



people
CORPORATION

next

Flux BENEFITS

The employer-employee relationship and
plan sponsorship in a post-pandemic Canada

STUDY CONDUCTED BY RESEARCH + KNOWLEDGE - INSIGHTS FOR PEOPLE CORPORATION JUNE 2023





The relationship between employers and employees is at an inflection point, post-pandemic.

Our Next Paper series will focus on identifying this transition and what's to come. Through research and expert analysis, we aim to help you understand these changes and what to expect next.

For our inaugural Next Paper, we've chosen to look at the perspective of working Canadians and how their working lives have changed. We'll highlight opportunities you have as an employer to establish a more productive and mutually beneficial employer-employee relationship.



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Introduction

Canadian employers and employees have grown accustomed to change in the workplace. Whether driven by economics, technology or whatever else, we've managed dramatic transitions over the course of our working lives. But as we move on from the COVID-19 pandemic, a different quality of change is upon us. The relationship between employees and their leaders is in a state of flux, one that will drive meaningful progress for organizations here and abroad.

Not all of this is new. Workplaces across Canada were adapting to the preferences and expectations of young Gen Z employees, just as they had for the Millennials that came before them. Employers had long embraced programs to support both physical and mental wellness. And they had begun to ramp up their commitments to diversity, equity, and inclusion in ways that would transform hiring and talent development processes.

But just as the pandemic and the lockdowns that came with it accelerated the digitization of the Canadian economy, they quickened the pace of change at work in virtually every industry. Remote work is just one example of this. Many of those who could do their job offsite went from working at home on Fridays, to doing so all week long.

Change is rarely easy. But while all of this presents challenges to both employees and employers, we are headed in a positive direction. Ahead lies a workplace that provides Canadians greater agency, better health and increased productivity.

In May 2023, People Corporation contracted Research + Knowledge = Insights – an independent Canadian research firm – to conduct a study of 1,535 working Canadians. Our goal was to learn more about their perspective on how their working lives have changed, how they feel about the relationship they have with their employer and what they expect from company-sponsored group benefits and savings plans.



Methodology

Fielded in May 2023 to a nationally representative sample of 1,535 working Canadians, the survey has a margin of error of +/-2.5%, 19 times out of 20.



Work has changed

88%

of working
Canadians say
that the pandemic
changed the way
they work.

Among those that work at home all of the time, 91% identified one or more ways that their workday has changed. So did 83% of those who go to a workplace every day, and 96% of those who work a hybrid schedule (i.e., they work at least one day a week at the workplace, but not the full week).

"I can get so much more done at home than I could in the office," says one respondent. "Plus my employer doesn't have to pay for the large private offices we all used to need. Now we just have a small co-working space for when we're in the office. It's a lot better for everyone."

The pandemic had various effects on people's work life, but what's clear from this result and others is that a large majority of working Canadians have been through a period of significant change in recent years. This is an economy-wide story.



**Chris Newns, Principal, Group
Solutions at People Corporation**

"Organizations need to get out of their comfort zones and realize they have to adapt and find solutions. Those that do it quickly and successfully are going to win the war for talent."



Looking at the way the pandemic changed that way Canadians work, Baby Boomers and Gen X workers report that they work differently (80% and 82% respectively), relative to Millennials (90%), and Gen Z (93%).

The most common shift is a greater focus on balancing work and life outside work.

37% of working Canadians say they are **“more conscious of work-life balance.”**

Again, the numbers are consistent across multiple groups. Work-life balance is cited by 39% of salary earners, 34% of those paid by the hour, 36% of those who work at home, 31% of those who report to a workplace, and 50% of those who work a hybrid schedule.

25% reported that they **“work the same number of hours each week, but not necessarily 9 to 5.”**

Ranked third among those who earn a salary and those who go to a workplace every day is, “I work more hours each week.” Among those paid by the hour, it is “I work fewer hours each week.” Among those who work at home, or a hybrid schedule, the third-ranked answer is “Working from home has made me a better parent.”





Working from wherever

Throughout the pandemic, it was always clear that the lockdowns were temporary and that some return to normalcy as it relates to work would come eventually. Yet, **seven per cent of working Canadians** said that “working from home made it possible for me to move further away from my employer, which is what I did.” That’s not a big number, but it is an extraordinary finding nonetheless as those who chose to relocate did so despite this understanding, suggesting that – at least among these employees – there was always going to be at least some tension with regard to what a post-pandemic employer-employee relationship would look like.

However subtle, this greater sense of empowerment among working Canadians is a genuine phenomenon – one that continues to impact employers’ efforts to convince employees to return to the workplace.

