

Year-End State of Employee Engagement and Trends for 2021 and Predictions for 2022

Insights from HR/Business Leaders and Employees



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2021 Year-End Recap

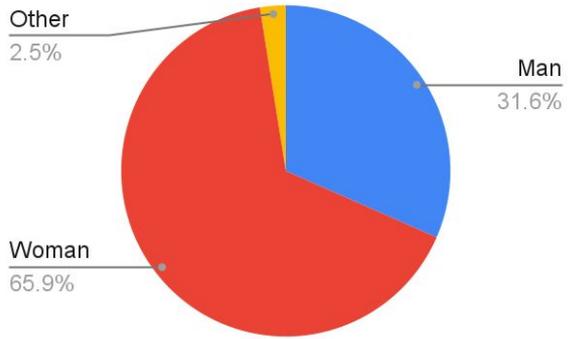
1. **Hybrid is Here to Stay.** HR and employees increasingly favor hybrid work and becoming less favorable to RTO.
2. **Missing Connection: Downside of Hybrid and Remote Work.** Remote and hybrid work offer flexibility; however, there are important factors for HR and business leaders to consider, such as diminishing social connection when employees are not in-person.
3. **Emotional Exhaustion and Burnout Rampant, but HR is Suffering More.** Throughout the year, burnout is a commonly reported experience with HR reporting the highest levels compared to employees. Along with burnout, many in HR suffer a great deal from empathy fatigue phenomenon.
4. **Well-being Goes Mainstream and Why C-Suite Should Care.** The pandemic highlighted the importance of well-being and mental health. At the same time, employees and HR clearly desire more support for well-being in a variety of domains.
5. **Vaccination Mandates are Popular, but They Lack Teeth.** Increases in vaccination rates have leveled off and support for vaccine policies remains high. However, roughly 25% still oppose vaccine mandates. Surprisingly, 1 in 5 organizations still do not have a vaccine policy in place.
6. **The Great Resignation and Increasing Challenges to Hiring and Retention.** The search for talent became increasingly challenging throughout the year, and organizations are feeling the negative impact of these challenges.
7. **No Pulse = No Clue. Support Employees By Listening.** There are significant gaps in HR priorities and employees' opinions of what HR should be prioritizing. Over 95% of employees want to give some feedback to their employer. It's up to HR/Business leaders to listen.

HR Engagement Survey Methodology

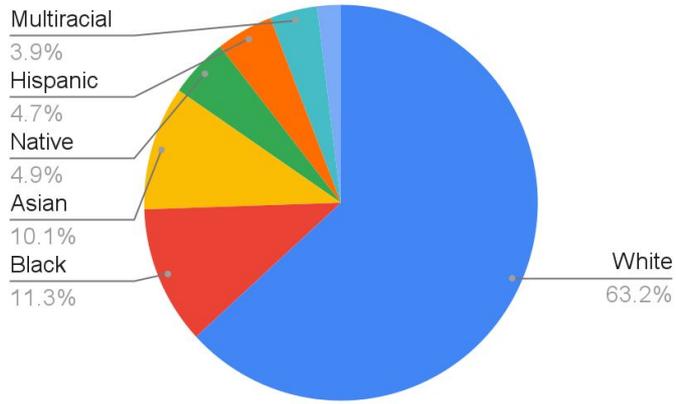
Since the beginning of the pandemic and the great migration to work-from-home, the landscape of work has been permanently altered. Our survey of over 600 HR professionals and leaders as well as 474 employees around the world offers insight into the changing world of work.

- **People Leader Respondents.** Business leaders and Human Resources were contacted through email, LinkedIn, and professional networking sites with the opportunity to complete a survey on their priorities and challenges in the third quarter of 2021. A total of 621 respondents completed the HR/People leader survey between October 28th and November 15th.
- **Geography.** A total of 41 Countries/Territories were represented in the HR/business leaders sample. The majority of respondents (68.0%) were living in the United States.

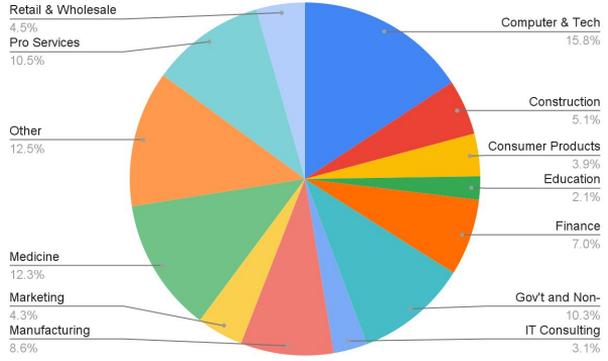
Gender



Race



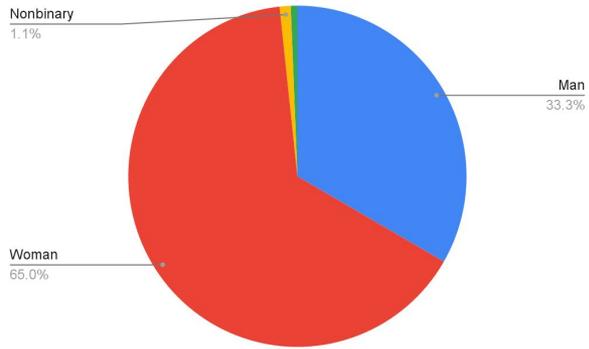
Industry



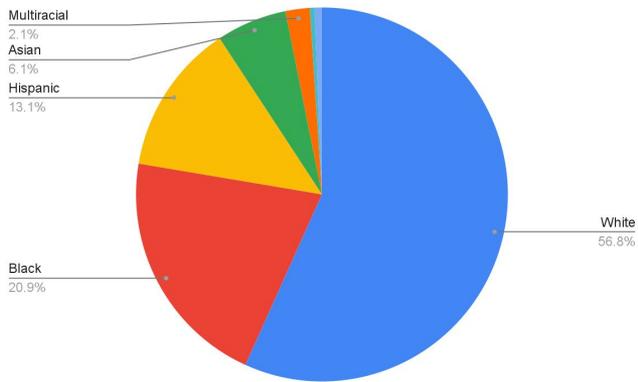
Employee Engagement Survey Methodology

- **Employee Respondents:** Employees were identified as non HR/primarily individual contributors at work Employee respondents were recruited through Prolific Data Collection. A total of 474 respondents completed the Employee survey between October 29th and December 10th.
- **Geography.** A total of 28 Countries/Territories were represented in the Employee sample. The majority of respondents (52.2%) were living in the United States.

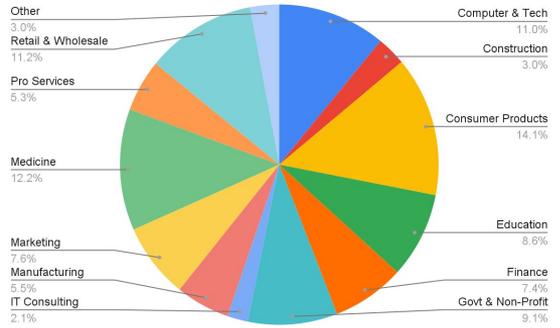
Gender



Race



Industry

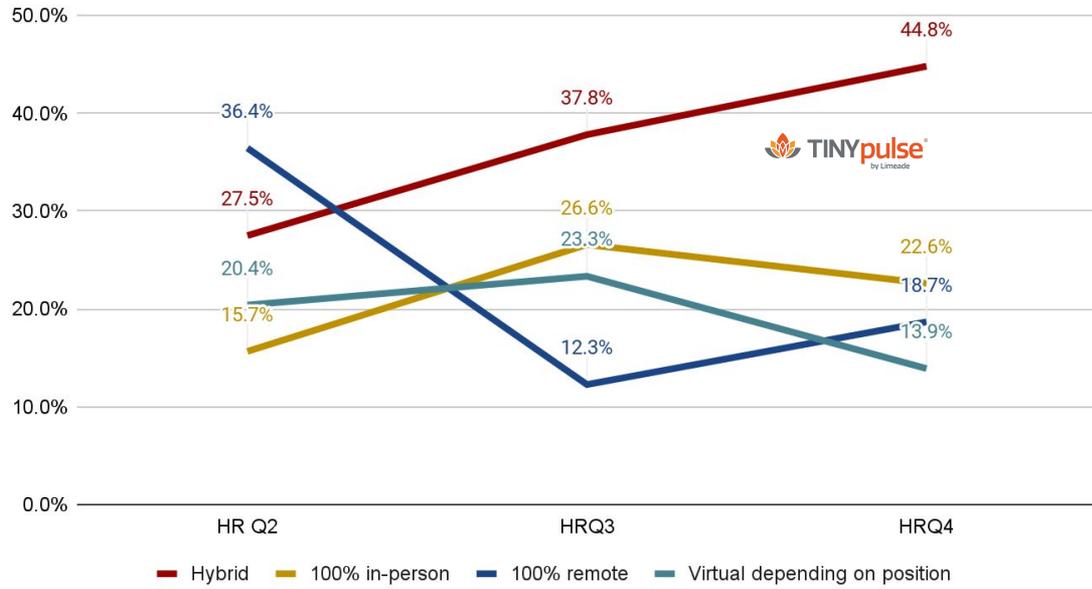


Hybrid is Here
to Stay

Since the middle of last year, remote work has become less common for HR and business leaders. Hybrid has trended more popular in its place.

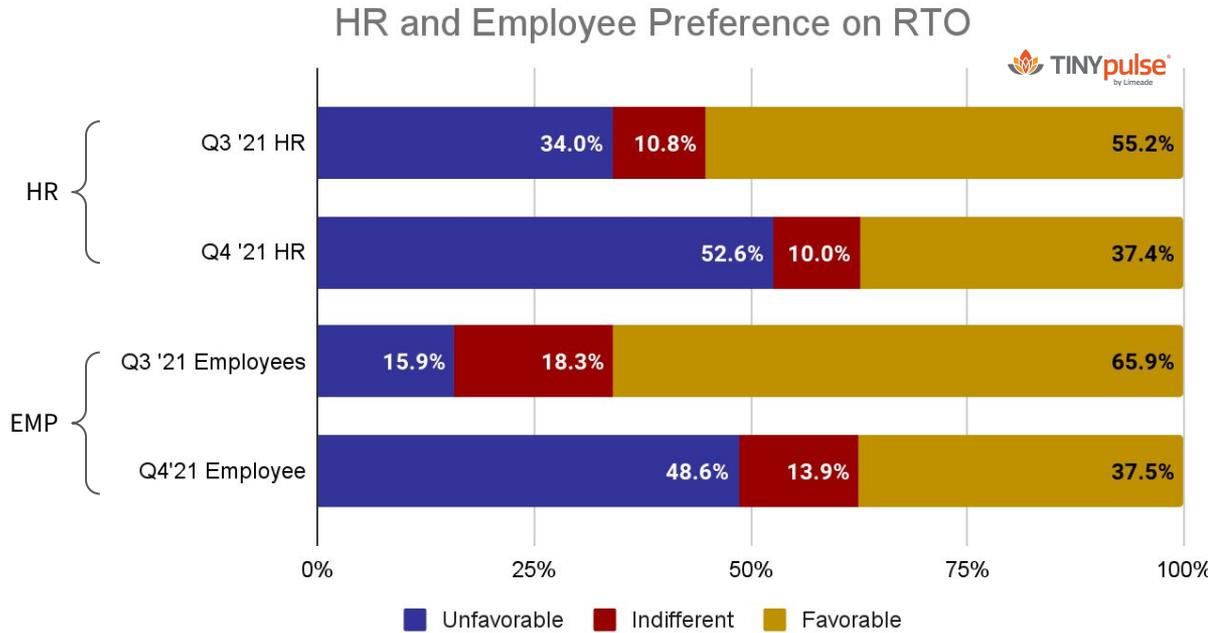
- Hybrid is the current most popular current work arrangement for HR/business leaders at 44.8%. Notably hybrid work arrangements have steadily grown in popularity throughout 2021.
- All other work arrangements were reported by less than 25% of the sample for each group.

Current Work Arrangements Reported By HR in 2021

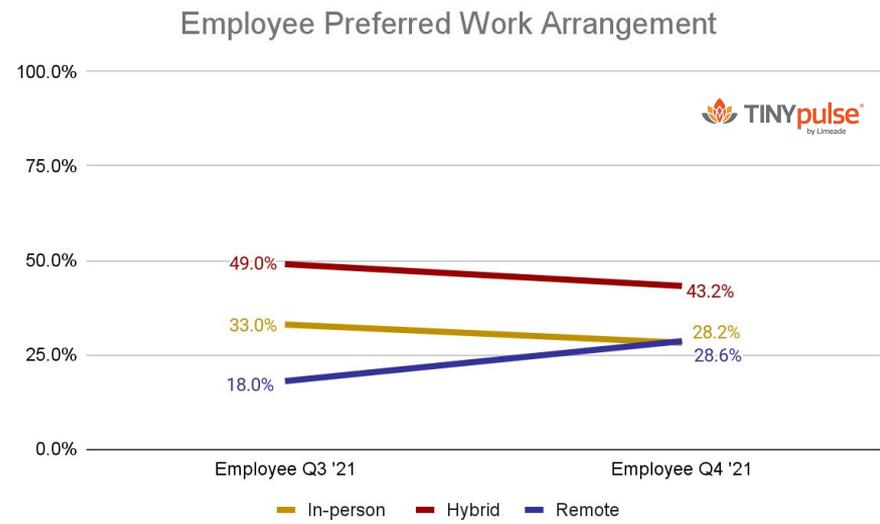
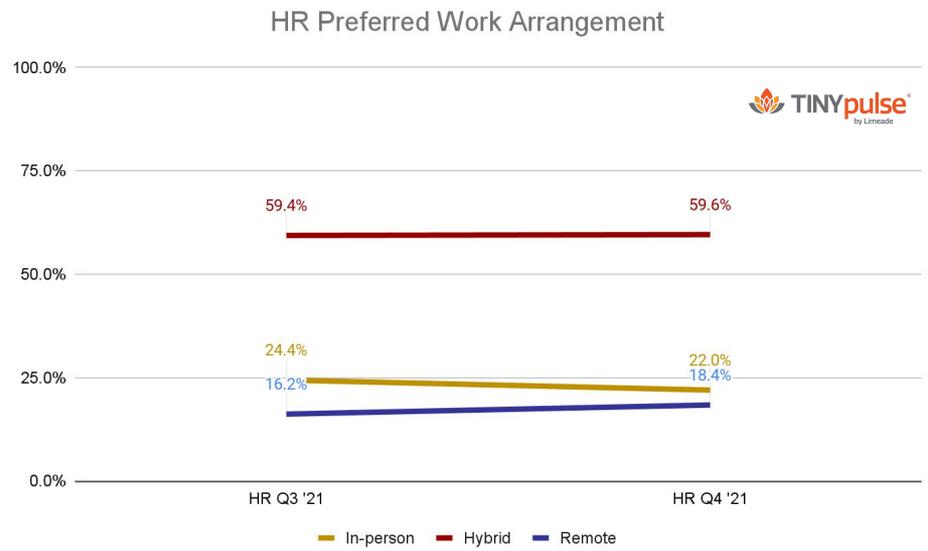


In early November 2021, both HR and Employees, favorability toward RTO decreased from the 3rd to 4th quarter.

