2016 State of Employee Engagement

A comprehensive look at employee engagement best practices from over 200 organizations around the world
The State of Employee Engagement

Employee engagement continues to be a top concern for executives around the world. We conducted this study to understand why engagement is important to companies and what they are doing to improve the level of engagement of their workforce.

In the inaugural State of Employee Engagement report, we take a detailed look at:

- The importance of employee engagement
- How organizations are measuring employee engagement
- What is working to improve employee engagement

The survey included 31 questions, including one open-ended question. The survey measured:

- Importance of Engagement
- Perceived outcomes of Engagement
- How Engagement is measured
- Engagement levels in organizations
Who Took Our Survey

We received 227 responses from around the world (163 US/Canada) from companies of all sizes. Most of the respondents are professionals in Human Resources who work as managers and above.
Company Size

Over 200 organizations represented (20+ Industries).
Over half of companies have 1,000 employees or more.

2014 Revenue

- Less than $1 million: 31%
- $1 million - $24 million: 22%
- $25 million - $99 million: 12%
- $100 million - $499 million: 11%
- $500 million - $999 million: 4%
- $1 billion - $4.99 billion: 6%
- $5 billion+: 3%
- Don’t Know: 7%

Number of Employees

- 1-24: 17%
- 25-99: 21%
- 100-499: 11%
- 500-999: 27%
- 1,000-4,999: 9%
- 5,000-9,999: 11%
- 10,000+: 2%
- Don’t Know: 6%
Department and Title

Most respondents are HR managers and above.
Perceptions of Employee Engagement

This section measured people’s understanding of the term “employee engagement,” its importance, and perceived benefits to the organization.
Understanding of Employee Engagement

88% of people report being Familiar or Very Familiar with the term “Employee Engagement.”

Participants were asked to read the following definition: “Employee Engagement is an emotional state where we feel passionate, energetic, and committed to our work. In turn, we fully invest our best selves—our hearts, spirits, minds, and hands—in the work we do.”

How familiar are you with the term “Employee Engagement” according to this and/or other definitions you are aware of?
Importance of Employee Engagement

Based on what they both say and do, how important is Employee Engagement to the executive team of your organization?

- Not at all Important: 5%
- Somewhat Important: 21%
- Important: 45%
- Very Important: 27%
- Don’t Know: 2%

HR professionals report that only 29% of managers consider employee engagement to be very important compared to 45% of executives.

How important is Employee Engagement to managers in your organization?

- Not at all Important: 5%
- Somewhat Important: 28%
- Important: 35%
- Very Important: 29%
- Don’t Know: 3%
**Benefits of Employee Engagement**

In your opinion, in what ways does Employee Engagement benefit organizations in general? Please rank up to 5 top benefits.

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Score</th>
<th>Overall Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increases employee performance</td>
<td>1388</td>
<td>1</td>
</tr>
<tr>
<td>Increases employee retention</td>
<td>1308</td>
<td>2</td>
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<td>Increases employee satisfaction</td>
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<td>3</td>
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<tr>
<td>Increases customer satisfaction</td>
<td>909</td>
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<tr>
<td>Improves quality</td>
<td>646</td>
<td>5</td>
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<td>Increases profitability</td>
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<td>6</td>
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<td>Increases innovation</td>
<td>592</td>
<td>7</td>
</tr>
<tr>
<td>Attracts talent to the company</td>
<td>575</td>
<td>8</td>
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<tr>
<td>Improves company/brand image</td>
<td>500</td>
<td>9</td>
</tr>
<tr>
<td>Decreases employee absence</td>
<td>371</td>
<td>10</td>
</tr>
</tbody>
</table>

HR professionals name Increased Performance, Retention, and Satisfaction as the top benefits of Employee Engagement.
Employee Engagement Programs

What are organizations doing to improve employee engagement? We asked about programs and initiatives that are being used to increase employee engagement, their effectiveness, future plans, partnering with external providers, and expenditures.
Use of Formal Employee Engagement Programs

Does your organization have a formal program (or programs) currently in place specifically aimed at enhancing Employee Engagement?

