

2020 ENGAGEMENT & RETENTION REPORT

Failure to Engage

Why up to 64% of employees may leave their jobs in 2020

Achievers

Up to **two-thirds** of employees say they may **leave their jobs in 2020.** **Employers must** take immediate action to **retain and engage** their workforce. They must work to **build a culture** where workers **feel appreciated** and their **feedback is valued** – or **risk a mass exodus** of talent.

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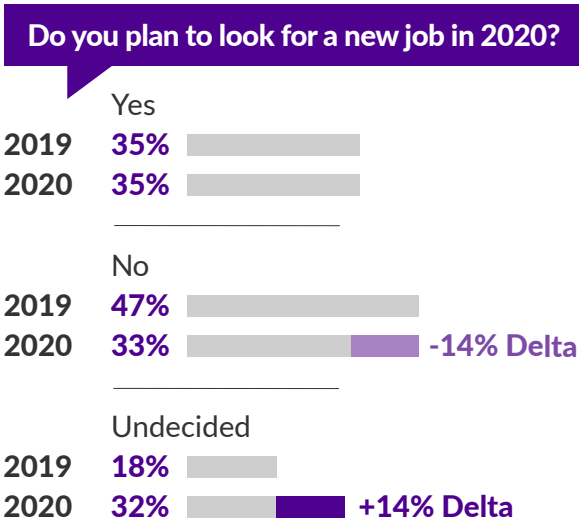
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64%

of employees have one foot out the door

In 2019, disengaged employees voiced they had no real plans to leave their roles.[1] They were complacent to remain in jobs and with companies they were not passionate about. This year, however, many could be headed for the door. Up to two-thirds of North American employees might leave their jobs, according to data from a new study by Achievers.

Compared to 2019, the number of people looking for a new job remained flat at 35 percent.[1] However, **the percentage who definitively plan to stay with their employers dropped a full 14 points,** to just 33 percent. **Those who are undecided rose to 32 percent.**





The situation is even worse with younger workers. Only 23 percent of 18-29-year-olds say they will stay put.

Fifty percent indicated they will pursue a new job. Another 27 percent are undecided. For 30-44-year-olds, 38 percent plan to look while 34 percent are undecided.

All signs point toward a workforce that is indifferent and detached. What is at the root of this trend? What are employers missing?

Employees are still disengaged

Employers may feel like they offer stronger perks, better flexibility and more growth opportunities than ever. Those efforts, though, are not translating into retention. A likely reason: **just 19 percent of employees consider themselves "very engaged."**



That leaves well over three-quarters of workers with sub-par engagement. Of that group, 14 percent identify themselves as either "somewhat" or "completely disengaged."

This is incredibly dangerous to an organization's health. Gallup says of these workers, "They may be generally satisfied but are not cognitively and emotionally connected to their work and workplace; they will usually show up to work and do the minimum required but will quickly leave their company for a slightly better offer."[2] Employers and business leaders have an opportunity – and critical task ahead.

> *They may be generally satisfied but are not cognitively and emotionally connected to their work...*[2]

How engaged are you?

2020

Very engaged and planning to stay at my company a long time
19%

Somewhat engaged, but feel my company could do more to improve employee experience
35%

