

EMPLOYEE ENGAGEMENT TRENDS | 2020

Insights and Benchmarks for Strategic People Leaders



ABOUT THIS REPORT

We dig into the latest employee engagement trends, effective feedback strategies, turnover risk, and more.

The traditional human resources space is changing.

With the speed of technology and the growing expectations of today’s workforce, business leaders have realized that HR must be more than an administrative function and are hungry for a path to move their teams toward more strategic “people operations.”

Between compensation, benefits, and overhead expenses, organizations spend more money on their employees than anything else. Yet, many still lack insight into how to effectively measure this investment to deliver winning business outcomes.

In this report, we look to employee data to better understand the expectations of today’s workforce and compare it to the reality of what organizations are genuinely delivering.

To gather these insights, we looked at data from two distinctly different sources. First, we sampled the workforce at large, to better understand how different companies approach employee feedback and how employees at those companies feel about their employee experience. Next, we analyzed employee engagement data specifically, looking for trends within the millions of data points from our own Emplify Insights product. ➤

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THE STATE OF ENGAGEMENT **EMPLOYEE PERSPECTIVES**

From our broader workforce study, six significant themes emerged. While merely a sample of the entire American workforce, it's clear there are notable disconnects occurring between company leaders and their employees. We've outlined those themes here, along with some recommendations for bridging existing gaps and creating more cultural alignment.

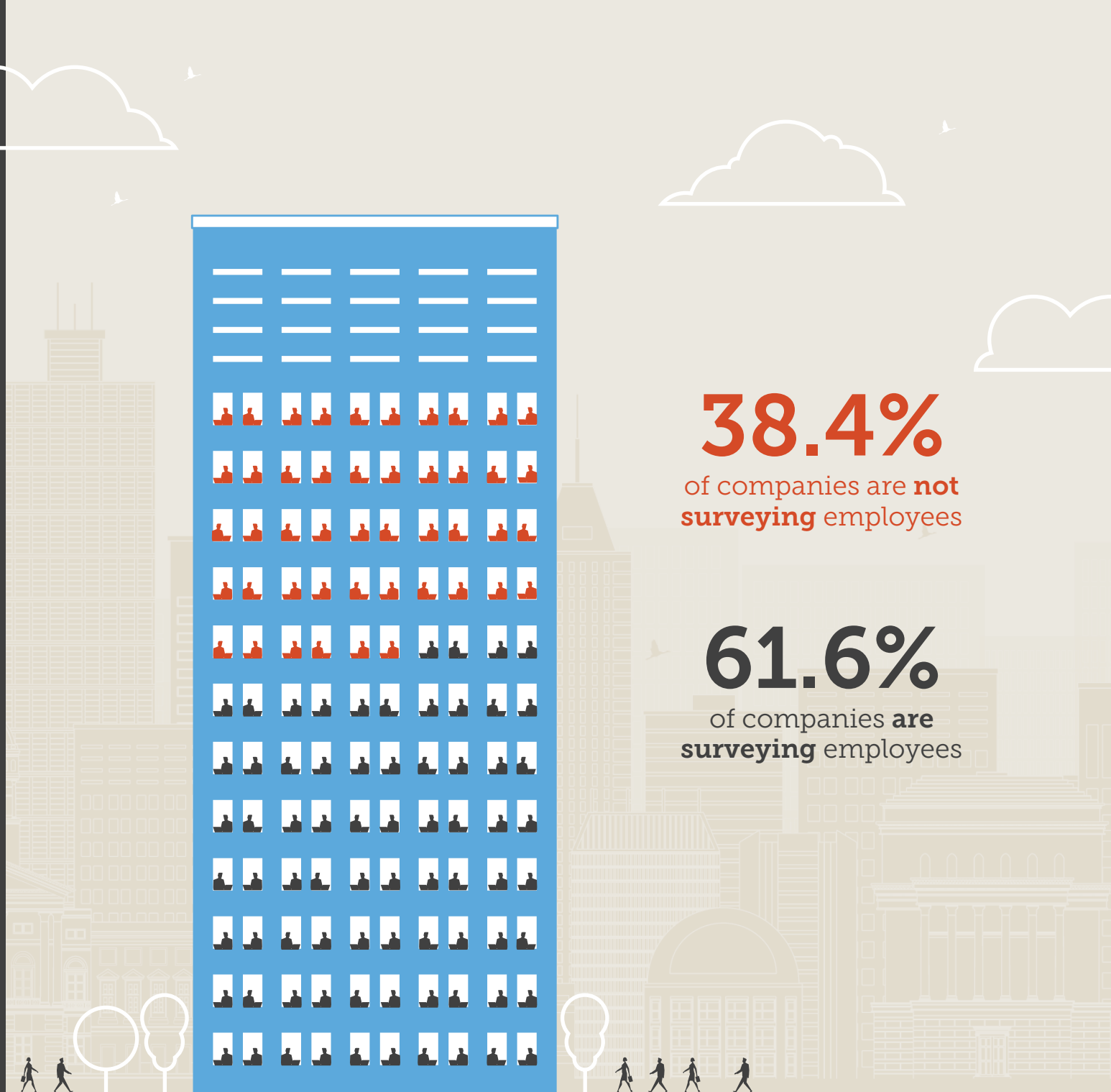


TO SURVEY OR NOT TO SURVEY?

While surveys are not the only mechanism for gathering employee feedback, they are generally considered a necessary part of an overall feedback strategy.

In our study, over 61% of employees say their company is doing some kind of employee survey and nearly 39% are not surveying at all. In conjunction with other feedback methods, quantitative surveys give employers a way to measure certain aspects of their workforce. *Which* aspects those surveys are measuring is the real key here, which we'll touch on in the next section.

Consider a survey like the frame of an office building. It's necessary to build the structure, but the frame alone doesn't make it a functional space — you still need walls, lighting, desks, etc. The same can be said for a people strategy, it won't work if it's based on a survey alone. ➤



ENGAGEMENT VS SATISFACTION

There is a widespread misconception that employee engagement and employee satisfaction are one and the same.

Of the companies doing employee surveys, over half (52.3%) are measuring “employee satisfaction or happiness,” while only 15.8% are measuring “employee engagement.”* These findings shine a light on the fact that many business leaders still believe investing in employee “satisfaction” is a lucrative path toward business success.

