



The Broken Bridges of the Workplace
2017 Employee Engagement Report

Intro: The 5 Workplace Trends You Can't Ignore

Employee engagement is a complete enigma. Its intangible nature is difficult to define, which makes it even more difficult to pinpoint the factors that make up this complex concept. And a recent [study](#) noted that 48% of business leaders rank employee engagement as a very important priority for their organization. So how can leaders improve engagement if they don't even know where to start?

Fortunately, TINYpulse was in a unique position. With access to survey responses from employees at over 1,000 organizations worldwide, we were able to dig into the factors that are driving or destroying employee engagement.

After reviewing over a million anonymous employee responses, we discovered that organizational culture and peers play a vital role, while lack of recognition and professional development opportunities squander any progress made towards a positive work experience. In all, here are the six major trends impacting today's working world:

- **The invisible culture reigns supreme:** The top factors related to employee happiness turn out to be the intangible ones such as interpersonal relationships, culture, and work environment. Benefits, work-life balance, and flexible schedules, surprisingly, don't have a strong impact on employee happiness.
- **Disconnected network of peers:** Only 24% of employees feel connected to their peers — 11% lower than last year, and this gap is causing cross-functional frictions.
- **Employee recognition is getting worse:** A paltry one in four employees feel valued at work — 16% drop from last year — because managers are falling behind in their recognition efforts.
- **Lack of transparency leads to lack of professional growth:** There's a startling rift between employee and manager perspectives. 25% of employees believe management is very transparent, and 26% see adequate opportunities for growth. For managers, those numbers are nearly doubled.
- **Performance reviews are still slacking:** 79% of employees don't think their organization's performance review process is very good. And the top factor that's dragging this down? Professional growth.
- **The surprising link between employee engagement and performance:** Companies who have shifted from annual to frequent pulse performance reviews have employees that feel more valued and rate management transparency higher.

I. The Invisible Culture Reigns Supreme, and Benefits and Work-Life Balance Are Less Important

When it comes to turnover, oftentimes, leaders will look at tangible factors such as compensation or even benefits. But there’s something to be said about the intangible impacts an organization’s culture has on employee sentiment.

We looked at the top factors that had the highest positive impact on employee happiness, and culture was the most prevalent theme. Surprisingly, aspects such as competitive benefits, flexible schedule, and work-life balance weren’t highly correlated with employee happiness.

Drivers of Employee Happiness

| Driver | Correlation to Happiness |
|--|--|
| How much fun do you have working here? |  0.65 |
| How would you rate our organization’s culture? |  0.62 |
| How well does our organization support you in exploring your professional interests and goals? |  0.61 |
| How happy do you think your average coworker is at work? |  0.61 |
| Do you feel like you’ll have the opportunity to reach your full potential at our organization? |  0.60 |
| How valued do you feel at work? |  0.60 |
| How effective is our organization at offering help when you ask for it? |  0.59 |
| How would you rate your work environment? |  0.58 |
| How would you rate your work-life balance? |  0.42 |
| How fair and competitive do you think our benefits are? |  0.36 |
| How flexible is your work schedule? |  0.33 |



It's easy to brush off the concept of employee happiness as being a fluffy, idealistic notion. However, take a look at the importance of employee happiness:

Top 5 Outcomes of Happier Employees

| Driver | Correlation to Happiness |
|---|--|
| How enthusiastically would you reapply for a job here? |  0.72 |
| How much fun do you have working here? |  0.65 |
| How likely would you be to refer someone to work here? |  0.65 |
| How likely are you to be working here in one year? |  0.64 |
| How agile do you think we are as an organization compared to our competitors? |  0.52 |



A positive work culture breeds happy employees. In return, those happy employees are more likely to stick around for the long haul and even refer other great talent to the organization.

