gender split in mental health support

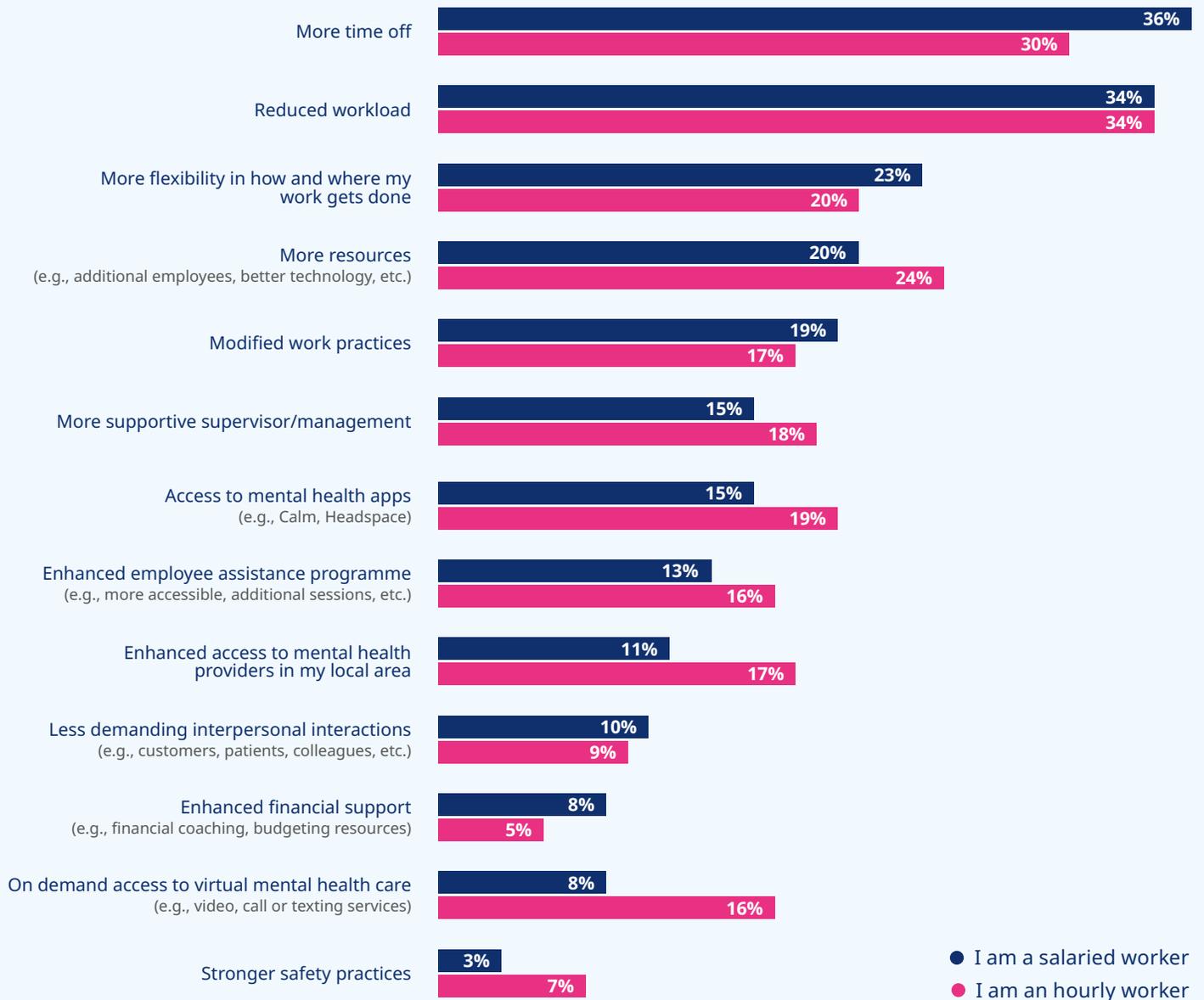
Employers can support men and women differently



Hourly employees were less likely to have access to mental health apps; local or virtual providers; or employee assistance programmes than salaried employees, and they say this kind of support would bolster their mental health and ease burnout.