- Employees and HR are 130% more unfavorable toward RTO in Q4 than in Q3
- Employees are 19.4% more favorable and 69.4% more indifferent about RTO than HR/business leaders.
- HR/business leaders have 113.8% more unfavorable attitudes toward RTO than employees.

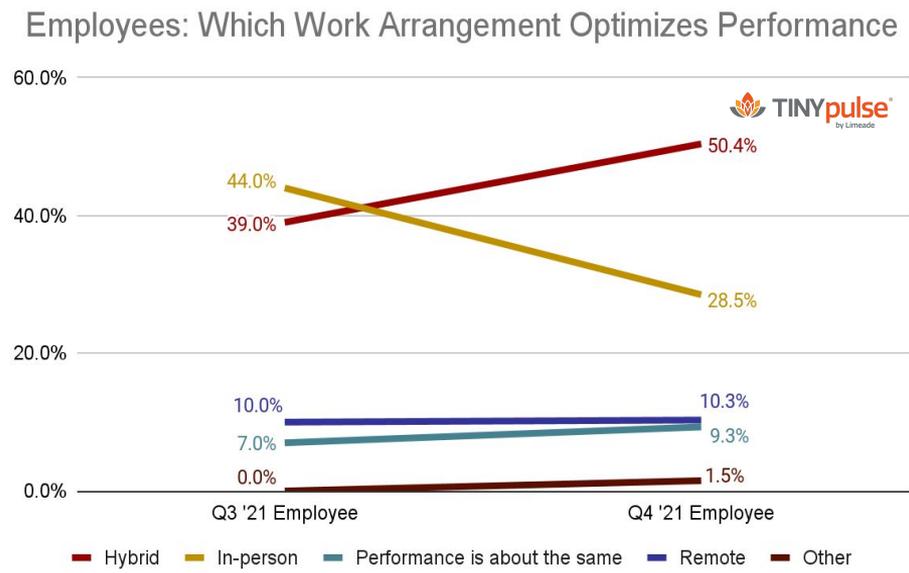
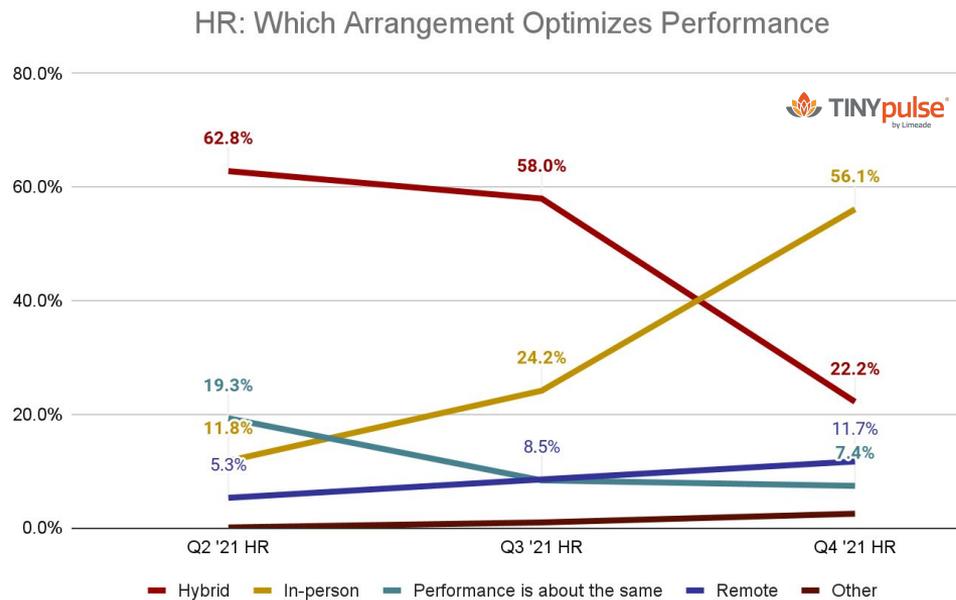


Both HR/business leaders and Employees prefer hybrid work.



- HR and Business' leaders' endorsement of hybrid work remained the same from Q3 to Q4. However, employees, preference for fully remote work rose in Q4, while in-person and hybrid work fell in preference 11.8%.
- Both HR/business leaders' and employees' responses from Q3 to Q4 reflected a decrease in preference for in-person work and an increase in preference for remote work.

HR/business leaders rated hybrid work as leading to optimal performance but shifted their view to in-person work later in the year. Employees ended the year rating hybrid works as best for optimizing performance.



- HR/business leaders reversed their previous preference for hybrid work for optimizing work performance. In fact, in-person work increased 131.8% in Q4 as the best arrangement for optimizing performance.
- However, according to employees surveyed in Q4, hybrid work is best for optimizing performance.

Throughout 2021, HR/business leaders have been consistently reporting their organization will not go back to business as usual after COVID-19 is no longer a threat. Employees are more optimistic or potentially naive about things returning to business as usual.

- During Q4 employees agreed that their organization would return to business as usual after COVID-19 33.0% more than HR.
- HR/business leaders are involved in policy-making and business impacts from COVID-19 which explains their more negative outlook.

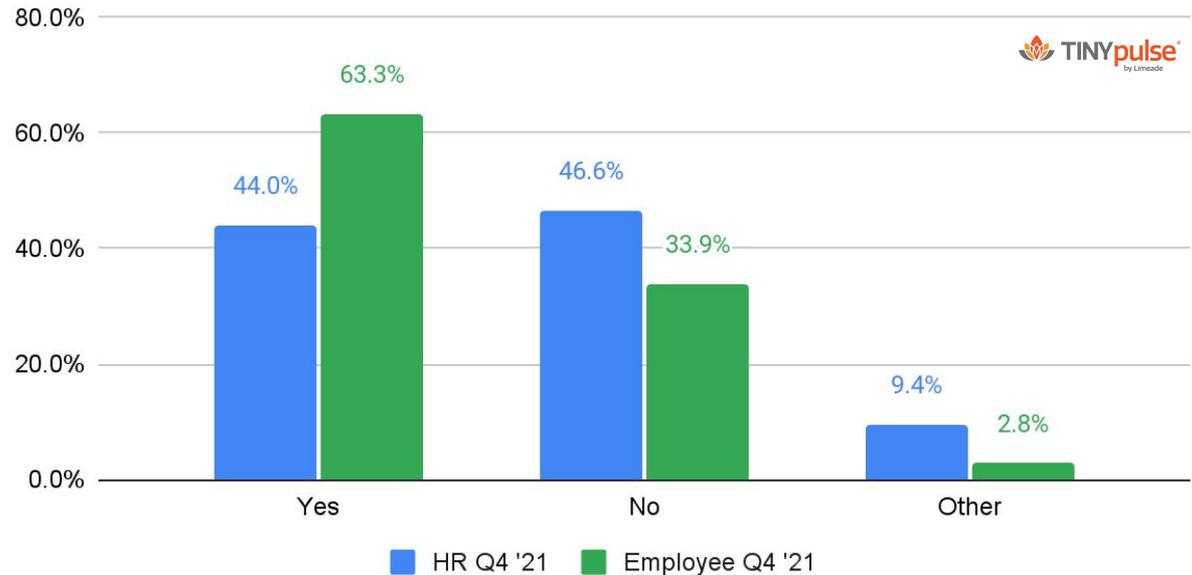
Things in My Organization Will Return to Business As Usual After COVID-19



HR and Employees disagree about pay adjustment fairness. The majority of employees feel that it is fair to adjust pay based on remote workers geographic location while the majority of HR feel that it is not fair to adjust pay.

- Organizations that are undecided should consider adjusting salaries based on employee location because that is what the majority (63.3%) employees want.
- The discrepancies between HR/Business leader responses and employee responses indicate this is a key area for employee listening.

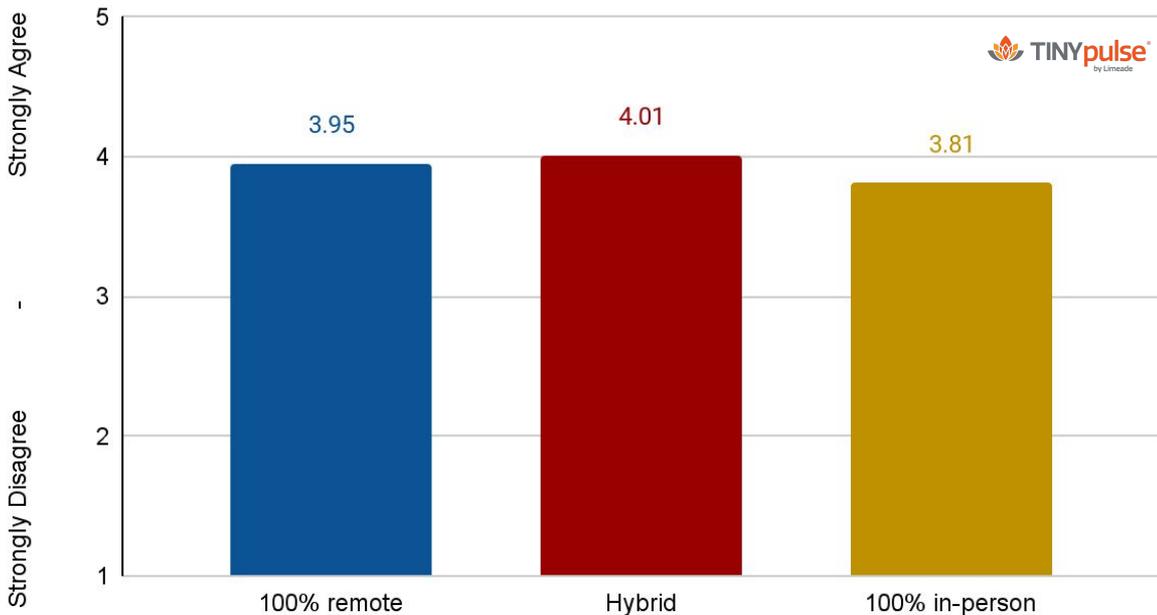
Is it Fair to Adjust Remote Worker Pay Based on Geographic Location?



Employees are equally committed to their jobs, regardless of work arrangement

- Fully remote and hybrid employees were no less likely to stay with their employers for the next year. Averages for all three groups were centered around “Agreeing” that they are likely to stay with their organization of the next year.
- Any differences in responses were not statistically meaningful

“I am likely to stay with this organization for the next year”

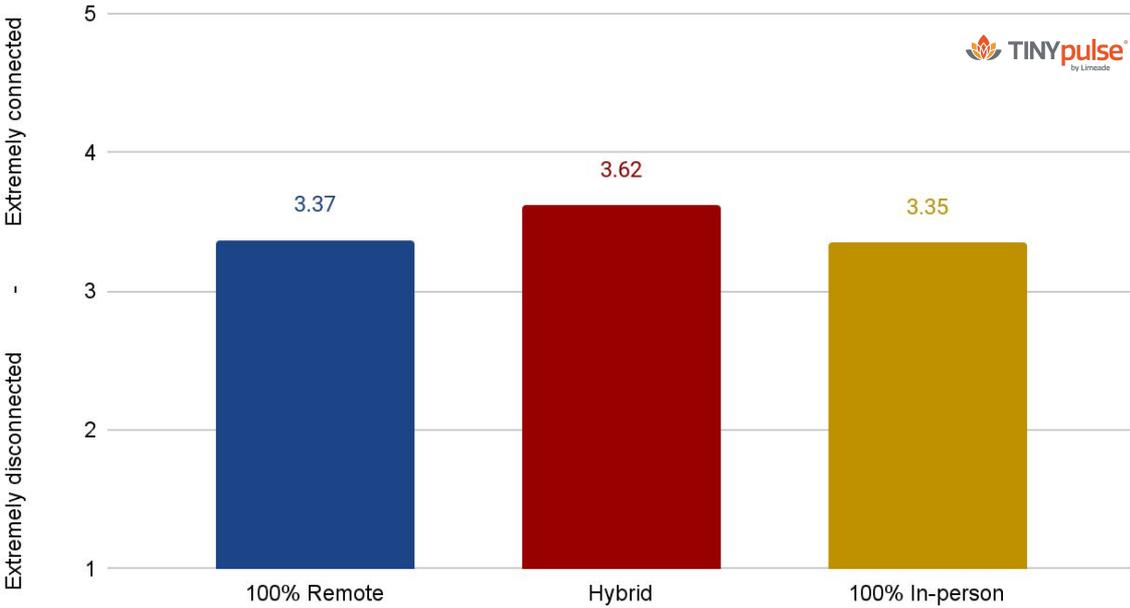


Missing Connection: Downside of Hybrid and Remote Work

Employees and HR/business leaders who prefer hybrid work arrangements desire even more social and cultural connection than those who prefer fully in-person and fully remote work