Average engagement but open to new opportunities
32%

Somewhat disengaged but not looking for new job opportunities
6%

Completely disengaged and/or actively looking for another job
8%

Leadership is falling flat on culture building

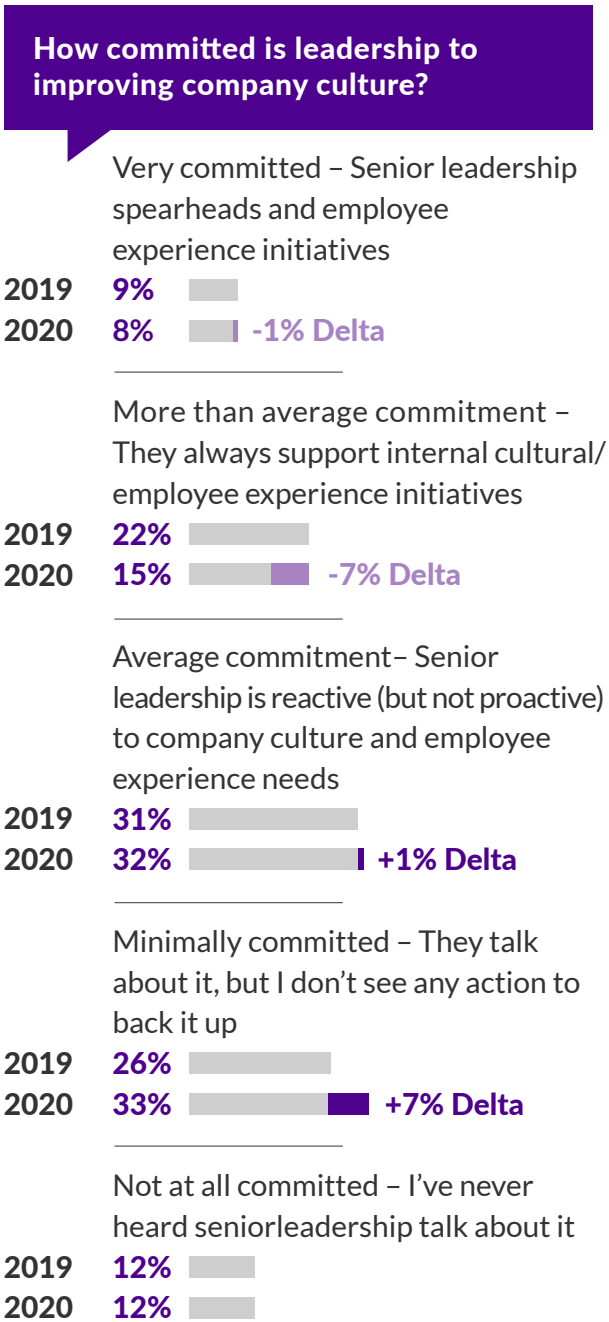
A likely element of this disengagement is the worsening perception of leadership in improving company culture and employee experience.

The way employees view management's involvement in this arena has declined since 2019, with an eight percent drop in those who report leadership is committed to culture. **Nearly half (45%) say leadership is "minimally" or "not at all" committed to improving company culture.** Only 23 percent of employees call them "more than" or "very" committed.

Leadership's absenteeism in company culture is a massive threat to businesses. Indeed, Glassdoor Economic Research finds "culture and values of the organization" (22%) and "the quality of senior leadership" (21%) are the top two factors of employee satisfaction.[3] The two are inextricably linked.

Unfortunately, only 31 percent of HR leaders say their organizations have the culture they need to drive future business and just 21 percent say that their employees deeply trust company leaders.[4,5]

Leadership must play a larger role in culture building. They must communicate with workers transparently and frequently. They must demonstrate commitment to culture by reinforcing company values and mission and recognizing those who activate it across the organization.





> *Culture and values of the organization... and the quality of senior leadership... are the top two factors of employee satisfaction.*[3]

In supporting company culture, leaders will not only better position their organizations to hold onto that one-third of employees uncertain about staying or leaving by improving engagement. They will also build an aligned, high-performing workforce. Compared to business units in the bottom quartile of culture and engagement, data shows those in the top quartile see substantially better customer engagement, higher productivity, better retention and 21 percent higher profitability.[2]

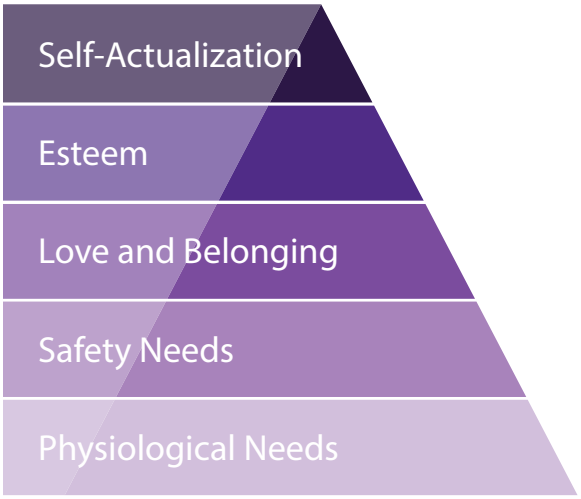
Lack of recognition is compounding disengagement