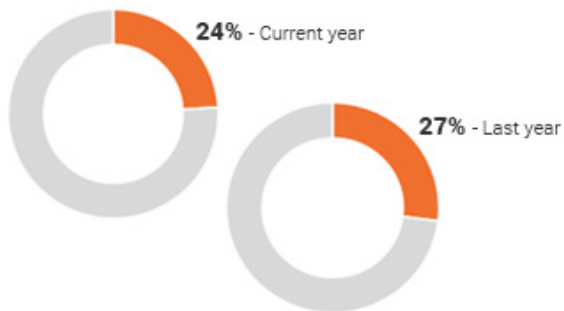
While we're not ruling out compensation, benefits, and promotions as factors for turnover, we do want to point out that the data above shows that interpersonal relationships and work environment do play huge roles in employee engagement and retention.

II. Disconnected Network of Peers

In our [2015 Employee Engagement Report](#), we discovered that peers are the number one thing people love about their jobs. And we've already highlighted the importance of interpersonal relationships at work in the previous section.

When we asked people how connected they felt to their coworkers, there was 11%¹ drop from last year's response. In 2015, 27% of employees reported feeling a strong connection, while this year, only 24% hold that same sentiment.

Percent of Employees Who Feel Strongly Connected to Their Coworkers



So what's causing this disconnection between peers? There was a common theme among employees' responses – people felt connected to their immediate team, but not to other departments or those they don't work with on a daily basis:

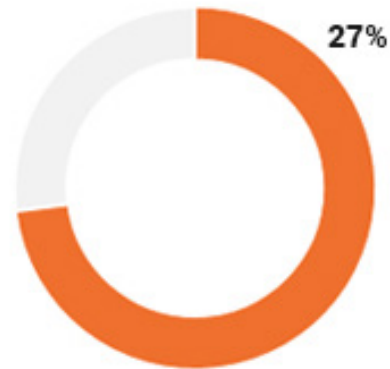
“Disconnect between many departments that can cause friction.”

“My own dept, yes. Others, no. There needs to be more events for all staff to mix.”

“I think our team needs to do more team-building/bonding. I think this also needs to be encouraged more by senior management too.”

Management's failure to foster cross-functional relationships is increasing the gap between departments. And that's very clear when a mere 27% of employees believe their organization's team-building efforts are up to par.

Percent of Employees Who Believe Their Organization Is Doing a Great Job With Team-Building Efforts



Building a strong sense of camaraderie across the entire organization doesn't come without effort from the leadership team. A business whose workforce is interwoven like a spider web, where teams and departments intersect through communication and collaboration, is one that will reap the rewards of innovation and success.

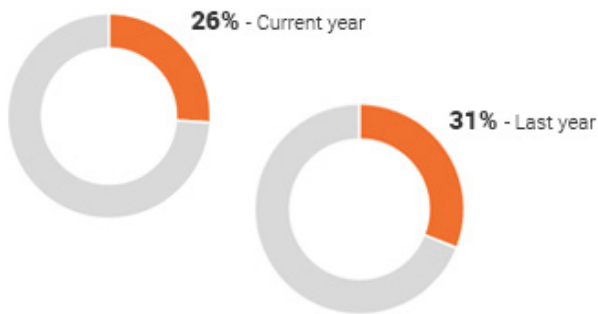
¹ $1 - (24\%/27\%) = 11\%$

III. Employee Recognition Is Getting Worse

Imagine going into work every day and having no one recognize the effort you're putting in. You'll most likely start feeling unvalued and that your efforts are futile, right?

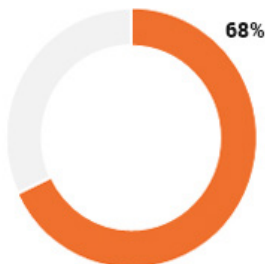
Unfortunately, that's how almost three-quarters of the workforce feels. When we asked how many employees felt valued at work, only 26% strongly did. This is extremely concerning since this number dropped by 16% from last year's response.

Percent of Employees Who Feel Strongly Valued at Work

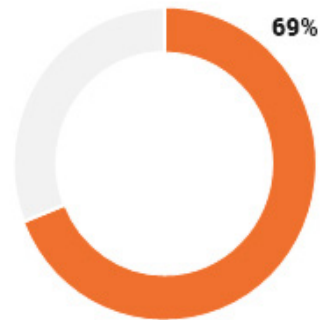


We looked at other questions regarding recognition to get a better understanding of why employees weren't feeling valued:

Percent of Employees Who Were Recognized the Last Time They Went the Extra Mile



Percent of Employees Who Received Recognition From Their Supervisor in the Past Two Weeks



Employees aren't receiving the recognition they deserve. And when they are, they're not receiving it in a timely manner.