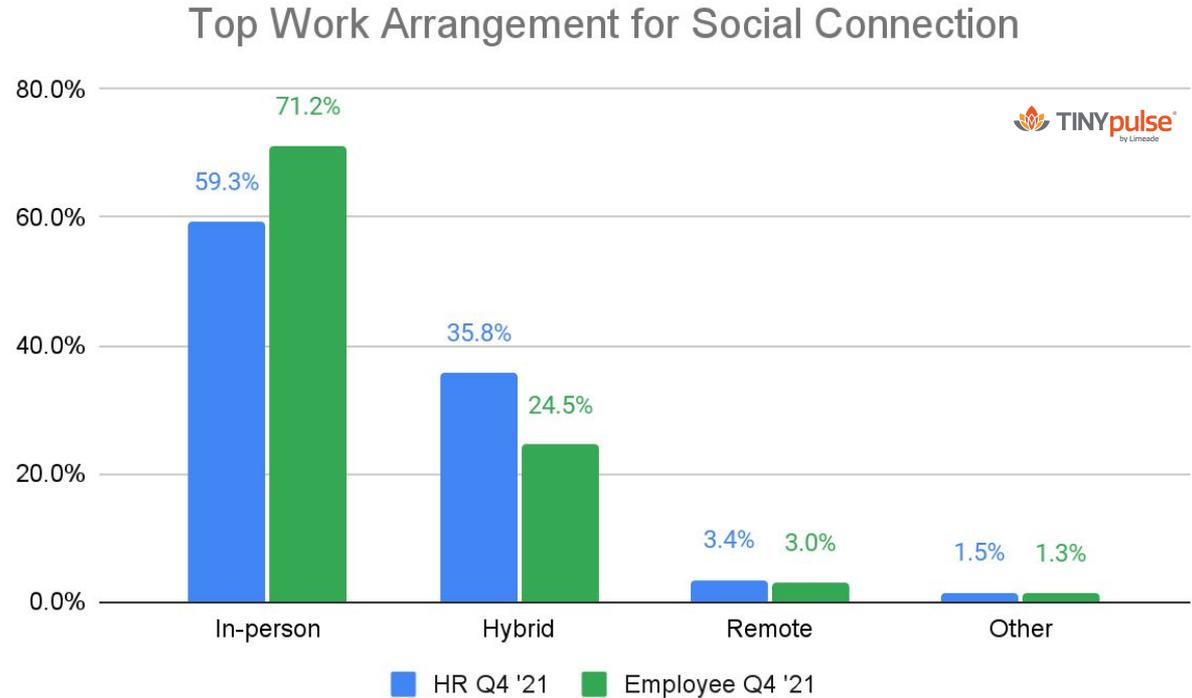
- Surprisingly, those who preferred hybrid work desired the most social connection. This difference was statistically meaningful.
- Those with a preference for remote work desired as much social/cultural connection as those who preferred in-person work.

Desired Social and Cultural Connection at Work

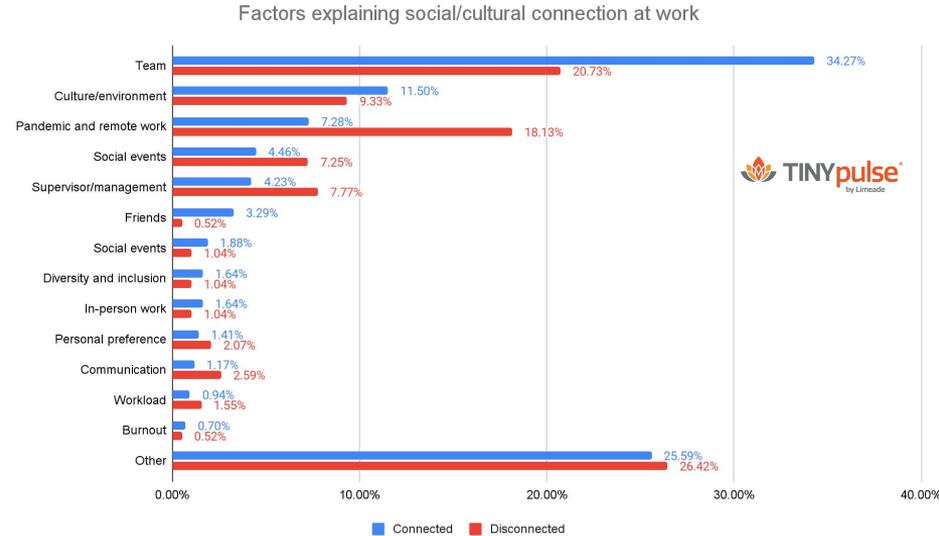
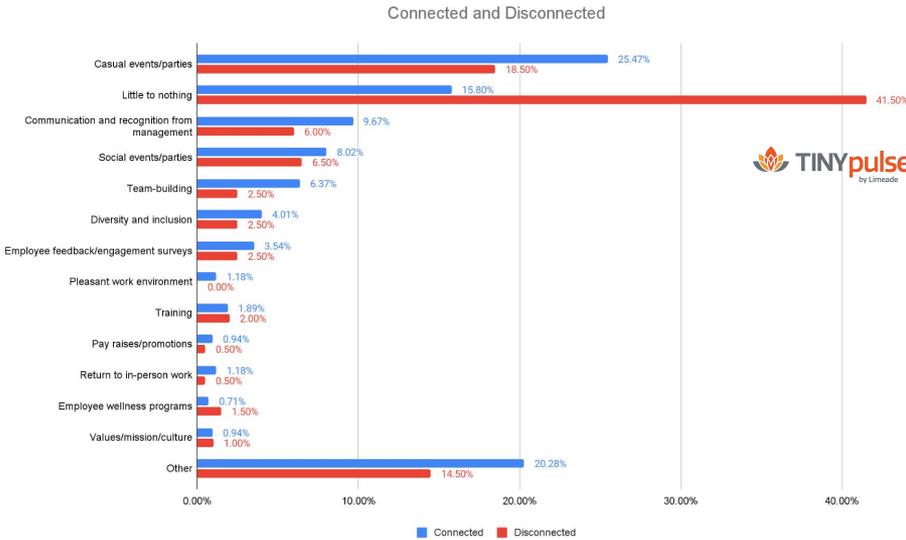


A strong majority of HR/Business leaders and employees feel that in-person work is the top work arrangement for fostering social connection.

- Hybrid work was rated by employees and HR/Business leaders as the second best work arrangement for social connection.
- By far, remote work was viewed as the least conducive for gaining social connection at work with 3.4% of HR and 3.0% of employees selecting remote work as best for social connection.



Over 40% of workers who reported feeling disconnected stated that their organization did little to nothing to foster social connection.



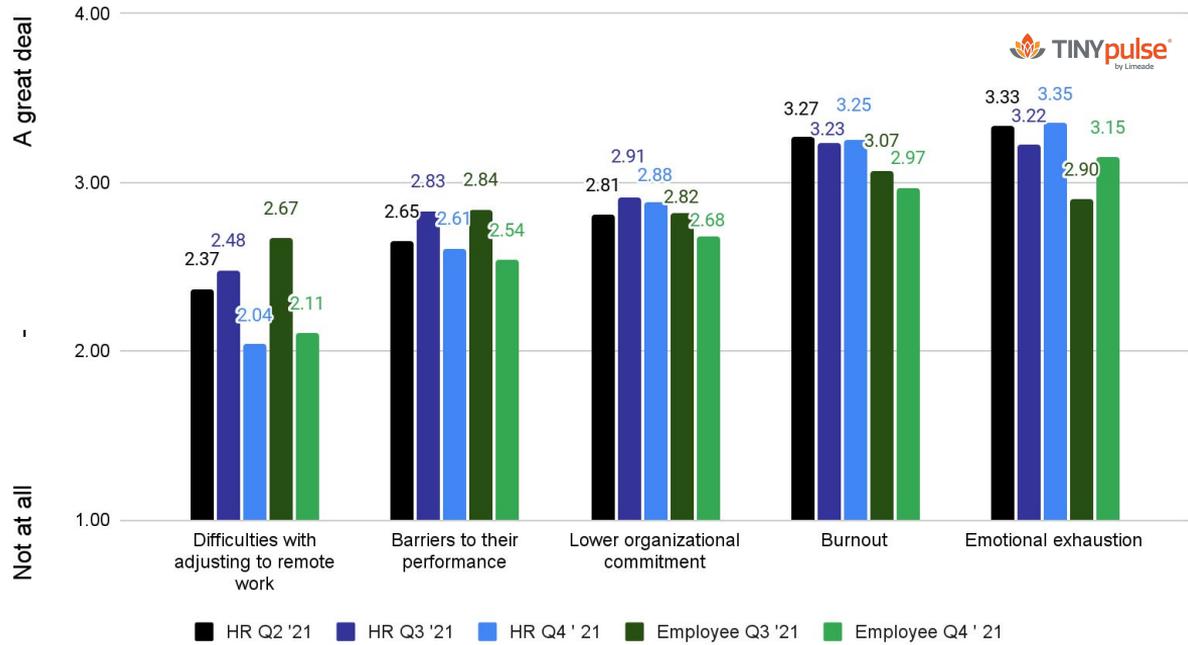
- Employees who cited the pandemic and remote work as a factor felt were significantly more likely to feel disconnected ($r = -0.17$).
- According to employees who felt connected, working well with their team and having casual events made them feel connected.

Emotional
Exhaustion and
Burnout
Rampant, but HR
is Suffering More

HR consistently reported higher expectations of negative employee experiences of burnout and emotional exhaustion compared to employee reports

- From Q3 to Q4, employees reported an 8.6% increase in emotional exhaustion.
- The least reported concern by HR and employees was consistently difficulties with adjusting to remote work.

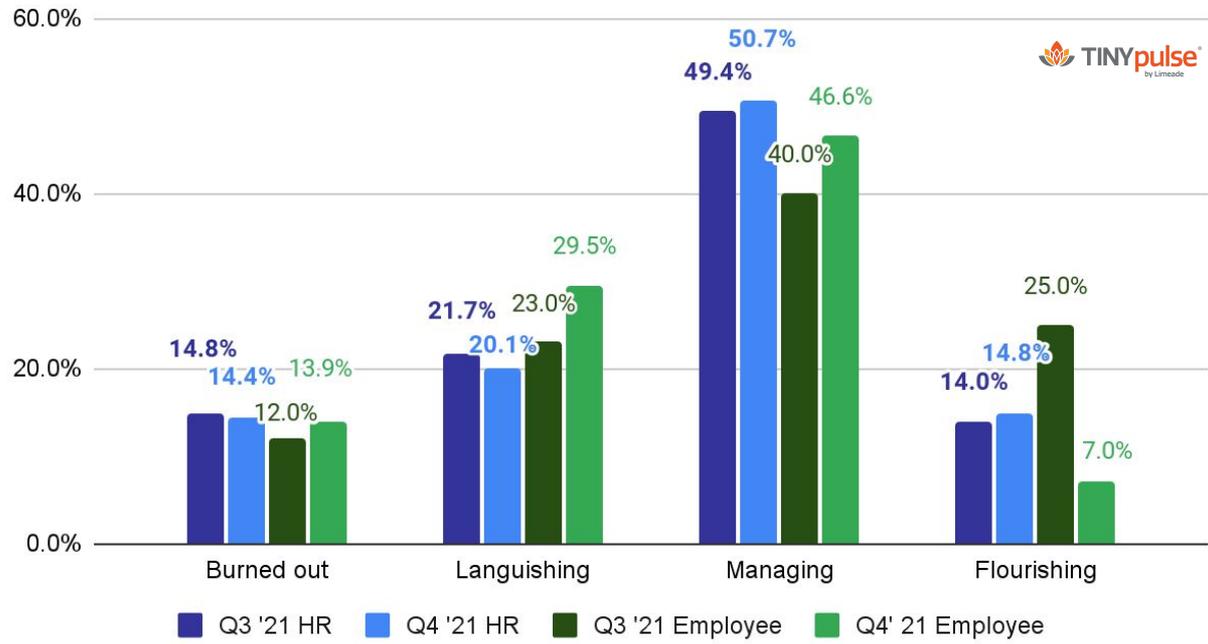
Employee Experiences According to HR and Employees



Overall, HR and Employee experiences from Q3 to Q4 have remained stable.

- Employees reported a 72% decrease in flourishing. Meanwhile, employees also reported more languishing in Q4.
- From Q3 to Q4, HR and employees reported fairly similar levels of burn out ranging from 12.0% to 14.8%.

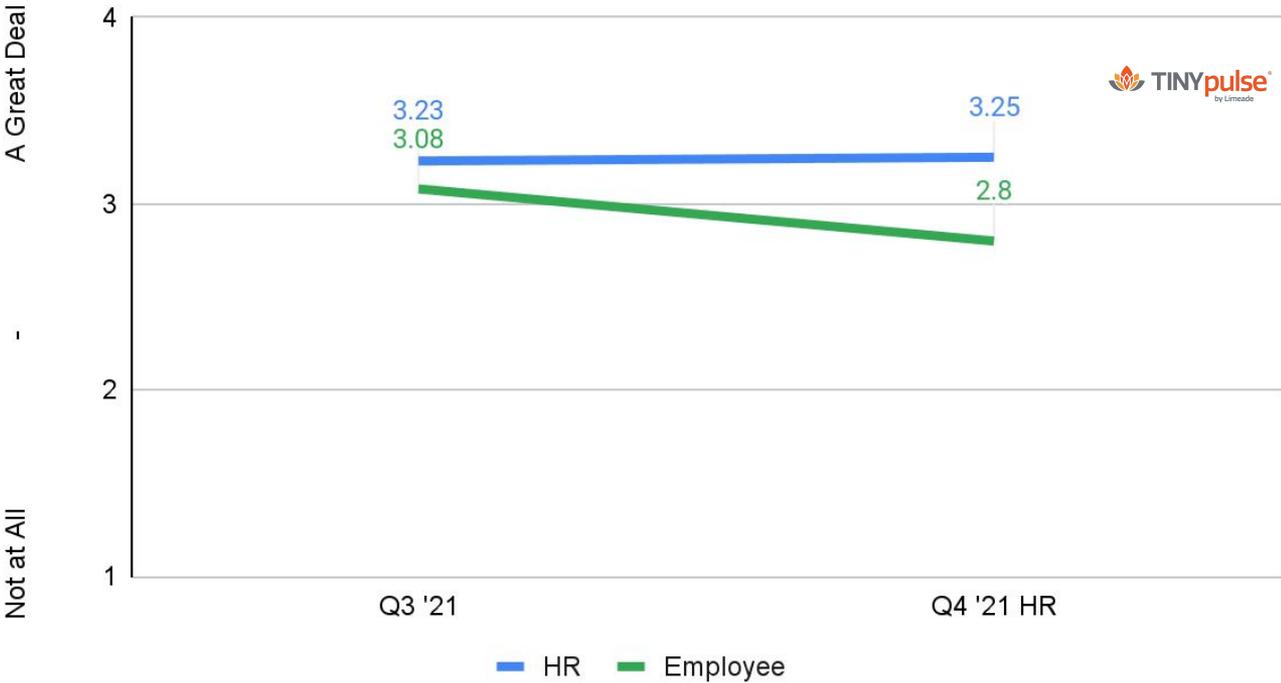
HR and Employee Experiences



HR consistently reported higher expectations of employee burnout compared to employees' actual burnout.

