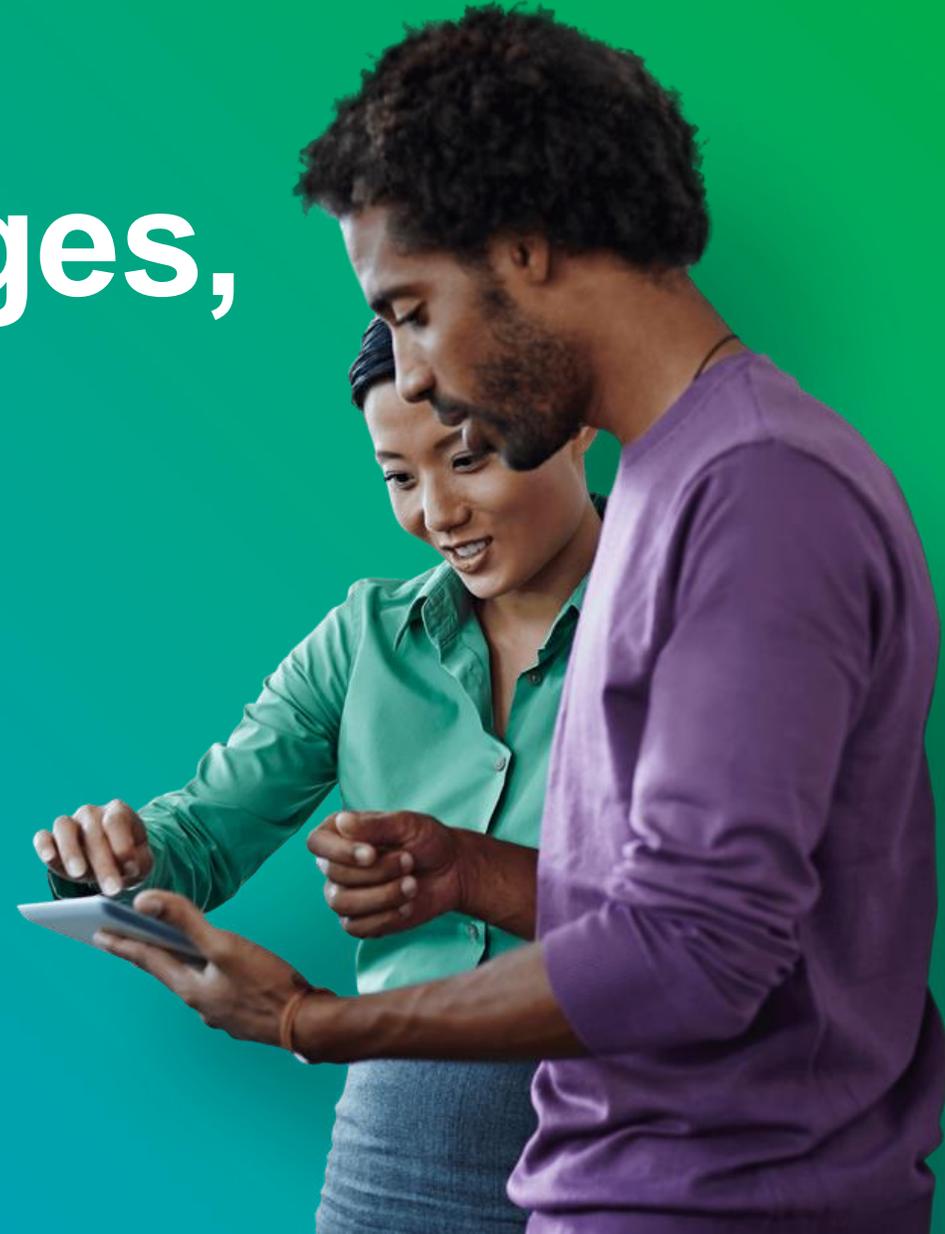


Labor market challenges, inflation and more

Mercer's Real-time Insight Survey series
Global Technology industry

March 2022

A business of Marsh McLennan



Survey Overview

Data for this survey* was collected in Q1 of 2022 and responses in this presentation present the point of view for the global Technology industry.