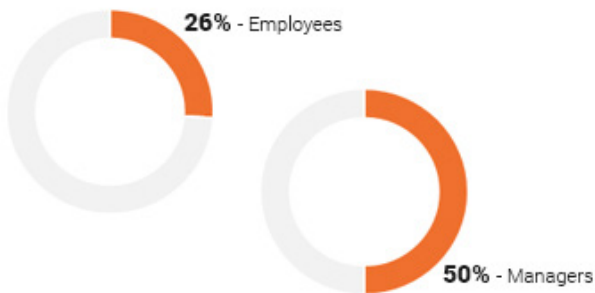
As we know, managers and supervisors already have a lot on their plates, so it comes as no surprise that recognition is slipping through the cracks. Instead, give employees the power to recognize their colleagues, so all great deeds – both big and small – are noticed. It'll help employees feel valued and encourage coworkers to feel connected with each other.

IV. Lack of Transparency Leads to Lack of Professional Growth

Professional development ranked third as a driver of employee happiness. However, it's shocking to discover such a discrepancy between employees and managers regarding this matter.

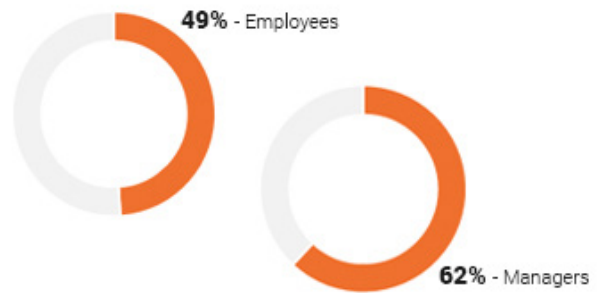
Only 26% of employees feel there are adequate opportunities for professional growth within the organization. And managers? That number jumps to 50%.

Percent of People Who Feel There's Adequate Opportunity for Professional Growth at Their Organization



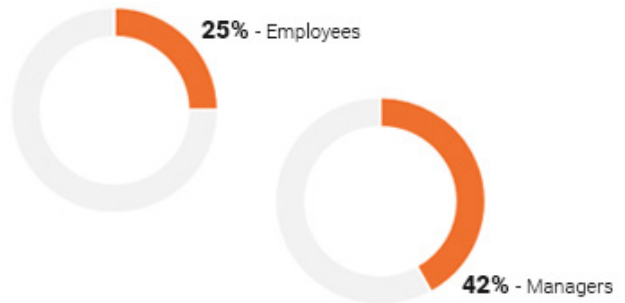
When we asked if employees felt that their promotion and career path were clear to them, only 49% believe so.

Percent of People Who Feel Their Promotion and Career Path Are Clear



All of this starts to add up when we looked at how people felt about transparency at work.

Percent of People Who Feel Management Is Very Transparent



Only 25% of employees feel management is transparent, while 42% of managers think they're an open book. Looking through the employees' responses, it's evident that there's a lack of transparency around professional growth opportunities:

"I'm not quite sure what promotions, if any, are or are not available to me or my colleagues at our level. There seems to be a high rate of turnover that may be, in part, due to a lack of clarity on how to grow within the business."

"While I feel like there is a lot of future opportunity in the organization, I have no idea how to get promoted. My manager has never discussed development or promotion opportunities with me."

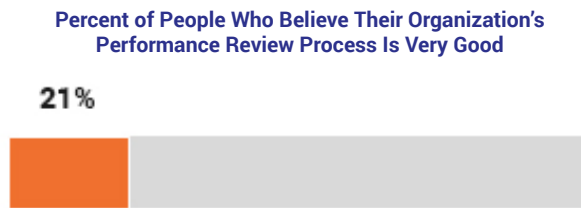
"It has never been explained to me what each role entails and what I need to achieve in order to progress. I have only been told by my current and past team leader to 'carry on how you're doing,' which is a compliment. However it would be better if everyone was given some sort of document which consists of targets you need to hit in order to progress in the company."

