The State of Employee Engagement 2018
Executive Summary

2018 has been named “The Year of Employee Experience” by Forbes; highlighting an increasing need for employers to offer engaging experiences to retain employees in a competitive talent market. A study conducted by LinkedIn in 2016 shows that job-hopping has nearly doubled over the past 20 years. Some predict job insecurity during the recession caused the uptick in movement and others point to millennial interest in trying out several different careers before settling into the best fit as the main driver. But one thing is for sure; investing in employee engagement is more important than ever to attract and retain talent.

According to our research, companies with a well defined company culture have employees that are happy, productive and loyal to their workplace. With 58 percent of the job force actively looking for or open to new opportunities, now is the time that companies should focus on employee engagement and develop a company culture that employees want to stay at.

Last year, WeSpire surveyed more than 1,500 people who are over the age of 18, employed full time, and located in the United States with a web-based questionnaire consisting of questions focused on factors impacting employee engagement. Overall, we found that 37 percent of respondents are very excited and enthusiastic about their work, and 79 percent are at least somewhat excited.

This report demonstrates that having an employee engagement strategy gives employers a competitive advantage in recruiting and retaining a thriving workforce. It also identifies significant connections between employee engagement levels and formal engagement programs that include wellbeing, positive culture, social impact, sustainability and more. These programs provide individuals with a sense of purpose and satisfaction and change the way that people view their role and their employer. The data also demonstrates that employees want their employers to make a positive difference in the world and have more fluid communication and transparency in the workplace.
WeSpire provides companies with a technology 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. These programs encourage employees to take action that are good for them, good for the company and good for the world we live in.

For more information, visit www.wespire.com, contact us at info@wespire.com or follow us on Twitter, LinkedIn and Facebook.
The Future of Work

The future of work is changing and so is the employee-employer relationship. The stability that employers once provided employees has now been disrupted by easy access to information and technology. Before accepting positions, employees look for employers that have the ability to provide mentorship, development opportunities and flexibility.

Millennials increasingly care about their company’s positive impact in the world. Research from Cone Communications show that 58 percent consider a company’s social and environmental commitments when deciding where to work and for Millennials that number jumps to 79 percent. In addition, 55 percent would choose to work for a socially responsible company, even with a salary cut, and that rises to 76 percent for Millennials.

Companies can no longer hide behind recruiters and competitive salaries; employees want more and they have the resources to verify if their potential employer has the traits they’re looking for. Our research shows that more than half of employees are actively looking for a new job or open to new opportunities.

With the talent market becoming more competitive and employees becoming more comfortable switching firms, employee retention has become a rising concern across all industries. Studies from SHRM predict that every time a business replaces a salaried employee it costs them an average of 6-9 months of that position's salary. With the high cost of employee turnover, it is critical for the company bottom line to invest in programs that retain and develop employees.

From Deloitte 2017 Global Human Capital Trends, we read:

“Companies need a new approach — one that builds on the foundation of culture and engagement to focus on the employee experience holistically, considering all the contributors to worker satisfaction, engagement, wellness, and alignment.”
Strategy is Critical

Worldwide, only 15 percent of employees are engaged, costing businesses around the world trillions of dollars. In the United States, Gallup found that 32 percent of employees are engaged and disengaged employees cost $450 billion to $550 billion per year. Beyond that, negativity is contagious and disengaged employees affect company culture and decrease the productivity and morale of other employees.

78% of people who are disengaged at work say that their employer does not have an official employee engagement strategy.

Engaged employees are fundamental to a strong company brand and a highly profitable bottom line. Having a defined employment engagement strategy can significantly increase employee engagement. Our survey shows that just by having an official employee engagement strategy, companies can increase by 21 percent the number of employees who feel inspired to meet their goals at work and feel that their talents are being fully realized. Furthermore, by having an employee engagement strategy, companies can reduce the number of employees actively looking for a new job by 12 percent. However, only 36 percent of respondents say their employer has an official engagement strategy.

