

Empathy and Empowerment: the New Frontline Experience

Exceeding Employee Expectations

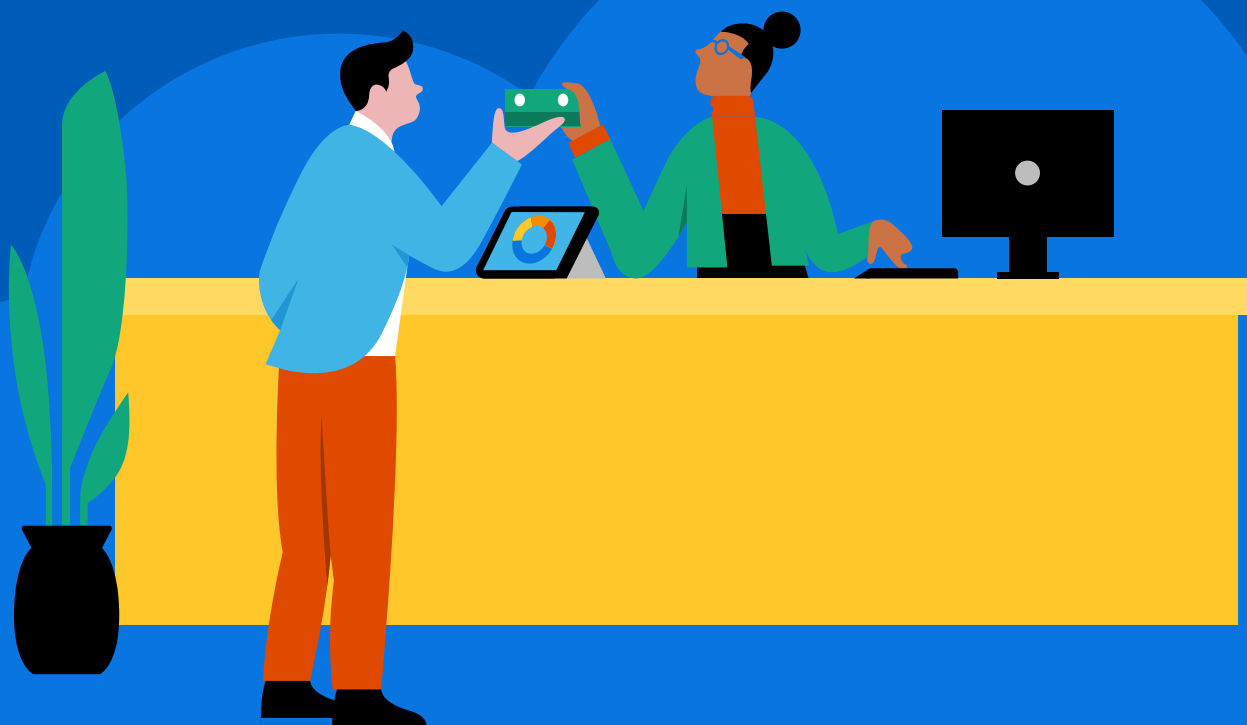


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Clocked out: frontline status quo is gone.

Organizations that rely on frontline and hourly workers are facing a talent crisis.

With the majority reporting frontline turnover above the historical norm—and the cost to replace each employee anywhere from **\$4,000 to \$66,000**¹—the situation is urgent.

Market competition, time pressure, and the complexity of managing a frontline workforce are all compounding the problem. And many organizations don't have the tools, processes, or capabilities to understand and meet evolving employee needs.

Worker expectations are on the rise across all sectors, forcing organizations to rethink their employee engagement strategies. Those that fail to tailor their frontline worker experiences to the new employee mindset will suffer.

A unique time.

"This is a unique time and it's clearly more than just the pandemic," says David Morrell, director of benefits at the Albany Med Health System in New York. "It is this 'Great Reset.' People are taking the opportunity to reevaluate, and savvy employers are adapting their workforce policies accordingly."

We surveyed **504 senior executives** across healthcare, hospitality, manufacturing, and retail with oversight and/or responsibility for decisions regarding their organization's frontline workforce—meaning any employee who must be physically present to do their job. The research shows a positive correlation among a more engaging frontline worker experience, decreased turnover, and improved organizational outcomes.



The new frontline worker experience.

Frontline worker experience is the combined effect of the interactions of any employee who must be physically present to carry out their role within their organization.

