



WeSpire

2019 STATE OF EMPLOYEE ENGAGEMENT

State of Employee Engagement

WeSpire | March 2019

Introduction

This year marks the seventh annual State of Employee Engagement report by WeSpire. We surveyed over 1,700 individuals to understand what they perceive their company does strategically to engage them at work, what programs are offered, and their perception of the effectiveness of these programs. We pay particular attention in the analysis to the impact that purpose-based programs, like sustainability, social responsibility, wellbeing and diversity and inclusion, have on outcomes.

This year, we included several new aspects to the survey that provided fascinating insights. First, we created a separate track for human resources professionals and found a significant, if not unsurprising, gap between what human resource teams and employees perceive to exist. Second, we asked not just about what programs exist, but if they don't, what programs employees wanted. (Spoiler alert: we were pretty excited about the results given what we do). Third, we asked about recognition frequency and found some gender and age based disparities. Finally, we gauged interest levels in prosocial incentives, like donating to not for profits, education credits, wellbeing classes and more. We were pleasantly surprised to see that more than 80% of employees were interested in some type of prosocial incentive.

To sum up our findings, leaders need to assume four things:

- Most employees are open to leaving. Therefore, having effective programs that keep employees actively engaged and excited about work is critical.
- Your employees don't think you communicate well and that results in a big gap between what likely exists from the human resources team's perspective and what employees perceive exists
- Having an engagement strategy that employees understand really matters -- your net promoter goes up and the number of people planning to leave goes down
- All employees care about positive impact, not just the millennials and Gen Z. However, millennials and Gen Z care even more and will walk away from companies they don't believe are a force for good in this world.

We hope this research helps you make the case for the importance of engaging employees in purpose and impact, but also with the specifics of what to do and how to do it well.

Engagement Is a Strategic Imperative

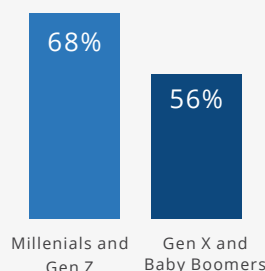
With US unemployment rates nearing a historical low at 4%, hiring and retaining employees is more challenging than ever¹. A growing economy also means employees are more willing to leave their jobs, confident they could find a new one soon. In our survey, 62% of employees state they are actively looking or open to new opportunities, a 4 percentage point increase from last year.

This trend is more pronounced in young employees. Our data shows that 68% of millennials and Gen Z report that they are actively job searching or open to new opportunities, 12 percentage points higher than Gen X and baby boomers.

A [Center for American Progress](#) study shows that losing one employee can cost as much as twice their annual salary, taking into account intangible costs such as lowered customer satisfaction and impact on culture. With the high costs of turnover, it's increasingly important for organizations to focus more intensively on employee engagement.

Many studies, including a recent one by [Fidelity](#), have shown that a company's purpose is a key driver of what both attracts and keeps younger employees. For many, a job is not only a paycheck; employees put considerable thought into where they work and why. In fact, research from [CECP](#), [Imperative](#), and [PwC](#) show one in three employees are willing to consider lower pay for a more fulfilling job while engaged employees plan to stay three years longer than those who are disengaged. While purpose is not the only key driver of engagement, it's one strategy that companies often overlook that is increasingly important to employees.

ACTIVELY JOB SEARCHING OR OPEN TO NEW OPPORTUNITIES



62%

of all employees are actively looking or open to new opportunities



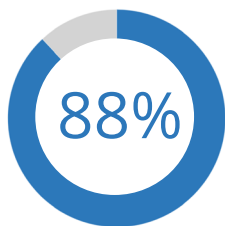
The employee-work contract has changed: People are operating more like free agents than in the past. In short, the balance of power has shifted from employer to employee, forcing business leaders to learn how to build an organization that engages employees as sensitive, passionate, creative contributors.

