TRENDS IN EMPLOYEE ENGAGEMENT

What we learned from listening in 2018
EXECUTIVE SUMMARY: 
EMPLOYEE ENGAGEMENT TRENDS

KEY FINDINGS

2018 Engagement is consistent with 2017

- Intent to stay and willingness to recommend one’s employer as an employer decreased.
- Employees that plan to stay do so when they find meaning in their work and value their coworkers.
- Employees that plan to leave cite pay and workload as the top two reasons.

2018 Key Drivers of Engagement

- The top drivers of engagement in 2018 were career and skill development and confidence in and communication from Senior Leadership.

Engagement by Industry

- Construction & Engineering and Healthcare are the industries with the highest levels of engagement.
- Higher Education and Technology are the industries with the lowest levels of engagement.

Engagement by Region

- Engagement continues to be strongest in Latin America, with the biggest opportunity in EMEA.

Engagement by Job Function

- Engagement is strongest for Executive Leadership and lowest for Customer Service, Finance & Accounting and Legal.

Engagement by Age, Tenure, and Gender

- Engagement varies only slightly by age (with those aged 40 – 49 having the lowest engagement levels) and is lowest for those with 3-5 years of tenure.
- Men and women have relatively comparable engagement levels.

The Impact of Listening on Engagement

- Employees who feel listened to are 19 times more engaged.
IT’S TIME TO LISTEN!

2018 was another year of rapid change, competition for talent and innovation, and increased recognition of the need for diversity and inclusion in the workplace. One of our key learnings from 2018 that pertains to all of these trends is the critical importance of having a mindful organizational strategy for listening to employees.

Listening to employees has never been more important to business success, as record low unemployment means employees have choices about where they work. Giving employees a voice to share their ideas, moving quickly to respond to ideas and concerns, and building a culture that people want to be a part of are the only ways to survive in today’s competitive landscape.

Further, organizations now have the tools to understand how employees are feeling at every phase of the employee life cycle – from onboarding to exit. Newmeasures is here to help organizations sort through all the available listening options to find the right mix of content and frequency for collecting feedback that is aligned with organizational goals.

Every year, Newmeasures collects data from hundreds of thousands of employees across a wide variety of industries and locations. Newmeasures’ norms are calculated using data collected over the past five years (i.e., data from 2013-2018) so they reflect a comprehensive and current comparison. The findings in this report are based on the employee feedback we’ve collected from 2,400 organizations and nearly 1.4 million survey responses.

In this white paper we will focus on our learnings from listening to hundreds of thousands of employees over the last year. Our goal is to share key insights that you can incorporate into the leadership of your organization. Happy listening!

ENGAGEMENT SURVEY DIMENSIONS

To measure engagement, Newmeasures uses its validated employee engagement index. In addition, Newmeasures also asks for employee feedback on five key dimensions that drive employee engagement. The findings in this report summarize differences in engagement across regions, industries, age, tenure, and gender, as well as key drivers of engagement.

NEWMEASURES DRIVERS OF ENGAGEMENT

- **Conditions to do Best Work**: Employees have the tools, resources, and priorities to do their best work.
- **Supportive Supervisor**: Direct supervisors are fair, provide feedback and recognition, explain changes, and listen to and act upon ideas.
- **Trust & Collaboration**: Aligned goals, trust in teammates' communication and collaboration.
- **Growth & Autonomy**: Employees have input into their work, are encouraged to come up with new ideas, and see opportunities to develop their skills/advance their career.
- **Visionary Leadership**: Leaders create a compelling vision for the future, inspire confidence, and communicate openly and consistently.
ENGAGEMENT IS CONSISTENT WITH 2017

Relative to 2017, engagement levels in 2018 haven’t changed. However, employees’ willingness to recommend their organization as a good place to work decreased as did their intention to stay. In Newmeasures’ view, this highlights the importance of focusing on culture and the employee experience. Employees have choices about where to work and are willing to move on when they don’t feel valued.

Figure 1: Engagement Index and Engagement Indicators Over Time
INTENT TO STAY

One strong indicator of engagement is employees’ intent to stay with the organization – in 2018 we asked 88,000 employees to tell us what motivates them to stay, and why they might leave.

Why Employees Stay

Understanding why employees stay is key to understanding your employee value proposition. Doing meaningful work that has an impact on the world and communities tops the list of reasons people are loyal to their employer (and it’s no coincidence that executives communicating an inspiring vision is a key driver of engagement in 2018). Connection to people makes a difference too – employees tell us their coworkers and clients/customers are a key reason they stay. And answering the question “what’s in it for me?” in terms of career growth and development ranks at the top as well (also a top driver of engagement).