Developing and implementing an engagement strategy will also tackle key drivers of disengagement. Our survey shows that of unengaged workers nearly 88 percent do not feel their skills and talents are being fully utilized. Companies can increase employee engagement by identifying employees’ strengths and what gives them a sense of purpose. Once known, it’s easier to identify development opportunities, build community and connections, and help leaders connect with employees to unleash their potential.
Positive Impact Matters

When an organization clearly communicates how it makes a positive impact, it changes the way its employees view the company. Our findings show that 86 percent of people would prefer to work for an organization that is making a positive impact in the world.

There is a clear gap between how employees feel they are positively impacting their organization and how they feel their organization is positively impacting the world. 82 percent of respondents feel that they are making a positive impact at their organization and among employees at companies with employee engagement strategies, the number is even higher at 88 percent. However, only 66 percent of people believe that their company is making a positive impact in the world.

Employees want to be aligned with their employer’s company culture; an organization’s ability and dedication to make a positive impact in the world helps attract and retain employees. If employees do not feel their organization is making a positive impact in the world, companies run the risk of their workforce leaving for an employer that does.

For those who have a formal employee engagement strategy, 75 percent feel that their company is making a positive impact in the world, versus 50 percent who don’t have an employee engagement strategy. Just by having an employment engagement strategy, companies can increase by 25 percent the number of people who believe their organization is making a positive impact in the world.
Recognition Programs Gaining Ground

While health and wellness programs remain the most commonly offered, rewards and recognition programs have made significant increases since last year. There has been a 6 percent increase in the offering of recognition and reward programs and a 17 percent increase in participation when offered. Our data shows that recognition programs are gaining ground - and growing fast.

When offered, the programs that have the highest participation rates are Health & Wellbeing at 53 percent, Rewards & Recognition at 44 percent and Charitable Giving at 43 percent.

Our survey shows that sustainability engagement programs still remain relatively uncommon with only 17 percent of companies offering an engagement program. In addition our data shows that number has dropped 5 percent since last year. This trend is concerning, given research has proven a direct correlation between sustainability programs and improved employee engagement scores.

85% of people have participated in at least one type of employee engagement program.

78% of companies offer at least one employee engagement program.
Diversity & Inclusion is Good for Business

Companies with diverse executive teams post better profit margins. Studies done by McKinsey & Company found that companies that ranked in the top 25 percent in terms of the ethnic mix of their executive teams turned out to be 33 percent more likely to outperform competitors on profits than those in the bottom 25 percent.

Our survey showed diversity initiatives are up 4 percent since last year, but only 30 percent of companies offer programs. To stay competitive, innovative, and relevant, it is in the companies’ best interests to invest in and expand diversity & inclusion initiatives. This could include leadership development programs, diversity and inclusion training and exercises in identifying implicit bias. Harvard Business Review has identified the following methods for getting positive results: encouraging social accountability, engaging managers to solve problems, and exposing employees to people from different groups. Our survey data shows that while 30 percent of companies offer diversity & inclusion programming, only 18 percent of employees participate, which is the largest gap between offer and participation rates among all categories of engagement programs.

The same is true for gender diversity, according to McKinsey’s study. Companies with the most women on their management teams were 21 percent more likely to achieve above-average profitability. Having diverse decision makers naturally leads to higher profits because it allows companies to develop a broader understanding of customers and their interests, motives, families and backgrounds. We live in an interconnected world and organizations that take advantage of creating a diverse workforce will come out on top in staying innovative, attracting and retaining talent, and increasing their company bottom line.

Although diverse workplaces positively impact advancement, promotions in the workplace remain incredibly slow for both women and minorities. In McKinsey’s study, women on executive teams have only risen 2 percent to 15 percent and minorities have only climbed 1 percent to 13 percent.

WeSpire recently published a webinar where our guest speaker, Malia Atta, Diversity & Inclusion Business Consultant at MGM International, shares MGM’s experience in using the platform to tackle implicit bias. “These campaigns allowed employees of all levels to have a voice, be their authentic selves, and in turn do their best work.”

WeSpire
Employees Want Improvement

We found that 36 percent of respondents say their employer has an official engagement strategy. However, of those respondents 41 percent say they want their employer to make significant changes to that engagement strategy. Furthermore, our survey data shows that 23 percent of employees responded that they are not passionate about any of the programs that their employer offers. The percentage of organizations that have official engagement strategies has gone up, but so has the employee desire to make significant changes to them.