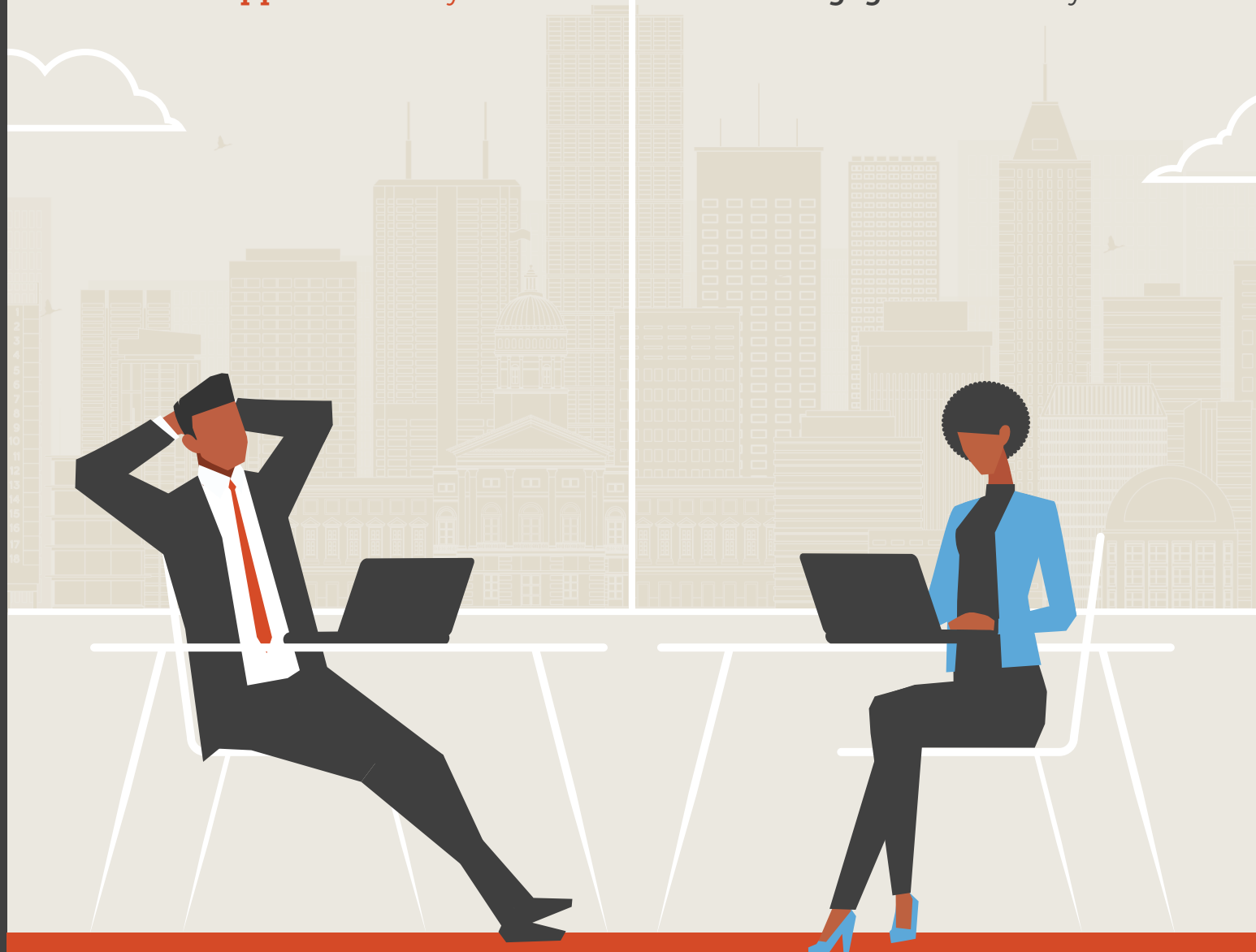
A satisfied employee isn’t necessarily an engaged employee. Picture an employee leaning back in their chair. Now, picture an employee leaning *forward* in their chair. An engaged employee leans in, putting their full heart and mind into their work. (While the employee who is merely satisfied or “happy” may be kicked back, doing the bare minimum to remain employed.)

Consider the office building metaphor again. If you lay an uneven foundation or crooked frame, the building will never be structurally sound. The same can be said for a people strategy built upon a survey that doesn’t measure the right things — it puts your strategy and your workforce on unsteady ground. ▶

*The other 31% is made up of performance surveys, onboarding/exit surveys, and “other” types.

52.3%
are using employee **satisfaction**
or **happiness** surveys

15.8%
are using employee
engagement surveys



WHEN LEADERS DON'T TAKE ACTION ON FEEDBACK, EMPLOYEES NOTICE

Getting employees to take a survey is one thing, but what's the point if no action is taken on their feedback?

Failing to act on insights from employee feedback can break down trust and prevent employees from giving their honest input in the future.

In our external study, more than 27% of employees don't feel their leadership takes action on the feedback they provide in surveys. (For those that have been with their company for 10 or more years, that number jumps to 38%.)

Sometimes, the disconnect between employee surveys and action is simply a failure by leaders to effectively communicate the work they *are* doing. Communicating the why (as well as the who, what, when, and how) around actions is critical. Unfortunately, many leaders truly *aren't* taking action on employee survey data. Why? Often because they have no way of knowing the most valuable areas of focus — or even where to begin. >



MANAGER ONE-ON-ONES AREN'T FREQUENT ENOUGH

A striking finding in our study is how infrequently people managers are meeting with their direct reports one-on-one.

A surprising 35.3% of employees report meeting one-on-one with their manager only once a month or less (that number jumps to 50.3% of employees at large companies of 5,000+ people). More striking still, 12.2% of employees say they *almost never* meet with their manager one-on-one.

Particularly in larger companies with more management layers, it's essential to focus on building strong working relationships between employees and their managers. Autonomy (*not* micromanagement), along with weekly check-ins, allows managers to remove blockers for their employees and provide support where needed.

The employee-manager relationship is a key driver of employee engagement and is critical to retaining talent. ▶



35.3%*

of employees reported meeting one-on-one with managers only **once a month or less**