Figure 2: Key Reasons Employees Intend to Stay (n=88,000)

*Note. Employees who reported that they plan to stay with the organization were asked to indicate up to three top reasons why. The tables summarize the most frequently selected reasons employees plan to stay (across a variety of organizations).
Why Employees Leave

Among employees who intend to leave in the next year or are unsure whether they will stay, the most frequent deciding factors are pay or workload. When compensation is perceived as unfair or lacking transparency, employees may be motivated to look for other opportunities. When workload is too demanding, burnout can follow, especially when resources are lacking or employees are unable to cope well with the pressures of the job.

However, pay and workload are not the end-all-be-all. Lack of growth opportunities (especially for millennials) and not feeling valued are typically more strongly related to feelings of engagement than pay or workload. A negative or toxic work environment, or a lack of fit with the work environment, may also be top reasons employees decide to seek other job opportunities.

Figure 3: Key Reasons Employees Intend to Leave (n= 88,000)

Top Reasons Employees Say They Will Leave Their Organization

*Note. Employees who reported they may leave the organization were asked to indicate up to three top reasons why. The tables summarize the most frequently selected reasons employees may leave (across a variety of organizations).
MOST IMPORTANT DRIVERS OF ENGAGEMENT

The goal of any engagement survey is to understand where organizations should focus their efforts to have the biggest impact on enhancing employee commitment and enthusiasm for their work, thereby improving other organizational outcomes such as turnover, performance, and customer experience.

To identify these critical drivers of engagement, organizations leverage the Newmeasures Key Driver Analysis® which highlights items with the most opportunity for improvement (low percent favorable scores) AND the largest correlation with engagement. The top five drivers in 2018 for Newmeasures’ clients are listed below. Newmeasures recommends that organizations focus on these topics in the spirit of driving overall improvements to employee engagement.

When it comes to building a highly engaged workforce, the diagram above emphasizes the importance of: 1) providing employees with growth and development opportunities, 2) leadership, and 3) giving employees a voice. Given the importance of these topics, we’ll explore them more in the next few sections.

Figure 4: Top Five Engagement Drivers in 2018

Most Common Engagement Drivers in 2018

1. Ability to accomplish career goals at the organization
2. Opportunity to develop new professional skills
3. Confidence in the Leadership and Direction Provided by Sr. Leadership
4. Senior Leadership Communicates an Inspiring Vision
5. Employees feel encouraged to share new ideas

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PROFESSIONAL AND CAREER DEVELOPMENT DEEP DIVE

Time and again, we see that employees who have learning and advancement opportunities tend to be more highly engaged. Because Newmeasures clients understand the importance of this topic to enhancing engagement levels, many have asked employees to indicate which development opportunities they are most interested in. Below are the results from over 25,000 employees.

Figure 5: Top Ways to Support Employee Development (n = 25,000)

Top Ways In Which Employees Would Like to Be Supported in Their Professional Development

*Note. Employees were asked to indicate the top three ways they would like to be supported in their professional development. The tables summarize the most frequently selected answers (across a variety of organizations).
A key finding from our 2018 research is that managers play a critical role in employee perceptions about their ability to develop and grow their careers. Organizations should consider encouraging managers to have regular check-ins with their employees to understand their career goals and strategize how to build the skills and experiences to materialize those goals.

Managers should also discuss the connection between career growth goals and skill development. When employees think about their career growth, they typically have formal advancement in mind – promotions, pay raises, etc. These are important milestones and certainly are motivating; however, career growth is much more than being able to add a new title to your LinkedIn profile. Organizations typically cannot offer increased compensation or promotions as quickly as employees might like, especially in flat organizations. Reframing the way employees think about career growth to also encompass smaller, informal development opportunities can help people see how they are making progress toward their longer-term goals. Skill development and on-the-job learning are often essential to prepare an employee to be ready to move to the next role.

Drawing explicit connections between skill development and long-term career goals can help employees explore what opportunities are right for them and create a holistic perspective about career growth to strengthen engagement.

VISIONARY LEADERSHIP DEEP DIVE

Second to growth and development, motivating and inspiring leaders who communicate vision and direction, instill confidence, and provide clarity around the organization’s future are highly influential for an engaged workforce. Employees connect to the meaning and impact of their work when they understand how it fits into the greater vision. Leaders create safety, trust, and confidence when employees know where the organization is headed, what’s on the horizon, and why decisions are made. In most organizations, we find this level of communication is challenging: it’s hard to reach everyone with a consistent and inspiring message, and it requires a constant exchange of two-way listening between leaders and employees. The most successful leaders communicate often, are accessible and viewed as good listeners who are in-touch with the workforce, and keep the vision front-of-mind for employees.
To better understand how organizations can build confidence in their senior leadership team, we explored this topic in several ways. When directly asked what would strengthen confidence in senior leadership, most employees point to communication in some form or another. Specifically, when employees across a variety of organizations were asked to pick the top three ways leaders can build trust and confidence, transparent communication, making decisions in the best interest of the organization, and communicating the reasons why decisions are made were most frequently selected. Below are the results from 35,000 employees.

