



2022 ENGAGEMENT TRENDS ANNUAL REPORT

Living, working and growing through a pandemic

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Living, Working and Growing Through A Pandemic

For many, 2021 is the year we learned how to live and work in a pandemic. We learned how to adjust among ongoing challenges and changes from delayed office openings, to school closures to record-breaking employee quit rates. 2021 led employees to re-imagine how they work and to find their voice to tell employers what they want and expect from organizations.

Reflecting on their lived experiences, many [CEOs describe 2021 in one word: “challenging”](#).¹ When CEOs were asked about “the biggest challenge they faced throughout 2021”, they most often referenced talent and workforce in their responses:

- “Keeping personal well-being of employees aligned with company's well-being”
- “Finding and keeping the best people”
- “Responding to new work paradigms”

Based upon employee feedback captured from hundreds of organizations, the key takeaway is that, more than ever, employees expect more from their organizations and more from their leaders. Leaders have an ever-increasing need and opportunity to listen, learn, and understand those needs and engage and inspire their people in new ways.

In the following report, we'll examine the state of employee engagement, trends impacting employee experiences, and provide insight into what leaders can do to improve the workplace, improve the well-being of their employees, better engage their people, and positively impact their organization's effectiveness.



The Impact of (Dis)Engagement

Research shows that high employee engagement correlates strongly with positive performance outcomes such as profitability, productivity, well-being and retention.² Organizations who have increased their percentage of engaged employees to 70% or higher have seen their workplaces completely transform, with corresponding improvements in growth and profits.

Unfortunately, many employees aren't engaged or are actively disengaged. Employee disengagement can be very costly.³

18%

Lost productivity costs of disengaged workers equal **18% of their annual salary**