12.2%

of employees say they almost **never** meet with their manager one-on-one

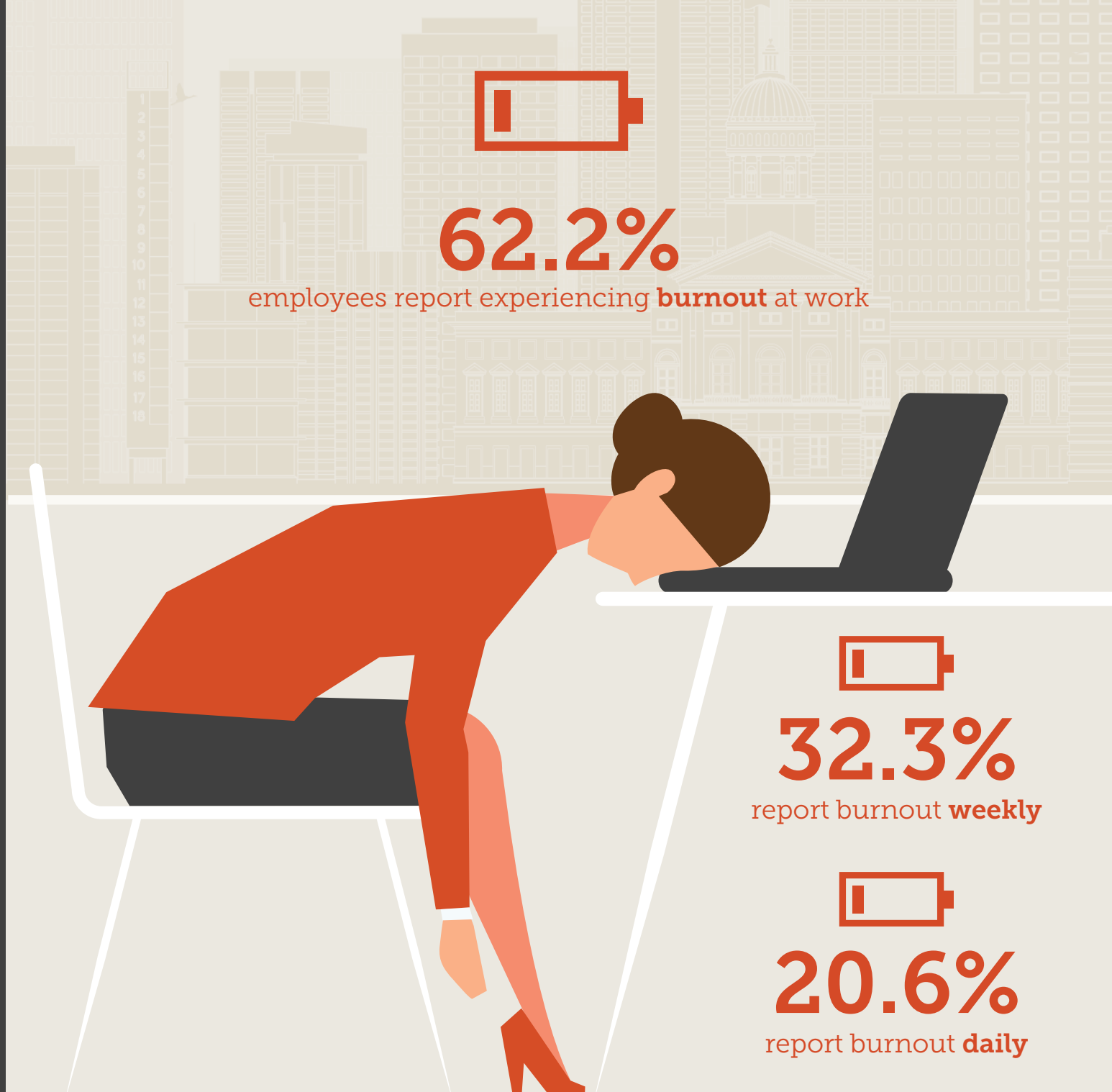
BURNOUT IS HAPPENING (MORE OFTEN THAN YOU THINK)

The World Health Organization¹ refers to burnout as “a syndrome conceptualized as resulting from chronic workplace stress that has not been successfully managed.” Symptoms include feelings of energy depletion or exhaustion, increased mental distance from one’s job or negative feelings towards one’s career, and reduced professional productivity.

In our study, a startling 62.2% of people report experiencing burnout at work. Of those employees, 32.3% experience burnout weekly, and 20.6% experience it *daily*.

That means more than half of your employees today may have negative feelings toward their job or be less productive because of burnout.

Where does employee burnout come from? There are many factors that come into play, and they’ll differ from person to person, but one major contributor occurs when an employee’s workload is beyond their capacity. Capacity is another key driver of employee engagement and is at risk when an employee feels unable to meet goals or expectations. When this happens, an employee can become disengaged, and eventually, burned out. ➤



EVEN STAR EMPLOYEES MAY BE OPEN TO NEW OPPORTUNITIES

We've discussed some employee engagement drivers and risk factors for disengagement. But what happens *after* an employee becomes disengaged? In most cases, they're not only less productive but may also be considering or actively looking for new opportunities.

We found that nearly 73% of employees are "currently open" to a new career opportunity, and 33.1% are "actively looking" for a new job.

Even long-tenured employees are a turnover risk: 63% who've been at their current employer for 10 or more years are open to a new opportunity. And that new rockstar employee you just recruited? They're an even higher turnover risk:

77% of people who have been at their current employer for less than a year are open to a new opportunity, and 44% are already actively looking. ▶

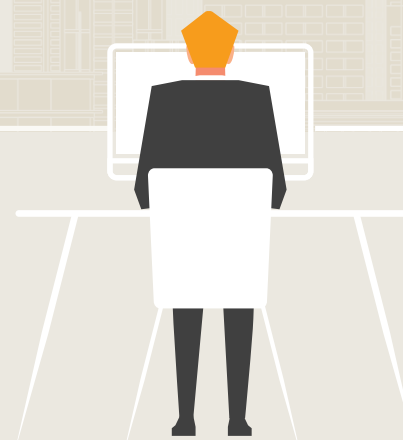
73%
of employees are "currently open"
to a new career opportunity



33.1%
of employees are "actively looking"
for a new job



77%
of employees who've been at their current
employer for **less than a year** are
open to a new opportunity



44%
of employees who've been at their current
employer for **less than a year** are
already actively looking



IMAGINE HOW MUCH IT WOULD COST YOUR ORGANIZATION TO REPLACE 1/3 OF YOUR WORKFORCE THIS YEAR.

Let's do some quick math...

According to research by Employee Benefit News², it costs employers approximately 33% of an employee's annual salary to replace them. That's \$15,000 for an employee earning a median salary of \$45,000 a year. So if you have 500 employees making \$45,000 and 165 of them find a new job this year, that will set you back nearly \$2.5 million. ▶

\$45,000
median annual salary

500
employees at a company

0.33*
percentage of salary

165
employees leave

\$15,000
cost of replacing one employee

~\$2.5M
cost of replacing employees



*It costs employers approximately **33%** of an employee's annual salary to replace them.