There’s a direct correlation between employee engagement and employee participation in engagement programs. Of the people who are at least somewhat enthusiastic and engaged in their work, 88 percent have participated in at least one sort of employee engagement program (up 8 percent since last year) and 29 percent of respondents who are unenthusiastic and unengaged in their work have never participated in an employee engagement program.

Based on our data, there is a disconnect between the types of programs offered and what employees actually want. Where are companies and leaders missing the mark? Ask your employees what they’re interested in and what type of programs they’d like to be involved in.

Engagement from the idea stage allows employees to feel like they are part of the planning process. Employees are more likely to participate in programs that they are invested and involved in from the beginning. Align your program offerings with employee feedback obtained through a survey or a brainstorming activity that managers conduct with their teams. Different employees respond to different ways of communication. Some employees may half-heartedly participate in survey, but would provide detailed and valuable information in an active brainstorming session.

WeSpire recently launched IdeaBoards, a crowdsourcing tool that allows employees to submit, vote and comment on new ideas to collectively bring the best innovations forward. Idea Boards is being used by global companies to engage employees in providing product ideas, improved operations, sustainability innovation and more.
Large Companies Need Engagement

Our studies show that the size of companies matters when it comes to employee engagement. Large companies without employee engagement strategies are 14 times as likely to have highly disengaged employees, whereas small companies are only 2 times as likely to have highly disengaged employees.

Based on these findings, an employee engagement strategy and related programming is absolutely critical for large companies to have a productive and happy workforce.

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**DO NOT HAVE AN EMPLOYEE ENGAGEMENT STRATEGY**

<table>
<thead>
<tr>
<th>Company Size</th>
<th>Less than 100</th>
<th>101-500</th>
<th>501-1000</th>
<th>1,001-5,000</th>
<th>5,001-10,000</th>
<th>More than 10,000</th>
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<tr>
<td>Have an Engagement</td>
<td>50%</td>
<td>38%</td>
<td>44%</td>
<td>56%</td>
<td>41%</td>
<td>38%</td>
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<tr>
<td>Not very engaged</td>
<td>8%</td>
<td>4%</td>
<td>7%</td>
<td>10%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Somewhat engaged</td>
<td>3%</td>
<td>3%</td>
<td>7%</td>
<td>11%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Highly disengaged</td>
<td>15%</td>
<td>15%</td>
<td>23%</td>
<td>19%</td>
<td>52%</td>
<td>52%</td>
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</tbody>
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**HAVE AN EMPLOYEE ENGAGEMENT STRATEGY**

<table>
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<th>Less than 100</th>
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<th>501-1000</th>
<th>1,001-5,000</th>
<th>5,001-10,000</th>
<th>More than 10,000</th>
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</thead>
<tbody>
<tr>
<td>Very engaged</td>
<td>31%</td>
<td>19%</td>
<td>23%</td>
<td>23%</td>
<td>17%</td>
<td>12%</td>
</tr>
<tr>
<td>Somewhat engaged</td>
<td>18%</td>
<td>9%</td>
<td>17%</td>
<td>16%</td>
<td>12%</td>
<td>8%</td>
</tr>
<tr>
<td>Not very engaged</td>
<td>17%</td>
<td>13%</td>
<td>6%</td>
<td>6%</td>
<td>6%</td>
<td>6%</td>
</tr>
<tr>
<td>Highly disengaged</td>
<td>28%</td>
<td>8%</td>
<td>33%</td>
<td>39%</td>
<td>41%</td>
<td>52%</td>
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A little over a third of respondents (34 percent) used a tablet or mobile device to take the employee engagement survey. It’s important to recognize device trends as they inform how employees will participate in employee engagement programs in the future.

Trends show that as technology advances more people will start using smartphones and tablet. Therefore, it’s important to have engagement platforms that are mobile and tablet friendly.
Management Takes the Lead

The main advocate for employee engagement has shifted over the years. A wide range of owners have been involved in championing employee engagement. This year, the top spot goes to the management team, out performing last year’s leader Human Resources.

Human Resources is just behind the Management team at 25% which emphasizes that even though management is taking a bigger role in company culture, human resource employees are still a major advocate for employee engagement programs.