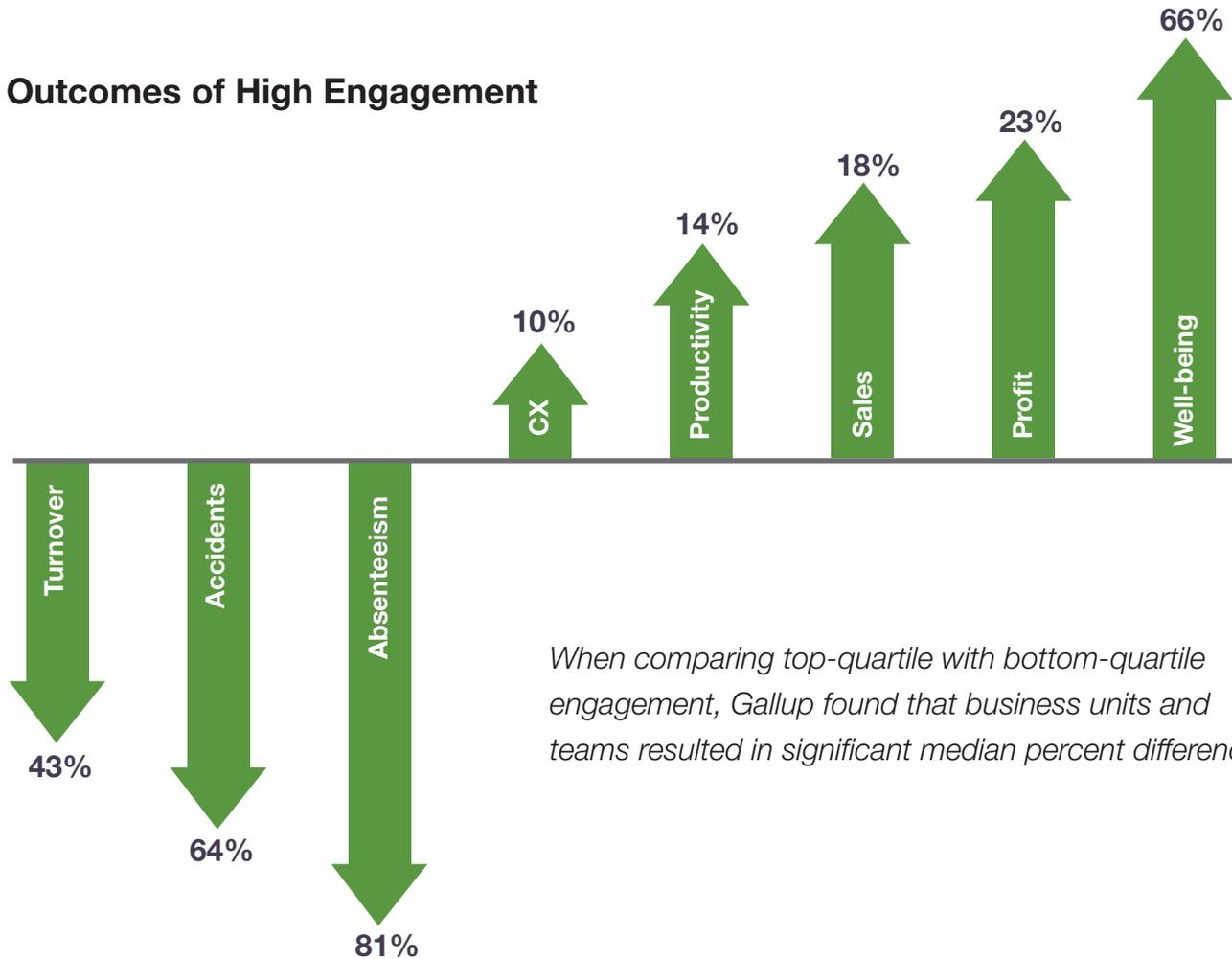
2X

Replacing workers costs **2x** their annual salary, costing between **\$25,000 and \$100,000**

The Impact of (Dis)Engagement

One of the most noteworthy differences among those highly engaged, is the reciprocal relationship with well-being. With 81% and 66% positive improvement in absenteeism and well-being, respectively, engaged employees signal feeling more supported in their “whole” life, not just in their “work” life. [Gallup discovered](#) that employees who were struggling or suffering in their lives were almost twice as likely to change jobs compared to those who were thriving.⁴ When organizations intentionally address both well-being and engagement, the effects are mutually beneficial for employees and business outcomes.

