15Five's Insights for Executives

# The Employee Engagement Trends Report

15five

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# Overview

Engaged employees aren't just more productive. They can make your company more profitable, too...as much as 22% more profitable, to be exact. Not to mention the fact that companies with high and sustainable levels of engagement have operating margins up to three times higher than those where workers are largely disengaged.

The question is: How does a company successfully work toward those allimportant high levels of engagement?

The answer lies in your data. It's generally accepted that you can't improve what you don't measure. Quantifiable employee data has the power to turn intuition into action, transform hard work into purpose and passion, uncover underlying issues, resolve problems, and create a culture of true collaboration. But to influence real change, a reliable method for measuring and benchmarking engagement is crucial.

**Enter 15Five.**

Used by companies that have committed to ongoing employee engagement programs, 15Five uses confidential, scientific surveys to measure the current state of engagement within an organization—and then break down each insight by department, team, tenure, manager, generation, and location.

This report examines engagement scores and drivers for nearly 13,000 employees using the 15Five product, providing engagement score benchmarks that can be used by executives everywhere when assessing engagement within their own organizations.

"Employee data has the power to turn intuition into action

# Methodology

## Who was surveyed

This report examines engagement scores and drivers for nearly 13,000 employees using the 15Five® product to gather quantifiable insights made possible through honest, confidential feedback.

**PHASE 1**

First, we examined engagement scores and drivers for 750 employees at companies led by executives who are part of the Vistage Executive Network—a global advisory organization known for its membership base of companies that grow 2.2x faster than average small and midsize U.S. businesses.1 This critical segment represents what's happening within organizations where leadership is highly involved in engagement.

**PHASE 2**

Next, we took a comprehensive look at a broader group consisting of 12,000 employees across 15Five's entire user base. These results help provide insights on what can be expected by leadership at a wide range of business sizes, types, and industries.

### DID YOU KNOW?

15Five delivers a quarterly employee engagement score, as well as data on 14 engagement drivers and three psychological conditions of engagement—from just 6 minutes of employees' time.

### INDUSTRIES REPRESENTED

- Professional Services
- Construction
- Healthcare
- Manufacturing
- Retail
- Software and Media
- Utilities

### HOW 15FIVE MEASURES ENGAGEMENT

15Five uses confidential, quantitative survey questions to accurately measure the current state of engagement.

**ENGAGEMENT SCORES** quantify overall engagement at an organization as well as within individual teams, departments, and locations.

**PSYCHOLOGICAL CONDITION SCORES** uncover how conducive a workplace is to engagement by measuring the presence of positive feelings that employees typically have when engaged.

**ENGAGEMENT DRIVER SCORES** quantify the presence or absence of workplace qualities that positively affect engagement.

# Glossary of Conditions and Drivers

## Psychological Conditions of Engagement

When it comes to feeling engaged at work, three emotional drivers are always at play. Employees thrive in environments where three core emotional needs are met:

**Safety** Employees need to trust that work can be pursued without fear of negative consequence to self-image, status, or career.

**Meaning** A belief that being immersed in work gives employees value, whether through a sense of purpose, compensation, status, or influence.

**Capacity** Employees must feel capable of pushing physical, intellectual, and emotional energy into their work—and have access to necessary resources.

## Drivers of Engagement

**Utilization** Employees feel that the organization effectively uses their abilities and skills.

**Fairness** Employees feel that rewards and treatment of individuals within the organization are fair.

**Competency** The match between employees' abilities and the challenge of their work.

**Autonomy** Employees are trusted to use their expertise to make decisions about how to do their jobs.

**Purpose** Employees know why the business exists beyond making a profit.

**Shared Values** Employees share common work attitudes and personal values with their coworkers.

**Role Clarity** Employees can connect their daily work tasks to the purpose of the business and have clarity about what that work is.

**Friendship** Employees have close relationships and feel cared for by another person (or persons) at work.

**Feedback** Employees feel that they receive adequate and helpful feedback.

**Manager** A broad assessment of the relationship between the employee and his or her manager that looks at respect, feedback, fairness, development, and advocacy.