Employees want to learn and progress in their careers. Be forthcoming with your employees about opportunities for professional growth, whether it's a promotion or learning opportunities. Go a step further by collaborating with them on a career path and setting up goals. Checking in frequently with your employee is the key to making sure those goals are being met and they're being fully supported in their development.

V. Performance Reviews Are Still Slacking

Performance reviews already have an incredibly nasty rap because they're complicated, untimely, and inefficient. As a manager or supervisor who's responsible for evaluating employees, ask yourself: do you even enjoy performance reviews?

Here's what people had to say when we asked them about the process — only 21% believe the performance review process is very good.



So what's behind this abysmal number? Of the 79% that don't think too highly of their organization's performance review process, their top complaint was that there was no mention of long-term opportunities with the company, such as promotions or development opportunities. This ranges from employees not understanding how to get a promotion to people unsure of their career paths. The second complaint was not receiving any valuable feedback that lets employees know whether they're performing well at their job or how they can improve. And the last complaint was that they're just untimely — issues don't get addressed until the end of the year, employees want to know how they're doing periodically, or managers only rate employees on recent events.

Top 3 Reasons Employees Dislike Performance Reviews

1. No mention of promotions or career development
2. Lack of valuable feedback
3. They're untimely

The disdain towards performance reviews provides a unique opportunity for managers to start holding regular 1:1 meetings with their employees. Having frequent check-ins eliminates the untimely factor in that issues or concerns get nipped in the bud. Managers can also use this time to discuss career development opportunities and provide ongoing coaching feedback.

VI. The Surprising Link Between Employee Engagement and Performance

It's common belief that performance reviews are the bane of everyone's existence. However, we discovered that isn't the case.

We compared survey responses from employees who created at least one performance goal in TINYpulse Perform against responses from those who had not, and the results were surprising. Perform users rated higher than non-Perform users on various factors that define the workplace experience (p < .001 for all ratings).

Compared to non-Perform users, employees who use Perform report that:

- Their management is 14% more transparent
- Their organization is 11% better at taking action on their feedback
- They feel 11% more valued at work
- Their work environment is 12% better
- They are 9% more likely to refer someone to work for their organization



Pulse performance reviews are revolutionizing the workplace. Managers and employees are no longer kept in the dark about what's going on and how goals are going. The result? A happier workforce that's more likely to bring in other great talent. When we broke down the data:

- **Transparency:** When employees receive frequent feedback from their managers, they're no longer blindsided by a negative (or positive) review at the end of the year because there's constant visibility.
- **Response to feedback:** Frequent performance reviews eliminate the waiting game, so employees can inform their managers about any obstacle that are hindering them from meeting their goals. In return, managers can help employees find a solution in a timely manner.
- **Feeling valued:** With more frequent reviews, employees enjoy timely recognition from their managers when goals are met or exceeded.
- **Work environment:** When employees feel like their managers are listening to them and value their opinion, there's no doubt they'll feel better about their workplace.
- **Recruitment:** Employees who feel supported by their managers won't hesitate to refer others to their organization.

Conclusion: Positive Change Starts With Awareness and Action

Now that you know the major factors that are dragging down workplace sentiment, employee engagement doesn't seem like such a mystery after all. It's time to stop worrying about where to start with engagement and start taking actions to improve it.

The data we uncovered outlines the things you can start tackling today in your workplace:

- Consistently measure how your employees feel about the work culture
- Establish more team-building activities throughout the organization to build bridges between peers across all departments
- Recognize employees for their efforts or go a step further and implement a peer-to-peer recognition program so no good deed goes unnoticed
- Sit down with employees and work with them to map out career paths
- Invest in both internal and external development opportunities to ensure professional growth
- Hold regular 1:1 meetings with employees to provide valuable and timely feedback on their performance

Every leader wants to bring out the best in their employees and have a high-performing team. In order to do so, you need to start making the necessary changes to build a stellar workplace where employees thrive.