Outcomes of High Engagement



2.2x
 Healthy organizations are **2.2x** more likely to exceed their goals

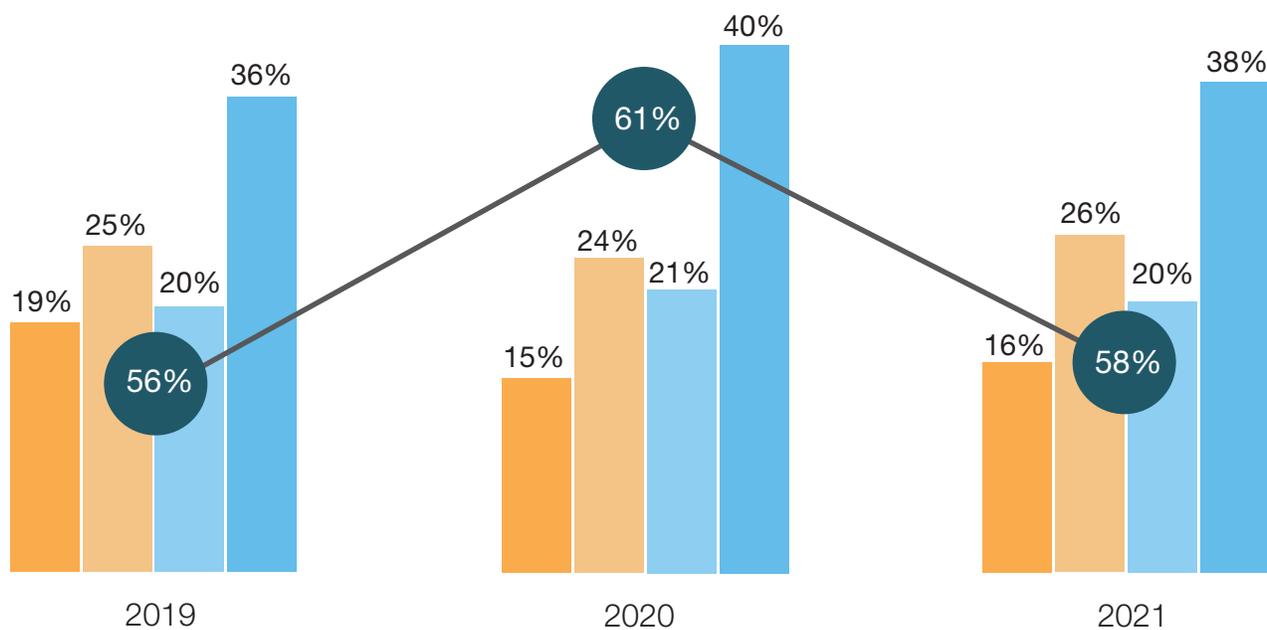
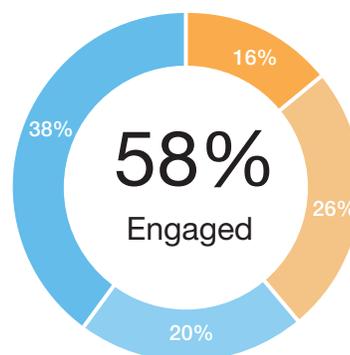
The [“healthy” organization](#) finds ways to make every employee feel heard and supported, bringing together healthy people, healthy work, and healthy culture.⁵ A “healthy” organization is 2.2x more likely to exceed its financial and business goals. If organizations make the effort to listen to and better understand their employees’ needs, they can gain an edge in retaining the talent they already have and attracting the talent they need during this period of “great resignation”, creating a culture that thrives now and in the future.

State of (Dis)Engagement

In 2020, our data showed the highest levels of employee engagement we'd seen in over 30 years analyzing employee feedback, with 61% of employees reporting high engagement. Engagement levels were up in most organizations in 2020 resulting in a five-percentage point increase in overall employee engagement. The 2020 data revealed employees felt more connected to their organizations and coworkers as they came together to support each other and overcome business challenges at the beginning of the COVID-19 pandemic.

2021 Data Tells A Different Story

In Quarter 1 of 2021, employee engagement levels were trending similar to 2020 with an overall engagement of 60%. However, by April, engagement started to drop and slowly decline month over month. By the end of 2021, employee engagement had decreased by three percentage points for an overall average of 58% engagement in 2021.



Actively Disengaged Opportunity Group Engaged/Contributor Actively Engaged Overall Engagement

State of (Dis)Engagement

Part of the reason for the engagement decline is that people don't want to return to pre-pandemic work life. It may look to employees that, while leaders had prioritized their well-being and safety in the initial stages of the COVID-19 pandemic, leaders are now focused more on business transactions to "get back to normal" and less on employee relationships.

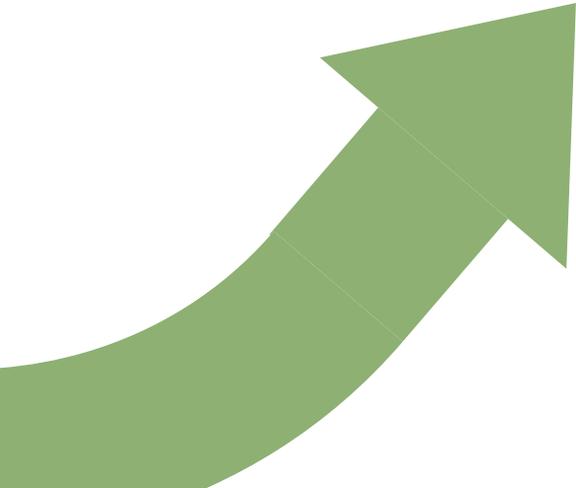
In the [2021 Mental Health at Work Report](#), data shows the topmost factor negatively impacting employee well-being and mental health is "return to office policies themselves".⁶ This means that many organizations' plans aren't aligning with the wants and needs of their employees. A growing number of reports show that [nearly 40% of U.S. workers plan on leaving](#) their jobs if they're required to work full-time, in-person.⁷