1. Labor market challenges
2. Inflation
3. Flexible working
4. Employee well-being

March 2022

*Please note that between 46-50 global technology respondents participated in the real-time insight survey unless otherwise stated.



Labor market challenges



As demand for talent outpaces the talent supply, talent attraction remains an obstacle across the industry

There are a number of recruiting challenges employers are working to overcome, with a lack of skills being the overwhelming leader

 **72%** Lack of candidates with the required skills

 **57%** New competitors for talent

 **53%** Insufficient compensation and/or benefits

Over the past 6 months, **69% of employers** have noticed an **increase in the number of counter-offers** received by final candidates, of those that have noticed an increase:



What is causing companies difficulty in recruiting workers?

Lack of candidates with the required skills		72%
New competitors for talent		57%
Insufficient compensation and/or benefits packages		53%
Difficulty hiring or finding recruiters		21%
Geographic location or relocation requirements		21%
Dissatisfaction with remote work policy		17%
Fear of returning to work due to health/safety concerns		9%
Access to childcare or elderly care		2%

Attraction challenges have been felt at all levels within organizations, but employers are taking action

39% indicated at least moderate difficulty recruiting **senior management/executives** (incl. 11% that indicated significant difficulty)

43% indicated at least moderate difficulty recruiting **mid-career professionals/managers** (incl. 32% that indicated significant difficulty)

30% indicated at least moderate difficulty recruiting **entry-level professionals** (incl. 21% that indicated significant difficulty)

20% indicated at least moderate difficulty recruiting **hourly-paid office employees** (incl. 7% that indicated significant difficulty)

Top 3 financial incentives companies are using to attract/retain talent



Paying higher than market rate wages or salaries



Implementing retention bonuses



Implementing or increasing recognition awards

Top 3 strategic actions companies are using to attract/retain talent



Reevaluating compensation offerings



Focusing on our employee value proposition/brand



Enhancing workplace flexibility

Five drivers of voluntary attrition

The top 5 drivers of voluntary attrition/turnover for the technology industry (not including personal reasons)



89%

Dissatisfaction with pay and/or ability to get a higher salary



51%

Leaving for a different role in the same industry



43%

Burnout/fatigue



30%

Leaving for a different industry



23%

Better benefits at another company

Attrition rates continue to increase as employees are in the drivers seat and are presented with multiple options and offers.