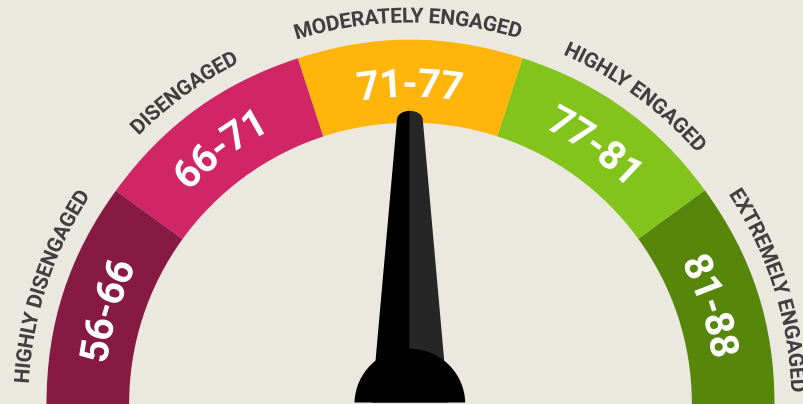
EMPLOYEE ENGAGEMENT INDUSTRY BENCHMARKS

To get a birds-eye view of the employee engagement landscape, we analyzed the engagement data of over 100,000 employees in the Emplify database to create benchmarks based on company size, industry, and team type. These benchmarks are based on organizations that measure employee *engagement* specifically, and is separate from the workforce sample data in the employee perspectives section. (For more on how Emplify measures employee engagement, see appendix B.)





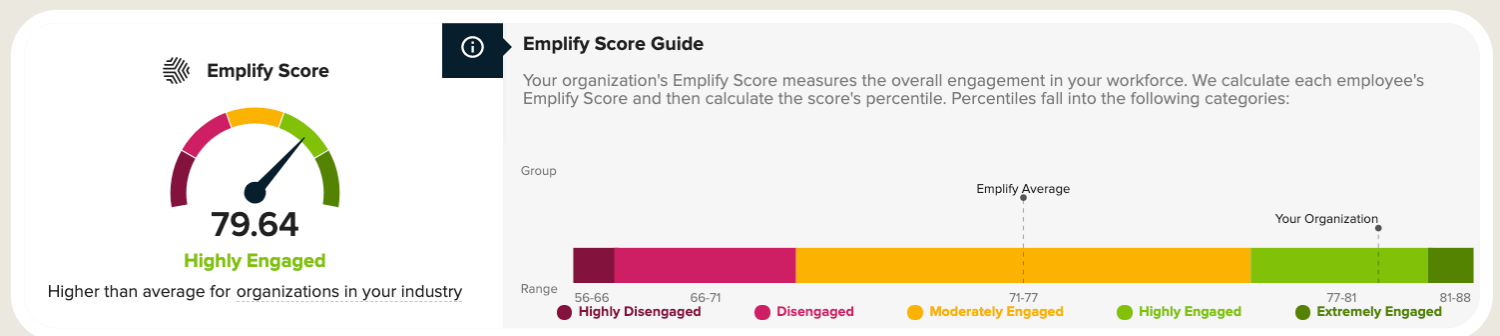
BENCHMARKING DATA



Our team analyzed employee engagement data from 107,553 active employees across 370 organizations.

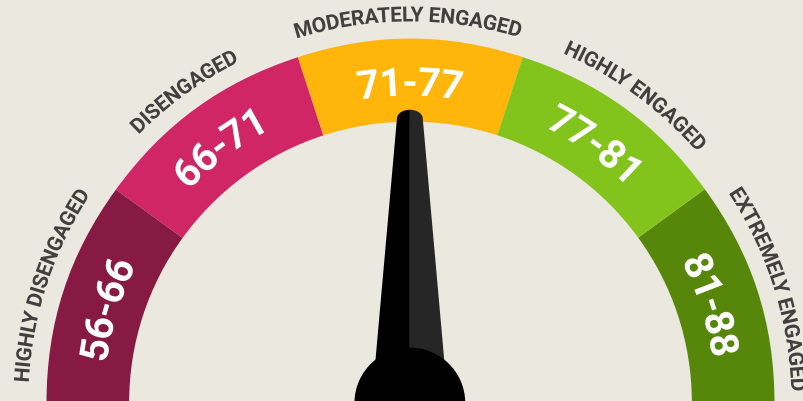
Benchmarking Data

At Emplify, we use [scaled questions](#) to represent real-life attitudes, behaviors, and values (“drivers”) that work together to influence employee engagement. (See [Appendix A](#) for all 17 drivers and [Appendix B](#) for reliability). For this report, our team analyzed employee engagement data from 107,553 active employees across 370 organizations in the Emplify database. All Emplify data, company information, and individual survey responses are completely confidential. >





ENGAGEMENT BY COMPANY SIZE



Companies with 50 or fewer employees average the highest overall engagement.

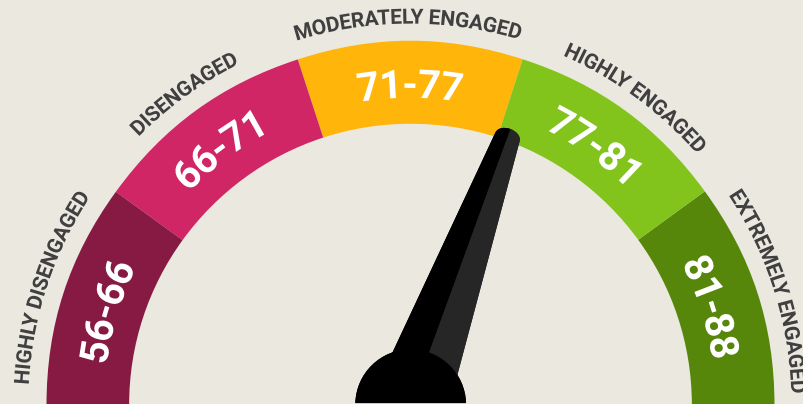
Most Engaged Company Size

Small companies with 50 or fewer employees average the highest overall engagement. Employees at small companies generally feel more personally tied to the company mission and tend to work more cross-functionally and collaboratively to meet shared goals. >