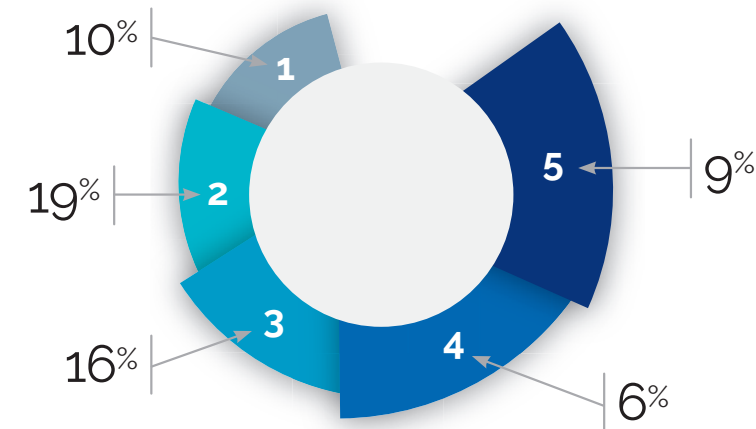
Our study points to a gap between many employers’ stated preferences with regard to working onsite and what working Canadians are willing to commit to.

1.7

The number of days a week those who work at least one day per week at home would be willing to commute to the office.

Those who work at home all week are only prepared to work one or two days a week on-premises, on average. Even hybrid workers – who work one or more days per week at home – are only willing to spend an average 2.1 days a week at work.

Days a week working Canadians are prepared to commute to work

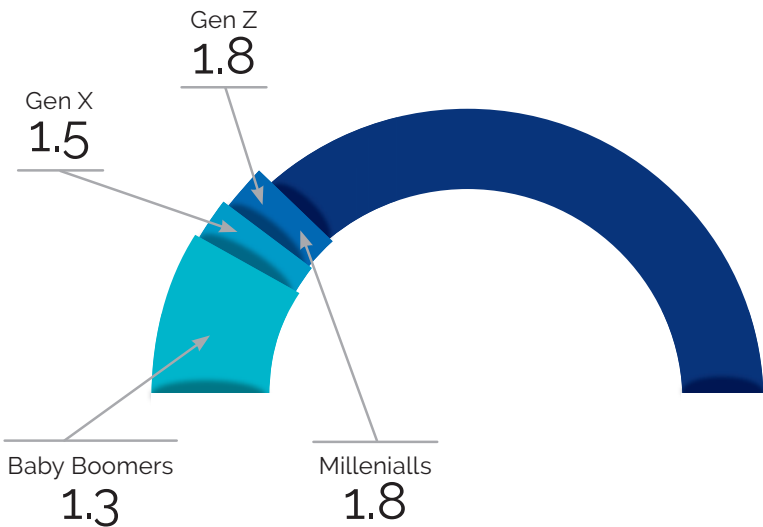


That’s right, just one in every 10 of those Canadians working at home at least part of the week is willing to go back to their workplace full-time.

As the technology improved over the last decade, employers became increasingly accommodating of remote work. But we are in uncharted territory here. One in which employers are asking employees to be at work two, three or more days each week and are being met with hesitancy or worse.

“We’re not allowed to work from home, even for a couple of days a week,” says one respondent. “We’re capable of doing so. I’m looking for an employer that allows hybrid working.”

Somewhat surprisingly, there is greater reluctance to return to premises among older workers. On average, Baby Boomers are willing to work onsite 1.3 days per week and Gen X workers are willing to be at work 1.5 days per week. Meanwhile, the average among both Millennials and Gen Z is 1.8 days per week.



As working Baby Boomers and Gen Xers approach the end of their career, it will be difficult for employers to ask them to give up the greater flexibility they've come to embrace. Younger professionals, particularly those focused on advancing in their careers, are more likely to accept pre-pandemic norms, at least with regards to time at work. This shouldn't be overstated though – 37% of Gen Z says they're willing to be at work no more than three days a month.



"Finances are part of this," says **Salina Shariff, Senior Director, Retirement Solutions & Financial Wellness at People Corporation.** "Individuals can save on gas, food, business attire, and even car insurance. Every little bit helps."

This is a multifaceted debate. Leaders worry about talent management and development, and in many industries, productivity. There are other issues, unrelated to human resources strategy: real estate investments for example.

"There are challenges in a hybrid model, especially for people leaders," says Newns. "Engaging and emerging your team when everyone's remote, creating a single-team mindset, information sharing, ensuring equity and fairness are all real issues."

But on the productivity question at least, Newns is advising clients on the gains being realized by many working remotely.¹ "A lot of the concern was that working from home was going to decrease productivity," he says. "But we know now that it isn't true."



¹ Forbes, 3 New Studies End Debate Over Effectiveness Of Hybrid And Remote Work by Bryan Robinson, Ph.D.



The value of plan sponsorship

Amidst all of this, Canadian employers face an ongoing battle for talent amidst low unemployment rates and a variety of economic pressures. Yet while some aspects of the employer-employee relationship appear to be at an inflection point, our study substantiates the value of employer-sponsored benefit and savings plans as a competitive differentiator. That's true across all industries, and multiple worker demographics.