- Yes: 55%
- No: 40%
- Don't Know: 5%
Reasons for Not Having an Employee Engagement Program

Why does your organization **not** have any programs in place to enhance Employee Engagement? (check all that apply)

- Other competing priorities: 54%
- Lack of support from senior executive team: 47%
- Lack of knowledge about employee engagement: 38%
- Lack of follow-through: 37%
- Lack of support from managers: 36%
- Lack of funds/resources: 35%
- A belief that Employee Engagement doesn’t matter: 12%
- Resistance from employees: 8%
- Don’t Know: 4%

Companies without an employee engagement program in place mention other competing priorities and lack of executive support as the main reasons.

*Tweet this*
Top Employee Engagement Initiatives

What types of Employee Engagement-specific initiatives has your organization implemented in the past three years? Please mark all that apply.

- Employee Feedback: 65%
- Company Events/Parties: 65%
- Recognition Programs: 59%
- Wellness Programs: 55%
- Other Types of Training: 36%
- Training on Employee Engagement: 33%
- Telecommuting/Work from home: 25%
- Additional Perks/Benefits: 21%
- Other (please specify): 8%
- None: 3%
- Don’t Know: 2%

Companies mention Employee Feedback Programs, Company Events, Recognition Programs, and Wellness Programs as their top employee engagement initiatives.

Overall, how successful do you feel these programs have been over the past three years in increasing Employee Engagement?

- Don’t Know: 9%
- Not Successful: 3%
- Somewhat Successful: 14%
- Successful: 24%
- Very Successful: 50%
Success of Employee Engagement Programs

Overall, how successful do you feel these programs have been over the past three years in increasing Employee Engagement?

83% of companies report that their initiatives have been successful at increasing employee engagement.

- 50% Successful
- 24% Very Successful
- 14% Somewhat Successful
- 9% Not Successful
- 3% Not Successful
- 9% Don’t Know

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Future Employee Engagement Plans

What types of Employee Engagement initiatives does your organization plan on implementing in the future? Please mark all that apply.

Companies mention Employee Feedback and Recognition Programs as the top two initiatives to implement in the future.

Only 6.2% of organizations do not plan to continue Employee Engagement initiatives.
Working with External Providers on Employee Engagement

Do you work with outside providers to enhance Employee Engagement? Outside providers may include training companies, consultants, coaches, universities, survey companies, etc. (but not do-it-yourself software tools).

- Yes: 34%
- No: 52%
- Don’t know: 14%
Employee Engagement Expenditures

How much money does your organization invest specifically in Employee Engagement programs (including surveys) annually?

- **High**: $300,500
- **Average**: $64,620
- **Low**: $0 (7 responses)

Companies report spending about $65,000 annually on employee engagement programs.
Measuring Employee Engagement

Organizations have been using employee surveys to measure the level of employee engagement for a number of years. We got down into the details to find out the frequency and consistency of surveying, survey methods, participation rates, use of benchmarks, and the average level of engagement.
When was the most recent survey conducted to measure Employee Engagement in your organization? Was it in the past...

Almost half of all companies have conducted an employee engagement survey in the past year.
Plans to Measure Employee Engagement

Our organization plans to measure Employee Engagement through an employee survey for at least the next...

- 27% will measure within the next year
- 25% will measure within the next 2 years
- 32% will measure within the next 3 years or more
- 6% will measure within 2 years
- 10% will measure within 3 years or more
- 10% will not measure
- 2% don’t know
History of Measuring Employee Engagement

Over how many years has your organization been measuring Employee Engagement using an employee survey?

- 1 year: 39%
- 2 years: 16%
- 3 years: 14%
- 4 years: 13%
- 5 years or more: 10%
- Don’t Know: 8%

60% of companies have been conducting an employee engagement survey for three years or more.
Frequency of Measuring Employee Engagement

How frequently does your organization conduct a formal employee survey or collect employee feedback? (Multiple answers allowed. For example, if your organization conducts an annual employee survey followed by quarterly pulse surveys, choose Quarterly and Annually.)

- Don't Know: 5
- More than every 2 years: 14
- Every 2 years: 17
- Every 18 months: 6
- Annually: 52
- Quarterly: 7
- Monthly: 3
- Weekly: 1
- Always On: 3

Most companies conduct an employee engagement survey at least annually.

Tweet this
Consistency of Measuring Employee Engagement

Which statement best describes your organization?