**Trust** Employees feel there is trust and respect in the working environment, specifically among the people with whom they work most closely.

**Professional Development** The presence of someone who promotes and encourages an employee's professional development.

**Authenticity** Employees have a sense that leadership is honest about the business and themselves.

**Rest** Employee's sense that they can take time off when needed.

# Key Insights

## Among Vistage Organizations:

**Average Engagement Scores** Across all companies, 75% have "moderately engaged" workforces.

**Most Engaged** The highest levels of engagement were reported in the business-tobusiness services sector, including tech companies, consultancies, and professional services firms.

**Least Engaged** The least engaged workers were reported at healthcare companies.

**Engagement by Tenure** Employees who have been at the same company for more than 10 years scored lowest on shared values and friendship. Those who had been employed for two to three years scored lowest on professional development, utilization, feedback, and role clarity.

## Across All Employees

**High Scores** Companies with mostly knowledge workers, such as technical teams and consultants, reported high scores for safety, trust, and professional development.

**Low Scores** Companies with employees primarily in project-based, skilled roles scored 5% higher in meaning than knowledge-based businesses.

**Finding Meaning at Work** Employees who work in the field, rather than solely at a desk, scored highest when it comes to finding meaning at work.

### ARE LESS THAN 20% OF EMPLOYEES RESPONSIBLE FOR YOUR BIGGEST PRODUCTIVITY LOSSES?

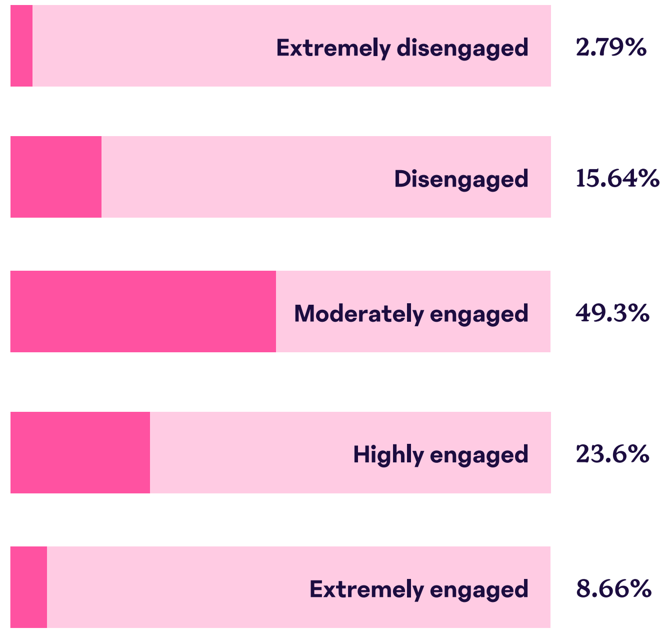
American businesses miss out on approximately $550 billion a year in lost productivity because of disengaged workers.[2] While a worker in the top 1% of productivity has been shown to add $5,000 in profit per year, a highly disengaged, "toxic" employee can cost a company as much as $12,000.[3]

That's why it's so important to pay attention to disengaged employees, even when it's a relatively small percentage of an overall workforce. Some 18% of employees at your business could be contributing the minimum needed to collect their paychecks and go home. By focusing efforts on improving the low drivers of this segment, executives can improve overall scores and unlock better business outcomes.

# Key Findings

## Among Vistage Organizations

18.4% of employees scored as "disengaged to extremely disengaged." While the majority of employees surveyed were scored as moderately, highly, or extremely engaged, it's imperative to address the portion that fall within the low range.




## Engagement scores by industry

All organizations within our phase one survey had overall engagement scores above 70%.

Service-oriented companies, such as those focused on tech, consulting, and professional services, had the highest[1] engagement scores at 75.8%.

**75.8** Services

**75.1** Construction

**74.4** Manufacturing

**72.3** Healthcare

**74.1** Utilities

**10** Years

**3** Years

**2** Decades

Across all age groups, authenticity and fairness scored high. Shared values and friendship was lowest for employees who have been in the workforce for more than 10 years.

