

# EMPLOYEE ENGAGEMENT TRENDS REPORT

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### Director of Research and Analytics

David leads discovery-based projects to deliver reports on workplace trends. As a consultant, David evaluates survey data to help clients make data-driven decisions. He holds a master's in survey research from the University of Nebraska. He formerly worked for Nebraska Health and Human Services, the University of Nebraska, and the Department of Labor, followed by nearly ten years at Kenexa, an IBM company.



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### Marketing Manager

Hilary works closely with the client success and sales teams to ensure the educational resources Quantum Workplace publishes meet the needs of HR professionals. She's passionate about helping organizations create positive environments where talent is nurtured and valued. Hilary holds a master's in integrated marketing communications from the University of Kansas and formerly worked for iModules Software, National Seminars Group, and the Learning Exchange.

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# INTRODUCTION

Top-performing organizations know that employee engagement drives business outcomes. Engaged employees are more productive, more profitable, more customer-focused, and more likely to stay. Highly engaged workplaces grow faster, adapt quicker, and innovate more. Organizations don't just benefit from employee engagement; they depend on it.

For the fourth year in a row, we've aggregated our research from more than 400,000 employees at nearly 5,000 organizations to publish this engagement trends report.

**This year the report is presented in five parts:**

1. Overall Trends
2. Regional Trends
3. Industry Trends
4. Personal Demographic Analysis
5. Professional Demographic Analysis

# METHODOLOGY

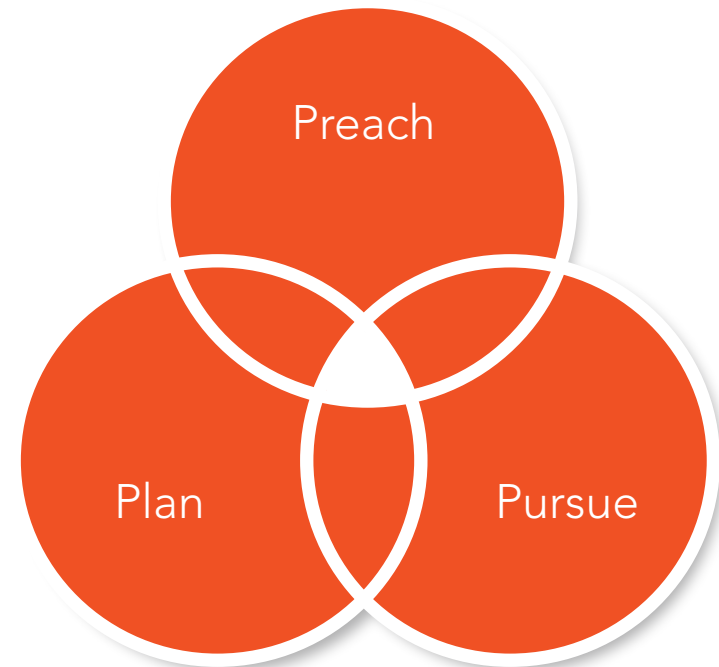
## Employee Engagement Model

Quantum Workplace defines employee engagement using a three-part model: Preach, Plan, and Pursue. Engaged employees exhibit these three traits:

**Preach, or employee advocacy,** refers to the degree to which employees speak highly of their workplace.

**Plan, or intent to stay,** refers to employees' interest in remaining at the organization.

**Pursue, or discretionary effort,** refers to employees' drive to put forth extra effort.





## Survey Instrument

Quantum Workplace developed the survey instrument in 2003 and validates it annually. It measures the level of employee engagement based on the three-part model. The survey is comprised of 37 items using a six-point Likert scale. Six of the survey items are diagnostic, measuring the degree to which employees preach, plan, and pursue. In other words, these six items measure the degree to which employees are engaged.