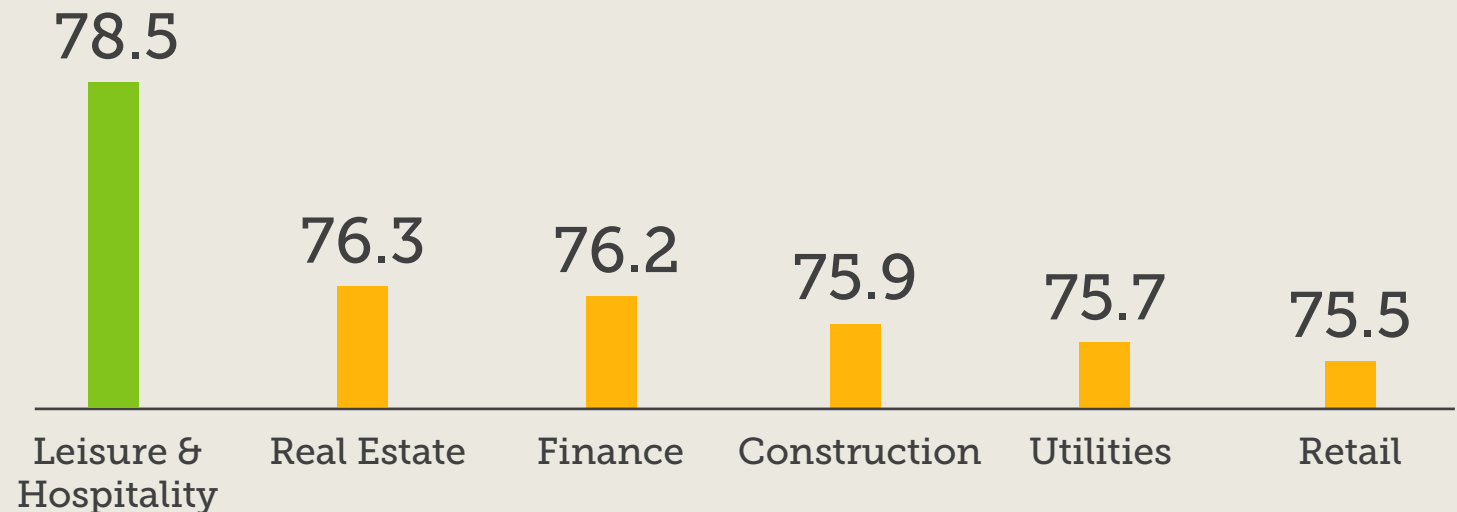
MOST ENGAGED INDUSTRIES



Leisure & Hospitality is the most engaged industry in our study.

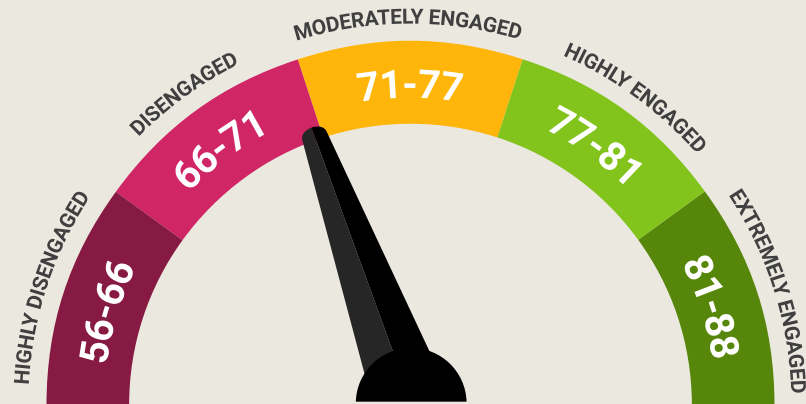
Most Engaged Industries

Topping the list of the most engaged industries is Leisure and Hospitality, followed by Real Estate and Finance. A similarity between these industries (particularly the first two) could perhaps be attributed to the fact that most employees in these groups work closely with the customers they serve. This could influence the connection employees feel to the purpose of their work, which drives engagement. >





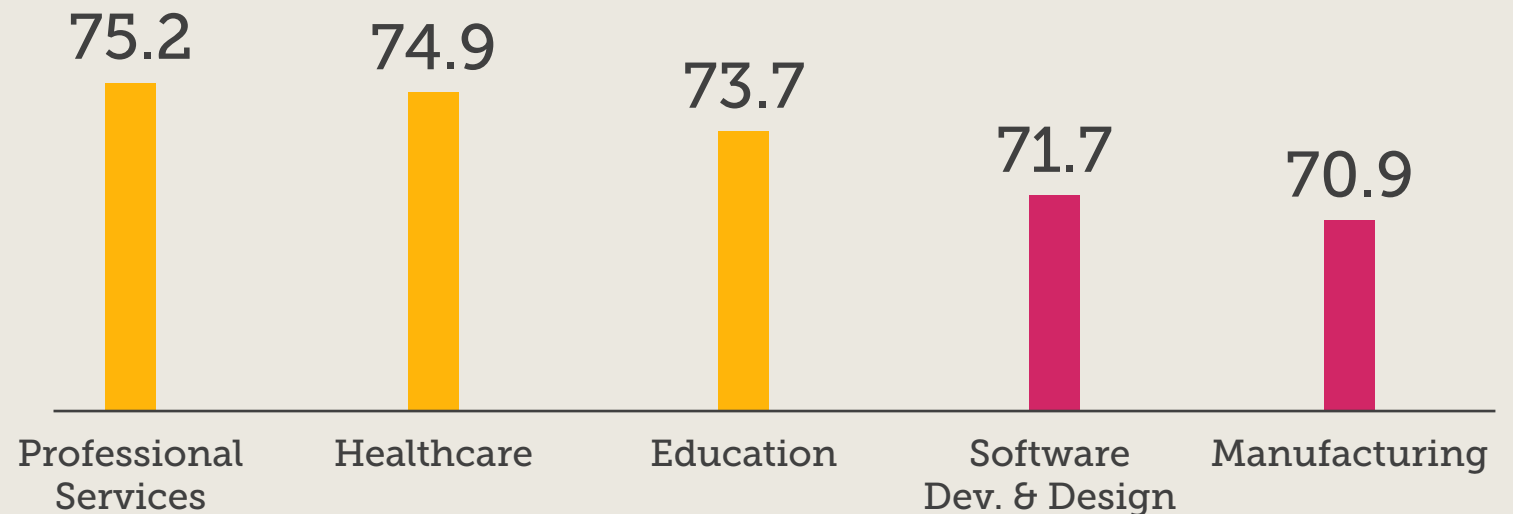
LEAST ENGAGED INDUSTRIES



Least Engaged Industries

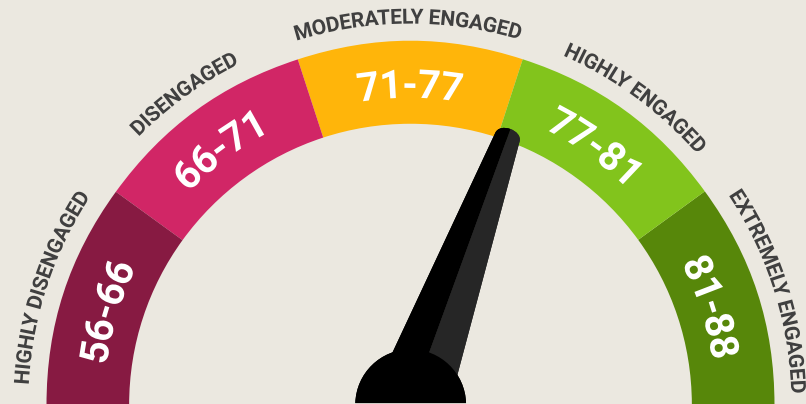
The manufacturing industry averages the lowest employee engagement score in our data set, followed closely by software. While the type of work employees do in these industries is quite different, the nature of that work puts each at a greater risk for burnout than employees in many other industries. >

Manufacturing is the least engaged industry in our study.