- Deloitte Insights, *Becoming Irresistible: A New Model for Employee Engagement*



Positive Impact Matters to All Employees

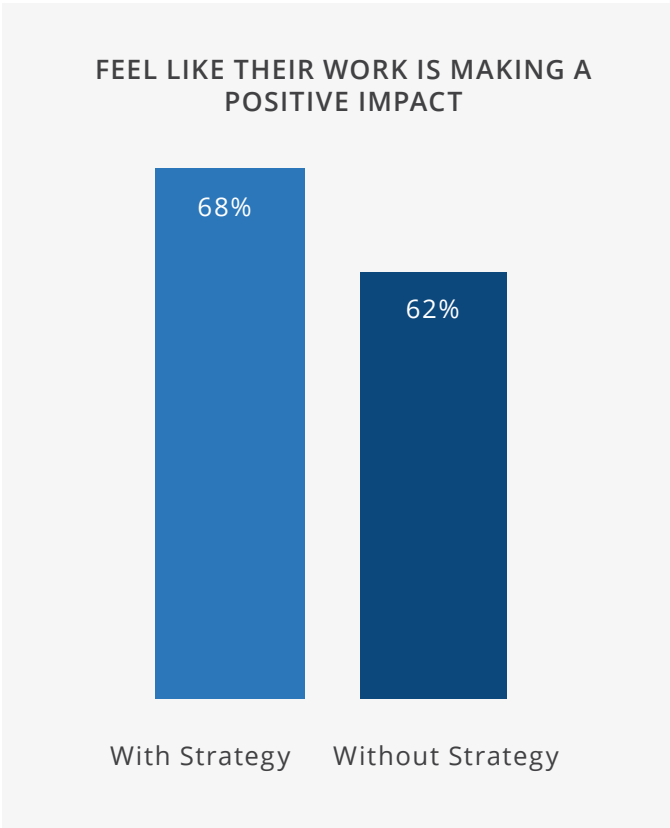
Employees care about their company's positive impact in the world. Compared to older generations, studies conducted by [The Millennial Impact Report](#) reveal millennials and Gen Z employees demonstrate greater involvement in philanthropic causes, and are more likely to research the extent to which companies engage in corporate social responsibility. However, our data indicates it's not just young employees who care about the social impact of their workplace. Nearly 88% of people, regardless of age, prefer to work for an organization that is making a positive impact in the world, a 2% increase from last year's report.



of employees of all ages prefer to work at a company that is making a positive impact

This means that an organization's purpose, beyond profit, is undeniably critical for attracting and retaining employees. If employees don't feel their organization is making a positive impact in the world, companies run the risk of their workforce leaving for an employer that does. Increasingly, that extends to investors as well. In 2018, Blackrock's CEO, [Larry Fink](#) sent a letter to his entire portfolio emphasizing the importance of purpose and profit. Essentially, companies risk losing Blackrock's investments if they lack a positive purpose.

Our data shows 42% of employees said their company has an official employee engagement strategy. 31% say they don't have a strategy and 27% are unsure. Employees who work for companies with an employee engagement strategy rated their positive impact at work 10 percent higher than employees at companies without a strategy. Companies that offer employee engagement programs are at a competitive advantage when it comes to attracting new talent.



Do You Have an Engagement Strategy? HR says Yes. Employees say No.

This year marks the first year we created a separate track for human resources (HR) professionals in our survey, aiming to examine how perception of engagement programs differ between employees and HR teams. The results highlight a few major gaps in perception. First, 63% of people who identified as working for HR say their employer has an official employee engagement strategy, whereas only 42% of employees say their company has a strategy. In terms of number of engagement programs offered, HR respondents say their company offers an average of 3.3 programs whereas employees say only 2.6 programs are available to them.

This discrepancy is something that WeSpire observes often in our work. Getting employees aware of, and active in, a company's engagement strategy and programs requires more consistent communication and activation work than many organizations realize or have historically invested in.

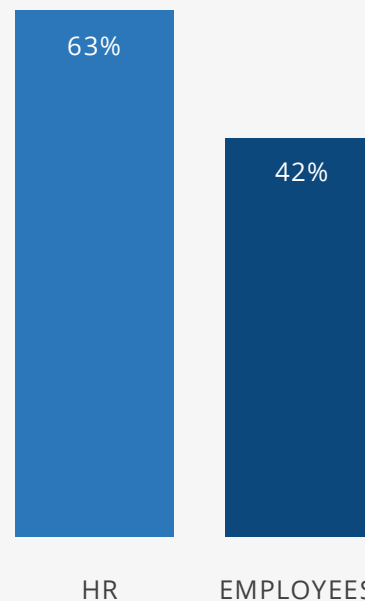


To foster a culture of engagement, HR should lead the way in the design, measurement and evaluation of proactive workplace policies and practices that help attract and retain talent.