The remaining 31 survey items evaluate 10 key factors that drive engagement:

1. Teamwork
2. Manager Effectiveness
3. Trust in Senior Leaders
4. Trust With Coworkers
5. Retention
6. Alignment With Goals
7. Feeling Valued
8. Individual Contribution
9. Job Satisfaction
10. Benefits

## Analysis Methods

### Drivers Analysis

One key analysis in this report is the drivers analysis. Quantum Workplace evaluated the relationship between the driver survey items and the diagnostic survey items to reveal which factors have the greatest correlation and effect on employee engagement.

### Employee Engagement Profiles

Another analysis used in this report is employee engagement profiles. Employees were classified into four groups based on the average of their answers, without factoring in skipped questions. The four groups were engaged, contributing, disengaged, and hostile. Employees in the engaged group had an average score between 5-6 on the Likert scale. Contributing employees had an average score between 4-4.9. Disengaged employees had an average score between 3-3.9, and hostile employees had an average score between 1-2.9.

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## Survey Participants

This analysis examines data collected through Best Places to Work over the course of the past seven years, as well as a smaller data set of organizations that didn't participate in Best Places to Work. The most current data was collected from approximately 400,000 employees from nearly 5,000 organizations who took the survey between January 1, 2013 and December 31, 2013.

## About Best Places to Work

Founded in 2004, Best Places to Work is the original contest created to honor companies where talent is valued and engaged. The contest is held annually in about 40 cities and garners participation from nearly 5,000 organizations. Quantum Workplace partners with various local publications, professional organizations, and other sponsors to conduct the survey and recognize America's Best Places to Work.





# 2014

## EMPLOYEE ENGAGEMENT TRENDS REPORT

### Part One: Overall Trends

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# THE STATE OF EMPLOYEE ENGAGEMENT

## How Engaged Are Today's Best Places to Work?

Employee engagement among Best Places to Work has been on a slow, steady rise since 2011, as organizations have recovered from the late-2008 recession. Engagement hit its low point in 2010 with 66.7 percent of employees ranked as engaged. In 2013, 68 percent of employees were engaged.

68%  
of employees were engaged in 2013.

Employees participating in Best Places to Work have not exhibited this level of engagement since 2009. The average increase in engagement over the past three years has been .43 percent. If this rate continues, it will take another six years to reach the level of engagement experienced in 2007, which was 70.6 percent engaged employees.

### Employee Engagement Profiles

#### ENGAGED

Average Score: 5-6  
Highly favorable  
Preach organization love  
Plan to stay  
Pursue extra effort

#### CONTRIBUTING

Average Score: 4-4.9  
Moderately favorable  
Holding back  
Opportunity for increased performance