When it came to turnover, our survey results found the top reasons employees are looking or would consider leaving their company were "compensation" (52%), "career advancement" (43%), and **"lack of recognition" (19%).**

The first two are no surprise. When asked this question, compensation will usually win out.

Consider Maslow's Hierarchy of Needs. Income helps meet people's basic physiological and safety needs, which Maslow ranks as essential. Career advancement typically goes hand in hand with a pay increase, but also feeds self-actualization, which sits at the top of the hierarchy.

While compensation may improve bottom line job satisfaction to a degree, it is an expensive and unscalable tactic for organizations. It meets a need, but typically fails to drive long-term engagement or retention. Recognition does but is greatly underutilized.



About Maslow's hierarchy of needs
This motivational theory was developed by psychologist Abraham Maslow in 1943. It remains a popular framework in management training. Based on five tiers of human needs, it stated that each tier must be satisfied before an individual could develop motivation for the next stage. However, many now believe the tiers continuously overlap.

The recognition deficit

"Lack of recognition" was the third most common reason employees chose for leaving their employer. In other words, it was the top reason for one in every five employees. In a Gallup study, only one in three workers said they'd received recognition or praise for doing good work in the past seven days.[6] That's likely why our study found that:

46% of employees only feel "moderately" valued by superiors.

30% feel "not very" or "not at all" valued by superiors.

53% only feel "moderately" valued by colleagues.

26% feel being "undervalued and underappreciated" is the highest barrier to engagement.



There is a clear imbalance—or perception of one—in the 'value exchange' between many employees and their employers. Workers feel they are dutifully performing tasks the business requires to deliver value to customers and shareholders. But they do not feel they are being appreciated appropriately.

Lack of recognition was the third most common reason employees chose for leaving their employer.

When the imbalance occurs, employees either demand higher pay or search for a new job. This is demonstrated by the correlation between just 19 percent calling themselves "very engaged" and the 64 percent who are undecided or will leave their jobs in 2020. Alternatively, these employees become demotivated and complacent, as found in the 2019 Achievers Employee Engagement & Retention Report.

Employers must find a way to address this. The good news is compensation is not only in monetary form. It is also delivered through elements such as a sense of purpose, value, professional growth and community. In fact, a study found workers would be willing to forego 23 percent of their entire future lifetime earnings in order to have a job that was meaningful.[7] It is these aspects of work that are engagement drivers and make a job valuable for an employee in today's workplace. Clearly, recognition needs to be a central part of any company's culture.

Use recognition to activate culture & performance

Feeling valued is essential to feeling committed to and engaged at work. And yet, feeling undervalued is the second highest thing hindering engagement. It is also the third most important reason to stay or leave a company, right behind "salary/benefits" and "career advancement." Again, consider:

82% of employees "strongly" or "somewhat" agree they wish they received more recognition.

60% want to be recognized more frequently than they are, with **32%** preferring monthly and **28%** choosing weekly or daily, but **59%** being recognized only quarterly or not at all.

40% answered just "okay" and nearly 1 in 5 said "horrible" when asked how their company or manager is at recognizing them.

Despite all this proof, only half of workers (50 percent) say their companies have a formal way to recognize employees.

Recognition cannot be left to chance. Not all managers will organically provide recognition and champion it within their teams.



This is proven by the study's finding that 80 percent say some teams are better at recognizing employees than others in their workplace.

Recognition not only ensures workers feel valued. Employees openly expressed that it activates company culture and drives their own performance, as:

92% agree when they're recognized for a specific action, they're more likely to take that action again in the future.

90% say when they receive recognition it motivates them to work harder.