40%

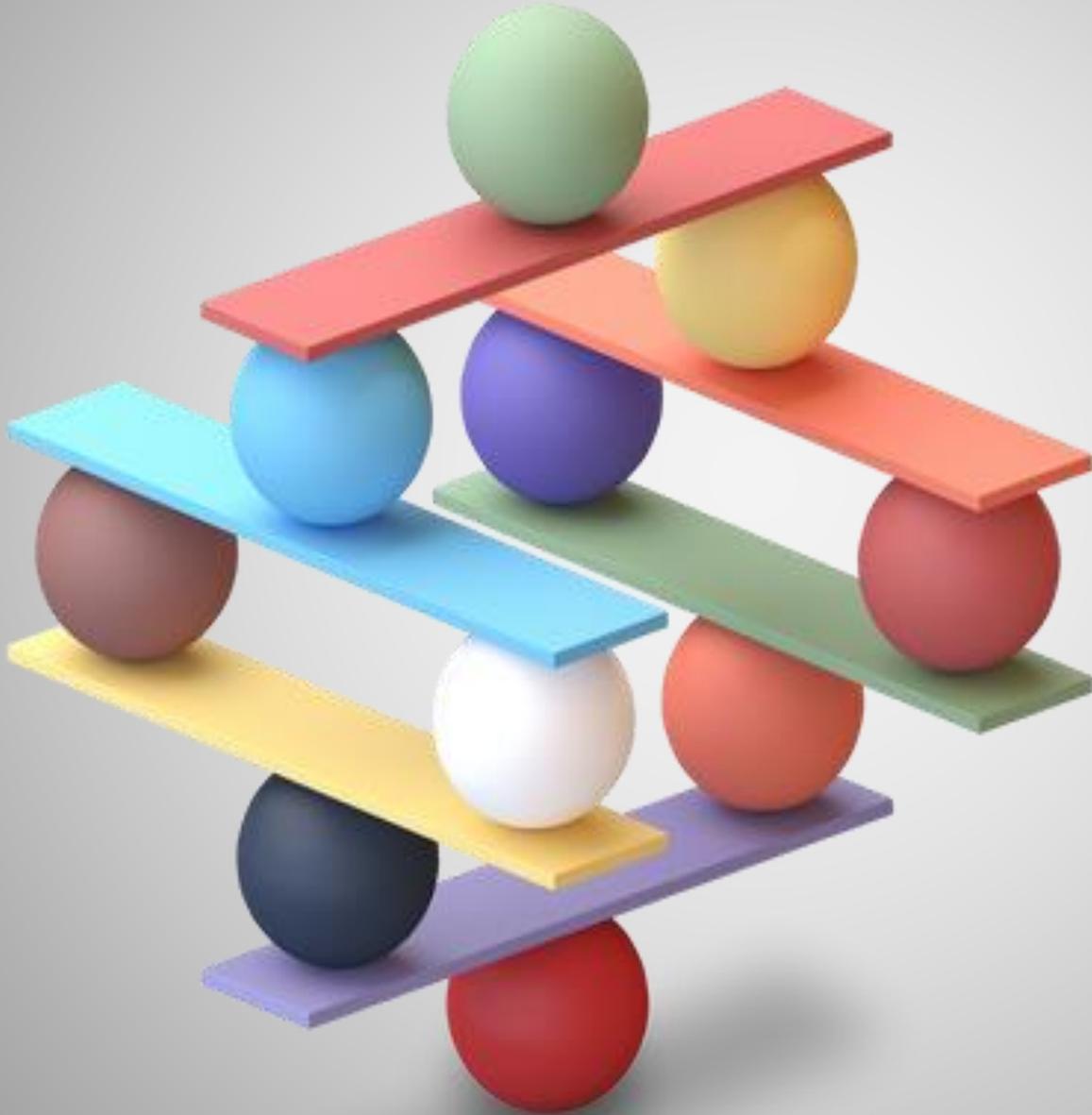
of technology employers indicated that the current labor shortage is a '**significant**' issue

44%

of technology employers indicated that the current labor shortage is a '**moderate**' issue



Inflation



2

Rising inflation has expanded beyond a business/operations consideration and is rapidly becoming a workforce concern