Research shows that employees satisfied with their organization's flexibility in work time or location are:⁸

3.4x more likely to successfully balance work and personal obligations

2.6x more likely to be happy working for their employer

Flexibility and clear communications from leadership will be key as the landscape of work and employee well-being change over time. The challenge for organizations who want to have a flexible approach is that it requires a culture of trust. Historically that trust level has been low between leadership and rank-and-file employees, with the theory that if I can't see my employees working, they must not be working. Organizations can create policies to support and guide a flexible workplace; however, leaders need to trust and empower their employees, to do their job, from wherever they are working, to be successful.



3x Employees who feel their organization is meeting their flexibility needs are **more than three times happier** than their peers.

Trends Impacting Employee Engagement

More than [4.5 million U.S. workers](#) voluntarily left their jobs in November 2021, the highest on record.⁹ This "great resignation" has led many to reconsider the nature of work and the changing expectations they have as an employee.

The "[workaholism](#)" that characterizes much of U.S. culture has only been intensified by the challenges of the pandemic, leading to increased employee [burnout](#).^{10,11} An overwhelming 84% of respondents [reported](#) at least one workplace factor negatively impacted their mental health.¹² The most common factor found was emotionally draining work (e.g., stressful, overwhelming, or monotonous), followed closely by a lack of work-life balance.

Employee mindsets have shifted since the pandemic. Employee empowerment and autonomy has become increasingly important, changing what employees value in their job.

Across our research since the beginning of the pandemic, it's clear that certain employee experiences are trending downward, and new items have emerged as the strongest drivers of employee engagement.

We uncovered five leading drivers of employee (dis)engagement:

Drivers of Employee Engagement

1



Clear and transparent communication

2



Leadership showing they value employees

3



Career growth opportunities

4



Employee connection and feeling valued

5



Resource support and work-life flexibility

Insights into a Changing Workforce

If there's one thing we've learned, it's that there's no stopping the changes that are happening in our workforce. The way we move forward is to ask, listen, discover, and learn what we don't know. Leaders must be more attuned with their employees, ask the right questions, empathize, and learn to understand the world from the employee's perspective, making the key changes their employees need and want.

Our research suggests that, more than ever, employees don't feel heard. Employees need to feel included, valued and inspired with every interaction with their leaders, not just one time a year. Leaders must consider what they can do to act thoughtfully and intentionally to increase employee engagement or risk losing their people.

The following engagement insights are based on leading engagement drivers across hundreds of organizations but may not represent the action areas needed most in your organization. Each organization is different, and the people within them have unique needs. There is no one-size-fits-all solution. What's important is to listen to what employees need – and most importantly, act on the feedback they're giving.



Engagement Insight #1: Communication

During the height of the pandemic, employees perceived a higher level of company communication to keep employees up to date with new information and changes. In 2021, some organizations “return to normal” reverted to old ways of working and communicating, and we’re now seeing a decline in the transparency, effectiveness, and frequency of company communication.