Employees in the two- to three-year tenure range struggle the most with utilization, role clarity, and professional development.

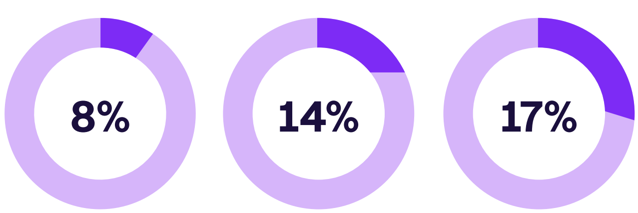
They're not the only ones who need assistance, however: Employees who have been with a company for two decades also struggle with professional development, indicating a need to provide more opportunities for company veterans to continue to learn and grow in advanced stages of their careers.

# Across all employees

Of the three psychological conditions of engagement, meaning and utilization emerged as particularly critical benchmarks in three key areas:

## 1. Across generations

**On Meaning:** Generation Z, the youngest segment in our analysis, scored:




**Lower than millenials** | **Lower than GenerationX** | **Lower than baby boomers**

**On Utilization:** Baby boomers were most comfortable with how they were being utilized, while Generation Z respondents were least comfortable, scoring 27% lower than baby boomers on that measure. Generation Z also trailed millennials on utilization by 16%.

At companies where less than 20% of the workforce is millennial-aged or younger, employees averaged higher scores in meaning and utilization compared with those where more than 20% of the workforce consisted of these age groups.

### WHY ARE MEANING AND UTILIZATION HIGHER AMONG BABY BOOMERS?

Tenure may bring about greater role clarity, which is tied directly to utilization and finding meaning at work. As employees gain more experience, they also gain more clarity on how an organization can effectively leverage their skills and abilities. This helps explain why baby boomer employees scored highest overall in role clarity in 15Five's surveys—and why employees in the two- to three-year tenure range struggled the most with role clarity.

## WHAT HAPPENS WHEN YOU TAKE TIME TO ADDRESS LOW SCORES?

Engagement driver scores may increase by as much as 10%. That's what happened with one 15Five customer.

After employee disengagement went from "engaged" to "extremely disengaged" overnight following an acquisition, leadership followed up with a survey. It quickly became clear that employees had a limited understanding of their new employer's goals, and as a result, feared being undervalued or replaced.

With this information, the parent company was able to create a plan to address these concerns specifically. Once they expanded professional development opportunities and initiated a new business plan, key engagement driver scores increased by 10% for fairness and 5% for purpose.

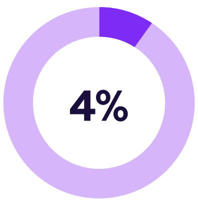
Employees who experience work meaningfulness are more likely to be engaged in their jobs, thereby enhancing their effectiveness and job performance.[4] Increasing a sense of meaningfulness at work is one of the most potent ways for employers to increase productivity and engagement. In fact, it's been shown to have far more impact than initiatives related to enhancing growth and development, influencing connection to a company's mission, and even supporting work-life balance.[5] One study found that employees who derive meaning from their work are more than three times as likely to stay with their organizations than those who don't, and are also 1.4 times more engaged.[6]

**1.4X**

**times more engaged**

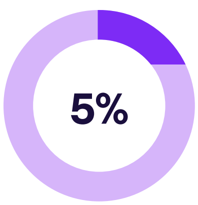
## 2. In Different Types of Work

**On Meaning:** Generation Z, the youngest segment in our analysis, scored:




**Higher levels of meaning**

**Companies employing primarily field workers report 4% higher levels of meaning than companies employing primarily non-field workers.**




**Lower levels of meaning**

**Companies employing primarily knowledge workers scored 5% lower in meaning than companies with employees primarily in project-based, skilled roles.**

**Why do some types of employees find more meaning in their work than others?**

While knowledge-based companies may be positioned to offer generous PTO and professional development opportunities, it can be a struggle to help deskbound workers find meaning in the day-to-day. In one 2,000-employee survey, more than half reported "staring at a computer screen" as a downside.[7] Similarly, our results show that overall role clarity—which helps employees connect daily tasks to a company's overall purpose—is lowest at organizations with largely deskbound, knowledge-based roles.