MOST ENGAGED TEAMS

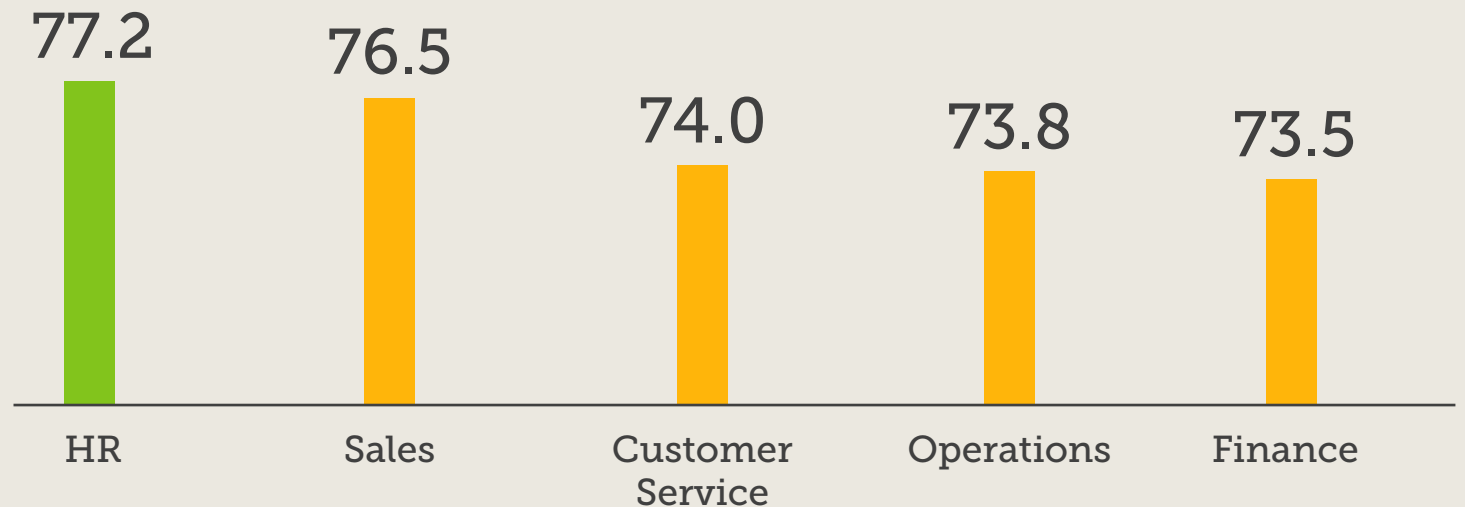


Human resources departments are the most engaged teams in our study.

Most Engaged Teams

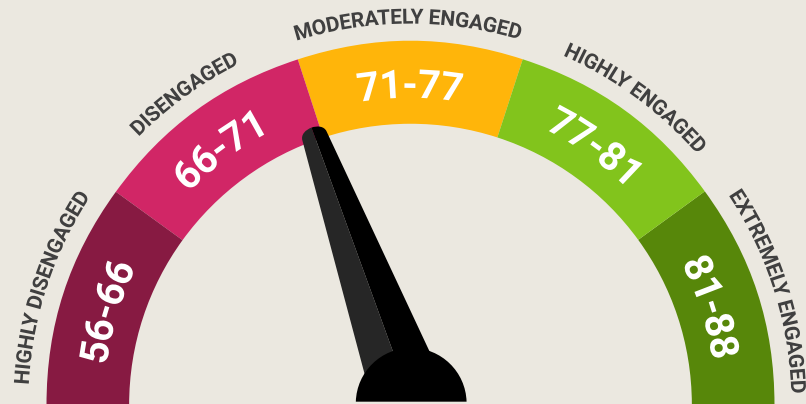
We analyzed engagement trends by team type to better understand which departments average the most engaged employees and which can be at risk for disengagement. HR departments showed the highest average engagement overall.

While having an engaged HR team is something to celebrate, it's also important to be cautious about differing vantage points. If a disconnect exists between highly engaged HR teams and the rest of the organization, HR leaders may miss signs of disengagement in other parts of the business. Think of it as people leadership with rose-colored glasses. >





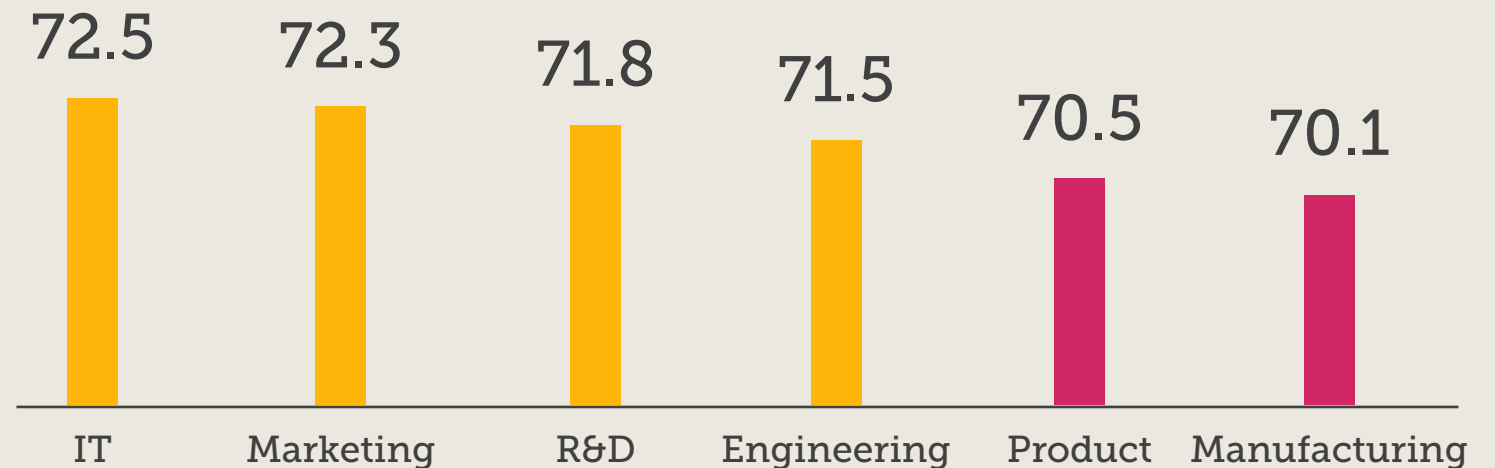
LEAST ENGAGED TEAMS



Manufacturing is the least engaged team in our study.