More leadership teams are investing in their company’s culture and recognizing the importance of having a defined, positive company culture. Since company mission, vision and values come from the leadership team, it makes sense that the role of the management team in employee engagement is increasing.

Of the people who said that their employer has an official employee engagement strategy, management teams are also seen as the primary driver for an engagement strategy.

Who in your organization is the main advocate for employee engagement?

- Management: 37%
- Human Resources: 25%
- Employees: 15%
- Each department leader: 6%
- Sustainability/CSR: 3%
- Board of Directors: 2%

Management 37% said that the management team is the main advocate

Human Resources 25% said that HR is the main advocate

Employees Only 15% said that employees are the main advocate
As for the biggest barrier to entry for employee engagement, lack of time at 49 percent continues to take the lead with a 7 percent increase since last year. While there is an increase in opportunities for employee engagement, there has not been a corresponding increase in managers emphasizing that it is important or ensuring that employees have the time they need to participate. Employees will spend time on initiatives that are perceived as important. To tackle the rising “lack of time” mentality, managers and leaders need to champion that employee engagement programs are an important part of corporate culture and critical to results.

Stuck on how to emphasize the importance of your company employee engagement programs? Start with your company mission and metrics in mind. To develop employee engagement programs that truly reflect your company culture, measurable initiatives should be developed in alignment with company values. Encourage managers to frequently recognize employees for participation in programs and champion engagement as a part of daily workplace culture.

"I wish I had more time in the day to participate. I’m constantly running out of time and somehow always have more on my plate."

"My company is not a bad place to work, but I’m busy all the time."

— Survey Respondents
Communication is Essential

Our survey shows that less than a quarter of employees think their company is very effective at communicating opportunities. While it is important to communicate and generate excitement about the employee engagement programs offered, of equal value is consistently asking for constant and consistent feedback about what type of programs your employees want to participate in.

The more visibility employees have about the company vision and goals, the more ownership they will have on their specific roles. Employees want to know the impact their work is making on the business and how they are making a difference within their organization. Having an official employee engagement policy opens up dialogue and transparency between employees and leadership.

In addition, providing easy access to information and encouraging a culture of dialogue will make a difference in employee engagement. It’s important to try out several different communication channels to identify what resonates most with your organization’s employees. Instead of telling employees what to participate in, ask what they’d like to see and build programs based on employee ideas, opinions and feedback.

Transparency and communication in the workplace is essential for employers to find out what their employees want and for employees to express what they are interested in.

"PRODUCTIVITY IMPROVES BY 20-25% IN ORGANIZATIONS WITH CONNECTED EMPLOYEES.

– THE MCKINSEY GLOBAL INSTITUTE"

"LACK OF COMMUNICATION WITH ADMINISTRATION TRANSLATES TO LACK OF SUPPORT.

– SURVEY RESPONDENT"
Conclusion

With the future of work shifting and access to technology increasing the demand of an already competitive talent pool, 2018 is a key year to take action in developing a positive company culture. Developing a cohesive engagement strategy, tackling organizational issues and offering programs that employees actively have a voice in developing will help your organization stay competitive in attracting and retaining talent.

Our survey data shows an opportunity for employers to ask their workforce what type of programs they wish to see and build a company culture that encourages time and participation in them. While each company’s roadmap to creating effective employee engagement programs is different depending on their employee’s interests, we do know that:

Employees want their employers to care about them and the world around them. They want their companies to be a safe space for lifetime learning and professional development. They want to be inspired by the company culture and take part in wellness, social impact and sustainability programs that they have a voice in designing. And finally, they want their employers make a positive difference in the world and have the opportunity to do the same.

KEY TAKE AWAYS

Develop a Positive Culture.
Employees have the power of choice. It is critical to focus on developing a company culture that encourages talent to join, stay, and to grow all while making a positive impact in the world.

Strategy Matters.
Employees will spend time on initiatives that they perceive as important. Demonstrate the importance of employee engagement programs and make sure company leaders emphasize that participating in engagement initiatives is an integral part of company culture and not just a nice to have.

Communication is Essential.
Transparency and communication is essential for an engaged workforce. When creating employee engagement programs, ask your employees what they are interested in from the beginning and build programs based on employee ideas, opinion and feedback.