Since the start of the global pandemic, expectations of this experience have shifted and now include empathy, empowerment, and continuous evaluation of workers' needs.

Employers must adapt to this evolved standard for frontline worker experience or expect to lose out to competitors that do.

¹ Gartner: <https://www.gartner.com/doc/reprints?id=1-28A1YX0G&ct=211201&st=sb>

Research points to five key experience makers.

A small cohort (11%) of organizations surveyed have committed to frontline worker experience as a business strategy and, consequently, report frontline turnover that is lower than the historical average. We call these organizations the Frontline Leaders.

Tellingly, these Frontline Leaders—which span every industry we surveyed—also have a greater understanding of how difficult the pandemic has been for their workers. Frontline Leaders enhance their frontline workforce experience in five ways:

- 1 They empower their frontline workers with more control and flexibility.**
- 2 They invest in employee-first tools and tech.**
- 3 They rely on data insights to inform and improve employee experience.**
- 4 They are focused on frontline workers' development and well-being.**
- 5 They listen to their frontline workers' wants and needs.**

By contrast, the majority of organizations surveyed (56%) are grappling with frontline employee turnover that is higher than the historical average—and half of these organizations (49%) expect even greater turnover in the year ahead. They are less likely to invest in the frontline worker experience and more likely to focus on the short-term gain of filling positions—often at the expense of overall organizational outcomes.

For today's organization heads, the time to improve the frontline worker experience is now.



56% of organizations are grappling with frontline employee turnover that is higher than the historical average



The frontline talent crisis.

For the majority of organizations surveyed (56%), frontline employee turnover is currently above the historical industry average. And many organizations (46% overall) believe it will be even greater in the next year—a sentiment that won't be helped by high inflation or recession fears.

Breaking the cycle.

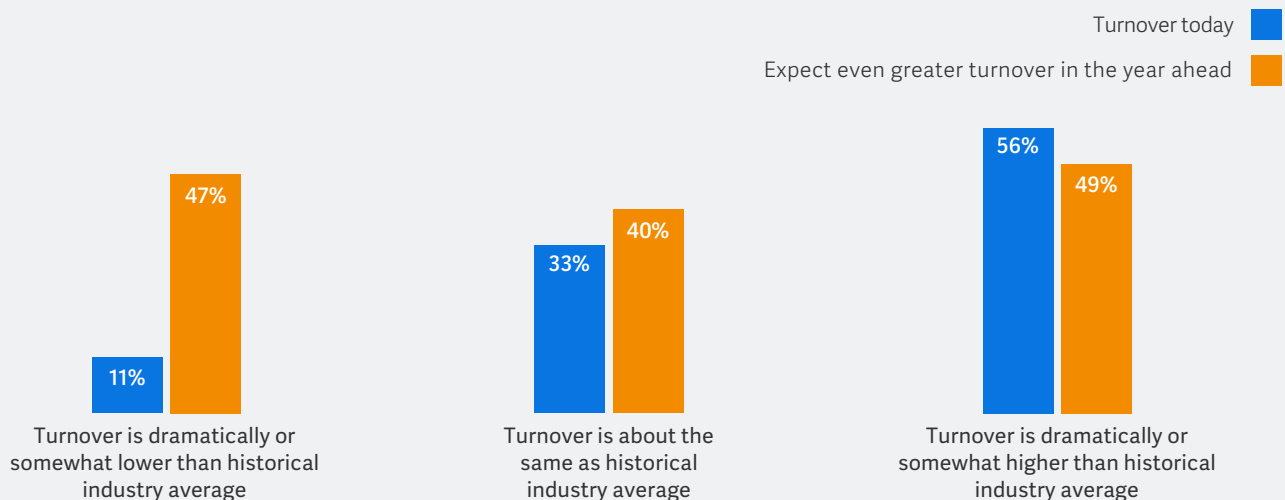
The challenging labor market and resulting competition for talent is ranked the top barrier to improving frontline experience (32%—see chart on page 6), as employers struggle to think beyond immediate employment gaps.

“When you're stuck in the minutia, it's hard to strategize,” says Jude Reser, vice president, Human Resources at Atrium Hospitality. “We're always concerned about hiring for that hard-to-fill position.”

Organizations caught up in a costly cycle of recruiting, hiring, onboarding, and training may struggle to fund resources to enhance the employee experience. Yet many don't quantify the true cost of this cycle—and are therefore unable to compare it to the cost of investing in measures such as extended benefits, training and development, or employee-first scheduling tools, which are proven to attract workers and retain them for the long haul.