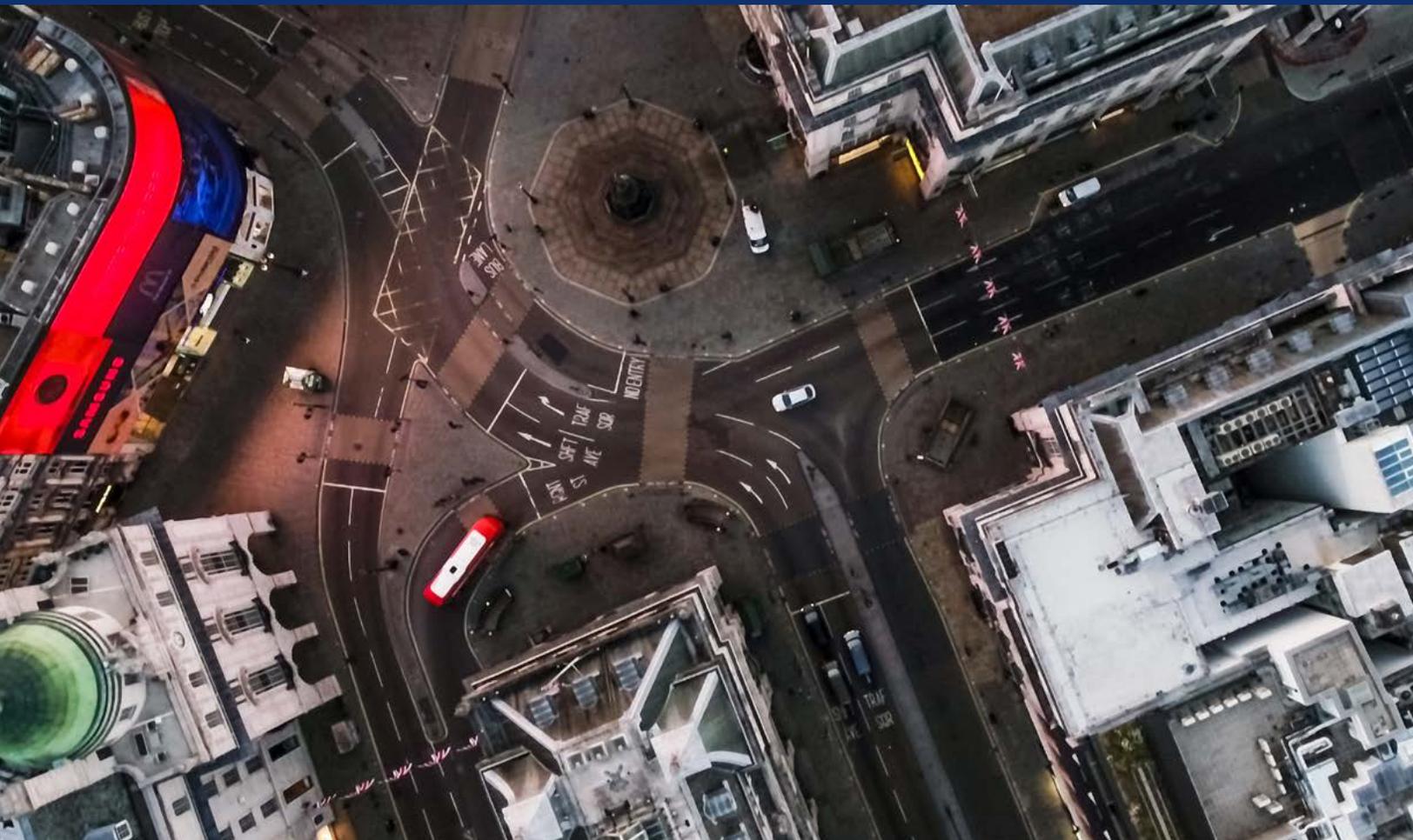
How to support the mental health of hourly and salaried employees