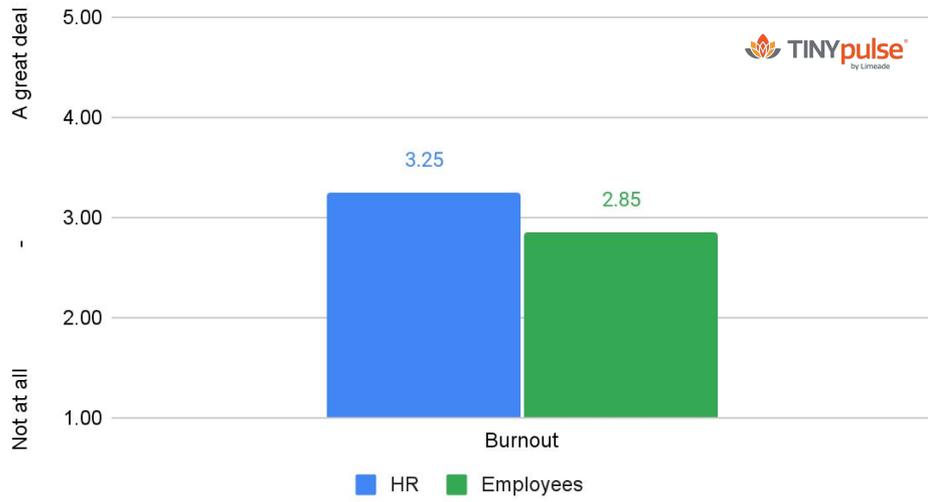
- Throughout 2021 HR has reported steady levels of burnout leaning toward “A great deal of burnout”
- From Q3 to Q4, employees reported a 9.1% decrease in burnout. This small decrease may reflect slight deviations or could indicate a trend toward lower burnout.

Employees Experiencing Burnout

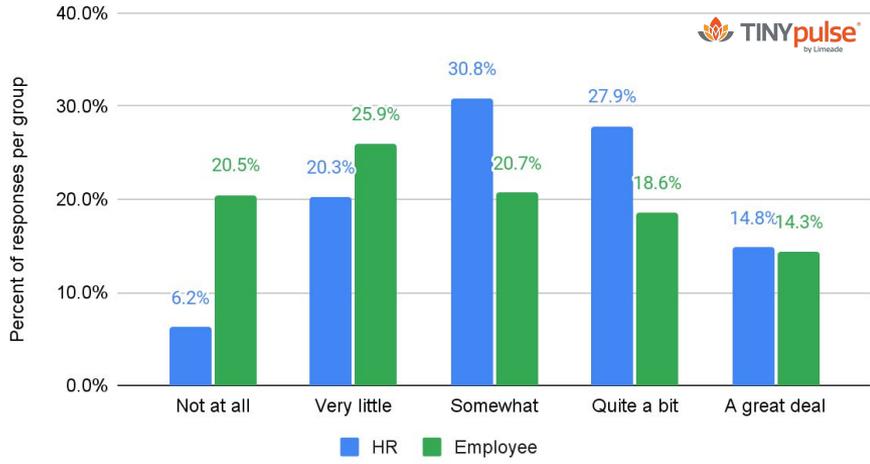


HR reports significantly higher levels of burnout than employees.

To what extent would you say you are experiencing burnout?



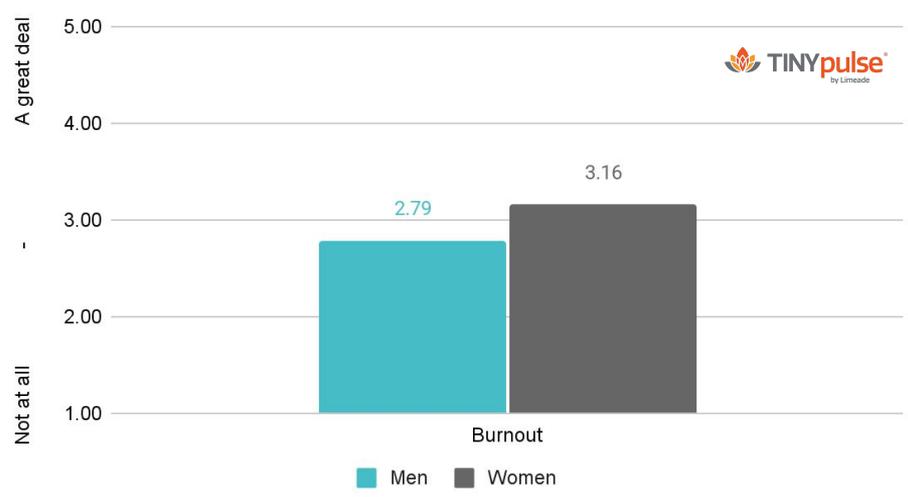
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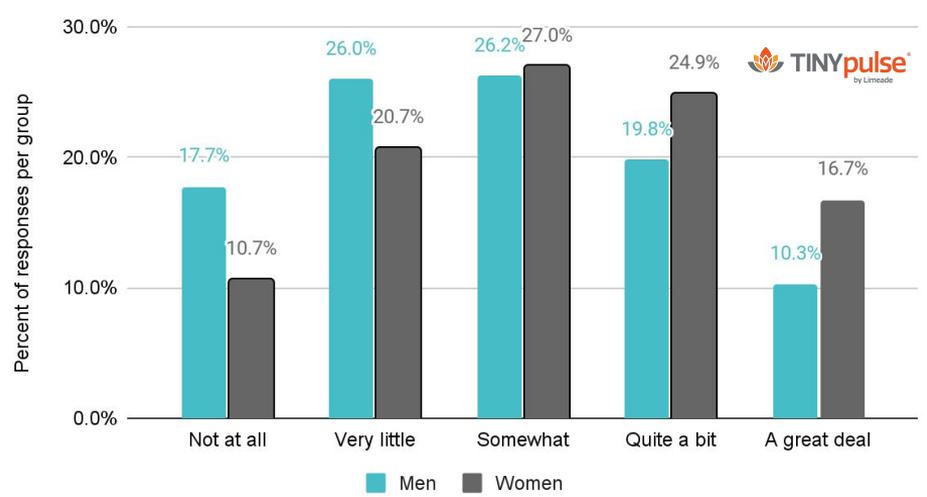
- Almost 95% of HR/business leaders report at least some degree of burnout. In fact, burnout was more common among HR/business leaders than employees.
- Analysis determined this difference was statistically meaningful.

Women report significantly higher burnout than men.

To what extent would you say you are experiencing burnout?



To what extent would you say you are experiencing burnout?

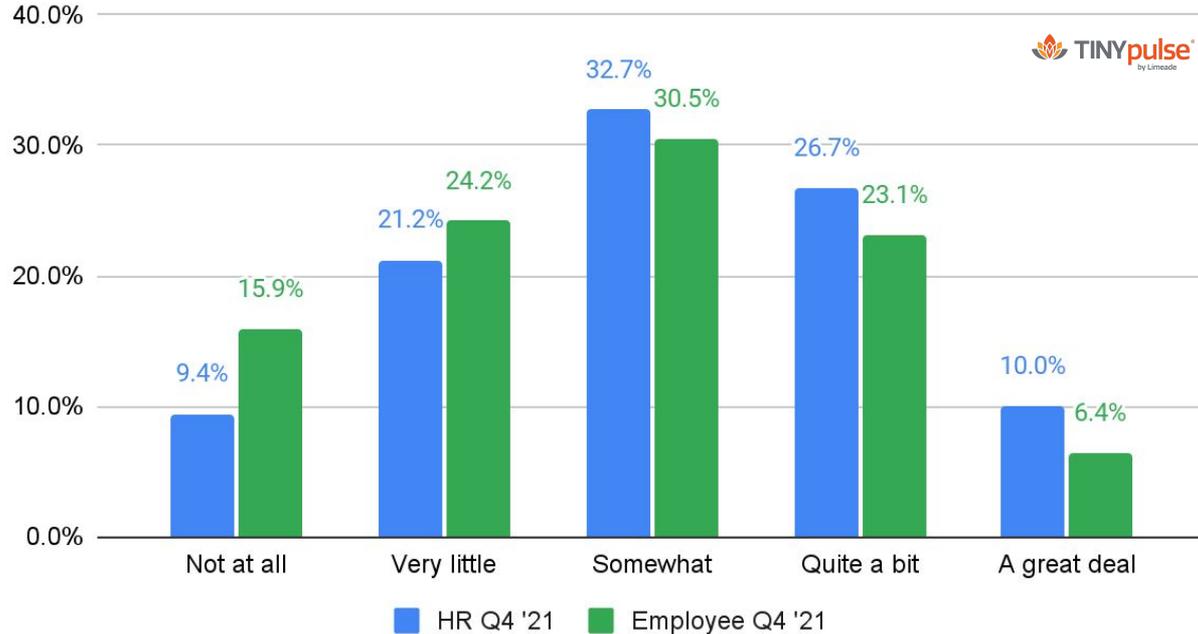


- Almost 90% of women reported at least some degree of burnout and reported “A great deal” of burnout over 50% more often than men.
- Analyses revealed that this difference was statistically meaningful.

A strong majority of survey respondents reported experiencing empathy fatigue. However, HR reported more empathy fatigue with 9 out of 10 HR/business leaders reporting some degree of empathy fatigue.

- Empathy fatigue is defined as an emotional exhaustion caused by caring for/about other people.
- The most common response for both HR (32.7%) and employees (30.5%) was “Somewhat” experiencing empathy fatigue

Experiencing Empathy Fatigue

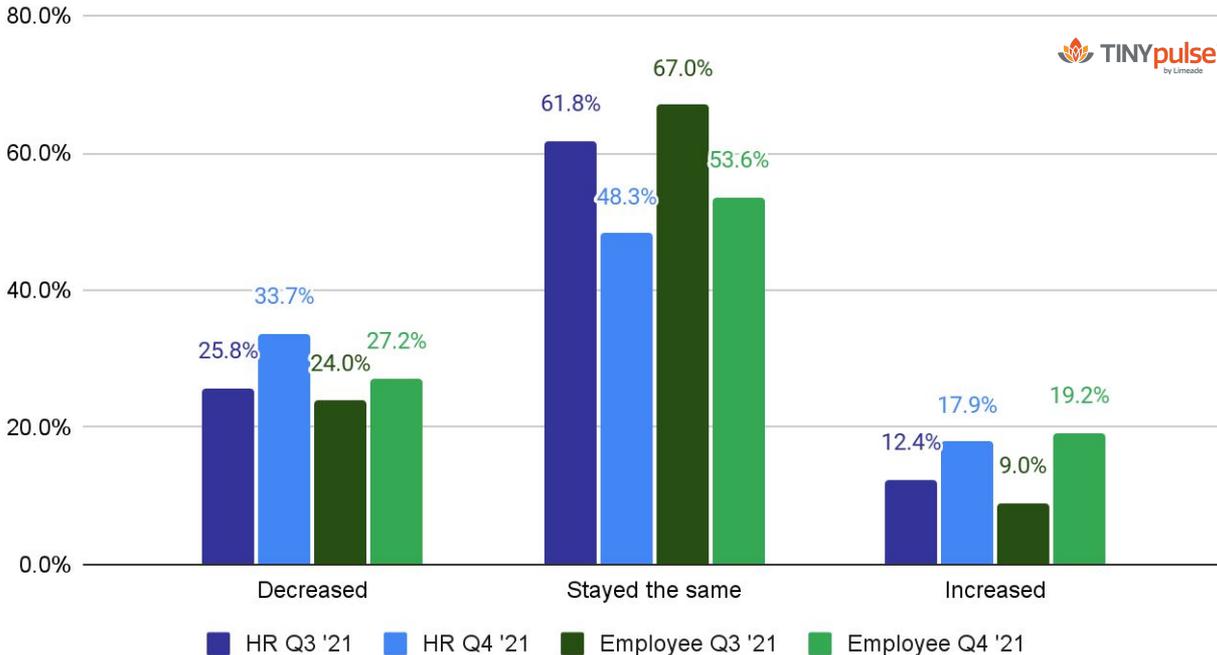


Well-being Goes Mainstream and Why C-Suite Should Care

While most HR/business leaders and employees reported that their well-being has stayed the same in the past few months, those who experienced changes to their well-being more frequently reported a decrease.

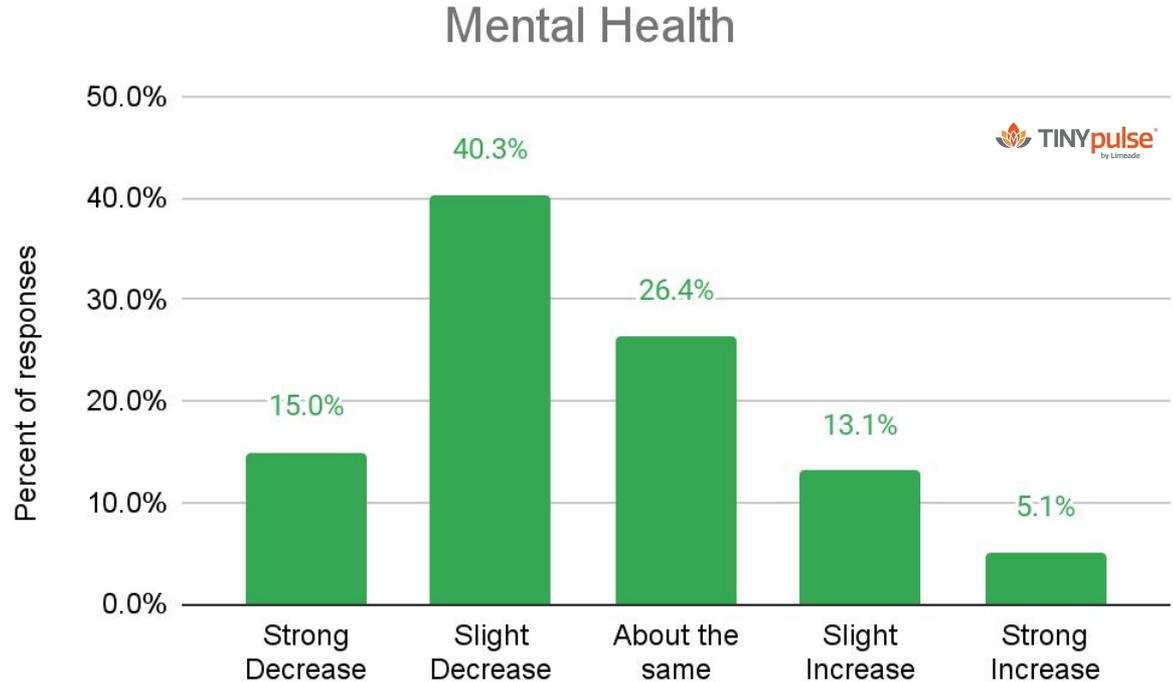
- Overall, HR and employees report similar levels of well-being.
- Notable for both HR and employees, well-being became more polarized in Q4 with fewer staying the same and more reports of decreasing or increasing well-being.

