

LOVE2SHOP

Employee Value Report 2023



business.love2shop.co.uk

Over 5.5 Million UK Workers Feel Undervalued

The Love2shop Employee Value Report reveals that, with the cost of living rising and having been through the Great Resignation, some employers have heeded the warnings and focused on retention. In those workplaces talent feels happier and more willing to stay.



Just over 5.5 million workers* – around 18% - told us they don't feel valued at work in this year's national survey, a fall from 2022 when almost **10 million felt under-appreciated**.

But of those disaffected workers, **almost 1.5 million are willing to leave their job** as soon as possible, without a new role lined up.

The Love2shop Employee Value Report reveals that, with the cost of living rising and having been through the Great Resignation, employers have heeded the warnings and focused on retention, trying to make sure talent feels happier and more willing to stay.

But with almost a fifth of employees still seeing their efforts unrewarded, many employers risk losing experienced staff in a market where people are proving difficult to replace.

Food and fuel prices are rising, mortgage rates are increasing and energy costs remain high with no more energy support for households. Even small rewards can make a real difference to employees' lives.

Additional days off, flexible or hybrid working, meals out or small gifts, vouchers and gift cards can improve employee happiness. Feeling valued by your employer – and receiving rewards that make life a little easier – is a powerful and efficient way to increase loyalty and retain staff.

* - Based on ONS figures: Aug 2023 – 30,230,246 payrolled employees in the UK.

A Wake-Up Call For Business

Employers sat up and took notice last year when our first Employee Value Report revealed the scale of unhappiness within the UK workforce.

As living costs rose and – in some sectors – industrial action bit, our survey called on employers to act swiftly to prevent a dire situation for UK business.

This year's data reveals that the message was received, with many employers focusing on improving employee recognition to turn the tide.

Love2shop's Employee Value Report 2023 has also found that there is still a significant proportion of the UK workforce who remain unhappy and disillusioned.

Just over 4.4 million – 80% of those that told us they feel undervalued – are actively looking for a new job, perhaps feeling their employer is unwilling to acknowledge their performance or value and unlikely to change. What's more, 27% of unhappy respondents – almost 1.5 million – are willing to leave their existing employer before they have lined up a new job.

37%
higher absenteeism

49%
more accidents

60%
more errors

According to a study by the Queens School of Business and Gallup (Forbes¹), this is how disengaged employees can have a real impact on a business.

The risk to businesses that ignore this problem is clear. Lower productivity and greater loss of working hours = increased costs.

According to data from PeopleHR, small and medium-sized businesses in 2022 saw, on average, 133 sickness days taken across the year, the highest for four years. The Office for National Statistics (ONS) recorded that in 2022 the UK lost 185.6 million working days² to sickness, the most since 2004. And data collected by the Institute for Employment Studies³ reveals that the cost of that to individual businesses is stark.

On average, sickness absence costs £465 per employee for a medium-sized retail store, up to £2,261 per employee for a Local Authority. If, as the data suggests, improving employee value can reduce absenteeism, it is an investment that will save your business money.

In addition, if under-appreciated employees then follow through on their desire to leave, the additional costs of recruitment and training come into play. These costs that can escalate quickly if, as is currently the case, businesses struggle to fill vacancies.

¹ - Forbes – Employee happiness is a leading indicator of profitability and productivity

² - <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/labourproductivity/articles/sicknessabsenceinthelabourmarket/2022>

³ - <https://www.employment-studies.co.uk/system/files/resources/files/382.pdf>

What Makes People Feel Undervalued?

When looking at solutions, it's important to understand the problem. Our data shows that 41% of UK workers feel undervalued because their employer hardly ever acknowledges their contribution to the business, 32% feel they don't receive enough compensation (salary) or benefits and 29% feel dissatisfied because they see loyalty as a one-way street – employees are expected to be loyal to the business while employers are perceived to not be loyal to employees.