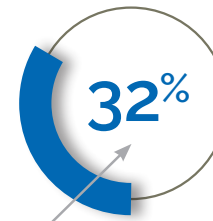
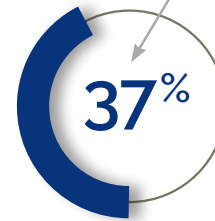
We asked working Canadians to rank a variety of employee benefits, in terms of their importance to them personally. This approach helped ensure that responses required a degree of prioritization, and that respondents weren't simply able to say that everything proposed was important to them.

50%

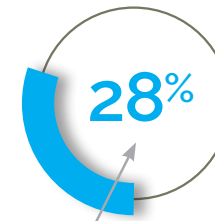
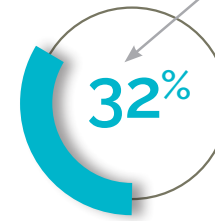
of working Canadians ranked "more generous coverage of prescription drugs, dental, vision care and other basic employee benefits" as their first or second priority.

Other priorities cited by 25% or more:

"programs that accommodate flexible work schedules, sabbaticals, and other non-traditional work arrangements"



"programs to promote the health of employees' family members"



"savings plans to help employees save for short-term financial needs like paying off student debt or buying a home (the way many employers help employees save for retirement)"

"discount/perk programs to help employees save money on day-to-day expenses"

Short-term savings priorities have become increasingly important, particularly among young professionals struggling to pay down student debt and save for a first home. Last year's upturn in inflation and rising interest rates have exacerbated the situation.

"Day-to-day expenses and debt have always been a big competitor to saving for retirement," says Shariff. "Offering flexibility on where to allocate savings is important."

It shouldn't be one option versus another. The question is how can we tackle debt, save for a home, build emergency savings, save for children's education and our retirement – without sacrificing one for the other."

Employers need help on this, says Shariff. "Policy makers need to provide more options and be open to ideas."



Our industry's traditional focus on retirement savings is no less important going forward. But it will evolve as careers become increasingly non-linear. Many of those who can, are choosing to work past age 65. Others are taking sabbaticals and participating in the gig economy along the way.

"Finances aren't the only reason individuals work beyond the traditional age of 65," says Shariff. "People are living longer, healthier lives and they don't necessarily want to retire. Many are working part-time or on contract to keep busy. For employers, this is a great opportunity to retain talent and their knowledge while training the younger generation. It's a win-win for employers and employees."



Forward-looking employers around the world have begun focusing on older worker retention. "There are clear policies and governance processes in place in several countries to enable older workers to continue working," says **Catherine Paquin, Senior Director, Consulting Practice - Group Retirement Solutions at People Corporation**. "To tackle ageism, employers can use targeted messaging to elevate the value of experience and age, as part of a diversity and inclusion strategy."

Paquin says she'd like to see the age at which Registered Retirement Savings Plan savings must be transferred to a Registered Retirement Income Fund changed from 71 to 75, making it easier for Canadians to save for a later full retirement date. She also recommends a tax credit for people who work past 65, a reduction in the Old Age Security claw back, and a change in how the Pension Adjustment is calculated to allow for increased contributions.

"Retirement programs should remain the priority," says Paquin. "However, employers need to adapt to the different demographics and offer flexibility by adding products without forcing enrolment."



Attracting top talent

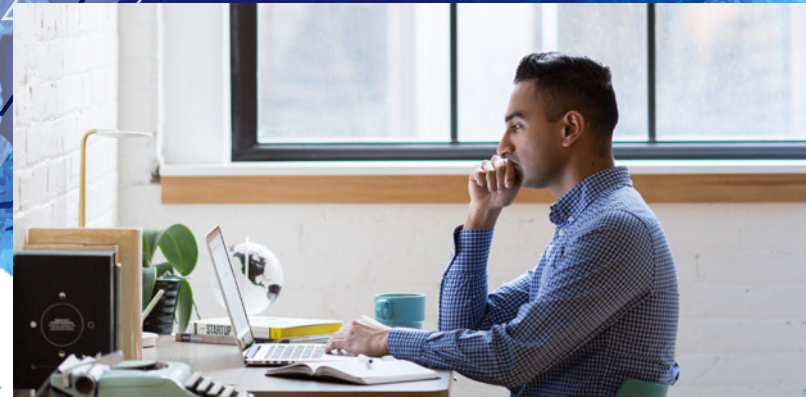
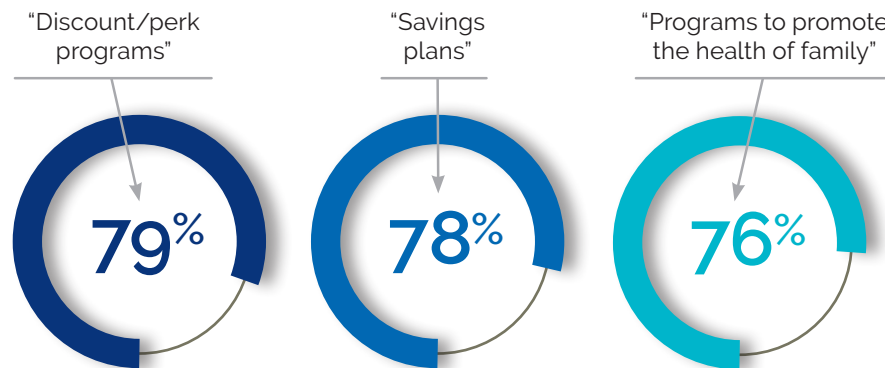
While employee retention will continue to be a hot topic and employers will continue to craft programs to help solve this problem, there also needs to be a focus on attracting new talent.