#### DISENGAGED

Average Score: 3-3.9  
Indifferent  
Lack motivation  
At-risk for retention

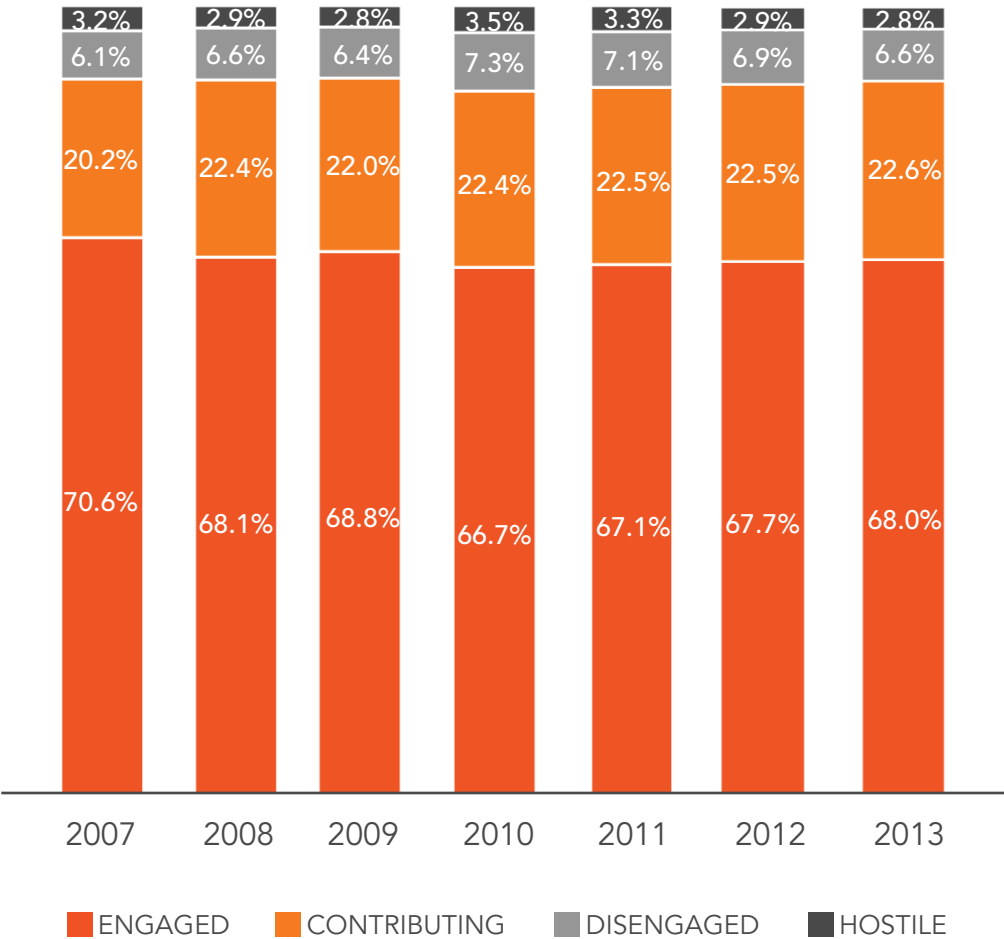
#### HOSTILE

Average Score: 1-2.9  
Negative  
Lack commitment  
Impact others' productivity

Year-Over-Year Changes

The chart on the right illustrates the distribution among the four employee profiles of Best Places to Work participants over the last seven years.

Looking at how these engagement profiles have fluctuated, it is apparent that as you move from hostile to engaged, the amount of variance increases. For example, over the past seven years, the highest level of hostile employees was 3.5 percent in 2010, and the lowest was 2.8 percent in 2009 and 2013. This represents a .7 percentage-point change, whereas the engaged profile experienced a 3.9 percentage-point change in the past seven years. Combining the middle profiles, contributing and disengaged, delivers a 3.4 percentage-point change.



The fluctuation in year-over-year data shows that an extremely negative perception is not likely to change. It is very difficult to change the minds of people whose minds are already made up. In addition, perception of excellence is more likely to shift to the middle, even over something small or based on how someone is feeling that specific day.

Organizations should spend their efforts on those who are still in the middle and haven't made up their minds. This is where engagement strategies can have the most impact. Once you shift your middle-ground employees to engaged employees, it'll be easier to bring those hostile employees around because you'll have the rest of your employees on board to influence perception.

### Is Engagement Really This High Nationwide? Maybe Not.

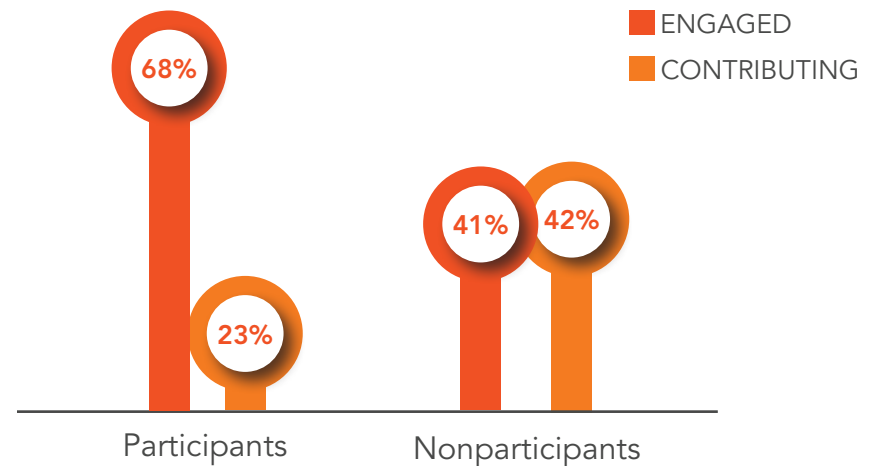
The data presented so far was collected from employees whose organizations voluntarily participated in Quantum Workplace's Best Places to Work survey. These organizations believe they are among the best in terms of employee engagement. Since organizations with low engagement are unlikely to participate in an employer of choice contest, this data set is likely to trend higher, showing a higher level of engagement than what you might see at average organizations.