Overall Well-Being for Past 3 Months



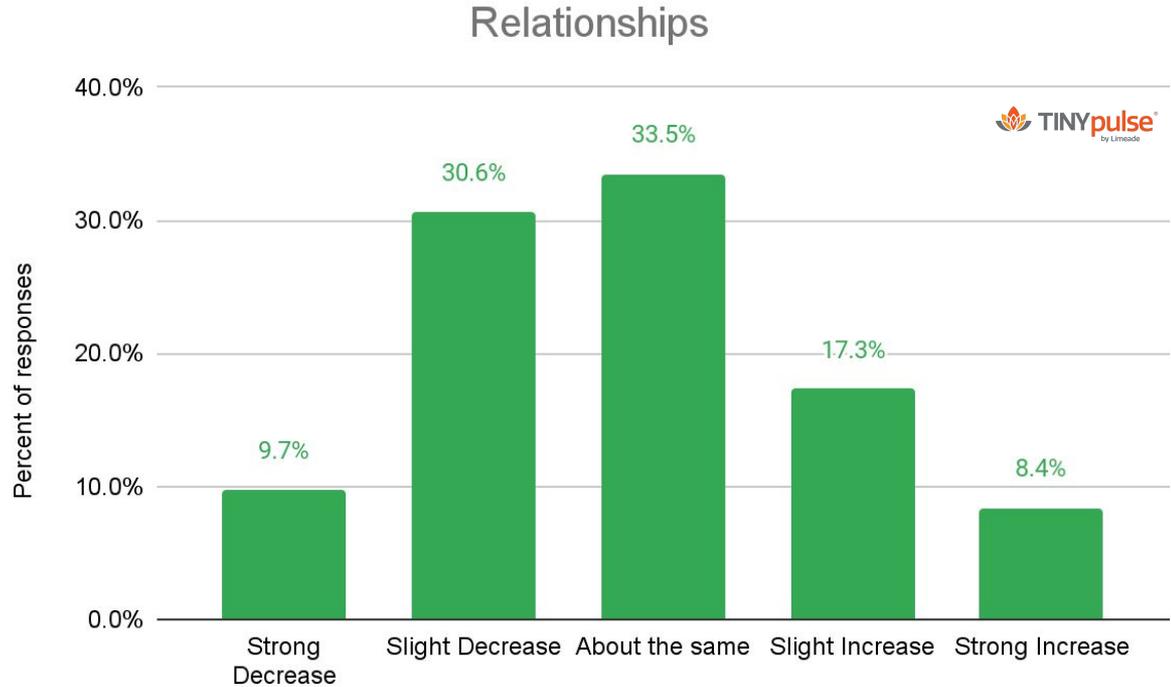
Most employees report a decrease in their mental health over in Q4 '21.

- Only 18.2% of employees reported an increase in their mental health.
- Whereas 55.3% reported a decrease in their mental health during the past three months.



Most employees report a decrease in their personal relationships over in Q4 '21.

- Specifically 40.3% reported a decrease in their personal relationships during the last three months.
- Only 25.7% reported an increase in their personal relationships.



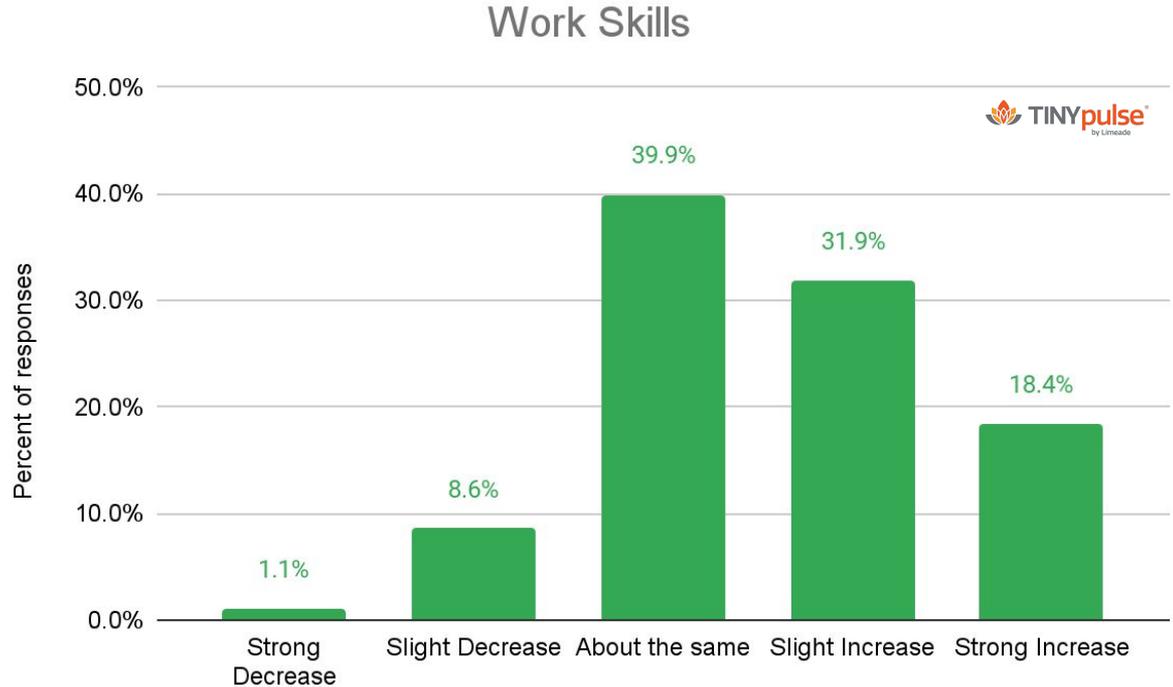
Over the past three months, roughly equal numbers of employees reported that their personal finances decreased, stayed the same, and increased.

- Specifically, 31.2% reported decreasing, 33.1% reported staying the same, and 35.4% reported increasing.
- Overall this indicates that for the past three months, personal finances for employees have not trended in a specific direction.



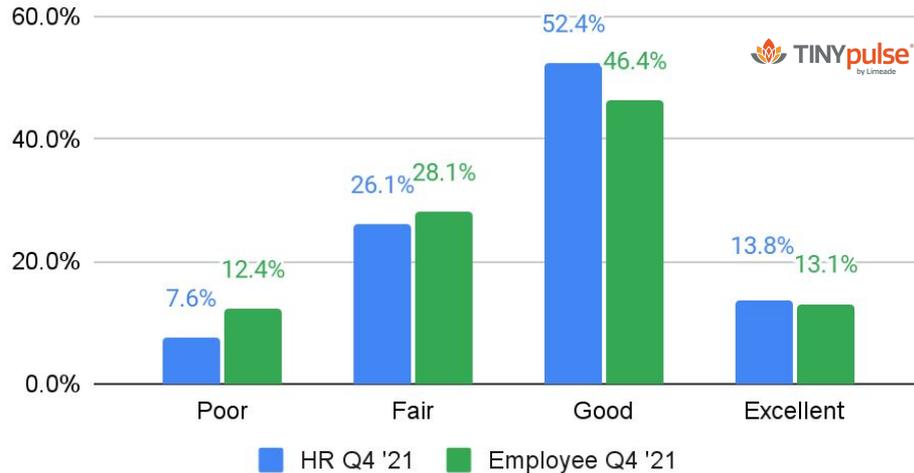
Over 50% of employees report an increase in their work skills over the last three months

- Less than 10% of employees reported a decrease in their work skills over the last three months.
- The plurality of respondents (39.9%) indicated their work skills remained “about the same.”

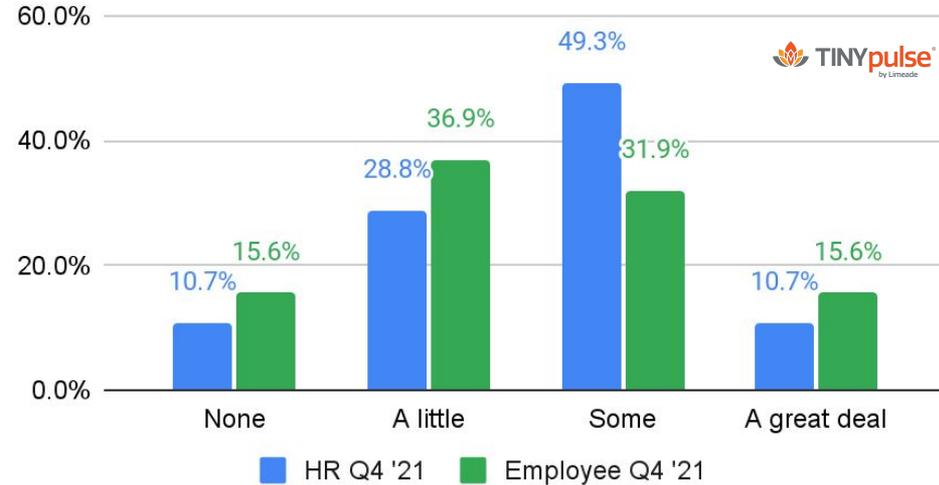


The majority of HR/business leaders and employees desire a little or some support for their emotional well-being at work.

Emotional Well-Being



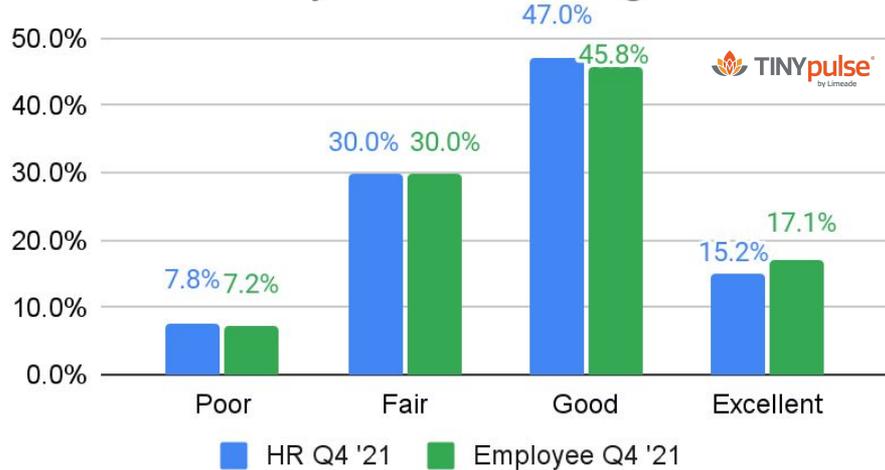
Desired Support for Emotional Well-Being



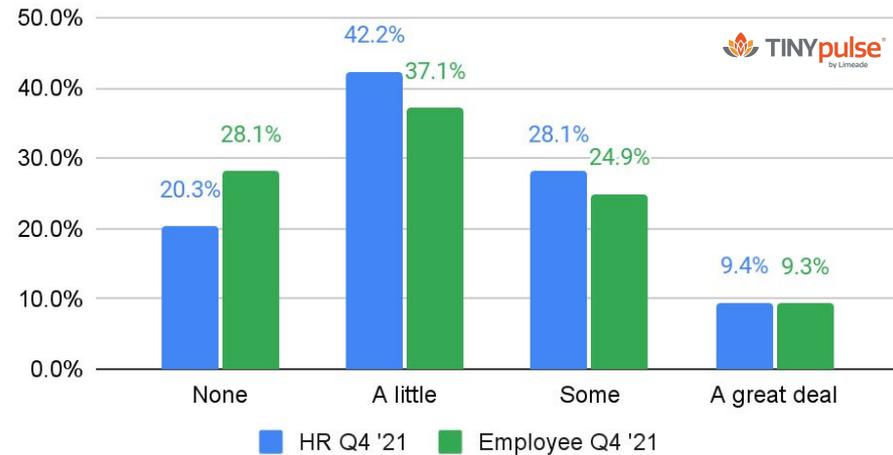
- HR/business leaders reported better emotional well-being compared to employees.
- In addition, HR/business leaders also desired slightly more organizational support for their emotional well-being slightly more than employees.

Out of the 4 types of well-being measured, HR and employees desired organizational support for their physical well-being the least.