- JUST STARTED: My organization just started measuring employee engagement within the last two years.
- CONSISTENT: My organization has measured employee engagement each year for at least the past three years.
- LESS CONSISTENT: My organization measures employee engagement every 18 months to 2 years.
- SPORADIC: My organization has measured employee engagement sporadically over the past five years.
- Don’t Know

41% of companies have consistently measured employee engagement each year for at least the past three years.

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Internal vs. Outsourced Employee Engagement Surveys

For your organization's most recent survey to measure employee engagement, how did you administer the survey?

- Internally using software tool: 25%
- Outsourced to a third-party survey company: 62%
- Other: 5%
- Don’t Know: 8%

62% of companies work with a third party to conduct their employee engagement survey.

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Employee Feedback Collection Methods

What methods has your organization used to collect employee feedback? (Mark all that apply)

- Online survey: 86
- Paper survey: 35
- Focus Groups: 34
- Personal Interviews: 29
- Telephone survey: 2
- Other (specify): 2

Online surveys are the most popular method to collect employee feedback, but paper surveys, focus groups, and personal interviews are also popular methods.
What percentage of your employees provided feedback to your most recent employee survey?

On average, 75% of employees participated in their company’s employee engagement survey.
Do you compare your engagement scores to an overall benchmark or to others in your industry? (benchmarking)

- Yes: 52%
- No: 34%
- Don't Know: 14%

Just over half (52%) of companies compare their employee engagement survey results to an industry benchmark.
Average Level of Employee Engagement

According to your most recent survey results, what percentage of employees are engaged at your company? This includes employees you consider to be fully engaged, engaged, or somewhat engaged.

- Not Engaged: 34%
- Engaged: 66%

Companies report that most (66%) of their employees are engaged according to their most recent employee engagement survey results.
Based on any employee survey results over the past 3 years, has the overall level of Employee Engagement in your organization trended….

- 32% of companies report that engagement in their organization has increased over the past three years.
- 28% report engagement has stayed the same and 17% say that it has actually gone down.

Tweet this
Use of Employee Engagement Survey Results

Conducting a survey is just the beginning of a process. This section highlights what happens after the results are tallied. We asked about how broadly results are shared, who conducts action plans using the results, and if training is provided on employee engagement.
Sharing of Employee Engagement Results

Which groups receive the results of the survey (summary or detailed results)? Please check all that apply.

- Executive Team: 78%
- HR: 75%
- All Managers: 55%
- Some Managers: 19%
- All Employees: 53%
- Some Employees: 7%
- None of the above: 1%
- Don’t Know: 3%

Most executives and HR staff receive the results from the company employee engagement survey. Less so for managers and all employees.
Involvement in Employee Engagement Survey Action Planning

Who is involved in action planning based on the survey results? Please check all that apply.

- HR team: 76
- Executive team: 71
- All managers: 34
- Some managers: 32
- All employees: 19
- Other: 5
- No action plans are created: 2
- Don’t know: 2

Companies report that managers and employees are much less involved in action planning on employee engagement survey results than HR and the executive team.

Tweet this
Creation of Employee Engagement Survey Action Plans

What percent of the following groups actually create an action plan?

- Executives: 72%
- HR: 68%
- Managers: 55%
Training on Employee Engagement

Which of the following groups have received training on Employee Engagement in your organization? By training, we mean a formal session on what employee engagement is and how to increase it in the organization. Please check all that apply.

- None: 37
- HR team: 34
- Executive Team: 29
- All managers: 20
- Some managers: 15
- Some employees: 11
- All employees: 6
- Don’t Know: 16

Most companies report that they do not provide training on employee engagement.

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Does employee engagement really work? We asked about the return on investment from employee engagement initiatives and other impacts it has on the organization.
Measuring the ROI of Employee Engagement

Does your organization measure its return on investment (ROI) for Employee Engagement programs?

Only 9% of companies measure the ROI of their employee engagement programs.
Which of the following metrics are compared to Employee Engagement scores in your company? Please check all that apply.

- Employee Retention (41)
- Performance Metrics (33)
- Customer Satisfaction (29)
- Profitability (13)
- Product/Service Quality Metrics (13)
- Other (Please specify) (2)
- None (24)
- Don’t Know (22)

Most companies compare employee engagement survey scores to retention numbers followed by other performance metrics.
Observed ROI of Employee Engagement

In what ways have you seen a return on the organization’s investment in Employee Engagement?