Frontline turnover is high within the majority of organizations.



Survey question: Compared with the historical average for your industry, which of the following best describes the current rate of turnover of your frontline workforce? To what extent do you agree with the following statements about your organization's frontline workforce experience? (n=504)

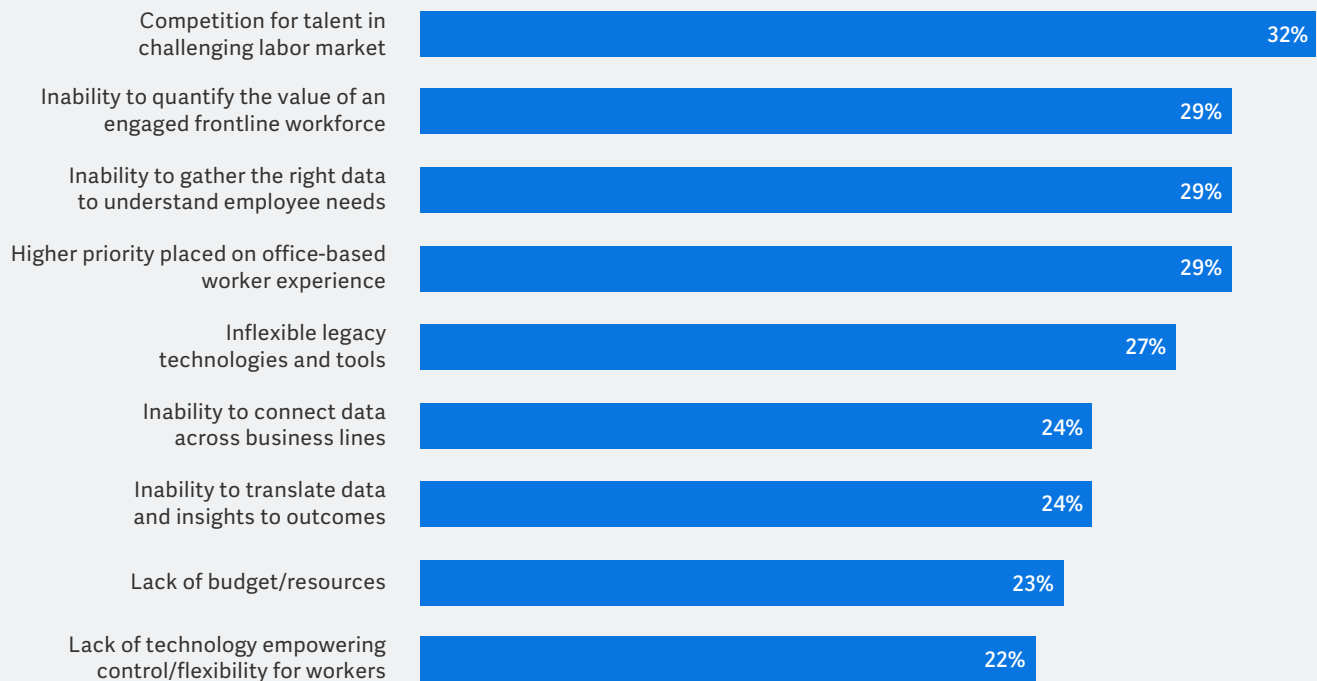
Examining the frontline data gap.

While intuitively a tight labor market supports investment in frontline worker experience, almost one-third of organizations (29%—see chart below) say an inability to quantify the value of an engaged frontline workforce or to gather the data necessary to do so are barriers to improving their frontline experience.

This creates a frontline data gap where organizations struggle to calculate the value of the different components of their workforce and as a result, create a cultural divide in the treatment of different employee groups. Almost one-third of organizations say a higher priority is currently being given to the office worker's experience.



Organizations are struggling to deliver on frontline demands.



Survey question: Which, if any, of the following are the biggest barriers to improving frontline employee experience at your organization? (n=504; top three box responses.)

Counting the cost.

The impacts of frontline turnover include increased costs around recruitment, training, development, and labor. But there is also the cost of lost revenue opportunities to consider, as customers seek better, more engaging service from a competitor with a more consistent, knowledgeable, or confident frontline team.