Physical Well-Being

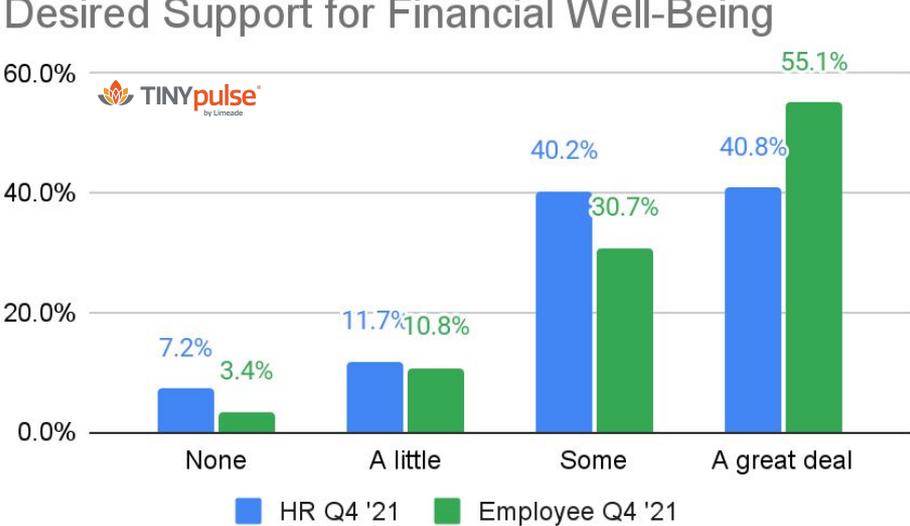
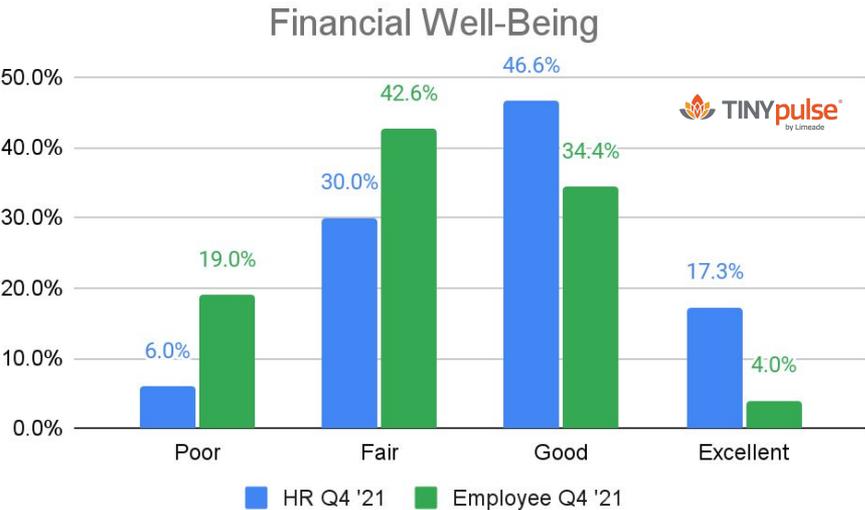


Desired Support for Physical Well-Being



- HR and employees were equally matched in their levels of reported physical well-being.
- For both groups, the majority stated they desired “a little” organizational support for physical well-being.

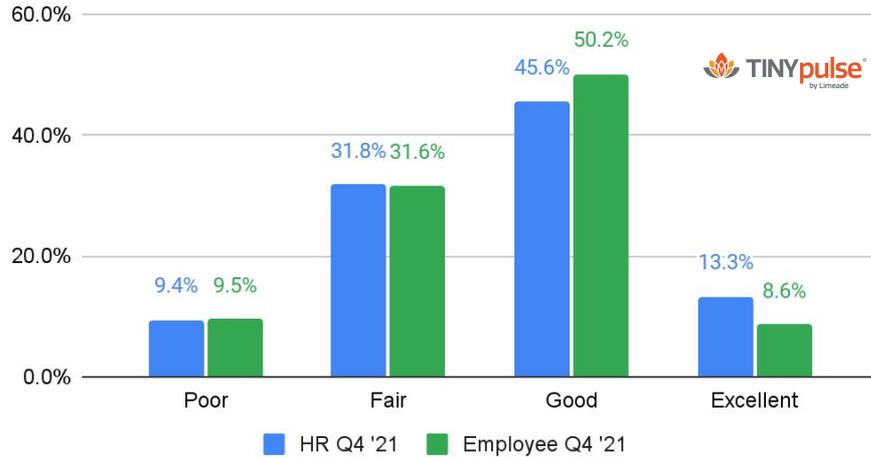
HR reports higher financial well-being than employees. The majority of HR and Employees desire the highest level of organizational support for their financial well-being.



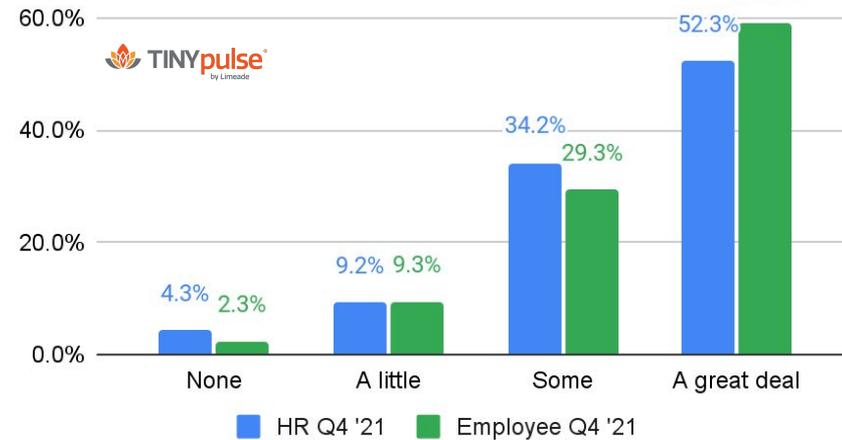
- HR reports higher financial well-being than employees. On a 4-point scale (4 = Excellent, 1 = Poor), HR/business leaders rated their financial well-being at 2.75 on average, while employees reported an average of 2.23.
- Only 4% of employees rated their financial well-being as “Excellent”, less than 25% as frequently as HR.

Both HR and employees desired the highest level of organizational support for their work well-being.

Work Well-Being



Desired Support for Work Well-Being



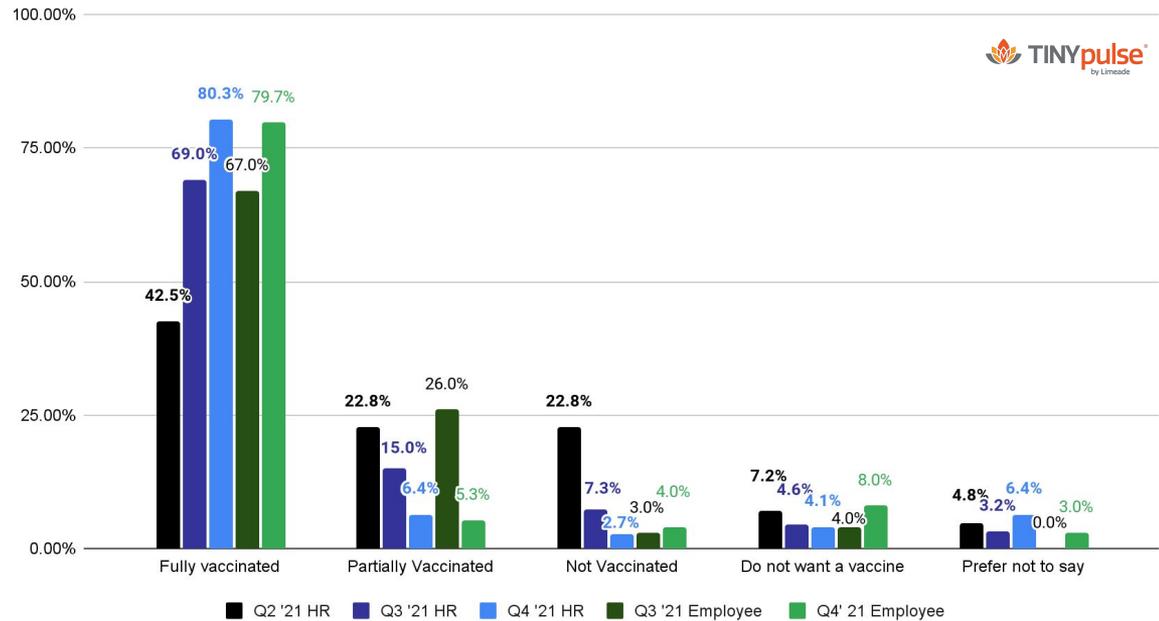
- Work well-being is defined as being engaged in work while feeling cared for by the organization.
- HR and employees were equally matched in their levels of reported work well-being. HR and employees overwhelmingly desire “a great deal” of organizational support for their work well-being.

Vaccination
Mandates are
Popular but
Lack Teeth

Vaccinations rates topped out at around 80% for HR/business leaders and employees. It's expected that vaccinations rates will level off in following quarters.

- Around 80% of HR/business leaders and employees report they are fully vaccinated.
- In Q4, fewer respondents were partially vaccinated which indicates that there will not be any large increased in fully vaccinated HR/business leaders and employees in 2022.

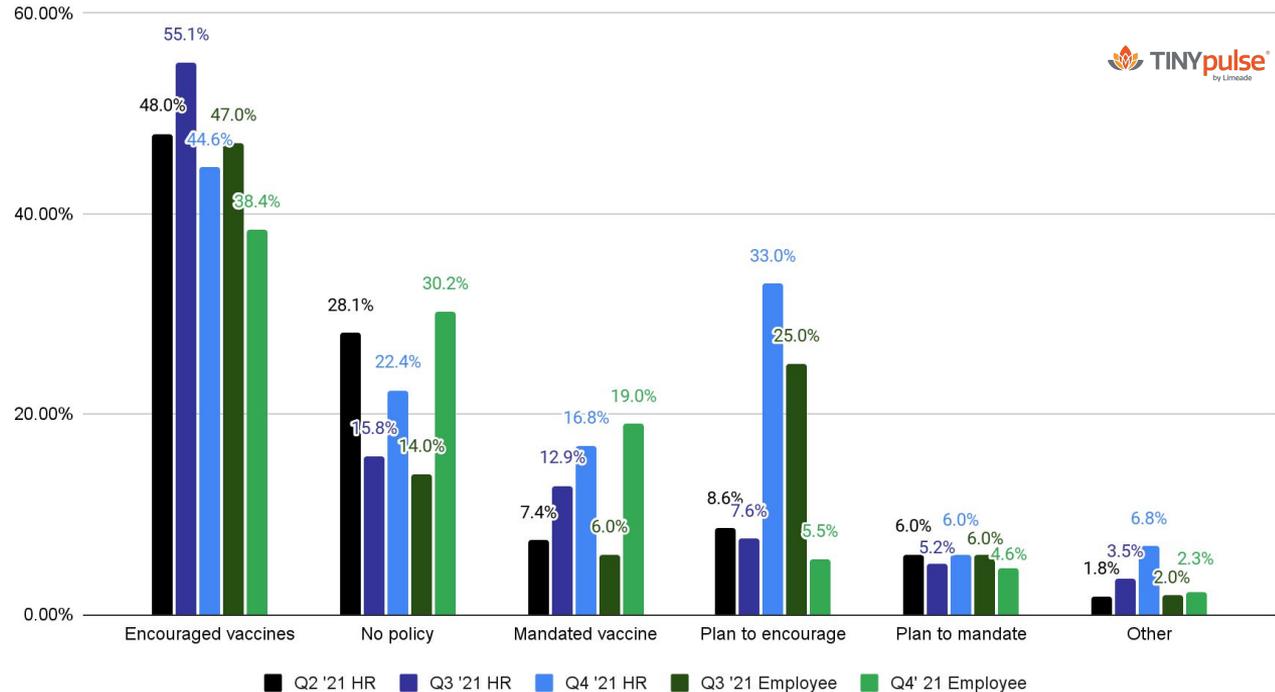
HR and Employee: Vaccination Status Trend



Many organizations remain with no vaccine policy in place. 1 in 5 HR/Business leaders report that their organization does not have a vaccine policy. Nearly 1 in 3 employees report no vaccine policy in their organization.

- The most frequently reported vaccine policy among HR and employees was encouraging vaccines.
- Interestingly, according to employees the number of organizations with no vaccine policy increased 115.7%.

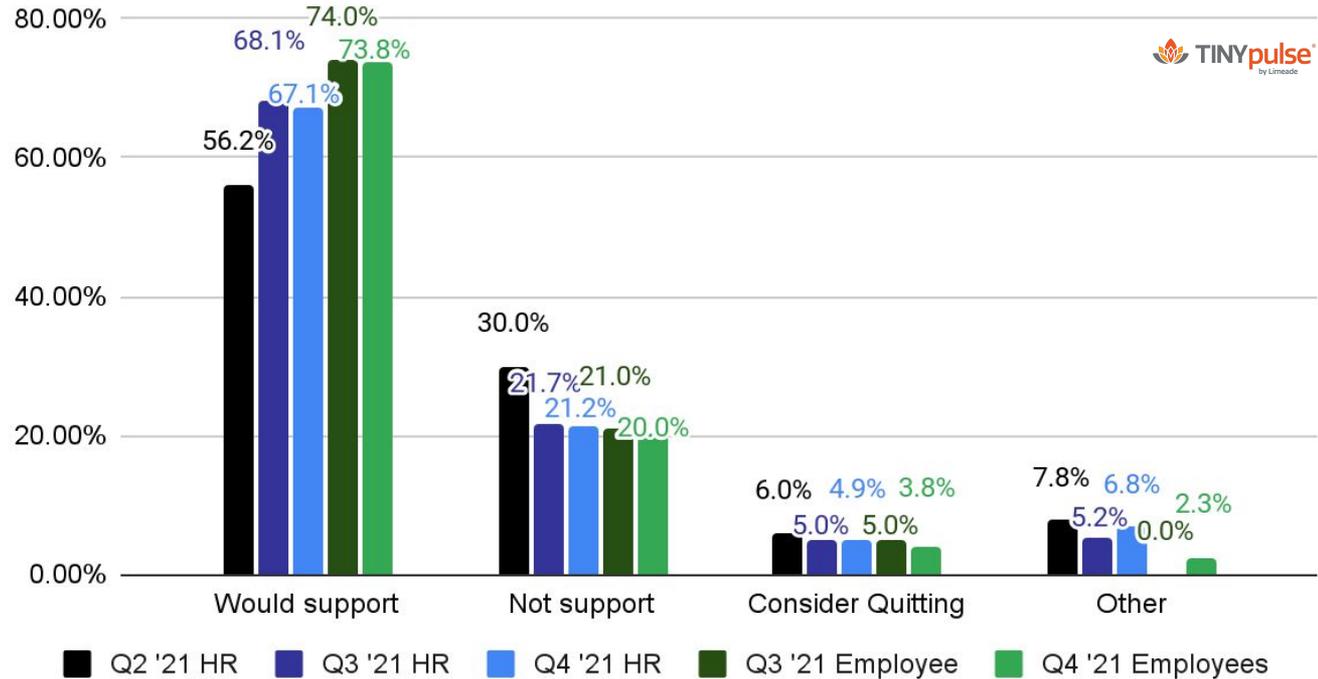
Organizational Vaccine Policy



Nearly 3 in 4 HR/business leaders and employees would support a vaccine mandate in their organization.