Companies report higher Satisfaction, Retention, and Performance as a result of their investment in employee engagement.

- Higher employee satisfaction: 35
- Higher employee retention: 31
- Higher performance: 25
- Increased customer satisfaction: 20
- Increased innovation: 19
- Improved company image: 18
- Improved quality: 17
- Increased profitability: 12
- Higher application rates: 9
- Decreased employee absence: 7
- Other (specify): 4
- None: 18
- Don’t Know: 32
Belief in Employee Engagement ROI

How strongly do you agree with the following statement: “Our program(s) to improve Employee Engagement has (have) given us the ROI/results we hoped for.”

Only 27% of companies believe that their programs to improve employee engagement have produced the ROI they hoped for.
Comments about the Impact of Employee Engagement

How would you describe the impact of Employee Engagement on your organization overall?

Positive

“Huge impact!”

“It’s a work in progress and we have a long way to go still.”

“Very positive to our cultural goals.”

“It is vital to providing quality care and fulfilling our mission in the community, so we take it very seriously.”
Employee Engagement
Best Practices

What are the best companies doing to improve employee engagement? In this section we look at companies whose employee engagement scores are trending upward over the past three years.
Based on any employee survey results over the past 3 years, has the overall level of Employee Engagement in your organization trended….

- 32% report that engagement in their organization has increased over the past three years.
- 28% report engagement has stayed the same and 17% say that it has actually gone down.
Companies with Engagement Trending Upward... Are Concerned About Retention.

How concerned is your organization about employee retention?

- Very Concerned
  - Upward: 21
  - Stayed the Same: 20
  - Downward: 10

- Somewhat Concerned
  - Upward: 16
  - Stayed the Same: 9
  - Downward: 10

- Not Concerned
  - Upward: 2
  - Stayed the Same: 4
  - Downward: 1

Companies with upward trending levels of employee engagement are concerned about retention.

Tweet this
Companies with Engagement Trending Upward... Have Engagement Programs.

Does your organization have a formal program (or programs) currently in place specifically aimed at enhancing Employee Engagement?

90% of companies with upward trending levels of employee engagement report that they have a formal program to enhance employee engagement.

Yes 90%
No 10%
Companies with Engagement Trending Upward… Train on Employee Engagement.

What types of Employee Engagement-specific initiatives has your organization implemented in the past three years? Please mark all that apply.

Companies with upward trending levels of employee engagement provide training on employee engagement, other training, and wellness programs more than those with stagnant or downward engagement trends.

- Employee Feedback Systems (i.e. surveys, etc.): 39% Upward, 35% Stayed the Same, 14% Downward
- Training on Employee Engagement: 20% Upward, 12% Stayed the Same, 9% Downward
- Other Types of Training: 19% Upward, 13% Stayed the Same, 4% Downward
- Wellness Programs: 31% Upward, 22% Stayed the Same, 9% Downward
- Recognition Programs: 28% Upward, 28% Stayed the Same, 10% Downward
- Company Events/Parties: 28% Upward, 28% Stayed the Same, 10% Downward
Companies with Engagement Trending Upward… Have Measured Engagement for 3 or More Years.

Over how many years has your organization been measuring Employee Engagement using an employee survey?

- 5 years or more: 47%
- 4 years: 13%
- 3 years: 11%
- 2 years: 18%
- 1 year: 11%

71% of companies with upward trending levels of employee engagement have conducted an employee survey for three years or more.

Tweet this
Companies with Engagement Trending Upward… Measure Engagement Annually.

How frequently does your organization conduct a formal employee survey or collect employee feedback? (Multiple answers allowed. For example, if your organization conducts an annual employee survey followed by quarterly pulse surveys, choose Quarterly and Annually.)

- More than every 2 years: 3
- Every 2 years: 7
- Every 18 months: 3
- Annually: 24
- Quarterly: 5
- Monthly: 1
- Weekly: 0
- Always On: 1

Most companies with upward trending levels of employee engagement conduct annual employee surveys.
Companies with Engagement Trending Upward... Measure Engagement Consistently.

Which statement best describes your organization?

- JUST STARTED: My organization just started measuring employee engagement within the last two years.
- CONSISTENT: My organization has measured employee engagement each year for at least the past three years.
- LESS CONSISTENT: My organization measures employee engagement every 18 months to 2 years.
- SPORADIC: My organization has measured employee engagement sporadically over the past five years.