Top 3 Reasons Employees Feel Undervalued



41%

my contribution to the business is not acknowledged



32%

poor pay / benefits



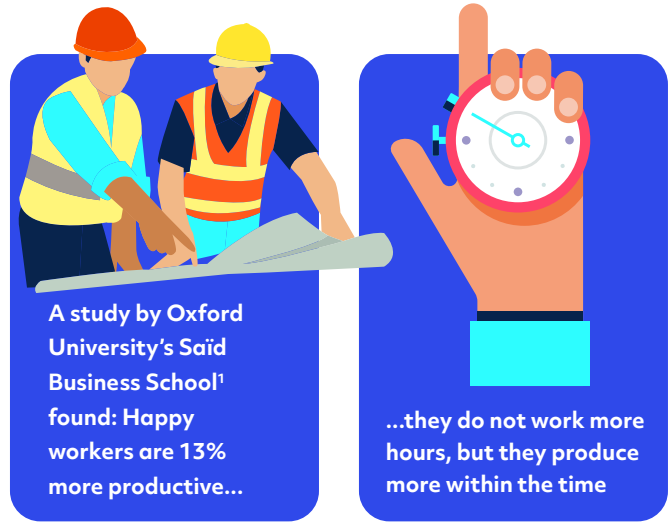
29%

loyalty is a one-way street

A Happy Workplace Is A Successful Workplace

Valued employees are more valuable employees – **literally**.

According to data from Oxford University's Saïd Business School, **workers who feel happy are 13% more productive.**



These findings have been backed up by Love2shop's own Employee Value data, with 57% of UK workers – almost 17.2 million people – claiming their productivity increases when they feel valued. That is almost 5% higher than last year. Employees are more aware than ever of their impact on business – and seeing that impact recognised.

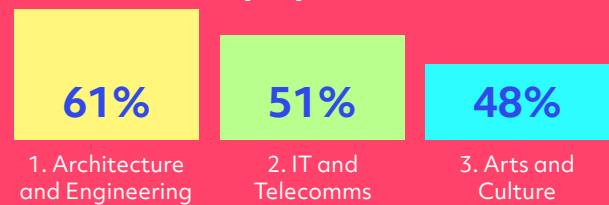
Recognition is not simply promotions and huge pay rises however. People told us smaller, more frequent rewards are an effective way to show people their contribution matters. Our survey found that 56% of people class a simple thank-you as a reward. If you want to offer rewards with real impact however, around 57% of UK respondents believe flexible working, gift cards or days off are the best way to reward workers.

Who Really Needs To Worry?

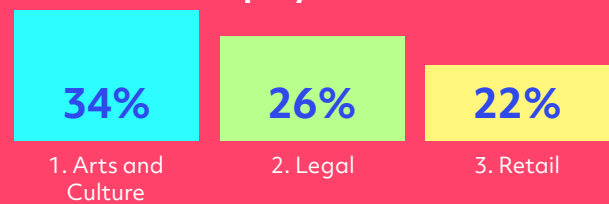
Happiness at work tends to vary based on what people do for a living. Our survey found that the highest proportion of people who don't feel valued by their employer in 2023 were working in Arts and Culture closely followed by workers in the legal profession.

The happiest workers in the UK were in the Architecture and Engineering sector, with IT and Telecoms also scoring well. Interestingly, Arts and Culture ranked third in the happiest sectors to work (48%) but was also ranked the most unhappy in the UK (34%) – this may suggest that employers in the arts sector need to look at whether their employee value strategies are equitable as there is a very clear divide within that industry.

Top 3 ranked employment sectors for employee value



Bottom 3 ranked employment sectors for employee value



The impact of undervaluing employees

This year's survey drew a stark conclusion for businesses that choose not to act to improve employee value.

37% said they would most likely quit if their employer ignored how they felt while 31% reported their productivity would drop.

19% said they would negatively influence work colleagues. For employers, these responses will impact the reputation of a business and its ability to remain profitable so it's a challenge that needs to be addressed.