“An engaged frontline worker will give energy to the role that a disengaged one will not. If they get excited about the customer or they want to go above and beyond for that customer, that is absolutely going to impact our customer satisfaction scores,” says Reser.

After rising costs, employee burnout is the fourth-greatest impact of turnover, as those who remain are forced to take on greater workloads.

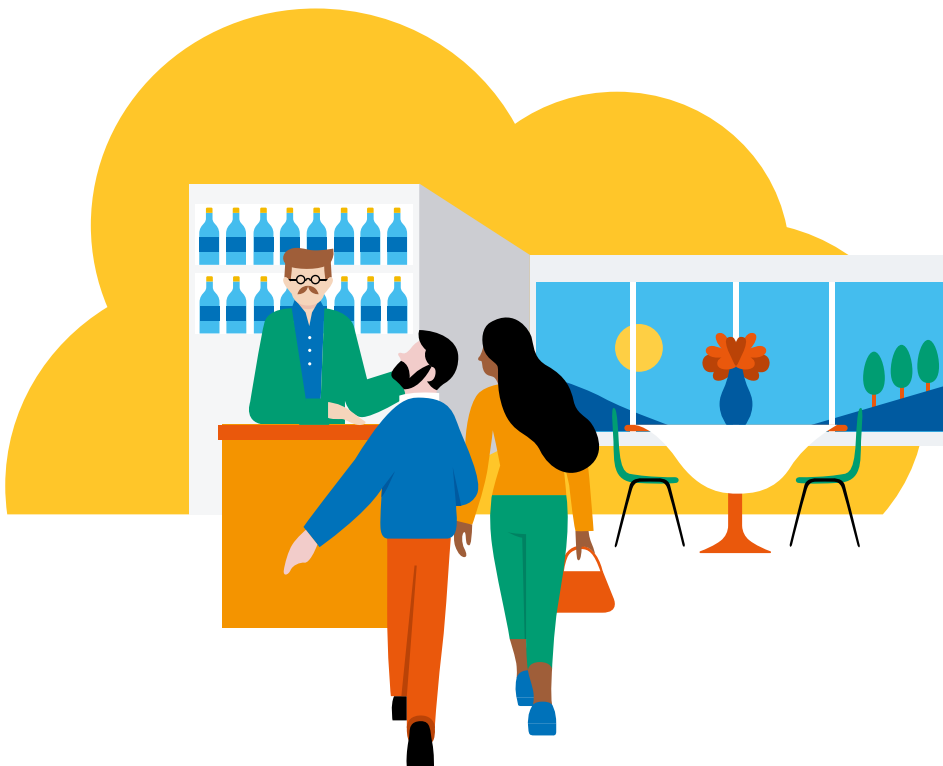
“The foundational employees that have been loyal to us have been carrying the burden now for two years,” explains Reser. “A manager who is short-staffed in a department may instinctively ask a new hire to complete three jobs versus the one they were hired for. If this is what they encounter during their first few days on the job, it’s no surprise that they will want to rethink working with our company.”