On the other hand, companies serving in project-based capacities may be better positioned to show how employees' work directly affects customers and clients. In one study based on 12,000 days' worth of employee data, analysts found that employees are most motivated when they frequently make progress on meaningful work. Even small, incremental "wins," such as fixing something that wasn't working correctly, can give a big boost to how positively someone views their organization and team.[8]

## 3. Across Industries

Companies that employ primarily manufacturing workers had the lowest overall scores. Of the various drivers and conditions measured, scores were lowest in meaning, purpose, feedback, and manager relationships.

Among all industries represented in our surveys, retail companies reported the lowest levels of meaning. These scores were 14% lower than construction companies, which had the highest scores for meaning. Retail companies also reported the lowest levels of utilization—11% lower than even manufacturing, which had the second lowest utilization scores.

# How One Company Got to the Core of Engagement Issues

Gathering employee feedback should've come easily. Ontario Systems had been deemed a "Best Place to Work," after all. So why was it so hard for the software firm to measure employee engagement?

Turns out, there was a lot of skepticism going on.

Although the company was regularly sending out surveys, the process had many employees feeling suspicious that their "confidential" responses were in fact being tracked. Fearing potential repercussions, they were hesitant to give feedback.

So the company decided to try a new approach. It was then, after employees were encouraged to provide truly confidential feedback through 15Five, that real change started to take root. Once staff was assured they could safely provide honest and unabated feedback, executives were able to identify a real problem—one they could work toward fixing.

It quickly became evident that role clarity and competency, key drivers of employee engagement, were frighteningly low.

Leadership saw those low scores as an opportunity for improvement, and took action immediately. Managers were encouraged to help people understand why their roles exist and show how their work is directly impacting the business.

The organization now had a much-needed, and very achievable, goal to work toward: Ensure all employees are clear on their job responsibilities and feel fully equipped to do their best work.

It wasn't long before participation skyrocketed as a result of these efforts. In just one quarter, Ontario Systems went from a 78% employee response rate to an impressive 92% response rate. Engagement scores, meanwhile, continue to increase quarter-over-quarter.

**"[15Five] provides data around things you would normally just feel. You see clearly and specifically those areas your teams need to address."**

**KIRA CHILDERS**

*LMS MANAGER FOR ONTARIO SYSTEMS*

# Key Takeaways

**Finding Friendship and Values: Putting Purpose Behind Work**

Research has found that strong social connections at the office can boost productivity and make employees more passionate about their work.[9] Yet, forming friendships and finding common ground remains a challenge for many employees.

Friendship and shared values were among the most problematic areas identified by the 15Five survey, with the highest concentration of low scores in these areas found in workers who have been employed at their respective companies for more than 10 years.

This may be influenced, in part, by an increasingly multigenerational workforce where there's often a disconnect between employees holding differing value systems.

**The Multigenerational Workforce: Engaging Across Ages and Tenures**

Perhaps one of the greatest challenges for organizations today is creating engagement initiatives that meet the needs of employees covering a wide range of ages, tenures, and experience levels.

The overall scores throughout this report reflect larger trends in an increasingly multigenerational workforce where, for the first time in history, five generations are beginning to work side-by-side.[10]

Different generations may have different expectations around what it means to be engaged and find meaning at work. For example: millennials want to make the world a better place through work, according to David Stillman, author of best-selling books on the multigenerational workplace. But Generation Z employees, who came of age during the Great Recession, are motivated primarily by money and job security.[11] Almost twothirds of millennial workers say they want their employers to contribute to social or ethical causes they feel are important, but only half of baby boomers and older Gen Xers feel the same way.[12]

These findings help explain why newer employees may be more engaged in environments that support long-term professional development and role clarity—and have low scores in these areas within workplaces that don't.