Least Engaged Teams

Employees who work on manufacturing teams average the lowest engagement scores, which tracks with manufacturing being the lowest *industry* overall. Another interesting finding here is that employees on product and engineering teams average the second and third lowest scores. These employees tend to be highly paid, and recruiting them is extremely competitive. Losing these employees to disengagement can be very costly. »



RECOMMENDATIONS

Based on the findings from our study, we've outlined five recommendations for people leaders looking to better engage and retain talent in 2020 and beyond.



With only about 15% of companies measuring actual employee *engagement*, there is a massive opportunity for strategic people leaders to stand out from their competition with more engaged and productive employees.

Look for an employee engagement solution that provides not only a scientifically-valid survey component but also support in understanding and acting on results. Also, don't just measure engagement for engagement's sake — have real business outcomes in mind that a more engaged workforce will help you achieve. ▶

Learn more about the value of employee engagement:

 WATCH	Santiago Jaramillo explains engagement versus satisfaction
 READ	Why Employee Satisfaction is Not the Same as Employee Engagement
 READ	Why Employee Engagement Is Your Most Important Business Outcome

SURVEY ON ENGAGEMENT, NOT SATISFACTION.

Recommendation

Not only the type of survey but also the relevance of questions impact both the likelihood employees will respond and the quality of their feedback.

An interesting finding in our study shows that employees are more likely to respond to open-ended questions that are timely and customized. Emplify customers who sent a [Dynamic Feedback](#) question to their employees immediately following their engagement survey got a 75% response rate, compared to a 53% response rate from those who sent a more generic question to an entire employee group a few days (or more) after their Emplify survey. ➤

Learn about Emplify's Dynamic Feedback feature and the importance of timely feedback:



READ

Emplify's Dynamic Feedback Feature



READ

Case Study: How Focus on Employee Engagement Led to Reduction in Turnover and 24% Increase in Profits at Millwood

ASK RELEVANT QUESTIONS IN A **TIMELY** MANNER.

Recommendation



Employees should never have to go a month or longer between one-on-one meetings with their manager.

Whether they're in person or via a remote video call, make sure your people managers are setting aside time to do weekly (or at the very least, bi-weekly) one-on-ones with each of their direct reports. Most importantly, managers need to hold these times and refrain from frequent rescheduling or canceling. Nothing sends a louder message to employees that their needs aren't valued than their time constantly getting shuffled around on their manager's calendar. ➤

Learn more about fostering quality employee-manager relationships:

 READ	Why Manager Face Time is Essential to Employee Engagement
 READ	How Can I Help My Employees Become More Engaged?
 READ	Managers are the Key to Unlocking Employee Engagement

PRIORITIZE EMPLOYEE- MANAGER RELATIONSHIPS.



Recommendation

Disengagement can be addressed when leaders and managers know where to look and what actions to take.

From engagement surveys to manager one-one-ones, the key is having critical conversations with employees and really *listening* – before they start looking elsewhere. Instead of waiting until an employee has a foot (or two) out the door, find out what can be done to create a more engaging work experience today. ▶

Learn more about disengagement and preventing turnover:

 READ	The Symptoms of a Disengaged Employee
 READ	The #1 Employee Retention Strategy for Preventing Staff Turnover
 QUIZ	Employee Engagement Strategy Quiz

DON'T WAIT UNTIL THE EXIT INTERVIEW FOR EMPLOYEE FEEDBACK.



Surveying employees then taking no action is worse than not surveying at all, and taking action but not communicating about it is counterproductive.

Have an action plan in place for employee feedback *and* communicate the *you-know-what* out of it! Explain the what, why, when, and how to your employees and deliver on promises. And don't forget to close the loop — when actions are taken, share the results of those actions and clearly communicate next steps. ▶

Learn more about creating a strong feedback culture:

 READ	Why Almost Everyone Hates Employee Surveys
 READ	Employee Engagement Strategies Fall Apart When Communication Falls Short
 READ	3 Essential Elements for a Successful Employee Engagement Feedback Model

TAKE ACTION ON FEEDBACK AND CLOSE THE LOOP.

Recommendation

CONCLUSION

In this report, we've provided you with some high-level information about employee engagement trends and the current workforce. Hopefully, these insights and our recommendations leave you with a better understanding of the engagement space and a few valuable takeaways to implement in your organization in 2020 and beyond.



CONCLUSION

There are no company perks or magic bullets for creating highly-engaged teams.

Employee engagement requires focused and consistent effort from everyone, from executive leadership to mid-level managers to frontline employees. Small, data-driven actions based on employee feedback can lead to incremental and measurable change. >

EMPLOYEE
ENGAGEMENT
IS THE PATH;
WINNING
BUSINESS
OUTCOMES
**ARE THE
DESTINATION.**



ABOUT EMPLIFY

Emplify's data-driven employee engagement improvement solution helps executives and HR leaders make better people decisions and improve business results.



OUR COMPANY


Truth You Can Act On

Informed by science and psychometrics, Emplify is the first to fuse a software platform, agile process, and expert human strategists into a data-proven employee engagement system — focused on achieving iterative business transformation through simple, actionable, and timely culture measurement and coaching.

Trusted by Strategic People Leaders

Emplify is trusted by leaders at top companies like Salesloft, Adageo, and Ruoff Home Mortgage. Emplify was co-founded in 2015 by Santiago Jaramillo, bestselling author of *Agile Engagement*, and is backed by Edison Partners, Allos Ventures, and Cultivation Capital. Emplify is based in Indianapolis, Ind., and is on a mission to help all people achieve their true potential at work.









Since working with
Emplify, our terminations
for any reason (including
voluntary departure) have
declined in 10 of the last
12 months, and **overall
turnover is down 24.7%**
in just one year.

- Jason Ells, SVP, Custom Concrete



CUSTOMER CASE STUDIES

	Industry	Business Outcomes	What Customers Are Saying
	Manufacturing	<ul style="list-style-type: none"> ▸ 24% reduction in turnover ▸ 20% reduction in injuries ▸ 24% increase in profits 	<p>"Our team sees the value in this measurement and now knows how to take action. Our engagement strategist knows the data inside and out, and helps us to dig deeper."</p> <p>- Rick Lombardo, Executive Director of Corporate Development</p>
	Technology	<ul style="list-style-type: none"> ▸ 50% reduction in turnover 	<p>"I've seen a huge change in the level of attention from our leadership team when it comes to employee engagement. Our leaders are encouraging people and making participation from their teams a priority." - Jill Lehman, Chief People Officer</p>
	Manufacturing	<ul style="list-style-type: none"> ▸ 20k reduction in labor costs ▸ \$3.8M increase in production capacity 	<p>"Having real, measurable, quantifiable numbers is so much more effective for making decisions in your business than just guessing what you think is best for the organization."</p> <p>- Jeffery Huntley Jr., General Manager</p>
	Human Services	<ul style="list-style-type: none"> ▸ 3% increase in productivity ▸ \$2M increase in billable revenue 	<p>"We have not only improved employee engagement; performance is the highest it's been in company history." - Nan Harver, CEO</p>



RESEARCH METHODOLOGY

Employee Perspectives Data

To better understand the use of all employee survey types and employee sentiment on a range of workplace topics, our team used a third-party survey tool to collect random, unbiased responses from a sample of 1,000 employed individuals in the U.S.