A reduced workload would help both groups ease burnout



Actions you can take

- Understand the true impact of location flexibility on productivity and collaboration.**
 Ensure that the business case for adjusting remote and hybrid work policies is rooted in real data that show the impact these work models have on business outcomes — and dig deep into the underlying cause of issues. This will not only help you maximise business performance, but it is critical when justifying changes to employees who place high value on remote and hybrid work.
- Find ways to offer flexibility to hourly employees.**
 Labour markets are still tight in this demographic, and flexibility can create a competitive advantage for attraction — and boost retention. Listen to employees about the type of flexibility that would most benefit them and explore time-based flexible working arrangements to address their concerns.
- Consider access to some well-being services for hourly employees.** Employees are asking for faster and better access to healthcare, for issues such as mental/emotional well-being, to keep them engaged and productive; for example, employee assistance programmes (EAP) offer cost-effective solutions for part-time and hourly employees.
- Assess employees' mental health needs.** Today, few employers use data to assess mental well-being, and those that do focus largely on health insurance claims analysis. Surveys and focus groups, health assessments, EAP data, absence records and depression/anxiety screenings can help you understand where issues lie and provide direction on the support that will be most effective.
- Re-engineer work for wellness.** Identify areas in your organisation where current working models are not sustainable due to shifting employee expectations or high job-related stress and burnout. Identify sources of wasted time in these areas and redesign the work to create more efficient and flexible work systems.
- Have a simple health and well-being-inspired employee value proposition** that is jargon-free and respects human beings in their entirety, not just as physical, mental, financial or AI machines.



Build trust through career transparency

UK employers have an opportunity to embrace career transparency, demonstrating to employees how they can grow their pay by growing their skills.

Employees have a good understanding of the skills they need to progress within their organisation, but only two in five feel their employer compensates them for attaining the new skills needed to achieve that progress.

Employee sentiment about skills and advancement

Most employees know the skills they need to progress

I have a good understanding of the skills that I need to progress within my organisation.



It is easy to understand the vacancies within my organisation which relate my skills and aspirations.



My organisation/manager provides me with information on the skills I need to advance in my organisation.



In my current job there are good opportunities for me to improve my skills.



It is easy to understand the career paths within my organisation which relate to my skills and aspirations.

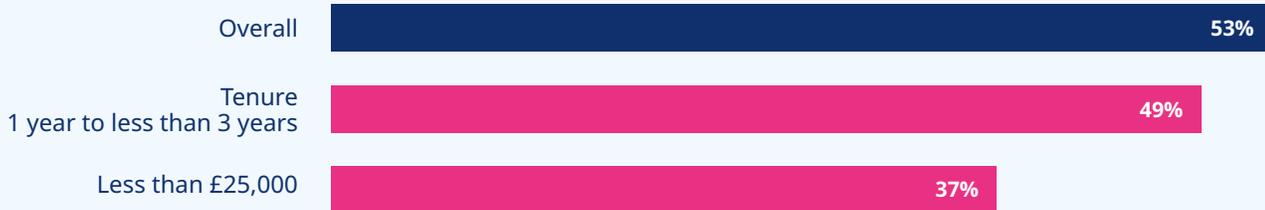


My organisation compensates me for the attainment of new skills.



● Favourable ● Neutral ● Unfavourable

Many groups are divided about whether they can meet their career goals at their company



Although **over half of all employees feel confident** that they can meet their career goals at their organisation, those earning less than £25,000 feel significantly less able to do so. Only 37% of these employees feel that they can meet their career goals where they currently work.



Career goals and intent to stay by job level and tenure

The belief that career goals can be met and the intent to stay are connected

Job level	At the present time, I am not seriously considering leaving my employer	I feel that my career goals can be met at my company
Entry level professional	61%	44%
Executive/leadership	69%	74%
Experienced professional	62%	52%
Manager	65%	63%
Supervisor	60%	47%
Technical/paraprofessional	65%	41%

Entry-level employees and technical professionals were less likely than average to believe their career goals can be met at their organisation or that they are compensated fairly, possibly indicating that people think about career progression as a promotion to manager. Because of this, employees on the management track can easily see their path to advancement, but technical professionals do not have as clear a vision of career progression and pay rises.