- Society for Human Resources Management,
Developing and Sustaining Employee Engagement



DOES YOUR COMPANY HAVE AN OFFICIAL EMPLOYEE ENGAGEMENT STRATEGY?



Engagement and Purpose Boost Net Promoter Scores

Our research shows employees working at companies with an established employee engagement program are 16% more likely to recommend their employer as a good place to work. Yet, more than half of those surveyed said that their companies don't offer any kind of employee engagement program. This means, that, while job security and financial stability are important, they aren't the only factors that promote increased net promoter scores. This also implies that most companies don't recognize the value generated by an employee engagement program.

Employee engagement programs facilitate the communication and conscious interaction necessary to ensure that both the tangible and psychological needs of employees are met. By establishing a clear mechanism for taking employee voices and preferences into account, employees become committed to the company as well as the work that they do.

Additionally, purpose driven companies have a significant impact on net promoter scores. According to the results of our survey, employees are nearly 50% more likely to recommend their employer as a good place to work if they feel the mission or purpose of their company makes their work important. Nowadays, employees are more socially and environmentally conscious. They seek employers who share those same values, and are motivated by companies that seek to maximize the positive impact they can create in society.

16%

more likely to recommend their employer if their company has an official employee engagement strategy

50%

more likely to recommend their employer if the mission of the company make them feel their work is important



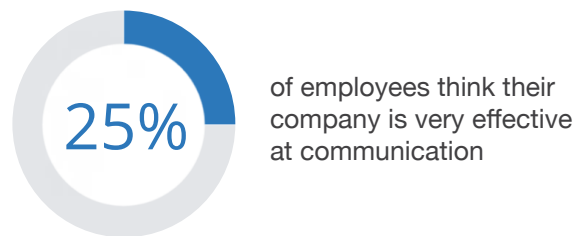
Employees who fall in love with their work experience higher productivity levels and engagement, and they express loyalty to the company as they remain longer, costing the organization less over time.

- Forbes, The Importance of Having a Mission-Driven Company



Communication Needs Improvement

Our survey results show only 25% of employees think their company is very effective at communicating engagement opportunities. This number has increased four percentage points from last year, but demonstrates how much work it takes to create an effective communication approach.



Based on WeSpire research with specific companies, we know that employees look to a wide variety of communication throughout the day to learn what matters. They say if something is important, they expect to see it on lobby screens, the company Intranet, get notifications or alerts, mentioned in a newsletter or appearing in a platform or app. They also speak about the importance of hearing directly about something from their manager, as well as company leadership. In fact, in this digital age, talking with colleagues, and managers is still among the top ways employees want to learn about new engagement opportunities. Therefore, offering employees a choice in how they access information is a great way to start making communication two-way and more personal. Reaching out to employees in the way they prefer creates a sense of empowerment and trust that will instantly boost engagement.

Despite the upsurge in options, email still rules. In fact, our survey reveals that 62% of employees say they want to learn about employee engagement programs through emails and newsletters.

PREFERRED WAY TO LEARN ABOUT ENGAGEMENT PROGRAMS



Something we observe in our line of work is a strong perception (sometimes but not often backed up by data), that employees are “overwhelmed” by emails and therefore, ignore it all. We’ve seen outright bans on employee emails for certain programs, or jockeying for the ability to get a message sent in an email. This demonstrates that, in order to drive awareness and response to messages, internal communications teams would be well-served to consider the needed reach and frequency metrics seen in consumer marketing. In addition, there is a growing sophistication within tools that allow engagement programs to target emails using more relevant, employee-centric tactics. As long as the email is relevant to the employee, it remains one of the most valuable methods of communication.