Benchmarking Data

At Emplify, we use scaled questions to represent real-life attitudes, behaviors, and values (“drivers”) that work together to influence employee engagement. (See Appendix A for all 17 drivers). For this report, our team analyzed employee engagement data from 107,553 active employees across 370 organizations in the Emplify database. All Emplify data, company information, and individual survey responses are completely confidential.



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RESOURCES



APPENDIX A EMPLOYEE ENGAGEMENT DRIVERS



Autonomy

A measure of the organizational culture. The organization trusts employees to use their expertise to make decisions about how to do their jobs.



Leader Availability

A measure of the organization's leadership. Leaders are approachable, visible, accessible and readily available to all employees in the organization.



Purpose

A measure of the organizational culture. The organization communicates to employees why it exists beyond making a profit.



Capacity

A measure of the organizational culture. The organization enables employees to feel they possess the emotional and psychological resources necessary for investing themselves in their roles.



Leader Integrity

A measure of the organization's leadership. The perception of leaders based on their commitment to do what is best for employees and the company and their ability to follow through on that commitment.



Rest

A measure of the organizational culture. The organization gives employees a sense that they can take time off when needed.



Coworker Relationships

A measure of an employee's relationship with their coworkers. There are amicable interactions among coworkers leading to positive relationships at the organization.



Manager

A measure of an employee's direct manager. The relationship between the employee and their manager that looks at respect, fairness, and development.



Role Clarity

A measure of organizational culture. The organization connects employees' daily work tasks to the purpose of the business and provides clarity about what that work is.



Fairness

A measure of the organization's leadership. Leaders help employees feel that the rewards and treatment of individuals are fair within the organization.



Meaning

A measure of the organizational culture. The organization helps employees have a sense of value (purpose, money, status, and influence) when they immerse themselves in their roles.



Shared Values

A measure of an employee's relationship with their coworkers. Coworkers share common work attitudes.



Feedback

A measure of an employee's direct manager. Employees feel that they receive adequate and helpful feedback from their manager.



Professional Development

A measure of the organizational culture. The organization promotes and encourages employees' professional development.



Utilization

A measure of the organizational culture. The organization effectively uses employees' abilities and skills in their roles.



Goal Support

A measure of the organizational culture. The organization makes efforts to remove structural barriers that prevent an employee from achieving their goals.



Psychological Safety

A measure of an employee's direct manager. The sense within an individual that they can show and employ their true selves at work without fear of negative consequences to self-image, status, or career.



APPENDIX B VALIDITY & RELIABILITY

How do I know if Emplify's survey is statistically and scientifically sound?

At Emplify we use scaled questions to represent real-life attitudes, behaviors, and values (we call them drivers) that work together to influence employee engagement. To determine how scientifically and statistically sound these questions and results from our survey instrument are, we determine **(a) Validity and (b) Reliability**.

Validity determines how *accurate* the questions used in the survey reflect the Variables we are assessing. For example, validity answers the question: "Do the 10 questions on the survey that are meant to measure Engagement actually measure the concept of engagement? Here at Emplify, experts in the fields of business, psychology, and organizational behavior developed and amended each question to reflect the drivers we are measuring. In order to test and confirm their conceptual *validity*, each question went through rigorous beta testing with focus groups to make certain the

wording and phrasing accurately reflects the driver it is meant to reflect.

Reliability – and "Why do some of the questions seem to repeat themselves?"

Once we established the validity of each of our questions, we ran scientific statistical analyses to confirm the *reliability*, or consistency of each factor on the survey. *Statistical reliability* determines how consistent each question is with the other questions that are measuring a driver. This is why you might see survey questions pop up that seem similar to other questions. This is by design. Each item we are measuring is multifaceted and cannot be properly measured with just one question. "Employee Engagement" for instance involves several factors and conditions — and asking more than one question is necessary to fully represent the concept of engagement. Similarly, it would be naive to assess someone's entire scope of knowledge about the topic of economics using only one quiz.

Scientifically sound surveys will always have a few intentional questions, similarly worded—but still distinct, in order to holistically represent a concept. Statistical Reliability testing will confirm (*via Cronbach Alpha Score*) that each of the similar (but distinct) questions in the subset are all addressing the same concept (e.g., all the engagement questions are addressing the nuances of engagement). In other words, are the questions meant for particular driver consistent with one another, and therefore, a **reliable** way of measuring that concept. Alongside validity testing, these two tests are how data scientists ensure that each of our scales are measuring, accurately, the concept we have intended.

Is this Emplify Score also a valid and reliable measure?

Emplify Engagement Scale Reliability

Following the same rigorous validity and reliability testing explained above, one of the most important concepts we measure is our Emplify Engagement Scale, a calculated value from 10 of the items within our Survey.

To confirm the reliability of this construct, we analyzed survey responses to the items from a sample of 10,342 employees from 55 organizations surveyed in 2016 and 2017. We then repeated the reliability testing again in 2019 with a different population of the same size to confirm our scale. It is important to note that the organizations analyzed varied in their location in the U.S., industry, and size, which further strengthens the global utility of our scale.

The 10-item scale had a high level of internal reliability/consistency, as determined by a Cronbach's alpha score of .881 and .894, respectively. Most data social scientists agree that Alpha scores above .70 are considered statistically acceptable, with scores above .80 exemplifying strong reliabilities. This score suggests that each item within the 10-item scale is reliably and consistently reflected Employee Engagement in the workplace.



APPENDIX C EXTERNAL RESOURCES

1. World Health Organization (May 2019). Burn-out an “occupational phenomenon”: International Classification of Diseases. Retrieved from: https://www.who.int/mental_health/evidence/burn-out/en/

2. Otto, N. (August 2017). Avoidable turnover costing employers big. Employee Benefits News. Retrieved from: https://www.benefitnews.com/news/avoidable-turnover-costing-employers-big?brief=00000152-14a7-d1cc-a5fa-7cffccf00000&utm_content=socialflow&utm_campaign=ebnmagazine&utm_source=twitter&utm_medium=social