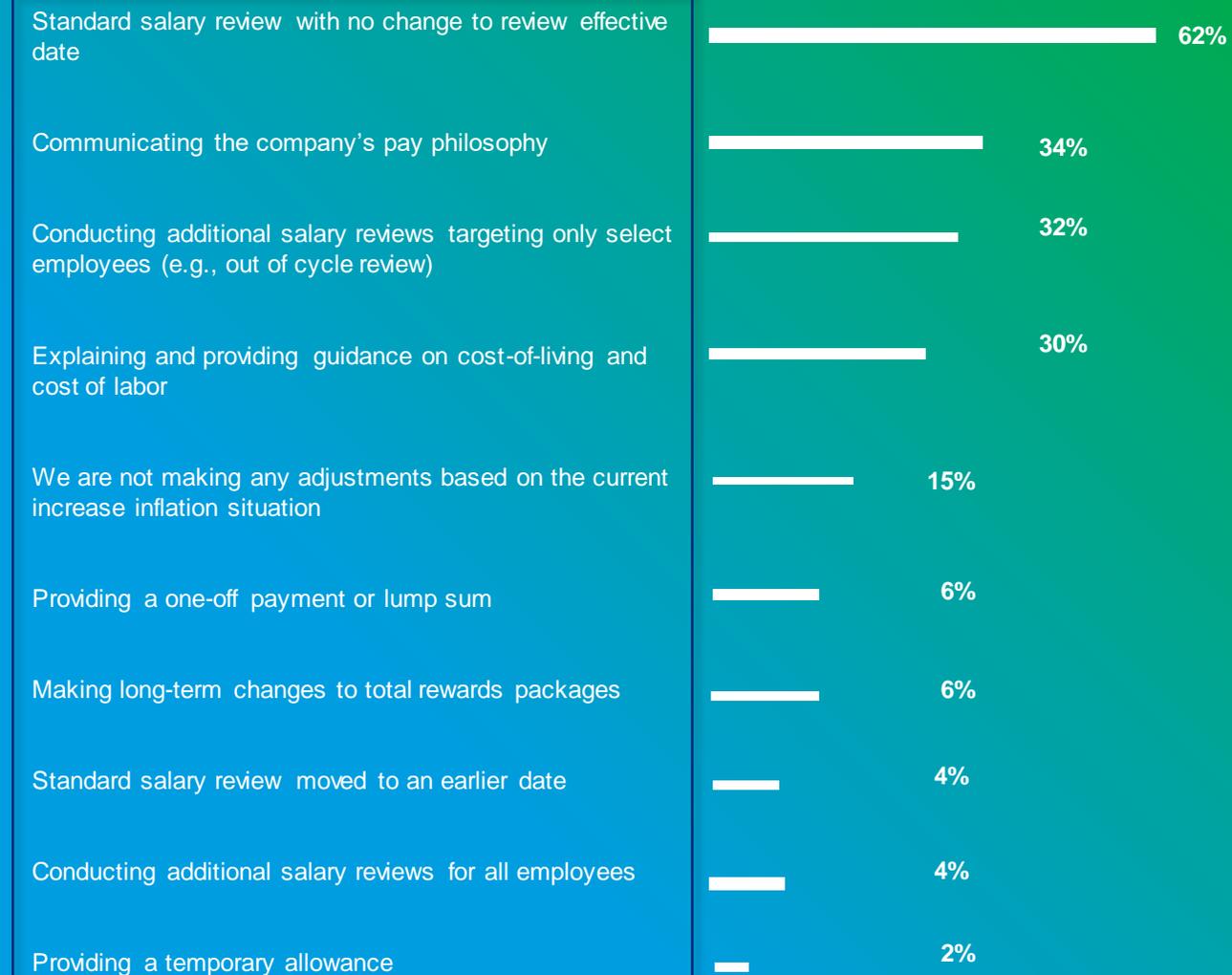
The last two years have been full of extraordinary challenges. One challenge that has quickly come to the forefront, even as COVID concerns linger, is inflation.

Inflation, now at a forty-year high, has not been a concern for those based in developed markets for many decades, but the future will not be like the past. The march of globalization has stalled, governments are engaging in huge spending programs and central banks have loosened their price-stability targets.

For the first time in a generation, the American public is dealing with the effects of inflation and how it impacts their day-to-day lives. While Technology employers are familiar with inflation from a business and financial standpoint, supporting the workforce through a persistently high inflationary period is a challenge, especially in the form of compensation, rising medical costs and Total Rewards packages.