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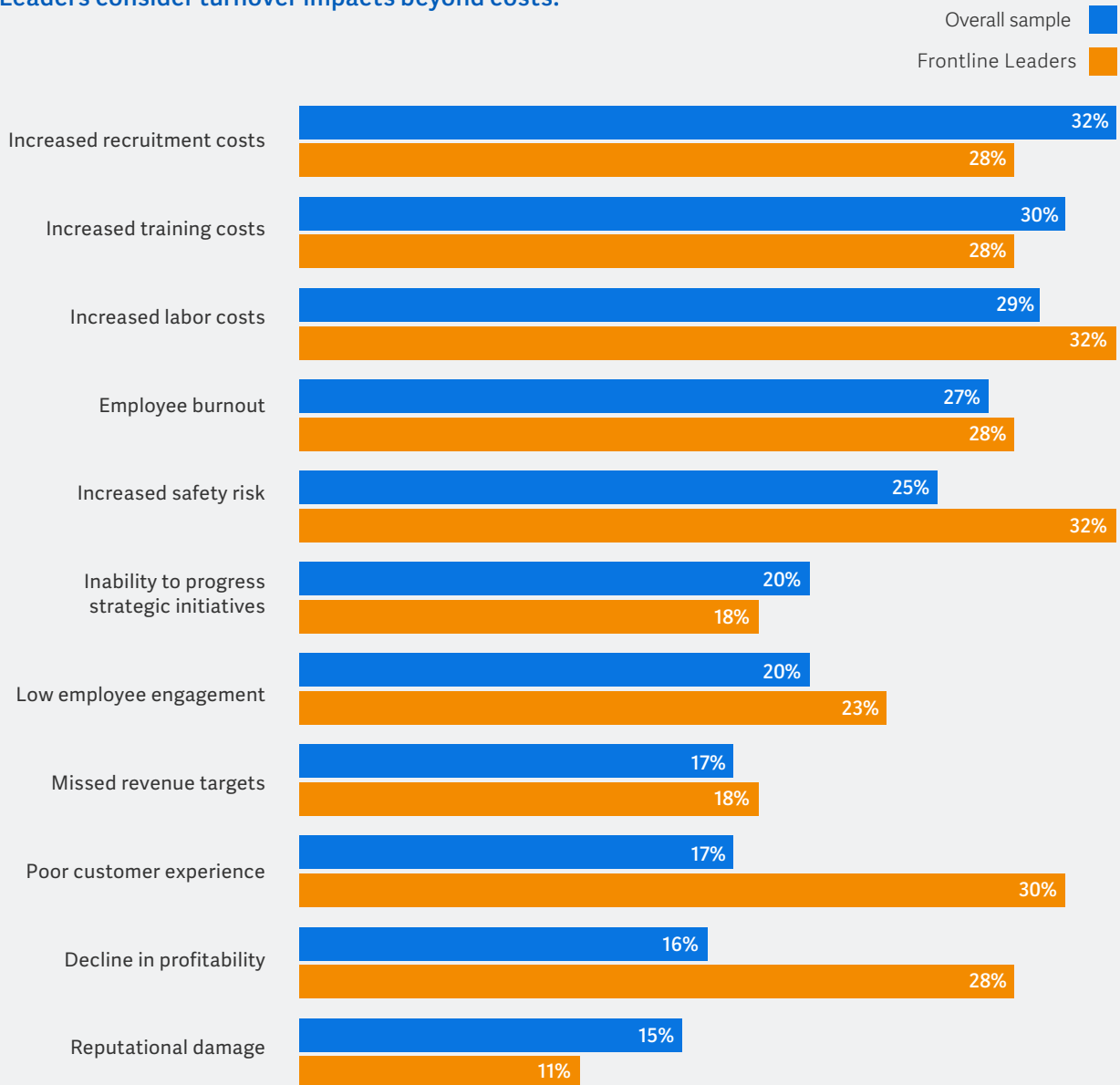
Vice President, Human Resources,
Atrium Hospitality



Meet the Frontline Leaders.

When comparing Frontline Leaders with organizations overall, one thing is clear: not only do they truly care about the well-being of their employees, but they are taking concrete steps to help their people. Consider this: increased safety risk ranks as their highest impact on employee turnover, alongside increased labor costs (32%—see chart below). But for organizations overall, the highest impacts are ranked as increased recruitment costs, followed by increased training and development costs.

Frontline Leaders consider turnover impacts beyond costs.



Survey question: What are the biggest impacts of frontline employee turnover on your organization? (n=504; top three box responses.)

The Frontline Leaders prioritize the frontline workforce: 56% value frontline employee experience as highly as customer experience, compared with 46% overall. And 58% value frontline workers as highly as office workers, compared with 45% overall.

They are also more likely to consider the impact of current working conditions on their front line and their customers. For the Leaders, the third-greatest impact of turnover is poor customer experience—30% named this as a top factor, compared with just 17% of organizations overall.

And despite their retention success, Frontline Leaders are 13% more likely than the overall sample to say their customer experience is suffering because of gaps in the frontline workforce, and 12% more likely to admit that pandemic working has left their frontline workforce burned out and dissatisfied.

A realistic outlook.

Frontline Leaders are more likely to prioritize the frontline worker experience as a necessity for remaining competitive—and to admit they still have work to do.

They are more inclined to agree that in the current marketplace, they must focus more on the retention of frontline workers (53% compared with 37% of the overall sample), and that their organization may not yet fully understand the value of an engaged frontline workforce (53% compared with 34% overall).



The employee voice.