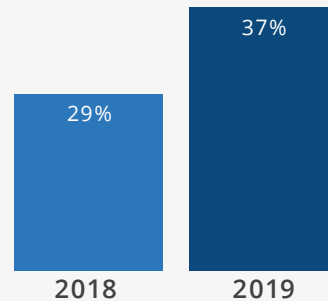
Diversity & Inclusion in the Spotlight

While Wellbeing and Rewards remain the most commonly offered engagement programs, Diversity & Inclusion programs have seen a significant increase since last year. The percentage of companies that provide Diversity & Inclusion programs rose from 29% to 37%, the biggest increase in any program, indicating that employers are recognizing they need to do more to ensure a culture of inclusivity.

One reason for this expansion may be due to numerous studies released within the last few years showing a direct correlation between diversity and the bottom line. For instance, a [McKinsey & Company](#) survey pointed out that companies ranked highly for racial and ethnic diversity are more profitable than the industry mean by 35 percentage points. More diverse companies are able to attract top talent, increase customer satisfaction, and fuel the internal innovation engine – all factors contributing to better financial performance.

However, improving diversity outcomes, particularly in certain industries and roles, has proven to be very challenging. The percentage of women in management positions has actually [dropped globally in the past year](#). In fact, in Fortune 500 companies, there are [more CEO's named John than total female CEO's](#).

8% INCREASE IN DIVERSITY AND INCLUSION



Last year, WeSpire worked with one of the world's largest consulting firms to use data science to validate and refute hypotheses for what drove success in the retention and career growth of women and underrepresented minorities. WeSpire found that many of the statistically significant differences were behavioral – and related to psychological safety and belonging. Given [Google's](#) research on the link between psychological safety and high performing teams, it suggests programs that increase psychological safety and belonging would boost diversity outcomes and drive overall performance.

To learn more about this research, check out WeSpire's webinar [A Data-Driven Approach to Diversity Success](#) with our Founder/CEO Susan Hunt Stevens.

Employees Want Sustainability Programs

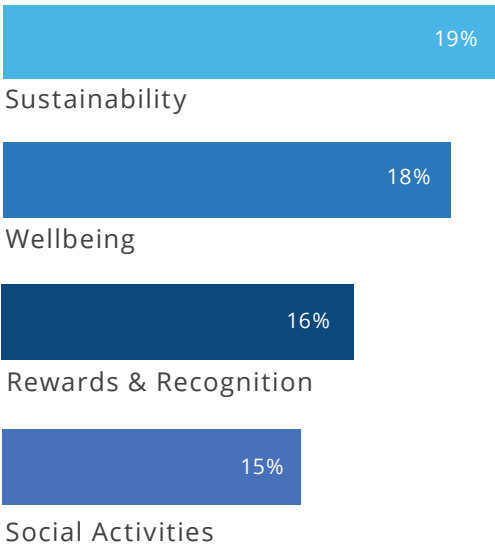
In the last three years, the percentage of organizations offering sustainability programs has steadily decreased by around five percentage points per year, dropping to just 13% in 2018. However, sustainability was the top engagement program employees would like to see offered for those employee who work at an company with an engagement strategy, but without a sustainability program, which is 77% of all companies.

Our study has found that the desire for sustainability programs is particularly pronounced for people under the age of 30. They are five percentage points more interested in sustainability programs than other age groups.

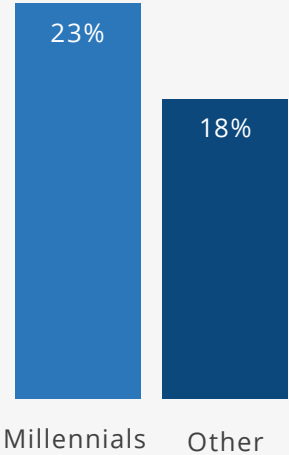
When offered, the survey also found that 50% of employees participated, an increase of 37 percentage points from last year.

Given 85% of S&P 500 companies report out on sustainability, clearly employees do not feel included in their internal sustainability efforts. That exclusion is a lost opportunity given the proven business impact of sustainability engagement initiatives. Sustainability engagement programs often have a **hard ROI** in most organizations with fuel, waste, water and energy savings. **Other studies** have shown proven links to customer loyalty, employee retention and revenue.

PROGRAMS MOST REQUESTED BY EMPLOYEES AT A COMPANY WITH AN EE STRATEGY



WOULD YOU LIKE TO SEE SUSTAINABILITY OFFERED AT YOUR ORGANIZATION?