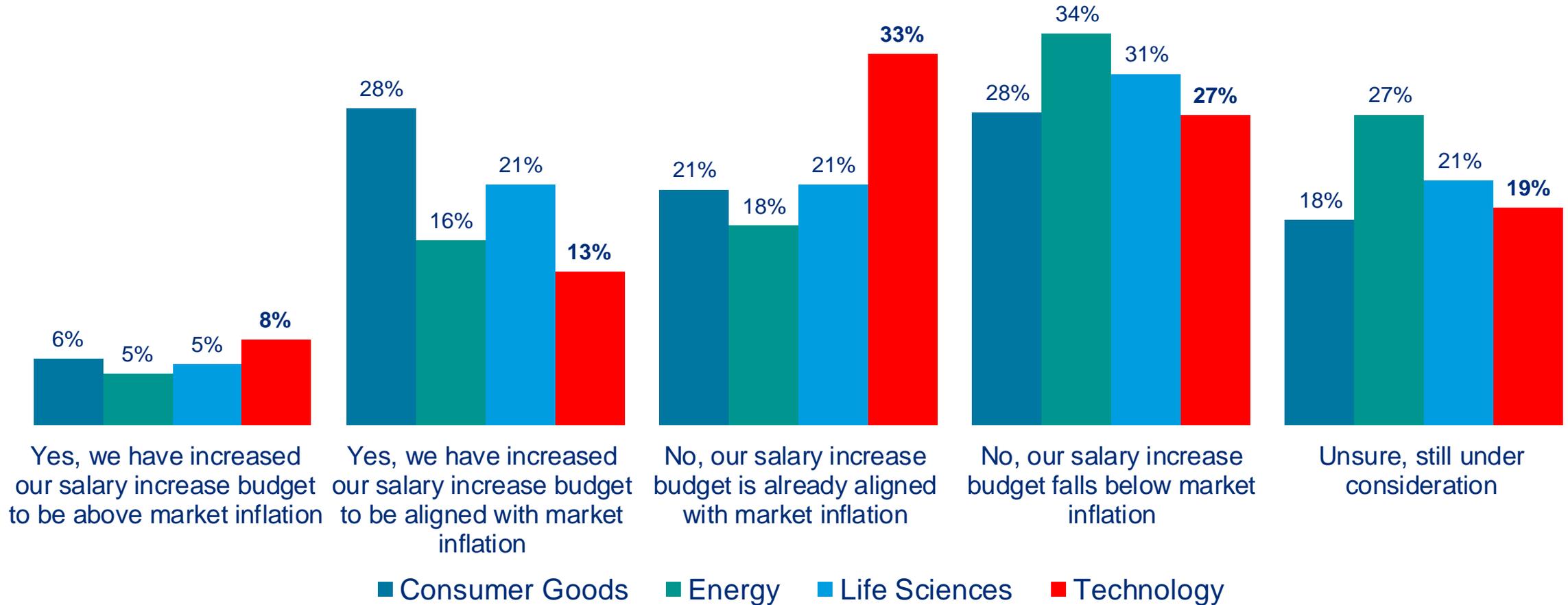
48% of Technology employees are requesting financial action be taken to offset the rise in inflation

What tools and actions are companies considering for managing the heightened inflation situation?