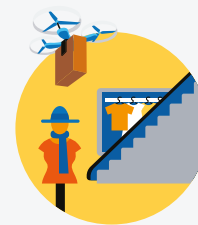
When it comes to the state of engagement for frontline workers, we looked for industry-specific trends in the “State of Engagement 2022” report, based on an analysis of de-identified [Workday Peakon Employee Voice](#) survey data submitted by nearly 2.5 million employees across 1,500 companies throughout 2021. Our analysis compares the mean scores for overall engagement and [individual engagement drivers](#) between Q1 and Q4 2021, from nearly 9 million survey responses.



- **Healthcare:** The majority of engagement drivers saw a drop in rankings during 2021—with strategy and workload seeing the biggest decline. The only driver score to increase during 2021 was environment, which may be due to better on-the-job protections for workers.



- **Manufacturing:** Meaningful improvements were made to a number of engagement drivers, but this industry still ranks relatively low compared with most other sectors. Organizational fit, peer relationships, and reward all saw a positive rankings change as a result of meaningful mean score changes throughout 2021.



- **Retail:** With relatively low rankings across the majority of engagement drivers, the most notable increases in scores between Q1 and Q4 2021 were for management support and peer relationships. While numerous aspects of the employee experience can be improved, the most pressing relates to reward.

The blueprint for frontline experience excellence.

1. Champion a more collaborative approach to time.



39% of leaders in companies where data is fully accessible say they are well equipped digitally to ensure business continuity in times of crisis

In the new world of work, flexibility is a must-have for all employees—and the top-down approach of employees having zero control over their working hours is becoming a relic.

For Frontline Leaders, providing workers with control and flexibility over their schedules is a high priority, second only to salary incentives as a workforce management strategy. They are 10% more likely to have introduced greater scheduling control for the front line in the past two years (39% compared with 29% of organizations overall).

“Up until the onset of COVID-19, many employers had become increasingly aggressive in scheduling frontline workers to suit their forecast demand,” says Mark Cohen, director of Retail Studies at Columbia Business School. “But people cannot be living on a 48-hour cycle of change. Now, employers are doing everything they can possibly do to make it convenient for their workers to remain employed.”



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Mark Cohen

Director of Retail Studies,
Columbia Business School

2. Invest in employee-first tech to empower independence.



42% of Frontline Leaders use employee-first scheduling tools to give workers more control and flexibility

The Frontline Leaders want to empower their frontline workers to be more independent and informed: 65% say self-service data for employees—such as access to policies, accrual of paid time off, and benefits portals—will improve the frontline worker experience, compared with just 45% of organizations overall.

They are also significantly more likely than other organizations to use employee-first scheduling tools with their frontline workforce (42% compared with 27% overall).

“Employee-first scheduling is one of the big things for us to focus on,” says Albany Med Health System’s Morrell. “Where I’ve introduced it in the past—including in hospitals—there have been stunningly low [levels of] problems. A lot of organizations have some fear and reluctance to do it but that is misplaced.”

Frontline Leaders are also more likely to have a dedicated employee portal or intranet for the front line (37% compared with 24% overall). “Communication is critical—making sure that everyone is looped in and that there are enough opportunities for people to interact,” adds Morrell.

3. Harness data to improve experience.



60% of Frontline Leaders say data guides their evaluation of the frontline worker experience

Frontline Leaders recognize the importance of data. The majority (60%) say data guides their evaluation of the frontline worker experience, compared with 46% of organizations overall. And 65% say better access to quality data insights will improve their frontline workforce management, compared with 48% overall.

The challenges of the past two years have brought employee expectations and sentiment to the forefront. Reser says that, at Atrium Hospitality, there is increased awareness regarding the importance of collecting data on employees’ experiences to make informed changes.

“We are now tracking declination reasons,” says Reser. “If we offer a job to a candidate and they decline, why is that? If it’s due to wages, we need to look at our offer. Now, job descriptions are being reevaluated constantly based on the feedback.”

4. Focus on employee development and well-being.



65% of Frontline Leaders say that the pandemic has improved managers’ awareness of frontline workers’ mental well-being

When employees have opportunities to build new skills and progress, they feel more connected to their work and their employer. Almost half (49%) of Frontline Leaders have invested in online training and development tools for the front line, compared with just 36% of organizations overall.

“There’s no question that retailers are trying to attract skilled, ambitious people to join them at entry level and then stick around,” says Columbia Business School’s Cohen. “Training and visibility of opportunities are enormous issues.”

Leaders are also more likely to say that the pandemic has boosted managers’ awareness of frontline workers’ mental well-being: 65% agree, compared with a still impressive 58% of organizations overall.