Tenure	At the present time, I am not seriously considering leaving my employer	I feel that my career goals can be met at my company
Less than 1 year	63%	58%
1 year to less than 3 years	59%	49%
3 year to less than 5 years	66%	59%
5 year to less than 10 years	63%	56%
10 years or more	64%	50%

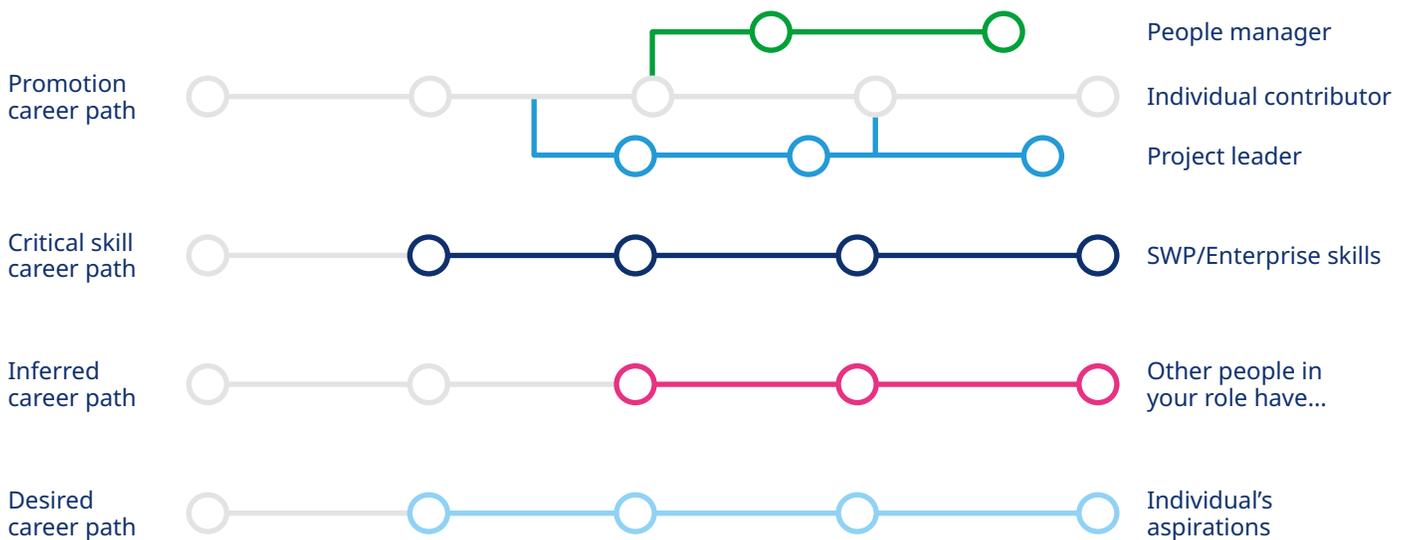
Employees with 1–3 years' tenure have the same doubts about meeting their career goals. Though employers may assume that new hires are in their honeymoon period, people are actually looking to define their career path from the moment they are hired — even if they expect goal attainment to take time. If people cannot see a future with the organisation, they are more likely to leave. This low-tenure group's intention to stay is the lowest, with 37% of employees with less than one year's tenure and 42% of employees with 1–3 years' tenure seriously considering leaving.

This is where skills transparency plays an important role. Employers should focus on these groups and show the path of skills growth — and the relationship between skills and pay — so as not to lose them.

Employers, however, are just getting started when it comes to skills-based talent models. Only one in four are confident they know the skills they need for their organisation. And although two out of three employers say they have linked relevant and required skills to their jobs, only about half have done so organisation-wide (versus for select job functions or critical teams/roles).