56% cite sufficient communication from senior leadership



60% feel informed about matters that affect them



60% say leadership communicates a clear vision for the future

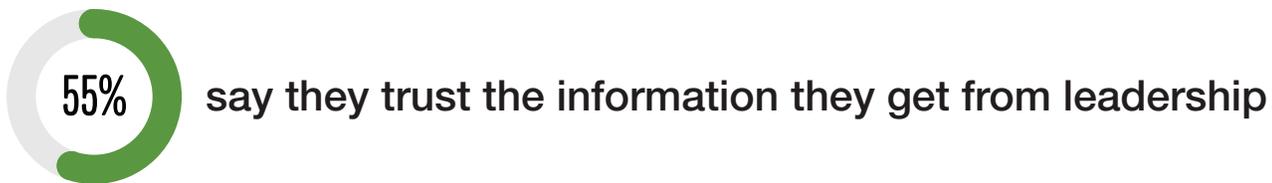
Although the topics may have changed, organizations need to continually communicate with employees, letting them know when and why certain decisions are being made, get their buy-in, and include them in the process.

Focus Areas

- ✓ Communicate a clear vision for the company and help employees find ways to connect with the vision. Communicate the vision often and in a way that inspires.
- ✓ Deploy multiple delivery mediums (town hall meetings, video, team chats, recorded messages, email, etc.) that support different communication styles.
- ✓ Establish a regular cadence for sharing information.
- ✓ Enable frequent check-ins between employees and their managers to capture immediate feedback and address problems in real time.

Engagement Insight #2: Leadership

As change is happening at a frenetic pace, employees are asking for clear, consistent, and frequent communication to build and maintain confidence in their leaders and the decisions being made. During our [COVID-19 response study](#), we saw a higher percentage of positive response from those who said their company was quick to respond and communicate concern for people's well-being.¹³ When leader communications fail to address employee concerns, it negatively impacts employees feeling valued.



Focus Areas

- ✓ The number one suggestion from employees is for leaders to be transparent and provide frequent, authentic communication. People feel leaders need to connect with them in a real and honest way.
- ✓ Develop a listening strategy, engaging voice of the employee (VoE) to ask, listen, and understand.¹⁴
- ✓ Leaders have an opportunity to build trust and confidence by acting on VoE feedback, showing they value their opinions.
- ✓ Consider town hall meetings and immersive, small group sessions to help employees align their day-to-day work with the organization's broader mission.

Engagement Insight #3: Career Growth Opportunities

Offering a path for career growth and development is essential in retaining high performers. Without clear opportunities for growth, employees can feel unmotivated, uninspired, and unwilling to perform at their best, leading to disengagement, low productivity and ultimately departure. Employees want to work for companies that can show them better career paths.



say they're provided with professional growth opportunities



feel they have an opportunity to be promoted

Focus Areas

- ✓ Communicate clear and transparent career paths and succession plans.
- ✓ Foster one-on-one conversations between employees and managers to better understand employee interests and development needs.
- ✓ Help close skill gaps with online training sessions and webinars, coaching and mentorship, cross-training, and stretch assignments.¹⁵
- ✓ Consider promoting employees into additional levels within their existing role as one way to address growth.
- ✓ Make it a habit to recognize people for good work.

Engagement Insight #4: Employee Voice and Value

Employees are asking leaders to listen, understand and empathize with what they're going through in their "whole" life, not just their work life. When leaders develop a greater understanding of their employees' challenges and needs, they can begin to provide the flexibility, connectivity, and sense of value people desire.



feel valued



feel their ideas and suggestions are considered

Focus Areas

- ✓ Bring your human to work. Create a workplace that's inclusive, safe, and inspires people to be themselves and build deeper connections.
- ✓ Make time for the question "[How are you?](#)" to build meaningful interactions. The importance of empathy and authenticity cannot be overstated.¹⁶
- ✓ Promote deeper one-on-one conversations between managers and direct reports as well as between colleagues.
- ✓ Build a culture of continuous listening and action response. Leverage employee voice surveys to better understand the entire employee experience. Acting on employee feedback shows you value their opinions.