Results from Global Poll

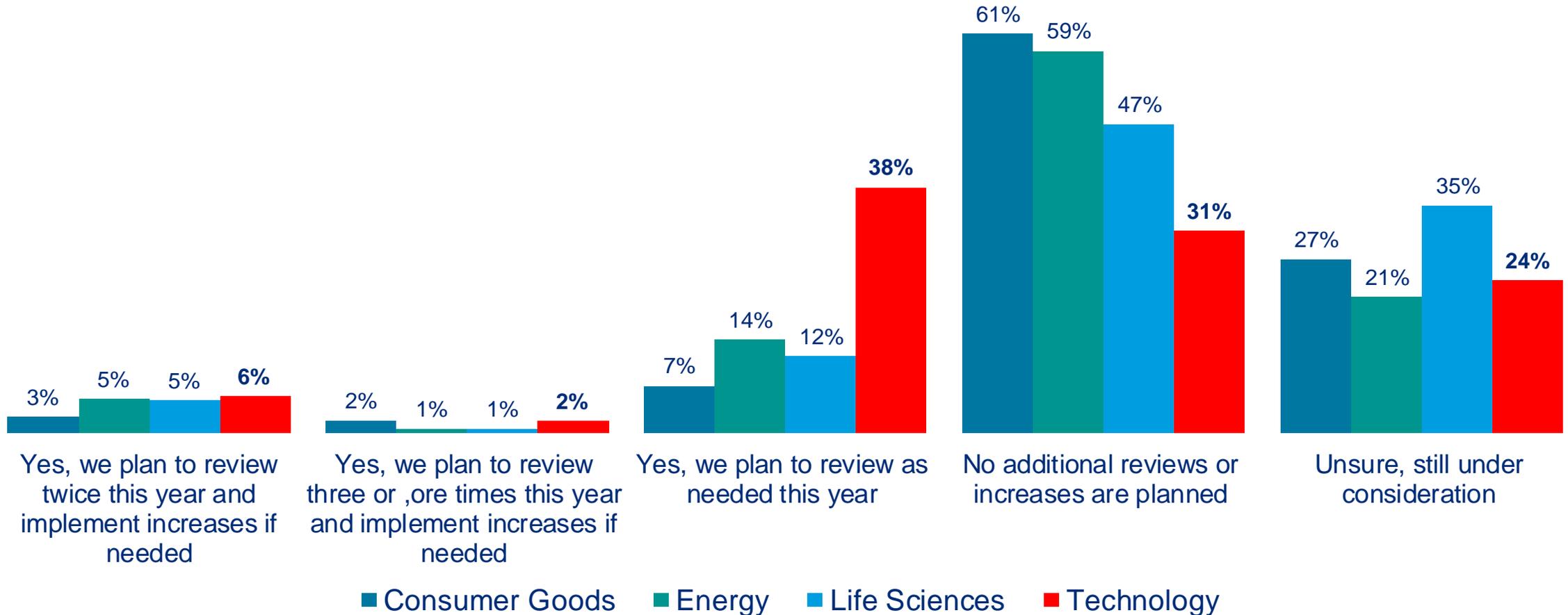
Is your company adjusting 2022 salary increase budgets due to increasing market inflation?



Based on responses from:
560 Consumer Goods organizations, 154 Energy organizations, 298 Life Sciences organizations, 371 Technology organizations

Results from Global Poll

Is your company planning to implement more frequent or off-cycle salary increases in 2022 due to market inflation?



Based on responses from:
560 Consumer Goods organizations, 154 Energy organizations, 298 Life Sciences organizations, 371 Technology organizations

Flex work



3

The majority of Technology employers are on the move back to the office while flex work is here to stay

Return to work plans have changed multiple times; however, the majority of Technology employers (45%) have already begun their return to work with an additional 28% indicating they have **no plans to return to work in 2022**.

To facilitate return to work plans, employers are implementing:

58%

Flexible schedules and/or working hours

35%

Redesigned and/or enhanced working spaces

17%

Mandatory on-site days



Employers have committed to maintaining flex working (when possible) but the question of how to pay remote workers persists

42%

of employers are going to **pay at the local market rate** of employee's primary workplace location

19%

of employers are going to **pay at the local market rate of the employee's home location**

15%

of employees are going to **pay at the national rate, regardless of the employee's workplace or home location**



Employee well-being



4

Employee well-being continues to be a focus for employers, as employees continue to struggle with work/life balance

Top 3 actions companies have taken to mitigate employee stress or burnout



Encouraging employees to use time off via leadership communications



Taking action to reduce the number of meetings (e.g., no-meeting Fridays)



Shutting down operations (for at least a half-day) to ensure employees take off time

86%

provide programs or resources to promote employee well-being, with 25% of those offering financial incentives to participate

66%

of companies saw participation in well-being programs increase in 2021 (only 29% said participation remained the same)

26%

provide caregivers with access to digital platforms for navigation to providers

23%

offer reimbursement for caregivers (e.g., through care allowance or a lifestyle spending account)

Specific to behavioral/mental healthcare, in 2022 employers are focusing on:



Manager training



De-stigmatization efforts



Improving quality of care

Thank you