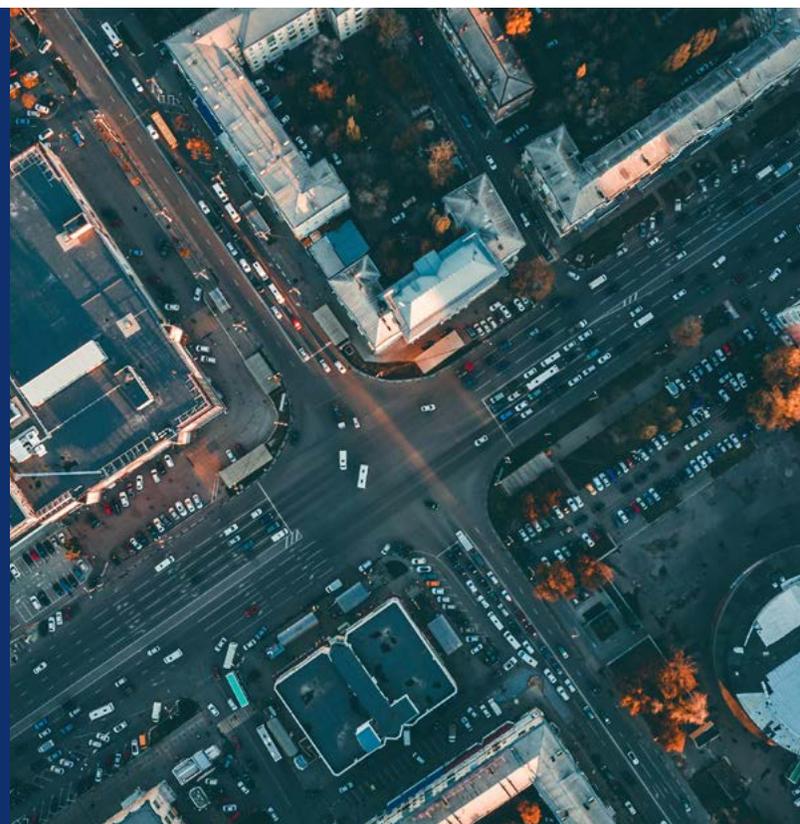
Different types of career paths

I can move to any job in the organisation and my skill gaps will be visualised so I can plan my progress



Actions you can take

- **Embed career-path transparency into your talent philosophy** to maximise employee satisfaction, engagement and commitment.
- **Empower career navigation through skills.** Identify the skills you need at your organisation and activate skills-based talent models to drive greater engagement and commitment.
- **Link skills development to pay growth** so non-managerial employees understand how they can achieve their career goals and grow their compensation.
- **Broaden your understanding of the available career paths** other than traditional upwards, linear progression.



Unlock potential through AI

04

Generative AI caught the imagination with the launch of [Open AI's GPT-3 generative AI model](#). Unlike previous iterations of automation that largely affected repetitive, rules-based work, generative AI will also affect low-volume, highly variable work, leading to what some have termed the "[democratisation of creativity](#)".

Since its emergence, many organisations are looking for ways to increase productivity and efficiency of their workforce with generative AI, but few feel they are prepared.

AI is an opportunity for employers to augment human capability and unlock well-being. Creating access to a "virtual assistant" can help people work faster and more effectively and do the best parts of their jobs — giving them back more time for their lives.

Although most experts believe the impact of AI will enhance human capabilities rather than replace humans, the feelings of UK employees are mixed.

Overall, employees are more pessimistic than optimistic about new technologies. Only 44% of employees say that new technologies, such as automation, AI and robotics will help them do their jobs more efficiently and effectively.

The impact of automation at the company

A large percentage of employees are unsure about the impact automation will have on them

New technologies, such as automation, AI (including tools like ChatGPT), or robotics, will help me do my job more efficiently and effectively.



I am concerned that new technologies, such as automation, AI (including tools like ChatGPT), or robotics, will impact my job security in the near term (within 5 years).



I am concerned that new technologies, such as automation, AI (including tools like ChatGPT), or robotics, will impact job security in my field in the long term (more than 5 years from now).



New technologies, such as automation, AI (including tools like ChatGPT), or robotics, will make my job more frustrating or difficult.



● Favourable ● Neutral ● Unfavourable

Employees aged 45 and over are least likely to believe that AI will help them work more efficiently and effectively.

Different ages worry about different aspects of automation

Younger employees are less concerned overall

	Age					
	18-24	25-34	35-44	45-54	55-64	65+
I am concerned that new technologies, such as automation, AI (including tools like ChatGPT), or robotics, will impact my job security in the near term (within 5 years).	40%	43%	35%	46%	49%	53%
I am concerned that new technologies, such as automation, AI (including tools like ChatGPT), or robotics, will impact job security in my field in the long-term (more than 5 years from now).	30%	39%	32%	44%	45%	53%
New technologies, such as automation, AI (including tools like ChatGPT), or robotics, will help me do my job more efficiently and effectively.	49%	53%	55%	36%	26%	23%
New technologies, such as automation, AI (including tools like ChatGPT), or robotics, will make my job more frustrating or difficult.	37%	35%	32%	39%	39%	39%

(% favourable)





On average, employees are almost tied in their concern about new technology's impact on job security: 42% of employees think their job security will be affected within the next five years, whereas 40% do not believe this.