- Only around 20% stated they would not support a vaccine mandate.
- Less than 5% of employees and HR said they would consider quitting if a vaccine were mandated at their organization.

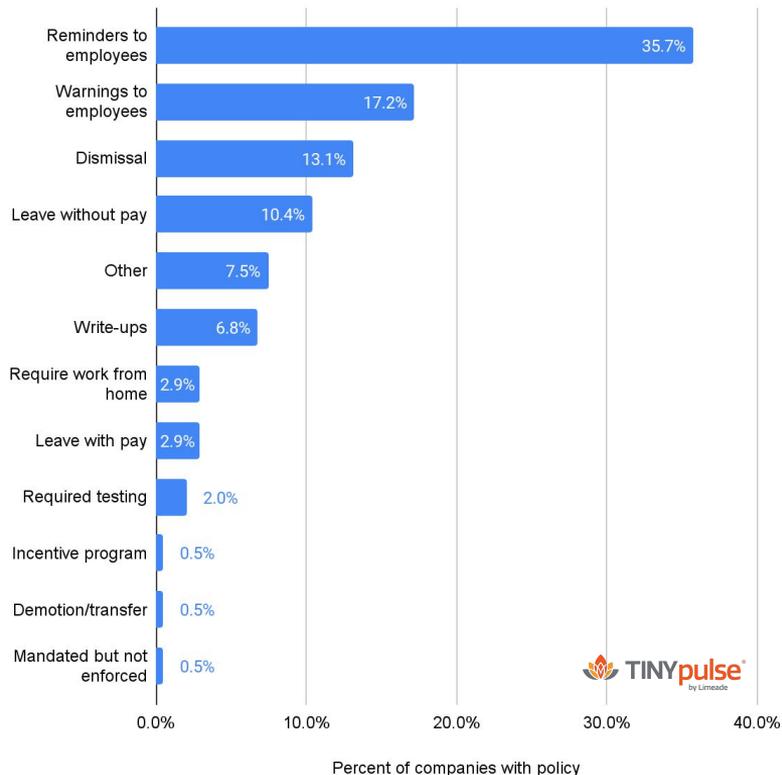
Reaction to Vaccination Policy



The most cited consequence for not complying with an organization's vaccine mandate is Reminders to Employees at 35.7%. Dismissal was third at 13.1%.

- Most organizations do have a mandate (64.5%). The top strategy for enforcement of vaccine policies was reminders to employees (35.7%).
- The next most common method was warnings to employees (17.2%). Dismissal was only used for 13.1% of surveyed organizations.

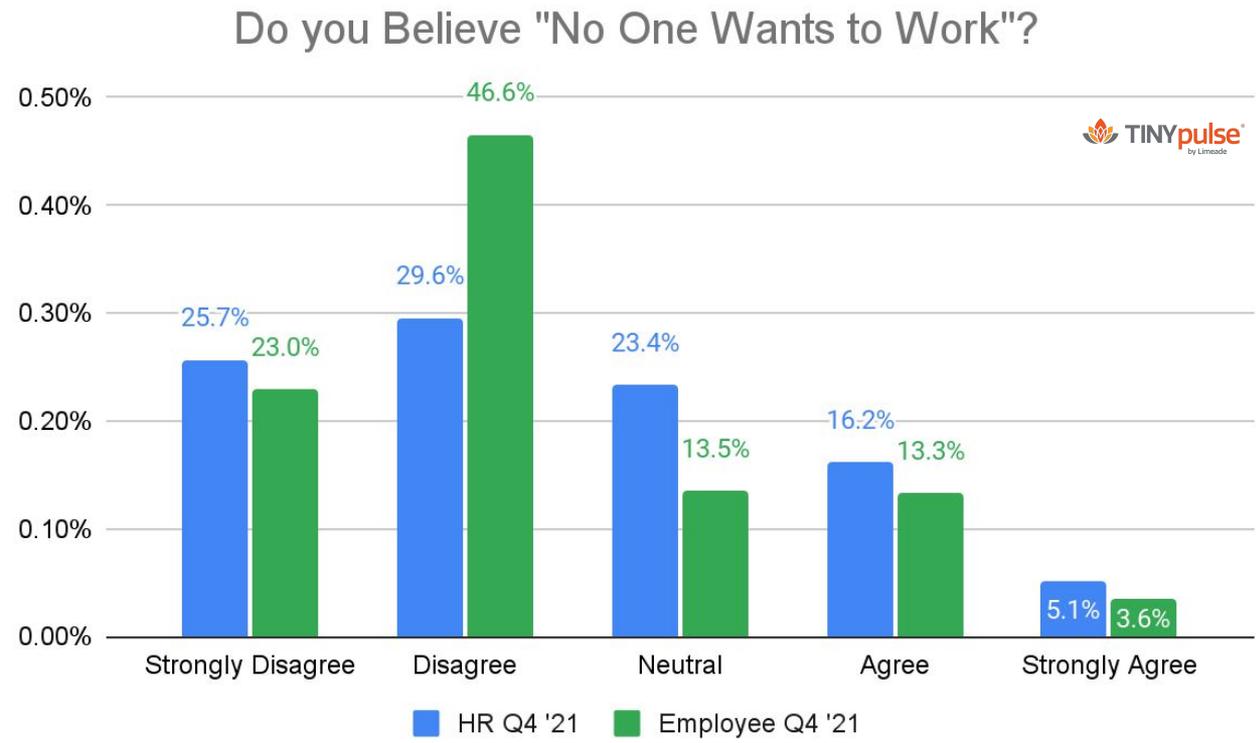
Consequences for Not Complying with Vaccine Mandate



The Great Resignation and Increasing Challenges to Hiring and Retention

1 in 5 HR/business leaders believes that “No one Wants to Work”.

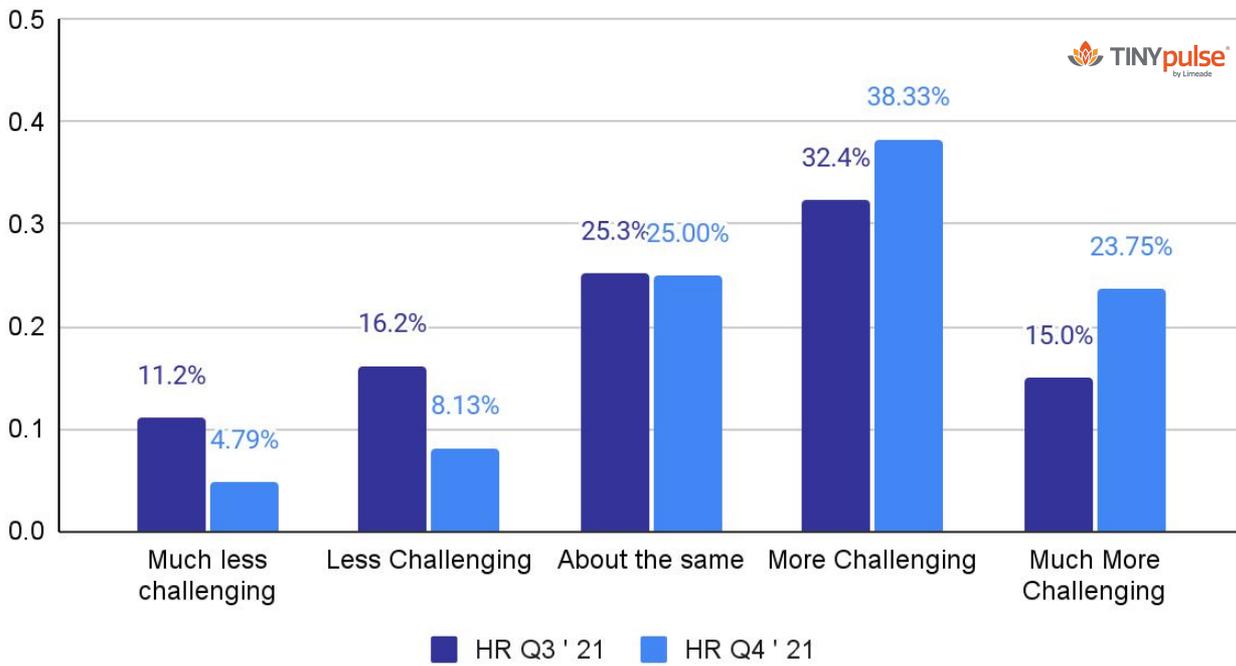
- Compared to employees, HR and business leaders had a more pessimistic attitude supporting the belief that “no one wants to work”.
- A correlation analysis examining attitudes on “no one wants to work” and hiring challenges revealed a small ($r = .11$) positive relationship indicating that HR/business leaders feel that no one wants to work when they are experiencing challenges with hiring.



According to HR and Business leaders, it is harder to fill open roles now compared to a few months ago.

- The percentage of HR/Business leaders who rated filling open roles as “much more challenging” increased 58.3%.
- This trend indicates that there are more barriers for HR and business leaders seeking to hire new talent.

How hard is it to fill open roles?



HR and business leaders Cited “Lack of Response to Job Posts” and “Poor Quality Candidates” as the Top Two Challenges in Hiring.

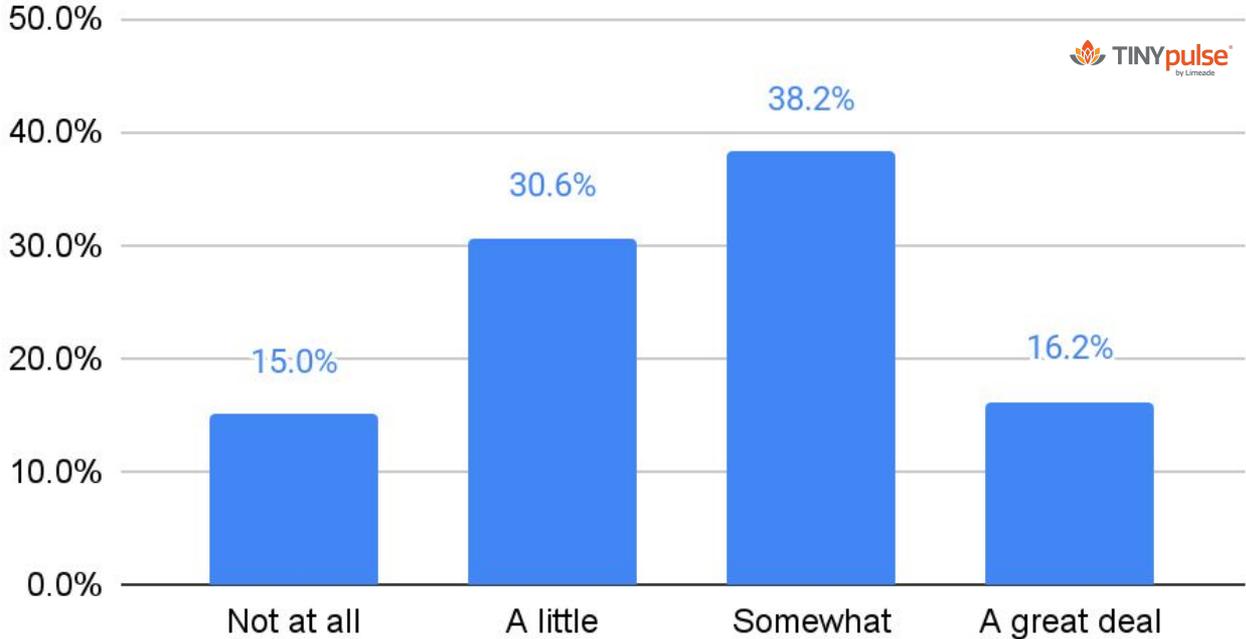
- HR and Business leaders reported the most challenge with getting qualified candidates to apply for jobs.
- Once candidates are selected and hired, the barriers such as failed background checks are less common.



85% of HR/business leaders agree to some extent that their business is being negatively affected by the need for new talent.

- 85.0% of respondents reported at least some level of negative impact on the business from needing new talent.
- 38.2% of respondents stated that their business was “somewhat” negatively affected by a need for new talent.

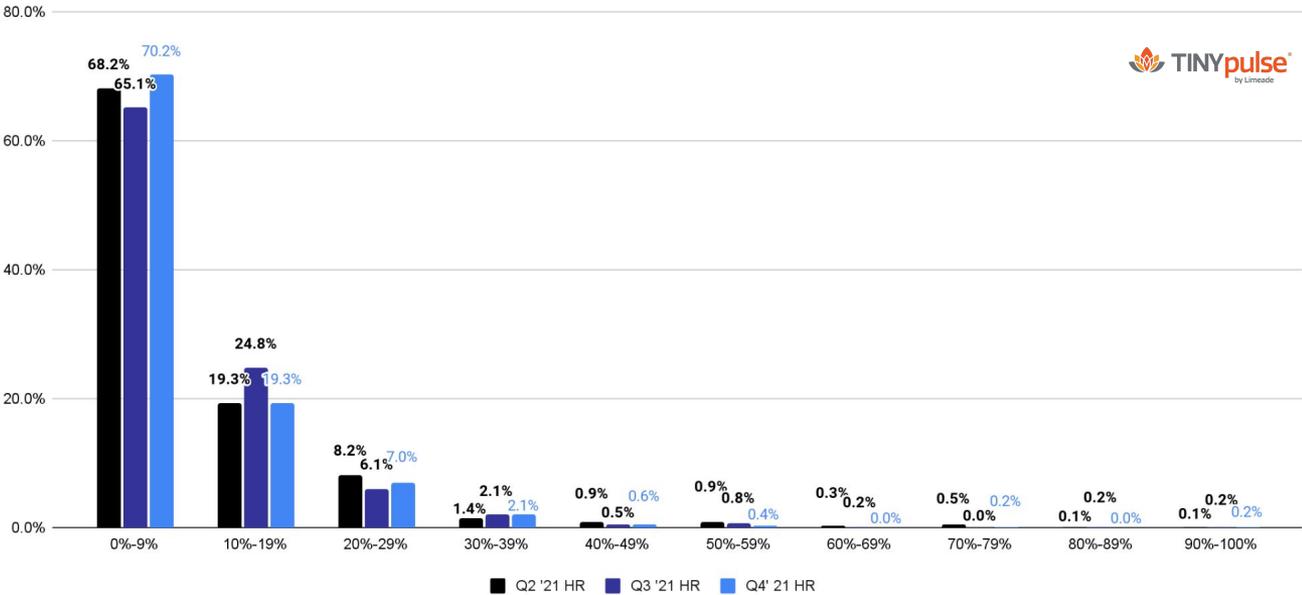
Business Negatively Affected by Need for Talent



According to HR/business leaders, Predicted Attrition Rates Remain Low at 6.57%.