45% of companies with upward trending levels of employee engagement have measured engagement consistently each year for at least the past three years.
Companies with Engagement Trending Upward… Use Benchmarks.

Do you compare your engagement scores to an overall benchmark or to others in your industry? (benchmarking)

Most companies with upward trending levels of employee engagement compare their scores to industry benchmarks.
Companies with Engagement Trending Upward... Share Employee Survey Results.

Which groups receive the results of the survey (summary or detailed results)? Please check all that apply.

- HR
- Executive Team
- All Managers
- Some Managers
- All Employees
- Some Employees

Companies with upward trending levels of employee engagement share employee survey results more broadly throughout the organization.
Companies with Engagement Trending Upward… Involve Managers in Action Planning.

Who is involved in action planning based on the survey results? Please check all that apply.
Companies with Engagement Trending Upward... Train Managers on Employee Engagement.

Which of the following groups have received training on Employee Engagement in your organization? By training, we mean a formal session on what employee engagement is and how to increase it in the organization. Please check all that apply.
Companies with Engagement Trending Upward… Tend to Work with Outside Partners.

Do you work with outside providers to enhance Employee Engagement? Outside providers may include training companies, consultants, coaches, universities, survey companies, etc. (but not do-it-yourself software tools).

Companies with upward trending levels of employee engagement tend to work with outside partners to enhance employee engagement.

Tweet this
Companies with Engagement Trending Upward... Report Higher Retention and Performance.

In what ways have you seen a return on the organization’s investment in Employee Engagement?

Companies with upward trending levels of employee engagement report higher retention and performance.
Key Findings from this Research

This study provides several insights and actionable take-aways for HR professionals:

1. **Consistently measure employee engagement.** Most companies with rising levels of employee engagement have measured it at least every year for the past three years or more. Commit to measuring employee engagement regularly to check progress.

2. **Involve all managers in action planning.** When managers are involved in action planning on employee engagement survey results, companies see the overall level of engagement increase. Get the data into the hands of your managers.

3. **Provide training.** Training on employee engagement, and training in general, were two commonalities among companies with rising levels of engagement. Investing in the development of your managers and employees pays off in increased engagement.

4. **Measure ROI:** Companies that compare their engagement efforts to retention and other performance metrics do better at increasing engagement overall.

5. **Work with an outside provider.** Companies with rising levels of engagement tend to partner with service providers. If your employee engagement program has stalled, you may benefit from the expertise of engagement professionals.
We Turn Feedback into Results.

DecisionWise conducts employee engagement surveys in over 70 countries and 30 languages.

We start by understanding your organization and what you need to measure. What is the current culture? What's most important to your organization right now, and in the future?

We understand what matters most to your success. Our survey experts customize an employee engagement survey based on those needs, and confidentially collect feedback from your employees.

We partner with you to analyze and interpret the results. But it doesn't end there. Our comprehensive action planning process helps ensure that employee survey data is turned into action and results.
We Wrote the Book on Employee Engagement

*MAGIC: Five Keys to Unlock the Power of Employee Engagement*

Employees and leaders intuitively know that when we find a place where we can throw our hearts, spirits, minds, and hands into our work, we are happier, healthier, and produce better results. Yet, most struggle to understand exactly why we engage in some environments, and don’t in others. *MAGIC* introduces the five *MAGIC* keys of employee engagement—**Meaning**, **Autonomy**, **Growth**, **Impact**, and **Connection**—and shows how leaders can help employees achieve higher levels of engagement, as well as how employees can be more successful by taking ownership for their own *MAGIC*.

**The Research**
Based on over 14 million employee survey responses across 70 countries—the most extensive employee engagement survey database of its kind—*MAGIC* combines principles of psychology and motivation with solid business concepts. Written by internationally recognized experts in leadership and employee engagement, Dr. Tracy Maylett and Dr. Paul Warner, *MAGIC* provides actionable advice that will reduce employee attrition, encourage initiative, drive growth and profit, and increase personal engagement in one’s work.

**Engaging Content**
In this book, leaders and employees will find real-world case studies, exercises, assessments, thought-provoking questions, and suggestions that increase engagement on the individual, manager, and organizational levels.
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