Figure 6: Top Ways Leadership Can Build Trust (n = 35,000)

As an added communication challenge, there is often a disconnect between senior leaders’ perceptions about communication and the perceptions of mid-level management and other employees. When looking at perceptions by level within organizations, executive leadership tends to believe they are communicating consistently and transparently, and that they communicate a clear vision for the organization. Management and other employees, however, tend to perceive opportunities in these areas, showing a disconnect between what senior leaders believe and the experience of most employees throughout the organization.

Figure 7: Perceptions about Communication and Direction from Senior Leaders by Level

*Note. Employees were asked to indicate the top three ways leadership could gain their trust. The tables summarize the most frequently selected reasons (across a variety of organizations).
ENGAGEMENT BY REGION

Geographical region does make a difference when it comes to engagement. Engagement is highest among employees who work in Latin and South American countries and relatively lower for European employees. Cultural, economic, and political factors all play into engagement levels.

Figure 8: Engagement Index Benchmarks Across Regions

<table>
<thead>
<tr>
<th>Region</th>
<th>Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global</td>
<td>78</td>
</tr>
<tr>
<td>LATAM</td>
<td>81</td>
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<tr>
<td>APAC</td>
<td>80</td>
</tr>
<tr>
<td>North America</td>
<td>77</td>
</tr>
<tr>
<td>EMEA</td>
<td>71</td>
</tr>
</tbody>
</table>
Engagement norms differ by industry. Engagement tends to be highest, on average, in Construction & Engineering, Healthcare, and Non-Profit industries and lower in Higher Education and Mental Health industries. There may be many reasons for these differences. Broadly, industries have differing natures of work, industry norms, paces of change, and pressures from the external environment, to name a few. Not all organizations fall in line with these trends but understanding the high-level patterns can shed light on how and why engagement may differ across industries. The patterns listed below are consistent with 2017.

Figure 9: Engagement Index Benchmarks Across Industry
ENGAGEMENT BY JOB FUNCTION

We commonly see that engagement varies by the function employees work in. Depending on where one works, employees have different context and pressures, are tasked to solve different types of problems and have different degrees of control and influence. We commonly see that Executive Leadership is the most engaged, and this is a good thing; it’s hard to be more engaged than the leaders you report to. And while high levels of leadership engagement is positive, it can also serve as a reminder to Executives to be sure they have an accurate understanding of what the day-to-day experience is like for those in other roles to ensure they are well connected to key challenges.

Figure 10: Engagement Index Across Job Functions

<table>
<thead>
<tr>
<th>Job Function</th>
<th>Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Employees</td>
<td>78</td>
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<tr>
<td>Executive Leadership</td>
<td>87</td>
</tr>
<tr>
<td>Administrative Support</td>
<td>85</td>
</tr>
<tr>
<td>Management</td>
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<tr>
<td>IT</td>
<td>82</td>
</tr>
<tr>
<td>Human Resources</td>
<td>82</td>
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<td>Sales</td>
<td>82</td>
</tr>
<tr>
<td>Marketing</td>
<td>78</td>
</tr>
<tr>
<td>Legal</td>
<td>77</td>
</tr>
<tr>
<td>Finance/Accounting</td>
<td>77</td>
</tr>
<tr>
<td>Customer Service</td>
<td>77</td>
</tr>
</tbody>
</table>
ENGAGEMENT BY AGE

By the year 2025, 75% of the workforce will be comprised of Millennials (those who are between the ages of 21 and 37 in 2018)\(^1\). And while discussing the differences between Millennials and other generations is a popular topic, our research shows that Millennials are not so different in terms of their engagement levels. That’s not to say they don’t have different expectations or preferences about how they like to work, but they are comparably enthusiastic about and committed to their work.

Figure 11: Engagement Index Benchmark Across Age Groups

![Engagement Index Benchmark Across Age Groups](image)

What we do know about Millennials is that they put importance on feeling heard. And leaders aren’t perceived as strong listeners – only 47% of Millennials think that organizations are good at listening, but when they do feel heard they are 7 times more likely to plan to stay.

MILLENIALS ARE 7 TIMES MORE LIKELY TO STAY WHEN THEY FEEL LISTENED TO

ENGAGEMENT BY TENURE

We do see engagement levels vary based on an employee’s tenure. Consistent with previous years, we see that employees with 3-5 years of tenure tend to have the lowest levels of engagement. New research\(^2\) in 2018 helps us to explain this pattern – after 3-5 years, many employees reach their performance peak and “max out” in terms of learning in their role. This may leave employees feeling uninspired and ready for their next challenge to grow as professionals. Providing support for employees so that they are able to continuously develop their skills may be one way to overcome the 3-5 year engagement slump.