Lack of Time May Be Code for “It’s Not Important”

When asked about why they didn’t participate in engagement programs, respondents confessed that not having enough time was their biggest deterrent. From our research with specific customers, we often learn that “lack of time” is often code for “this topic is just not that important to me” or, more often, “this just isn’t that important to my manager relative to other priorities.” Since people generally make time for what they perceive to be important for them or their manager, it’s crucial for managers to signal that participation in positive impact initiatives is both encouraged and supported.



Programs initiated were not supported with resources, not recognized, nor institutionalized.

- Survey Respondent



The second barrier to participation is “I didn’t know about the offerings,” which speaks to the communication challenges we addressed earlier in this report. On the other hand, the third barrier is “I’m not passionate about the offerings.” This answer was cited third even when the number of programs offered is high. This suggests that it’s not a matter of increasing the diversity or quantity of programs but rather the quality of what’s being offered.

Determining what will be of interest to employees, or what is needed to improve programs, requires real-time and easy ways to exchange feedback and learn.

WHAT GOT IN THE WAY OF PARTICIPATING



WeSpire’s IdeaBoards feature is a crowdsourcing tool that allows employees to submit, vote and comment on new ideas to collectively bring the best innovations forward. Global companies use IdeaBoards to engage employees in brainstorming product ideas, ranking new fitness suggestions, and identifying organizations to volunteer with.

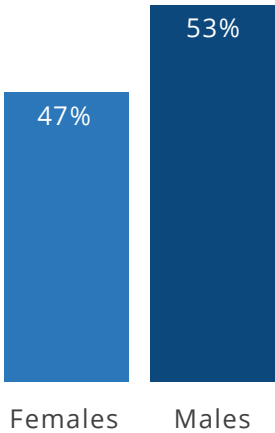
Many Employees Don't Feel Valued or Receive Recognition

When asked about frequency of recognition, 17% gave a rating of one or below on a scale of 0-10 and only 47% rated higher than a 5. If you calculated a net promoter type score on recognition, it would be a -38 in the survey. When it comes to building a strong, positive workplace, it's important to make sure employees feel valued. By noticing a job well done, employers can create a more positive workplace culture in a more profitable company.

Since 66% of employees would quit if they feel underappreciated, it's important to consider who receives praise. Our findings show that female employees, on average, receive less praise than their male counterparts by 6 percentage points. This suggests that managers may not make women feel as valued as men in their workplace. Studies show having more female talent in the workplace makes a company a better place to work. Organizations with a higher percentage of women generally have higher rates of job satisfaction and loyalty, and lower rates of burnout for both men and women.

Instilling all employees with a sense of self-worth in the workplace not only increases employee engagement, but also provides employees with the motivation to fully utilize their talents and skills.

FEMALES RECEIVE LESS PRAISE THAN MALES



WeSpire has made rewarding employees for their participation in engagement programs easier by partnering with Achievers, the industry-leading Rewards & Recognition software. The Achievers software enables manager-to-employee and peer-to-peer recognition, but the link to WeSpire now enables purpose-based programs to award achievements.

Every time an employee unlocks an achievement on the WeSpire platform for criteria tied to a program, the recognition can be automatically sent to Achievers. Here, employees can like and comment, managers can "boost" it and if desired, points can be awarded for it.