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David Morrell

Director of Benefits,
Albany Med Health System



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Jude Reser

Vice President, Human Resources,
Atrium Hospitality

“It’s about asking, ‘How can I help you? How can I make a comfortable environment for you to work in?’” says Albany Med Health System’s Morrell. “You want to help the employee to be as satisfied, comfortable, and happy as they can be. Happy employees make productive employees.”

5. Listen to frontline needs.



44% of Frontline Leaders have increased pay for frontline workers in the past two years

Frontline Leaders are more likely to have taken tangible steps to align their workplace policies with frontline worker needs. As indicated by the survey results, the top actions Frontline Leaders have taken in the past two years relate to the most common reasons why employees quit.

For example, the third-most-common reason why employees leave is to care for a family member, and Frontline Leaders are more likely to have introduced extended leave offerings and greater flexibility—giving workers more time for responsibilities outside of work.

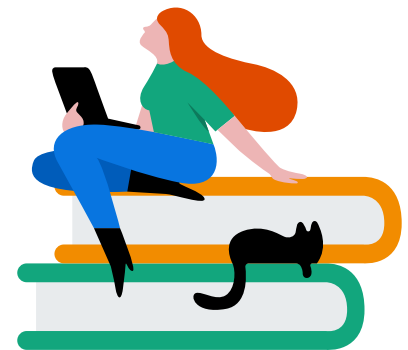


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Frontline Leaders are in tune with worker needs.

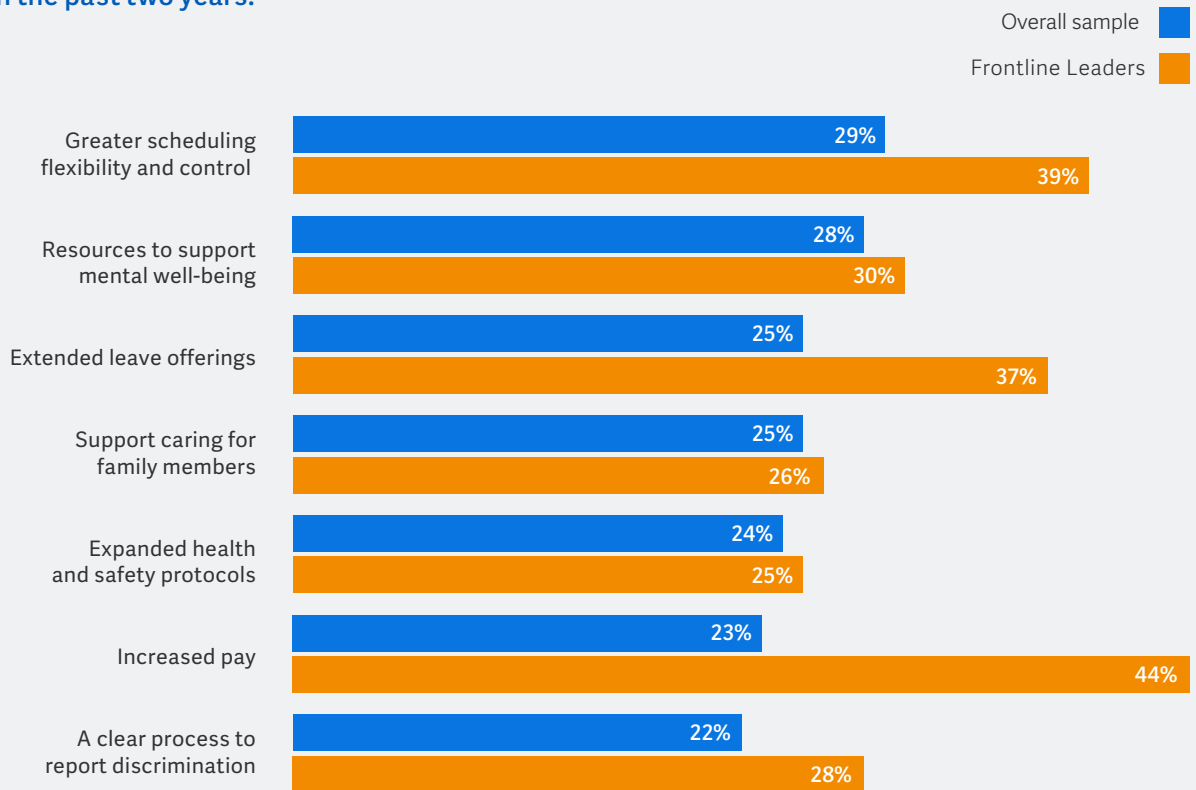
Top reasons employers report why frontline workers leave their jobs:

- Seeking higher pay (33%)
- Seeking better incentives (28%)
- To care for family member (26%)

Top actions Frontline Leaders have taken to retain workers:

- Increased pay (44%)
- Greater scheduling flexibility and control (39%)
- Extended leave offerings (37%)

Frontline Leaders have brought in more measures to improve frontline experience in the past two years.