¹ - Saïd Business School – [Does Employee Happiness have an Impact on Productivity?](#)

Employee Value Across The UK

Workplace happiness varies significantly depending on where in the UK workers live.

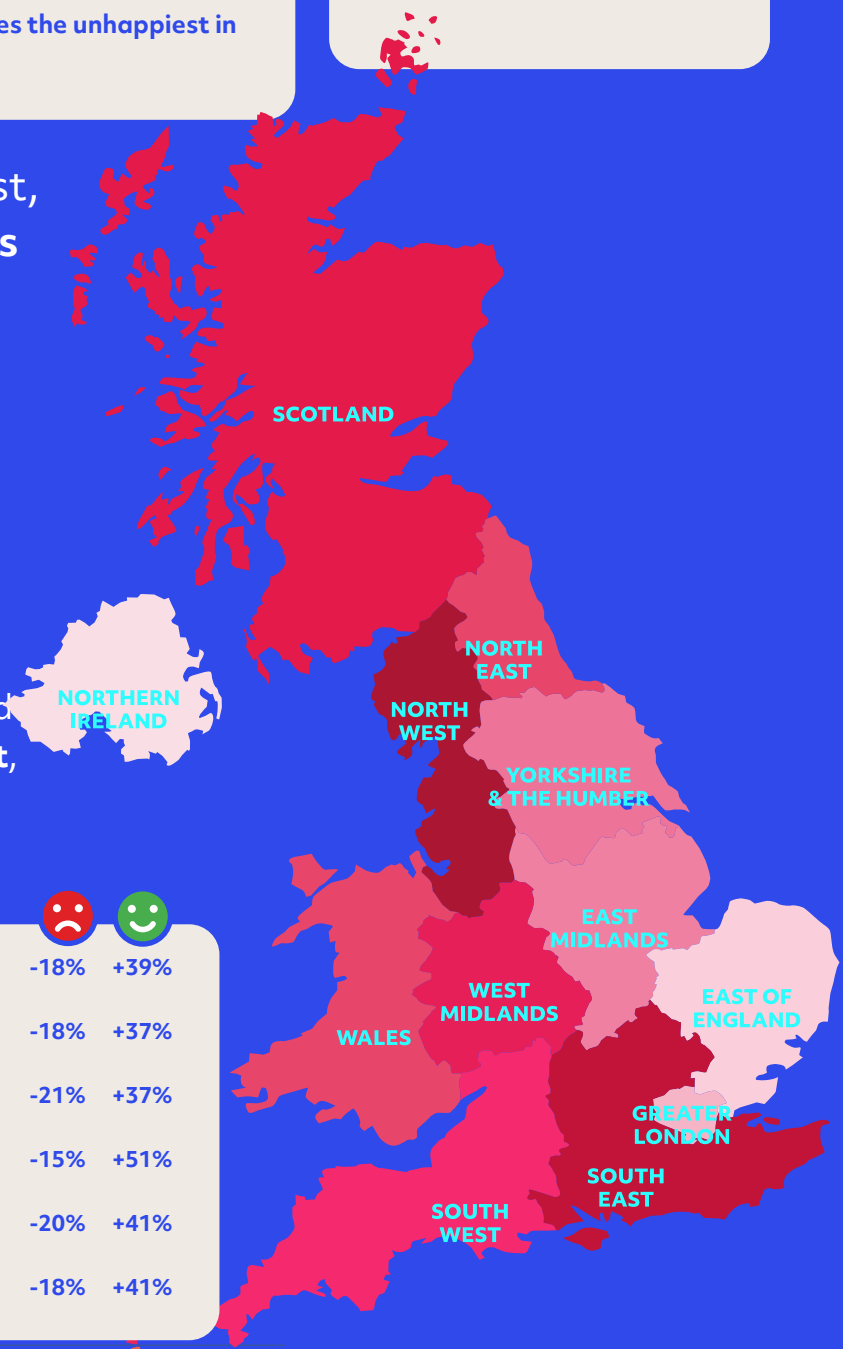
Employees in **Southampton** clearly feel the most valued in the UK, with 61% scoring eight or more (out of 10) for feeling valued. However it also registered the second-highest proportion of people feeling undervalued in the UK (25%).