Of those groups:

- Employees older than 45 are most concerned about long-term job security.
- Employees with invisible disabilities are more concerned about the introduction of AI at their companies than those with visible disabilities.
- Employees working in general management and operations, consulting, patient care/clinical roles and HR are most concerned about AI at their companies, while those working in administration, facilities and secretarial, as well as sales, marketing and customer service are the least worried.
- Women are more worried about job security than men.
- Black and Southeast Asian employees are the most positive about AI, believing it will help them do their jobs better and not affect their job security. However, both groups are most likely to believe that AI will make their jobs more frustrating or difficult.

Those with visible and invisible disabilities feel differently about the impacts of technology

Those with visible disabilities feel more optimistic

I am concerned that new technologies, such as automation, AI (including tools like ChatGPT), or robotics, will impact my job security in the near term (within 5 years).

I am concerned that new technologies, such as automation, AI (including tools like ChatGPT), or robotics, will impact job security in my field in the long-term (more than 5 years from now).

New technologies, such as automation, AI (including tools like ChatGPT), or robotics, will help me do my job more efficiently and effectively.

New technologies, such as automation, AI (including tools like ChatGPT), or robotics, will make my job more frustrating or difficult.

	Disability status		
	No	Yes, invisible (non-apparent)	Yes, visible (apparent)
I am concerned that new technologies, such as automation, AI (including tools like ChatGPT), or robotics, will impact my job security in the near term (within 5 years).	42%	48%	24%
I am concerned that new technologies, such as automation, AI (including tools like ChatGPT), or robotics, will impact job security in my field in the long-term (more than 5 years from now).	40%	43%	21%
New technologies, such as automation, AI (including tools like ChatGPT), or robotics, will help me do my job more efficiently and effectively.	45%	41%	34%
New technologies, such as automation, AI (including tools like ChatGPT), or robotics, will make my job more frustrating or difficult.	37%	39%	16%

(% favourable)

Organisations have real opportunities to improve efficiency and reduce employees' workloads through technology, engaging employees in the process of making work better and taking a receptive approach to their good ideas.

Organisations are just getting started optimising work, with more than half of employers saying they have yet to act. Others are focusing largely on select job functions and critical roles. Employers can begin by identifying the work that is being done, deconstructing work into the tasks and skills required, then optimising the best resource for doing the work, such as automation, centres of excellence or lower-skilled employees. For example, in healthcare, given the extreme shortage of nurses, some employers are redefining their work, looking at which tasks truly require a nurse, which can be made more efficient through technology, and which can be shifted to lower-skilled employees.

Actions you can take

- **Be transparent in change management**, recognising and addressing employees' fears and sharing your vision about how technology will shape the future of work.
- **Engage employees in the process of redesigning work.** Ensure employees have a voice in how AI is introduced into their work so you can optimise its impact, while upskilling and reskilling so people can engage in new, more productive work.
- **Reimagine ways of working** and explore ways technology can make work more efficient, interesting, fulfilling and flexible. Keep in mind that the nature of work was the second-top reason employees overall are attracted to a new employer and the third reason they stay, behind only pay and workload/life balance.
- **Deconstruct critical and hard-to-fill roles** by breaking them into the tasks and skills required. Then, identify ways to optimise talent for the future.