### Helping Employees Find Meaning at Work

Throughout our research, meaning emerged as an essential component of increasing engagement in the current climate. Across industries, tenures, and work types, much of the modern workforce faces challenges when it comes to finding personal meaning in day-to-day jobs. Turning attention to this highly important psychological condition of engagement can have a big impact.

Numerous studies have revealed just how important it is to help employees find meaning at work. For example: One study examined hospital janitors who cleaned bedpans and mopped. Despite holding what is arguably one of healthcare's lowest-ranking jobs, these employees saw themselves as part of a team with a united goal of healing others.[13] Another analysis found that zookeepers are so passionate about the work they do that they'll often volunteer for months or even years—often scooping waste and scrubbing enclosures—until a paid position opens up.[14]

# Actionable Tips

In helping hundreds of companies measure employee engagement, 15Five's strategists have identified 5 steps for continuous improvement:

### 1. Measure.

It's very difficult to change what you can't measure. By putting a system in place to confidentially and incrementally measure employee engagement, you can begin to collect honest feedback that quantifies the presence (or absence) of key engagement drivers.

### 2. Understand.

Leaders often have hunches about what's creating a disconnect between individuals' intrinsic motivations and the company's larger mission. But basing important decisions on gut instincts alone can be risky. For this reason, it's important to gain a strong understanding of the drivers that positively impact meaning at work, such as autonomy, role clarity, and utilization.

### 3. Clarify

Once you've collected feedback and identified problem areas, the next step is to ask employees who are closest to the issue for ideas you can use. By drilling down to a specific group of employees with a specific question that directly addresses their concerns, you can get highly actionable insights. Rather than guessing at what needs to change, you'll be empowered to provide employees with exactly what they need to thrive at work.

### 4. Take Action

Once you've identified the two or three most impactful initiatives based on employee feedback, it's time to take action. It's important for employees to see that leadership is listening and acting on feedback right away.

### 5. Repeat

Continue measuring and acting on feedback every quarter. By incrementally focusing on the most impactful initiatives, you can make real, sustainable change for a more engaged workforce.

## IS LACK OF AUTONOMY HURTING ENGAGEMENT?

Whether they're aware of it or not, a more hands-on management model in many office settings might make it difficult for desk-bound knowledge workers to feel a sense of autonomy and job ownership.

In 2017, the Chicago Tribune reported an interesting trend. While employees at the city's top workplaces regarded employers more positively than the national average on nearly all measures, many companies fell significantly short in response to the following statement: "My job makes me feel like I am part of something meaningful."

One explanation from a Yale organizational behavior expert is that people's inherent sense of meaningfulness is killed when a job becomes too fast-paced to be done well, or when a manager micromanages to the point that an employee no longer has a sense of job ownership.[15]

Which is why autonomy is such a critical engagement driver for companies today. Allowing greater autonomy gives employees the freedom to bring personal meaning into their work. And employees who derive meaning from their work are 1.4x more engaged than those who don't[16].

# Conclusion

There are many ways to take on issues related to employee engagement within an organization, but one challenge is constant: Without dependable data it becomes difficult, if not impossible, to influence true change or impact lasting outcomes. The engagement trends represented in this report serve as benchmarks for executives eager to ensure their organizations are up to date on the latest workforce trends and best practices within their respective industries.

As the results above make clear, there's no "easy button" for achieving and maintaining true employee engagement. Even at companies with dedicated engagement programs, it's an ongoing process—one that requires continual measurement and analysis as employee expectations change and workplaces evolve. But with the right metrics, it becomes exponentially easier to make the right decisions for your people.

# Ready to measure?

How does your engagement score compare to these industry benchmarks?

Find out with 15Five.

With clear, actionable insights from 15Five's quarterly employee engagement process, you'll be taking your first step toward...

**Quantifying** your current state of engagement with quarterly surveys administered by 15Five.

**Diagnosing** problem areas with analysis from 15Five's engagement experts.

**Clarifying** problem areas and identifying highly specific solutions through surveys.

**Improving** engagement with a clear plan of action guided by honest insights.

Demo Today

# External Resources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