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The chart below compares the Best Places to Work participants to a sample of more than 52,000 employees from organizations that did not participate in Best Places to Work. Among the sample that did not participate in the contest, 41 percent of employees were engaged. That is 27 percentage points below the organizations participating in Best Places to Work.

In reality, the national average of engaged employees is likely somewhere between the Best Places to Work participants, who already know they excel at corporate culture, and the smaller sample of non-participating organizations, who don't excel but recognize the need to improve and monitor corporate culture.



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# WHAT'S DRIVING ENGAGEMENT?

All items on the survey had a positive correlation with employees' level of engagement. However, the degree to which survey items affected overall engagement level varied between a .52 and .78 correlation, where the highest positive correlation would equal 1.0. Eight survey items had a correlation of .75 or higher. These are listed to the right as the top engagement drivers.

## Year-Over-Year Trends

Over the past seven years, the same three survey items have risen to the top as having the greatest impact on engagement. The next three items driving engagement have also been the same for the past seven years; however, their order has varied each year with slight fluctuation in correlation.

Organizations performing well on these eight items are extremely likely to have a high level of overall engagement. In every organization drivers will vary, but even if you're not surveying and running a drivers analysis unique to your organization, focusing on tactics to improve perceptions of these top six drivers is very likely to make a positive impact on engagement.

## Top Drivers (more than .75 correlation)

1. The leaders of this organization are committed to making it a great place to work.
2. I trust the leaders of this organization to set the right course.
3. I believe this organization will be successful in the future.
4. I know how I fit into the organization's future plans.
5. I see professional growth and career development opportunities for myself in this organization.
6. The leaders of the organization value people as their most important resource.
7. I trust the senior leadership team to lead the company to future success.
8. The organization makes investments to make me more successful.

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## Three Themes Emerged Among the Eight Top Drivers

When evaluating the top eight drivers, three themes emerged:

### 1. Positive Outlook on the Future

Half of the eight items with a correlation of .75 or higher referenced the future.

Employees need to feel confident in both the organization's future and their personal future within the organization. It creates a sense of security. It creates trust. It creates solidarity in moving toward common goals.

### 2. Confidence in Leadership

Half of the drivers with a correlation of .75 or higher mentioned leadership, and one-fourth of these drivers were related to leadership's ability to lead the organization.

Employees must feel confident in leadership's ability to drive the organization forward. This goes back to creating a sense of security and trust. If employees aren't confident that their leaders are capable, they'll become disengaged.

### 3. Commitment to Valuing Employees

This theme was present in half of the drivers with a correlation of .75 or higher.

Employees can't be treated as a means to an end. Engaged workplaces exhibit a commitment to employees, in how they are supported, recognized, and developed.

Positive future outlook, confidence in leadership, and commitment to valuing employees have more impact on engagement than teamwork, coworker trust, benefits, manager effectiveness, and job satisfaction.