Engagement Insight #5: Employee Well-being

As organizations started asking employees to return to the office, employees saw this as reducing the amount of “flexibility” that came with being able to work remotely. This “return to office” edict was in direct conflict with employees’ wish to maintain a more flexible work environment moving forward.

When employees feel they have less work flexibility, the level of workplace stress felt by employees increases, causing lack of inspiration, burnout, and disengagement in an already stressful climate. Leaders can help reduce stress among employees by acknowledging they hear their employees, and show they understand what people are feeling and experiencing in their “whole” life.



have resources and support to manage stress



feel supported in maintaining a work-life balance



feel comfortable voicing their opinion

Focus Areas

- ✓ Build an environment of psychological safety.¹⁷ Create a culture where people feel safe to voice their opinions without fear of being judged or persecuted.
- ✓ Train leaders, managers, and all employees on how to navigate mental health at work, have difficult conversations, and create supportive workplaces.
- ✓ Foster well-being and resilience through mental health policies, programs, benefits, and other resources.
- ✓ Make resources available to all employees and (over)communicate them.

Organizations Cannot Fix What They Do Not Know

Our research highlights many ways employee engagement has been affected in 2021. The landscape will continue to change as the global economy changes, as organizations change, and as people's expectations of work and life change. This constant state of change means leaders need to do more to listen, understand, act, engage, and inspire their employees like never before. Leaders need to find better and more frequent ways to connect with their employees, build trust, and understand people's "whole" life needs. This dictates the need for leaders to work with their employees to help them shape the future of work.

More than ever, employees are looking for organizations that inspire, adapt, listen to, and collaborate with them, creating a sense of belonging and value. By listening to and paying attention to what employees are asking for, leaders can correct the areas that lead to disengagement and enhance areas that are strong indicators of engagement before it's too late.



Leaders need to find better and more frequent ways to connect with their employees, build trust, and understand people's "whole" life needs

Organizations Cannot Fix What They Do Not Know

The disruptions of 2020 and 2021 vastly changed how people feel about their work. With more employees feeling burnout, unhappiness and separation, companies must pivot quickly to keep their employees engaged. A top priority now is focusing on the voice and experience of employees. Companies that will continue to thrive and grow are the ones that put their people first and make the changes their employees are asking for.

What You Can Do

- 1** Lead with humanity¹⁸
- 2** Find ways to connect with your employees regularly
- 3** Ask, listen and understand what your employees are saying, and not saying
- 4** Develop actionable insights, leveraging your Voice of Employee (VoE) data to help you make better decisions
- 5** Act thoughtfully and intentionally on the employee feedback provided
- 6** Communicate with authenticity and show you value your employees by continuing to listen, learn, and respond

Our vision at People Element is to help organizations understand their employees like never before, enabling them to achieve meaningful change in their employee engagement, inspiration and retention outcomes. We hope this report helps you achieve the change your company needs to improve the employee experience and, as a result, take advantage of the benefits a highly engaged workforce can provide.

Survey Methodology

The research from this report was derived from 2021 Employee Engagement surveys powered by People Element. This survey measures employee engagement from more than 200 organizations in the United States. The data analysis was based on over 30,000 responses across numerous industries including healthcare, manufacturing, education, real estate, finance, transportation, construction, municipalities, government, technology, and farming.

Our employee voice platform gives us the ability to understand workplace trends across thousands of employees to supply insights that help organizations succeed.

About People Element

We keep the measuring and improving of the employee experience simple by providing you an innovative solution that gives you the speed and confidence to act on the things that matter most to the success of your business.

Combining an easy to use yet powerful platform with world-class services and expert support, People Element provides the best of both worlds for understanding and improving your employee experience.



[Schedule a live tour of our engagement platform](#)

Engagement is a composite score of six main factors

- 1 / Discretionary effort
- 2 / Pride in the organization
- 3 / Advocacy for the organization
- 4 / Feelings of accomplishment from work
- 5 / Intention to stay
- 6 / Commitment to the organization



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