In a Robert Half survey, less than half of employees said they are always able to make a connection between their day-to-day duties and how they contribute to the company's bottom line.[8]

When organizations recognize everyday behaviors that align with their culture and goals, they help reinforce them as well as the role each employee plays. Doing so also addresses the issue that only 23 percent of respondents in our survey strongly agreed the recognition they receive is meaningful.

There is an acute need to put people at the center of the business by ensuring they get continuous recognition. Organizations cannot afford not to, as employees – including top-performers – who do not feel adequately recognized have lower engagement and are twice as likely to say they'll quit in the next year.[9]

However, a recognition-rich environment cannot be achieved in a vacuum. Everyone must be empowered and accountable for recognizing others within the organization.

The impact of recognition

58% said their manager relationship would improve with more recognition.

91% "strongly" or "somewhat" agreed recognizing their colleagues makes them feel happier at work.

91% "strongly" or "somewhat" agreed a strong recognition culture makes a company attractive to work for.

Amplify the employee voice to boost retention & engagement

In the study, **90 percent of workers said that they are more likely to stay at a company that takes and acts on feedback.**

Continuous employee listening is an incredibly important engagement lever. It allows organizations to understand and keep a finger on the pulse of culture every day. It helps uncover the ever-changing barriers to employees' success and engagement.

Despite the known benefits, there is enormous room for improvement. When asked how good their manager and company are at soliciting feedback in our survey, the most common answer was just "okay," asking for it once or twice a year.

This infrequency is detrimental to an organization's engagement efforts. Yet Gartner projected that as of 2019, 74 percent of employers would still be solely relying on formal, large-scale surveys to gauge employee engagement rather than other more frequent mechanisms.[10]

When it came to *acting* on feedback, those who gave their employer a good grade declined by 3 percent since 2019. "Okay", the second lowest grade, was the most common answer at 44 percent. These respondents said their manager and company only talk about feedback and makes few changes based on it.



How good is your manager/company at soliciting feedback

2020

Awesome – they ask all the time
12%

Pretty good – they ask regularly
30%

Okay – they ask once or twice a year
43%

Horrible – they never ask
15%

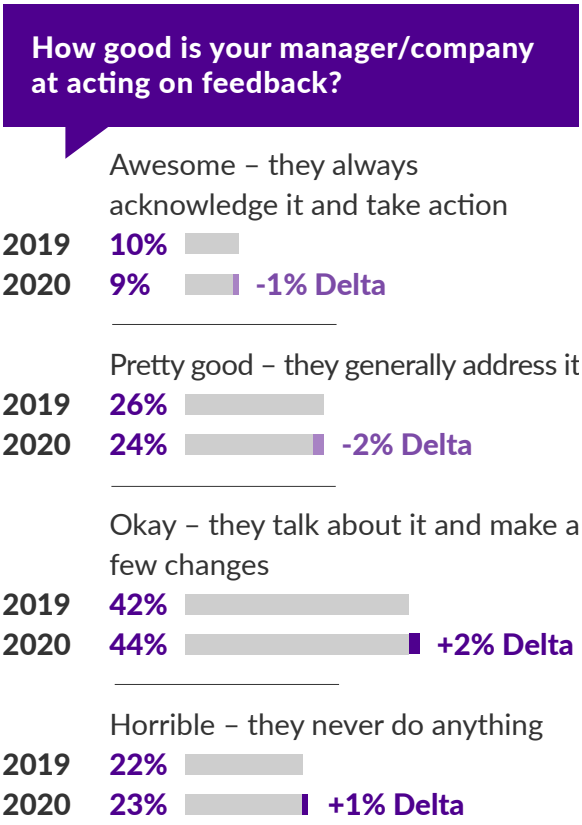
90% of workers said that they are more likely to stay at a company that takes and acts on feedback.

This, too, is detrimental. In a study of action-planning based on employee feedback, workgroups in the top quartile increased employee engagement scores by an average of 10 percent. Workgroups in the lowest quartile saw engagement scores decrease by three percent on average.[11]

Inaction also directly impacts retention. Of those who called their company "horrible" at acting on feedback in our study, 44 percent plan to look for a new job. That's compared to just 28 percent of those who called their company "awesome."