Survey question: To the best of your knowledge, which of the following has your organization implemented to improve the frontline worker experience in the last two years? (n=504, frontline leaders = 57; top three box responses.)



Final word.

Employees are reassessing their relationships with work and their employers. The frontline workforce is no exception.

Organizations that ignore this fundamental shift will continue to lose out to those that take a more data-driven and empathetic approach to the frontline worker experience.

“The pandemic has led so many people to think deeply about what is most important to them—and, for many, it’s the desire to make a difference at work and at home. There is a huge strategic advantage to nurture that balance, too—employers will save money, improve morale, and increase their ability to recruit and retain,” says Albany Med Health System’s Morrell.

Our Frontline Leaders offer a blueprint for success that others should follow; however, even they predict higher turnover in the next year as employee needs and expectations continue to evolve.

As Columbia Business School’s Cohen says, “It’s become quite evident that sensitivity to your workforce is more mission-critical than ever before. People who run businesses need to have their frontline workers staff their business. But, if they’re not sensitive to their frontline workers as human beings, they may not have a large enough workforce to do business at all.”

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About the research.

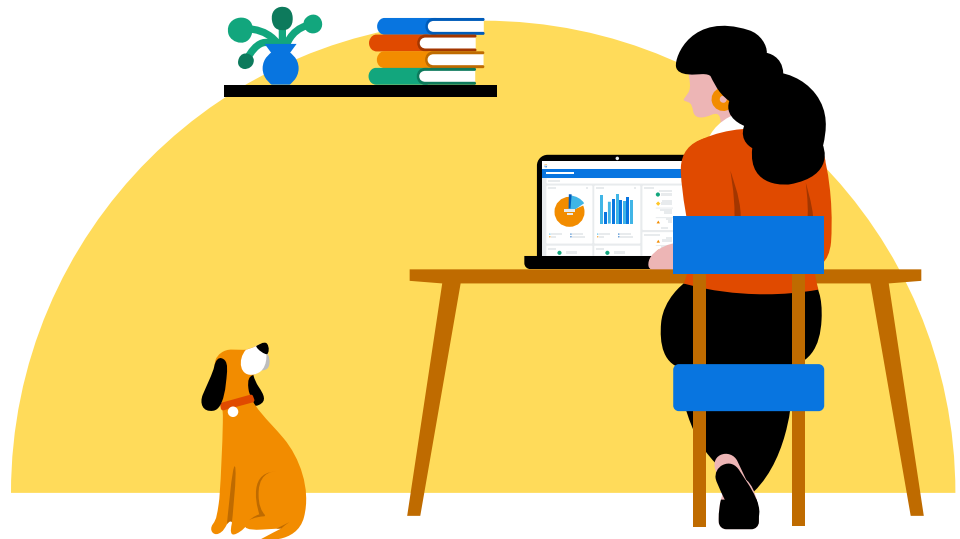
The data in this report comes from a survey commissioned by Workday and conducted by Longitude, a *Financial Times* company, in March and April 2022. Respondents were 504 company leaders and senior executives with oversight and decision-making responsibility for their organization's frontline workforces. They were all based in North America and worked across retail (25%), manufacturing (25%), healthcare (25%), and hospitality (25%).

In addition to this quantitative research, in April 2022, Longitude carried out three in-depth qualitative interviews with senior leaders and frontline worker experts from Columbia Business School, Atrium Hospitality, and Albany Med Health System.

About Workday.

Workday is a leading provider of enterprise cloud applications for finance and human resources, helping customers adapt and thrive in a changing world. Workday applications for financial management, human resources, planning, spend management, and analytics have been adopted by thousands of organizations around the world and across industries—from medium-size businesses to more than 50% of the Fortune 500.

For more information about Workday, visit [workday.com](https://www.workday.com).





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