Workers in **Liverpool** however feel more generally undervalued. Our survey found that 27% of workers in the city region feel undervalued and only 35% scoring eight or above for value – making Liverpool employees the unhappiest in the UK.

Regionally, workers in the **North West** felt broadly the same as those in Liverpool, with more than 21% reporting feeling undervalued and just 37% saying they felt valued – equal with the North East.

The data shows the North West, North East and **West Midlands** (38%) are experiencing the biggest challenges around maintaining a happy, valued workforce.

Elsewhere 51% of employees in **Northern Ireland**, 47% in the **South West** and **Yorkshire and the Humber**, 47% of workers in **Greater London** and around 41% of those in the **South East**, **Scotland** and **Wales** claim they feel highly valued.



Region	Undervalued (%)	Valued (%)
East of England	-15%	+41%
Greater London	-16%	+47%
South East	-20%	+42%
South West	-18%	+47%
Yorks & Humb	-17%	+47%
E Midlands	-17%	+42%

Region	Undervalued (%)	Valued (%)
W Midlands	-18%	+39%
North East	-18%	+37%
North West	-21%	+37%
N Ire	-15%	+51%
Scot	-20%	+41%
Wales	-18%	+41%

Turning Happiness Into An Asset

Employers increasingly understand the importance of a happy workforce to their business, but it's just as important to know how to turn that into a tangible benefit.



Happiness alone is not enough to influence performance. A sense of value and purpose needs to be created through your business culture.

This year 8-out-of-10 workers in our survey said that companies who reward staff regularly attract a better calibre of employee – an increase on 2022.

But our data also found that two to three times per year was enough to maintain a basic, underlying feeling of being valued.



8 out of 10

workers said companies who reward regularly attract a better calibre of employee

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The Power Of Spontaneous Rewards

Unexpected, spontaneous gifts can give employees dramatic uplifts in their sense of value and elevate productivity rapidly.

Nearly 90% of UK workers told us if they were surprised by their employer with a multi-retailer gift card they would feel more valued, while over 87% said spontaneous gifts from their employer gave them a feeling of value and recognition, almost 10% higher than in 2022.

However, around 47% of respondents told us their employer never spontaneously gifts their staff, showing that there are many employers in the UK who are still failing to take advantage of a cost-effective and rapid way to raise team performance.

90%



almost 90% of workers feel more valued after a gift of a multi-retailer gift card

80%



feel valued and recognised with a spontaneous gift

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Communication Essential To Creating 'Value' Culture

Employee value is not just driven by giving rewards and gifts. Clear communication, listening and creating a sense of collaboration through every level of your business will have a profound influence, building trust and driving business improvement.

According to business solutions specialist [Expert Market](#)¹ effective communication can increase your organisation's productivity by 25%. Yet 86% of employees and executives cite lack of effective communication as a main cause of workplace failures.

So How Do You Get Your Communications Right?

Giving employees opportunities to provide feedback through surveys, 1-2-1s and personal development conversations are important.

But workers often feel that their input is overlooked or ignored.



¹ - Source: Workforce Institute

¹ - <https://www.expertmarket.com/phone-systems/workplace-communication-statistics>

² - <https://workforceinstitute.org/new-research-the-heard-and-the-heard-nots/>

Research by the [Workforce Institute](#)² in 2021 found that 1-in-3 employees would rather quit their job than voice concerns at work and 83% felt they and their colleagues were not heard fairly or equally in the workplace.

1 in 3

workers would rather quit their job than voice concerns at work.