Reinvent ways of working

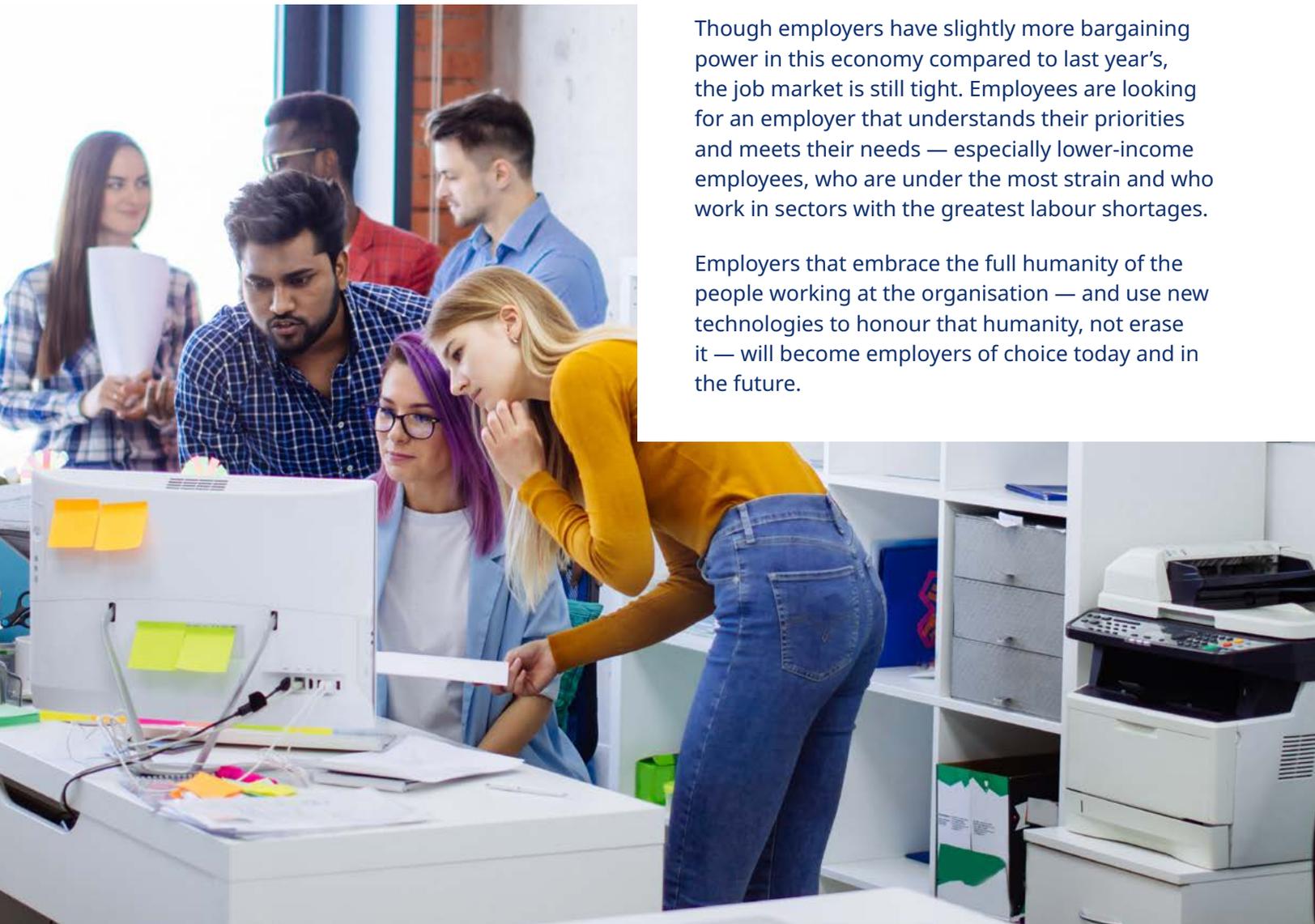
We are living in a new reality that has been evolving for the last few years. In last year's *Inside Employees Minds*® report, we encouraged employers to embrace a new contract with employees: the lifestyle contract, where people can find sustainable, healthy experiences at work. This year's results confirm that employers need to continue to support employees' well-being needs in exchange for sustainable performance.

Although engagement and commitment are up, UK employees are struggling on multiple important levels of well-being in 2023: mental, emotional, physical and financial — and they are demanding change. Employers have an opportunity to overturn long-held norms to build new ways of working that align with employees' values and needs.

Many strategies from the past no longer resonate with today's workforce, such as mandates that reduce flexibility. Employers should be mindful of mitigating the elements that cause employees the most pain, while balancing the need to build their culture and reach business goals.

Though employers have slightly more bargaining power in this economy compared to last year's, the job market is still tight. Employees are looking for an employer that understands their priorities and meets their needs — especially lower-income employees, who are under the most strain and who work in sectors with the greatest labour shortages.

Employers that embrace the full humanity of the people working at the organisation — and use new technologies to honour that humanity, not erase it — will become employers of choice today and in the future.



Contact us

To discuss any of the insights highlighted in this report or to arrange a consultation, please contact a member of the Mercer UK Career team.

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