Figure 12: Engagement Index by Tenure

ENGAGEMENT BY GENDER

On the surface, gender doesn’t appear to be a key variable in engagement levels – in most organizations, the engagement levels of males and females are comparable. There are exceptions to this pattern however: when one gender comprises a smaller proportion of the workforce than the other, or in organizations were leadership positions are dominated by one gender, we do see differences in engagement by gender. In these environments, it is important to be aware of gender norms, stereotypes, and relative opportunities to connect and develop good relationships. It’s also critical to look at the growth and development opportunities available to all groups.

Figure 13: Engagement Norms for Men and Women

Although engagement often looks similar among men and women, some of their work experiences differ, particularly with regard to communication and receiving recognition.

Figure 10: Largest Differences in Perceptions Between Men and Women

ENGAGEMENT TENDS NOT TO VARY BY GENDER, BUT MEN AND WOMEN DO REPORT DIFFERENCES IN WORK EXPERIENCES
ENGAGEMENT BEST PRACTICES: THE POWER OF LISTENING

Listening to employees has risen to a new level of importance in the past few years. We (and especially Millennials) have become accustomed to being asked for feedback regularly and in nearly every aspect of our lives (after a doctor’s visit, riding an airplane, or talking to customer service).

It turns out listening at work makes a difference too. Newmeasures’ research finds that employees who feel listened to are 19 times more likely to feel engaged.

Of course, listening at work comes in many forms—supervisors, peers, and leadership can all perform the role of listener at times. Interestingly, Newmeasures’ research finds that while all types of listening are important, the biggest predictor is whether or not they feel Senior Leadership listens to employees. In fact, feeling that Senior Leadership listens is even more powerful than whether they are doing a good job at sharing information. So, while most organizations focus their communication strategy on “telling,” it turns out that “listening” is even more critical. When we talk to employees, we often hear comments like, “Leadership doesn’t even understand my day-to-day or our challenges, how can we trust they are able to make good decisions!”

EMPLOYEES INDICATE SENIOR LEADERSHIP CAN DO MORE TO LISTEN

60% of employees believe Sr. Leaders communicate consistently and transparently

67% of employees feel they can raise concerns with Sr. Leaders

62% believe Sr. Leaders value their opinions and input

54% say Sr. Leaders do a good job communicating about change
ALWAYS-ON LISTENING
Give employees an outlet to share their suggestions and concerns, so you never miss out on the next big idea.

PULSE SURVEYS
Frequent and simple pulse check-ins are critical to understanding the ebbs and flows of employee morale. Proactively manage change by tying pulse feedback to key organizational events to stay ahead of employee opinions and keep your best people.

TOPIC-DRIVEN SURVEYS
Short and targeted, these surveys are a great way to get actionable insights on a particular topic—think diversity and inclusion, employee well-being, or change management. Determine if the actions you are taking are really making an impact on engagement, or if your strategy needs a course correction.

EXPERIENCE-DRIVEN SURVEYS
Check in on key milestones (like onboarding, exit, or candidate reaction) and fine tune each touchpoint to create memorable and positive experiences.

EMPLOYEE ENGAGEMENT
Transform your engagement survey from a “check-the-box” exercise into a powerful business process.
CONTACT US FOR A FREE LISTENING STRATEGY SESSION

This isn’t a sales call. It’s a real conversation about your organizational challenges -- our consultants will share the best ways to structure listening in your organization.

PUT SOMETHING ON OUR CALENDAR

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As an Insights Consultant and Organizational Psychologist at Newmeasures, Dr. Kyla Holcombe focuses on customized survey design and development, client partnerships, project execution, and building understanding around results. Her goal is to use innovative tools and insights to transform organizations, leaders, and employee experiences. Kyla balances best practices from both research and application to deliver practical solutions that have real and measurable impact.

With 20 years of professional experience in Industrial and Organizational Psychology, Dr. Leanne Buehler, Managing Partner and Vice President of Consulting Solutions at Newmeasures, is responsible for helping organizations achieve results through the use of innovative survey tools that align stakeholder experiences with culture and business objectives. Leanne works extensively with Executive Leadership teams to design, implement and act upon feedback to align culture and experiences with organizational strategy and goals.

Dr. Brandon Young, Insights Consultant and Organizational Psychologist at Newmeasures, helps organizations weave employee generated data into targeted, relevant organizational stories. He consults with customers to identify perceived needs and problems; and collaborates with them to define project objectives and design survey tools and strategies to test assumptions, diagnose issues, and inform decisions. Data will always deliver an answer, Brandon’s goal is to help customers ask the right questions and translate their data into action.