Clearly communicating the ideas and feedback you have taken on board and highlighting your actions as a result will inspire innovation and drive success. Employees will feel more confident in voicing concerns and sharing ideas, forming a creative brain trust that will influence growth, efficiency and productivity.

Good communication takes practice. It's not solely about frequent meetings or regular remote working check-ins. It's about creating a space where employees and management each feel comfortable speaking openly and respectfully.

Ask your team for ideas, try them out and see what works. The goal is to create a work environment where anyone, at any level of the business, feels confident and secure raising any subject, positive or negative. Achieving that level of communication is difficult, but it is key to driving your business forward and building an inspired, valued workforce.

Staff Retention – A Rewarding Approach

Communication is vital but ultimately, individuals and teams see rewards as one of the strongest forms of recognition. Both financial and benefit-in-kind rewards have a real influence on employee loyalty and talent retention.

The Love2shop Employee Value Report 2023 found 6-in-10 employees said spontaneous gifts or gifts or vouchers at key times of year would make them feel more valued. Just under 40% said rewarding them more (or at all) would improve their workplace happiness.



6 in 10
say spontaneous
gifts at key times
make them feel more
valued

Our data shows 80% of employees who feel undervalued are currently looking for another job – but that figure rises to 87% among 18-24 year-olds and 88% among 25-34 year-olds. Businesses that ignore reward and recognition risk losing both the core of their current workforce and the future talent they need to be developing.

For example, in the East Midlands a staggering 96% of employees who feel undervalued are actively hunting for a new job – so if you know an employee there who feels unhappy, chances are they are making moves to leave already.

It's a similar picture in Greater London (86.9%), the wider South East (83.9%) and the East of England (82%) as people search for employers that truly value their skills and input.

The Power of Attraction

More than ever, employees are seeking out workplaces that will show appreciation to them and make them feel valued.

Our report revealed 67% of workers now check a company's reward system, culture, employee happiness ratings and reviews before applying for a job. That's an 11% increase on 2022 and a warning to businesses that have not yet addressed their reward and recognition culture. Not adapting to the changing landscape will certainly make recruitment much harder and much more expensive.

Gift Cards - Rewards And The Cost Of Living Crisis

Offering staff rewards that mean something to them is really important. The cost of living crisis which has dominated the last 12 months has not gone away. Employees are desperately trying to maintain their household finances and make it to the next payday as mortgage costs, fuel costs and even food costs continue to soar.

Even the lucky ones who have some expendable income are finding it harder to protect their time with their families and friends as they try to make ends meet. 57% of those surveyed this year felt that days off, multi-retailer gift cards or flexible working were the best ways for companies to reward employees. And the reasons are clear. Asked what they would spend a multi-retailer gift card from their employer on, 34% said a meal out. The same number – 34% - would spend it on the weekly shop, 3% more than in 2022.

Many employees are increasingly struggling to make ends meet and finding a balance between socialising and paying the bills is becoming more challenging. Gift cards are no longer solely seen as a treat – in some cases they are actually helping people get to the end of the month.

Our survey even found 12% of people would use a gift card from their employer to buy school essentials for their children.

Getting your workplace rewards right gives people a timely boost. By recognising people in a way that eases their external stresses, you create a positive, productive culture within the workplace.

As an example – a business that pays employees, on average, £30,000 per year can make a real difference by issuing £150 gift cards three times per year. That would equate to a 1.5% uplift in the average salary and help give real, practical help to employees managing the current cost of living.

Giving multi-retailer gift cards, vouchers or e-codes gives employees a practical choice in how they benefit from their workplace rewards. This can not only make a real difference to their day-to-day, but by giving them the gift of choice you strengthen the impact of that gift to them.



12%

would spend it on school essentials for their children.



34%

said they'd spend it on the weekly shop. That's 3% more than in 2022 and the same number as those who said they would spend it on a meal out



57%

of workers feel days off, multi-retailer gift cards or flexible working are the best way for an employer to reward them

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Employee Surveys

As well as being an important way to maintain good communications with your team, employee surveys can show you what impact your reward and recognition programmes are having – or not.