## Quick Best Practices to Impact Driver Themes

### Positive Future Outlook

Regularly communicate your organization's vision and plans for the future

Include employees in goal-setting process

Communicate with employees when goals are achieved

Help employees understand industry, market, and technology trends

Share insights on competitors with employees

### Confidence in Leadership

Maintain regular, transparent communication from leaders

Ensure leaders follow through on promises and plans

Listen to and value employee input from the top down

Demonstrate leadership's drive and commitment to the organization's success

Place importance on cultivating a work environment that employees enjoy

Have visible leadership, a function of proximity

### Valuing Employees

Set up employees for success with the resources, the know-how, and the decision-power to accomplish their jobs

Incorporate individual and global recognition into a single program to ensure that all employees are recognized

Leverage global programs to recognize whole teams

Give employees a way to publicly recognize their peers

Foster employee development and provide career growth opportunities

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# GREATEST AREAS OF OPPORTUNITY

Areas of uncertainty represent areas of opportunity. If your goal is to raise favorable workplace perceptions, it's often best to focus on areas of high uncertainty, or neutrality. Why? Because the most unfavorable attitudes are typically the hardest to change. Such employees have their minds made up. Luckily, they tend to represent the minority opinion. By identifying areas of high uncertainty and offering clarity, you can improve perceptions of those who have retained an open mind. This can be done through measured, structured communication strategies.

More than 20 percent of survey takers responded with uncertainty to six survey items. The six items employees responded to with the greatest uncertainty are listed to the right with the percent who responded between somewhat agree to somewhat disagree.

## Areas Needing Clarity (items with more than 20% uncertainty)

1. We have benefits not typically available at other organizations. (31.3% neutral)
2. Considering the value I bring to the organization, I feel I am paid fairly. (26.1% neutral)
3. I know how I fit into the organization's future plans. (24.5% neutral)
4. There is open and honest communication between employees and managers. (20.7% neutral)
5. If I contribute to the organization's success, I know I will be recognized. (20.7% neutral)
6. I see professional growth and career development opportunities for myself in this organization. (20.5% neutral)

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## Top Three Areas Employers Need to Provide Greater Clarity

When evaluating the items that employees exhibited the most uncertainty, three themes emerged. These themes represent a great opportunity to provide clarity and improve strategies.

### 1. Commitment to Valuing Employees

Half of the items on which employees felt most uncertain are related to the idea of valuing employees. In the previous section, this theme also appeared as a major driver for engagement. In fact, two of the survey items appeared on both the top drivers list and the list of areas needing clarity.

Since showing a commitment to valuing employees is both a critical driver of engagement and an area of great uncertainty, it represents one of the best opportunities for organizations to make a major impact on employee engagement.

### 2. Benefits and Compensation

One third of the items with the highest neutrality were about benefits and compensation. Historically, survey items related to this topic received both the lowest and most uncertain ratings. Fortunately, they've also had lower correlations with driving engagement. However, it still represents an area of opportunity.

The greatest amount of uncertainty is around whether employees have benefits typically not available at other organizations. This represents either a lack of understanding of how the organizations' benefits compare to others or a lack of differentiation at all. Perhaps, employees believe that benefits have little variation from one organization to another and maybe that is indeed the case.

Showing a **commitment to valuing employees**

is both a critical driver of engagement and an area of great uncertainty.

**Focusing on this commitment will greatly impact engagement.**

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### 3. Global Information

One of the six survey items employees responded to with uncertainty is centered on the idea of how information is communicated globally. Of the survey takers, 20.7 percent were on the fence about whether there was open and honest communication between employees and managers.

One might assume that this is an indicator of the quality of relationship between managers and their employees; however, that is a wrong assumption. Feedback on this survey item really represents whether managers are able to share information openly and honestly and vice versa. Since information is usually controlled by senior leadership but transmitted (with lesser quality) through managers, this represents a global information issue.

## The Importance of Sharing Information Globally

**Let's look back on the three themes identified in the drivers analysis:**

1. Positive Outlook on the Future
2. Confidence in Leadership
3. Commitment to Valuing Employees

Communication is critical to any successful strategy aimed at improving these areas. Focusing on global information is a great opportunity to turn neutral attitudes into positive ones across several driving forces of engagement.