So, we asked which type of coverage would have a positive effect on an employee's likelihood to work for a prospective employer.

82%

say "programs that accommodate flexible work schedules, sabbaticals, and other non-traditional work arrangements" would make them much or somewhat more likely to work for their employer.

Three-quarters or more said the same about:



"I think a lot of employers have always known that when you hire an employee with a family, a big part of their decision to come to you is because of the offer that extends to their family as well," says Newns. "Over the last five to 10 years, there's been an evolution to the family looking for coverage. This is only going to continue to become more important. Survey your employees. Find out what their needs are."

Programs designed to promote short-term savings and the health of family members will be new to some employers. Overall however, these results draw a clear, straight line between workplace benefits plans and favourable employer-employee relationships. In our view, plan sponsorship has the potential to play an outsized role in the war for talent, as that relationship continues to evolve. Leaders with accountabilities in this area can make important contributions to their employer's success.



Flexibility

If there is a recurring theme in all of this, it's flexibility. Employees want more say in when and where they work. They want more from benefit and savings plans, which employers can accommodate through flexible plan design.



"Employers can set up a financial education program with topics relating to budgeting, preparation for retirement, etc.," says **Catherine Paquin, Senior Director, Consulting Practice - Group Retirement Solutions at People Corporation.** "They can also make a personal finance service available. Ensure that employees are aware of these benefits though. Promote them and monitor their use."



That last point is important. Employees want access to more from their benefit and savings plans, and at least some are prepared to pay out of pocket. Employers have the option of making programs available on a voluntary basis, perhaps at a discount relative to the retail market.

"Leverage voluntary coverage to give access to more coverage," says Newns. "If the employer is able to contribute, great. Or provide discounts. Just having access to a better package is what people are looking for."

Employers with younger workforces have much to gain from flexible plan design. "Gen Z seems to want it all, but they're just looking to be able to live," says Newns. "Especially in high-cost cities like Toronto and Vancouver."

Greater flexibility will require substantive change on the part of many employers. It will create problems, but they are “solvable,” says Newns.

“Get the right people in place and train them on how to deal with all of this,” he says. “The advantages for employees will be increased flexibility, reduced commuting time, the potential to improve work-life balance and wellness, autonomy, potentially fewer distractions, and higher job satisfaction. The advantages for employers will be access to a wider talent pool, reduced carbon footprint and office costs, increased productivity, employee engagement, and hopefully reduced turnover and absenteeism.”

Employers can make an extraordinary difference in the lives of their employees and gain a competitive advantage in doing so. While there are real differences in the expectations of employees and employers currently, there's much to be gained by dialogue and collaborative problem solving.



“I think Gen Z is helping raise the bar in terms of the employee experience,” says **Chris Newns, Principal, Group Solutions at People Corporation.** “Employers that are willing to adapt and explore creative programs that appeal to a multigenerational workforce are the ones that are going to succeed.”

“Many employers have adjusted to emphasize the employee experience in a holistic way,” says Paquin. “Employers are redesigning their workspaces to allow for conviviality and creativity. They’re adding little extras like a lounge, free coffee, gym, and a cafeteria to increase their attractiveness and position themselves as employers who care about their employees’ wellbeing.”

The workplace may be in a state of flux, but Shariff is hopeful. “We are in a wonderful time right now,” she says. “One day, future generations will look back and realize our generation lived in a pivotal time where circumstances forced change for the better, and set the course for a new employment experience and work-life balance.”



Let's work together to foster a mutually beneficial relationship with your employees.

Adapting to change is constant but the accelerated rate of workplace change driven by the combination of COVID-19, employees' expectations, demographic shifts, and rapid digitization in almost every aspect of our lives, has set a new bar. With insights and solutions designed to help ensure your workforce is empowered, and your workplace is sustainable, we're ready to help.

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Let's chat.