When introducing spontaneous gifting, reward and recognition into your workplace culture, it's vital to understand whether it is having the desired effect and if not, why not.

Employee surveys allow people to feed back their opinions of your rewards from the fairness of distribution to the effectiveness of the reward itself.

By reviewing this data, you can quickly identify where you can change and improve your strategy to suit your business.

There is not a one-size-fits-all solution to reward and recognition, but open lines of communication will help you and your employees reap the maximum benefits.

How Much Should You Reward?

In truth, it depends on you and your business. What matters is that rewards are meaningful for all and fair.

Our survey found that just 39% of people felt their employer was generous. While just over half of workers said their employer showed generosity through spontaneous gifts by organising team outings, responses also included examples of 'generosity' such as:

- ▶ providing biscuits
- ▶ call-outs on conference calls
- ▶ paying for training

Employees deserve better and, as employers, if you get reward and recognition right the benefits to your business – and your bottom line – are clear.

39%
of people feel their employer is generous

As the experts in gifting and rewards, Love2shop helps business establish reward and recognition strategies to improve employee value.

We recommend offering rewards of the same value to all employees. Finding a value that will be seen positively by those at the top and bottom of your pay scales will be seen by all as fair.

Importantly, offer choice where you can. As our data shows, for some people, rewards are still used for treats while for others they ease the pressure on their household budgets. By offering a reward that gives them freedom to choose, your reward and recognition programme is more likely to succeed.

Love2shop Business helps companies develop cost effective and tax-efficient reward and recognition strategies, to support recruitment and retention strategies and evolving workforce needs.

When Should You Reward?

When and how often to hand out rewards can be based on a number of factors. There are obviously some natural opportunities to give gifts – Christmas, recognising long service, the end of the financial year and so on. But the frequency and timing of rewards can also be influenced by employee and business needs.

For example, you may have a peak period where you need to inject a boost of motivation or there may be a time of year when you know things are a little more difficult for your team.

It's equally important however to make sure that gifts are not given on the same date every year – with the exception of Christmas, when gift-giving is commonplace. The point of gifting is that it is not expected, so even if you are giving gifts consistently, being flexible in the way they are delivered will maintain their effectiveness.



Act Now – Don't Be Left Behind

Love2shop's Employee Value Report 2023 has highlighted that while some employers have this year begun focusing more on rewards and gifting for retention, there are still many who have not adapted to the expectations of the UK workforce.

As a result, potentially millions of workers are considering leaving their jobs, opening up employers who have yet to address workers' feelings of under-appreciation to recruitment and training costs that are entirely avoidable.

Last year our report sounded a warning to business – the result was swift, effective action by many that resulted in fewer employees reporting feeling undervalued this year.

Taking the first step today will help your organisation quickly improve retention, talent acquisition and, most importantly, employee value.

That means greater employee loyalty and increased productivity for your business.

Whether it is Love2shop gift cards or vouchers, rewards are a cost effective and tax-efficient way to retain existing employees – keeping them happy, motivated, and striving towards a common goal.

HMRC's Trivial Benefits Allowance allows employers to gift vouchers - such as Love2shop gift cards - up to a value of £50, completely tax free and with no paperwork, to every employee in their organisation.

Compared to cash benefits, which are eligible for national insurance and tax contributions, gift cards can save businesses up to £48.10 per employee (for higher rate taxpayers).

This makes them a far more attractive means to say 'thank you' than cash issued through an employee's salary.

Rewarding employees regularly will also attract new talent and create a thriving workforce.

Love2shop Business can help companies achieve this and continue thriving.

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Let's Start A Conversation

We're here for you Mon-Fri, 09:00-17:00, every business day.

Get in touch to talk about using the right rewards and software to turn your next incentive or engagement campaign into a real results-driven exercise that will get you noticed.

 **0330 333 1201**

or visit

 business.love2shop.co.uk

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