- 70.2% of HR and Business leaders reported 9% or less turnover after COVID-19 restrictions have been fully lifted. In fact, 29.2% of respondents stated they expected 0% turnover.
- This continues a consistent 2021 trend of low predicted turnover from HR/business leaders.

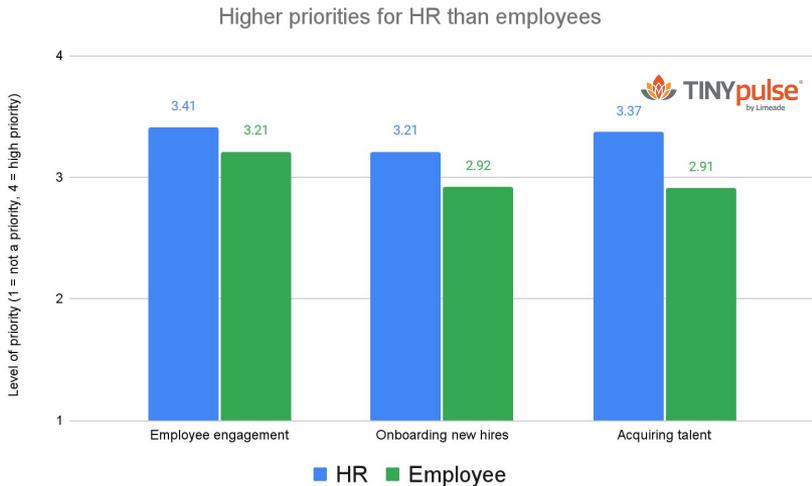
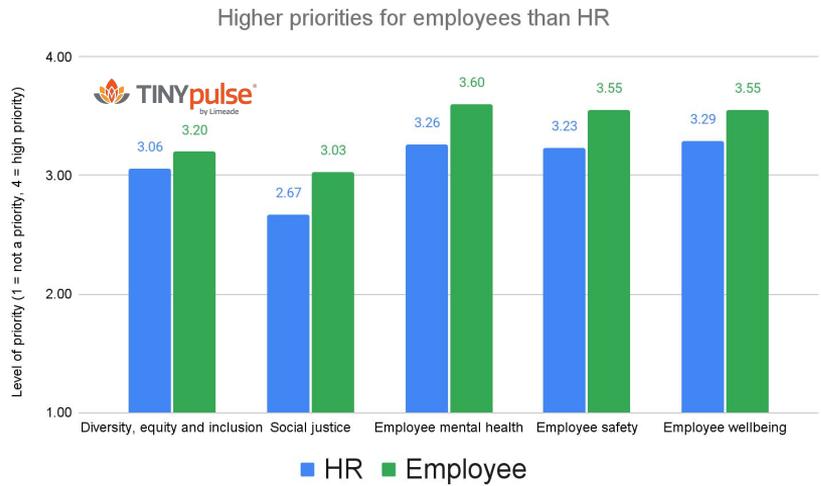
Predicted Attrition After Pandemic



No Pulse = No
Clue. Support
Employees By
Listening

HR/business leaders and employees differ on several key workplace priorities.

1-on-1's and strategic surveying will reduce these discrepancies.



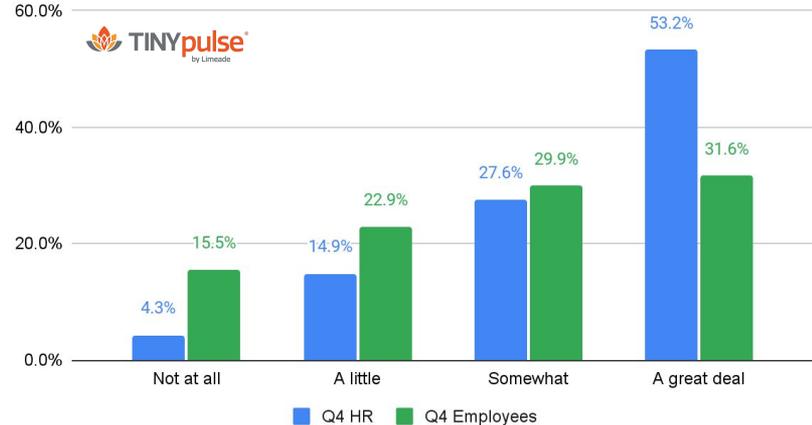
- Employee mental health, safety, and well-being were more highly prioritized, as well as social justice and diversity, equity, and inclusion.
- HR/business leaders prioritize HR functions and employee engagement. Attracting and onboarding new talent were more highly prioritized, as well as employee engagement.
- HR/business leaders and employees agree on how to prioritize manager effectiveness, employee recognition, and returning to the office after the pandemic.

HR/business leaders consider 1-on-1 meetings to be significantly more important than do employees.

How important is it to have 1-on-1 meetings between employees and supervisors



How important is it to have 1-on-1 supervisor meetings?

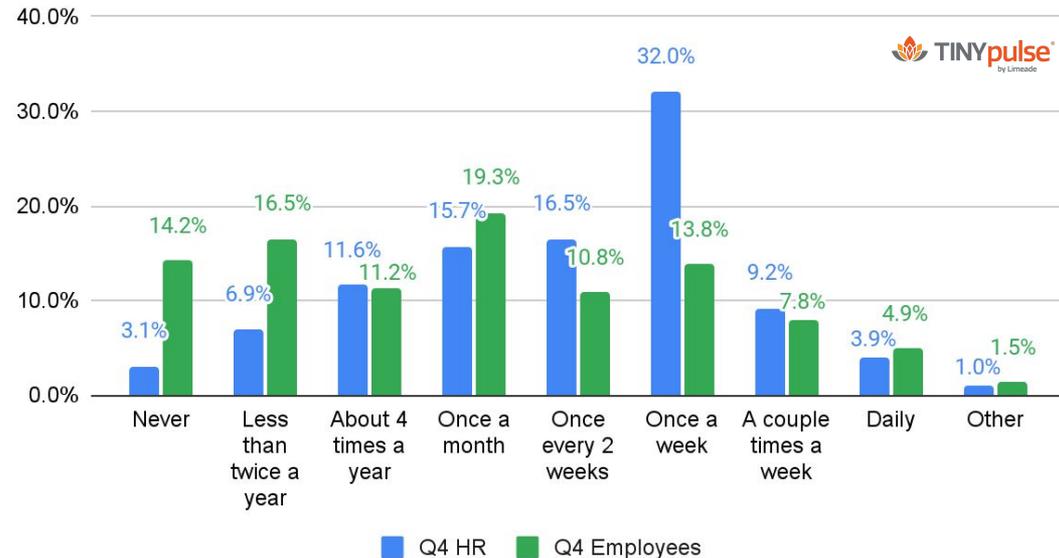


- In fact, HR ratings stating that 1-on-1 supervisor meetings had “a great deal of importance” were 63.8% higher than employee ratings.
- Very few (less than 5% of HR) rated 1-on-1 meetings as “not at all important”.

HR/business leaders most commonly reported meeting 1-on-1 weekly. However, employees reported more variability in meeting frequency.

- HR/business leaders reported having 1-on-1 meetings every 2 weeks on average, compared with an employee average of once every month.
- There was a positive correlation with the frequency of 1-on-1 meetings and employees' satisfaction with 1-on-1 communication ($r = .19$).
- Frequency of meetings was also positively associated with employees' preferences for having meetings more frequently ($r = .16$)

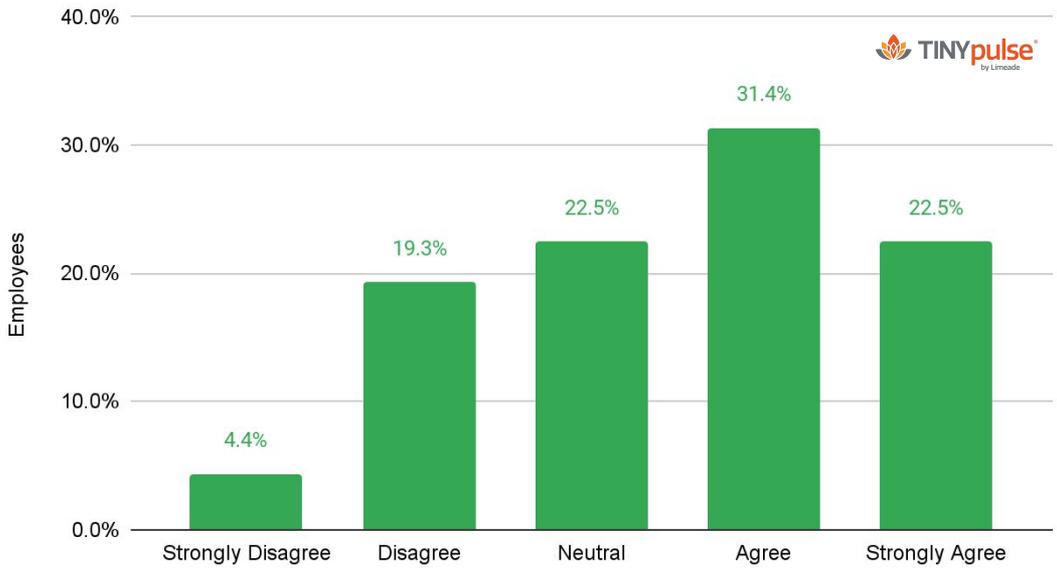
How often do you have 1-on-1 supervisor meetings?



Nearly 1 in 4 employees reported they are not satisfied with 1-on-1 communication with their manager.

- Overall, more employees are satisfied with 1-on-1 communication than dissatisfied.
- In fact over half of employees (53.8%) are satisfied with 1-on-1 communication.

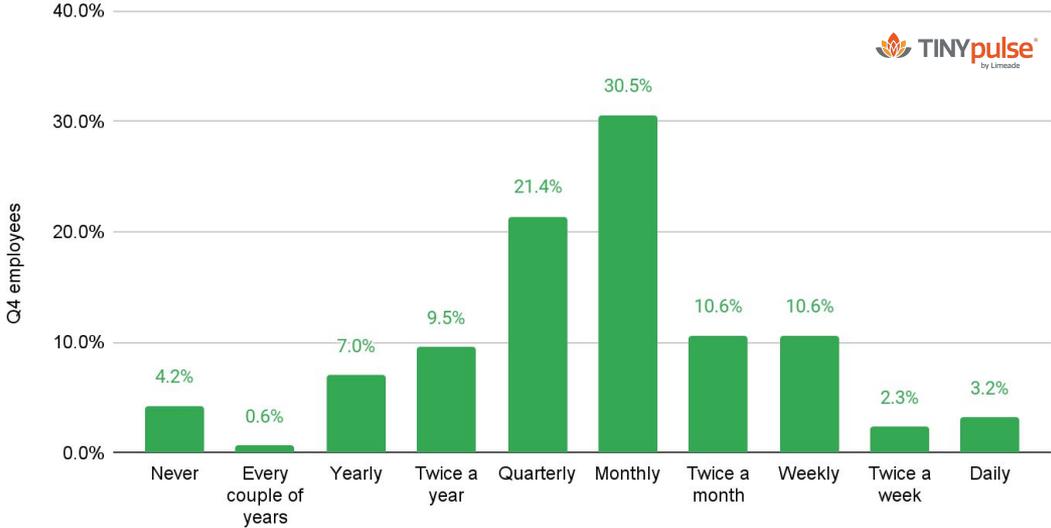
"I am satisfied with the 1-on-1 communication with my manager"



Almost all employees want to give regular feedback to their employers.

- On average, employees wanted to give feedback to their employers on a monthly basis.
- 95.76% of employees want to be able to give at least some feedback, while 57.20% want to give it at least monthly.

How often would you like the opportunity to give feedback to your employer through employee surveys?



Predictions for 2022

1. **More organizations formalize remote work.** Not only will this occur, but organizations will formalize a new role (Director of Head of Remote) to coordinate remote hiring, onboarding and social connection.
2. **Adjusting compensation based on remote work location becomes the norm.** Since employees increasingly see it as fair, we predict more organizations will factor remote employees' cost of living into their compensation strategy versus a one-size fits all approach.
3. **Focus on carrots instead of sticks for vaccine policy.** To avoid driving away talent in a tight labor market and because of human motivation (people more likely to get vaccinated to go on vacation than to keep their jobs), most organizations will offer “carrots” for vaccination like extra PTO and bonuses, rather than “sticks,” like termination.
4. **Emphasis on culture and engagement.** Job seekers increasingly look to these factors when considering accepting or quitting a job. It is much easier and more cost-effective to retain your people than to hire and train new employees.
5. **Hiring remains challenging into 2022.** Given the continual challenges of COVID, we believe employees will continue to seek better employment opportunities (“Reshuffling”) which will make hiring an uphill battle.
6. **Focus on well-being, especially mental health.** What was seen by most as a nice to have becomes a must-have and a competitive retention and hiring lever. More organizations will formalize policies and budget for this critical trend.
7. **Listening becomes more mainstream.** Pulse surveys and structured 1-on-1's will become the norm for a comprehensive listening strategy. This also provides frequent feedback on employee engagement and morale, while also fostering social connection between manager and direct report.

Recap

- Hybrid work is here to stay
- Need to foster connection for remote work
- Critical levels of burnout and emotional exhaustion
- Well-being and mental health are key for employees and HR
- Majority support vaccine mandates
- HR and Organizations are feeling the effects of hiring and retention challenges



Dr. Elora Voyles
Industrial Organizational Psychologist
People Scientist
TINYpulse



David Niu
Founder and CEO
TINYpulse

Increase retention and support current employees with:

- Well-being assessments
- Cheers for Peers
- Survey pulses
- Engagement assessments
- Coach 1-on-1