Engagement data must be collected regularly and acted upon quickly. It cannot be held up within HR or leadership for lengthy analysis and planning.

Organizations must ensure employee feedback reaches managers. This is especially true given Gallup estimates that at least 70 percent of the variance in team engagement is explained by the quality of the team leader.[12] Companies must make sure managers are equipped to use the feedback to address the unique needs of their staff in a very personalized and timely way. These actions, which can range from small acknowledgements to larger changes, will drive continuous improvement to the employee experience and, as a result, retention and engagement.





Four takeaways for your future engagement strategy & program

Employers need to approach engagement holistically. It is not just monetary compensation that will drive results. It's the day-to-day experiences of employees around three key pillars: feeling valued, feeling heard and being supported by their manager. And organizations need to implement tools to sustain this and nurture the kind of culture they want to build.

While there are many factors that combine to create a strong culture, here are four main takeaways employers can start with for their 2020 engagement strategy and beyond:

1 A measly 13 percent of employees are recognized more than monthly, despite 82 percent of employees stating they want to be recognized more for their contributions.

Activate your culture through frequent recognition. Invest in technologies that enable everyday recognition to occur at every level of the company and that don't exclude off-line employees.

2 Forty-six percent of respondents only "somewhat agree" that the current recognition they get is meaningful, while 30 percent "strongly" or "somewhat" disagree.

Align recognition to a clear set of company values. Recognize specific actions that embody them, in real-time.

3 Forty-four percent of respondents said their company and manager was just "okay" at acting on feedback. Conversely, 23 percent say they're horrible.

Start listening to employees regularly so they can be part of the solution. Empower managers with the insights and tools to take small, but meaningful actions.

4 Only eight percent called senior leadership "very" committed to improving company culture. A mere 23 percent said they feel "very" valued by their superiors at work.

Get senior leadership to lean into and invest in employee experience and culture. Make sure they are visibly recognizing those who contribute to and improve it.

Culture is your competitive advantage. It's your people living your values. It's the reason someone goes the extra mile for a customer. It's how you increase employee performance and make an impact on your business goals.

Now is the time for businesses to activate their cultures. Employees want to feel heard and see their employers act on their feedback. They want recognition for good work. And they expect participation at every level – including leadership. If companies fail to live up to these needs and expectations, they will be fighting an uphill battle to retain workers and build a high-performing organization that can achieve its goals and remain competitive.

Summary of key findings

- Just 33% of employees plan to stay in their current jobs in 2020.
- Only 18% of employees are “very engaged” with plans to remain at their employers for a long time.
- “Lack of recognition” is the 3rd biggest reason people say they are or would consider leaving their jobs, after “compensation” and “career advancement”.
- 3% say leadership is “minimally” committed to improving company culture and only 23% call them “more than” or “very” committed.
- 82% of employees wish they received more recognition for their work.
- 90% of workers say they are more likely to stay at an employer that takes and acts on feedback.
- 44% of those who called their company “horrible” at acting on feedback plan to look for a new job versus just 28% of those who called their company “awesome”.
- While “lack of career growth” (42%) is the top barrier to engagement, “feeling undervalued and underappreciated for contributions” is the 2nd biggest thing hindering engagement.

About the Survey & Methodology

Conducted in October 2019, Achievers' online survey received 1,154 responses from across North America. Males represented 47 percent and females 53 percent. Globally, 13 percent were Gen Z, 46 percent were Millennials, 21 percent were Generation X and 20 percent were Baby Boomers.

About Achievers

Achievers Employee Success Platform delivers proven tools for organizations to empower every employee as an owner of organizational culture and engagement. Built on over a decade of engagement science leadership, hundreds of global customers rely on Achievers' dynamic employee recognition, coaching, and continuous listening tools for their people to feel valued and heard, to align on strategic values and goals, and ignite a positive organizational culture.

Learn more at: www.achievers.com

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