Methodology

Data was collected through TINYpulse's anonymous survey platform. Surveys can be either open-ended (not discussed here), dichotomous (yes vs. no), or scale (1 to 10). For discussion purposes, scale questions were turned into dichotomies of 1 to 8 (0) and 9 to 10 (1) in order to get the percent of those that felt strongly about that question (except for the correlations, where the scale questions were left as scale).

Data from these surveys was collected from the periods of October 2014 to September 2015 (last year) and October 2015 to September 2016 (this year). Scores from these surveys were averaged and aggregated to create the values shown in the report. Admins of TINYpulse were considered as "managers" for the purpose of the study since they have access to seeing the results of each TINYpulse survey.

Contributors

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2017 Workplace Trends

2016 saw a lot of change with employee engagement, as more and more companies realize the importance of investing in culture and professional development. However, with change comes a lot of tricky navigation on the road to success.

After analyzing tens of thousands anonymous responses, we were able to deduce five predictions for employee engagement in 2017:

1. Peers are more important than ever for the workplace

A collaborative research between [TINYpulse and Microsoft](#) uncovered the concept of network centrality – those employees with the largest connection at their organization are the highest performers. Using this method, managers can spot which employees hold leadership potential by looking at their Klout.

And although our past employee engagement reports revealed a rise in the influence of peers, 2016 proved otherwise:

- [In 2014, our research showed that peers are the number one reason people go the extra mile](#)
- [In 2015, it showed that peers are the number one thing employees love about their jobs](#)
- However, in 2016, employees reported not feeling very connected to their coworkers

Encourage peer-to-peer recognition in the workplace to help employees build bridges amongst one another. Not only will this help drive a culture of appreciation, it'll help build network centrality, so managers can distinguish which employees are the high performers.

2. An improved job market means higher turnover risk

During the last quarter of 2016, the job market experienced an almost [5% decline in unemployment](#). With more and more people being taken off the job market, employers must be proactive in their hunt for top talent by seeking candidates out rather than having candidates come to them.

This method of recruitment means companies must also build stronger employee retention strategies that include career development, a thriving work culture, and work-life balance into the mix in order to hold onto their own talent. After all, [our research](#) found that 25% of employees are willing to leave for a 10% raise. So it's not taking much to entice employees to greener pastures.

3. Middle managers will become the heroes of the workplace

We've discovered an incredible phenomenon in the workplace that shows just how powerful a middle manager can be. These non-HR and non-C-level leaders are taking ownership of their own team by driving the charge for engagement and performance management. And the employees approve of this: [53% of workers would prefer that their direct manager handles employee engagement](#).

4. There will be a push for more continuous feedback

Last year, 69% of employees didn't believe they were meeting their full potential at work. Organizations that understand the importance of investing in professional development will move towards frequent 1:1 meetings where managers offer ongoing coaching and feedback. [Our research](#) has shown that continuous feedback plays a critical role in defining an employee's work experience. Employees who receive continuous feedback believe:

- Management is 14% more transparent
- Their organization is 11% better at taking action on their feedback
- They feel 11% more valued at work
- Their work environment is 12% better
- They're 9% more likely to refer someone to work for their organization

By fostering transparency and opening up a communication loop, both managers and employees are no longer kept in the dark about employee sentiment and progress towards goals. And the result? A win-win situation where companies have happier employees who are meeting their full potential and those employees are bringing in other exceptional talent to the company.

5. Companies will start to implement leadership development programs

In 2016, the [Insured Retirement Institute](#) predicted that through 2030, baby boomers will retire at a startling rate of 10,000 per day. This opens up a myriad of leadership positions that baby boomers once held. However, according to [Deloitte Human Capital Trends](#):

- 56% of executives report their companies are not ready to meet leadership needs
- A mere 7% report their companies have accelerated leadership programs for millennials

Organizations need to start filling their leadership pipeline by identifying which millennials have the potential to fill those management positions in order to avoid any shaky transitions as baby boomers hand off the baton to millennials in this leadership relay. [More so, employees who have access to professional development are 10% more likely to stay with their company.](#)