Interest in Prosocial Incentives is Strong

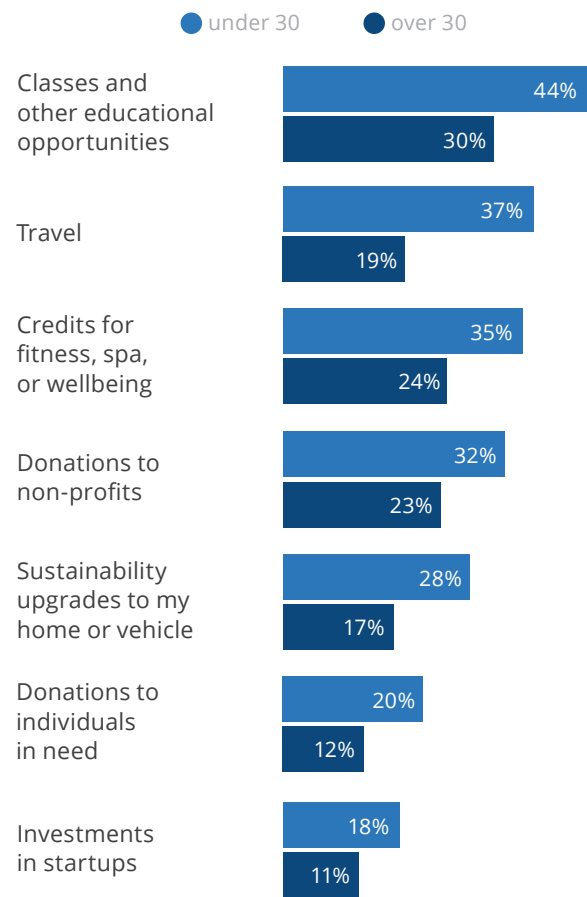
For the first time this year, WeSpire asked about the desirability of various different types of incentives. Gift cards are the most popular type of reward across all age groups, with 47% of employees indicating an interest in that option. However, 82% of employees are interested in at least one type of prosocial incentive.

We also found significant age-related differences in the level of interest for various prosocial incentives. Compared to older generations, millennials and Gen Z prefer educational opportunities 14 percentage points more and prefer travel experiences 18 percentage points more. In addition, sustainability upgrades is more popular among younger generations, showing 11 percentage points more interest than other age groups.

These results confirm that younger employees are more likely to want rewards imbued with meaning, purpose, and intention, and not just commerce. Many survey respondents specified “time off rewards” and “vacation time” in the blank space provided. Indeed, [industrial psychology research](#) has shown using non-cash, thoughtfully selected rewards, including intangible ones such as choice of work assignments, can boost employees’ intrinsic motivation, encouraging them to enact purpose and meaning at work.

Recent research from [Harvard Business School](#) also found that prosocial incentives are more effective than cash incentives, even for sales teams.

PROSOCIAL REWARDS PREFERENCE



Study results show employees who received prosocial bonuses are happier and more productive.

Program owners also prefer the rewards offered to be consistent with the theme or desired outcome of the program. For example, fitness and wellbeing challenges offering credits for nutrition counseling, spa or exercise classes. As a result, companies will want to look closely at how they link rewards to their programs, thinking about a mix of strategy alignment, employee interest, and impact.

In Conclusion

The data from this research provides conclusive evidence that every company needs to have a clear, well-understood and supported strategy for engaging their employees, particular in purpose-based programs. That strategy, and these programs, are a critical component for most effectively attracting, retaining and developing your workforce and having a thriving business.

What's emerged this year are some areas to improve and emerging interests. The most critical success factor is improving employee awareness and communications so employees know programs exist and that their manager supports participation. When not offered, employees are looking for sustainability programs. Finally, companies should be aware that a majority of employees would like to see different incentives than are typically offered, and increasingly lean towards prosocial incentives.

About the Research

The survey is the seventh iteration in a series of research conducted to understand how organizations engage employees in purpose-driven programs. Brighter Planet, a leader in sustainability technology and research that disbanded in 2013, conducted the first two surveys in 2009 and 2011 focusing primarily on sustainability programs. WeSpire continued the research beginning in 2014 and expanded the questions to include engagement programs outside of sustainability.

We surveyed more than 1,700 people who are over the age of 18, employed full-time, located in the United States with an online questionnaire. The margin of error associated with a sample of this size is $\pm 5\%$ at a 95% level of confidence.



WeSpire is an award-winning technology and services firm, that provides forward-thinking companies with a platform to design, run and measure the impact of their employee engagement initiatives. On WeSpire, employees from around the world participate in sustainability, social impact, wellbeing and positive workplace culture programs that are good for them, good for business and good for the world we live in.

About WeSpire Insights Team

For the past seven years, WeSpire has been doing large-scale employee engagement trend research, as well as custom employee research for specific clients. Approximately three times a year, the team releases research and synthesis to the public, commencing with the annual State of Employee Engagement report. The team also produces a blog that publishes 1-2 times per month focused on other trends and insights gained through our work. To sign up for the WeSpire Insights blog, please [click here](#).

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