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## Quick Best Practices to Increase Clarity

### Valuing Employees

Provide clarity to employees about what professional development opportunities are available

Ensure paths to upward mobility are clear and defined

Create consistencies in recognition and development programs

Incorporate individual and global recognition into a single program to ensure that all employees are recognized

Give employees a way to publicly recognize their peers

### Benefits and Compensation

Evaluate benefits and pay communication for consistency, clarity, and frequency throughout the employee lifecycle

Ensure employees clearly understand the options you provide

Encourage employees to take advantage of benefits they might not be using

Emphasize what's unique about your organization's benefits

Educate employees on how your benefits and compensation packages compare to other organizations

### Global Information

Have leaders set the tone, embracing employee ideas and feedback

Provide opportunities for employees to openly voice their ideas and opinions

Evaluate both how and the frequency at which information is disseminated

Empower managers with information to distribute to their teams

Ensure communication of goals and goal achievement is clear

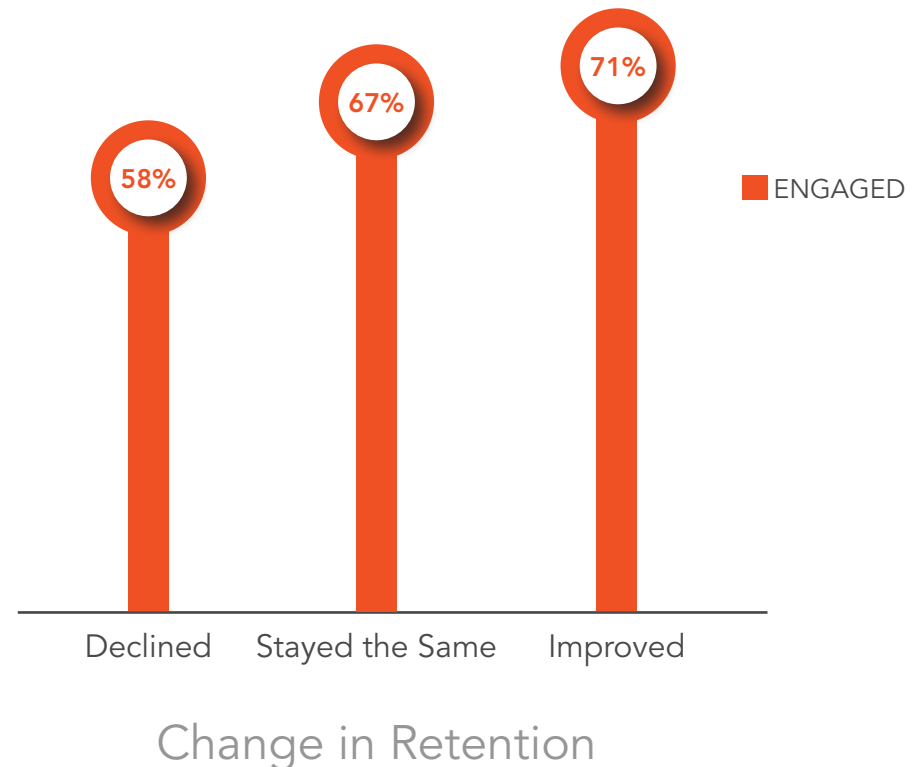
Remain honest and attentive to communication in times of change, challenge, and crisis

# ROI: THE VALUE OF ENGAGEMENT

## Retention and Engagement

Over the last three years, organizations with improved retention had significantly more engaged employees (70.5 percent) compared to organizations where retention declined (57.6 percent). To the right, you can see the differences in engagement among organizations where retention declined, stayed the same, and improved.

Employees at organizations where retention improved responded considerably more favorably than those at companies that reported retention staying the same or decreasing in the same time period. It is clear that organizations with higher levels of engagement are more likely to retain employees.

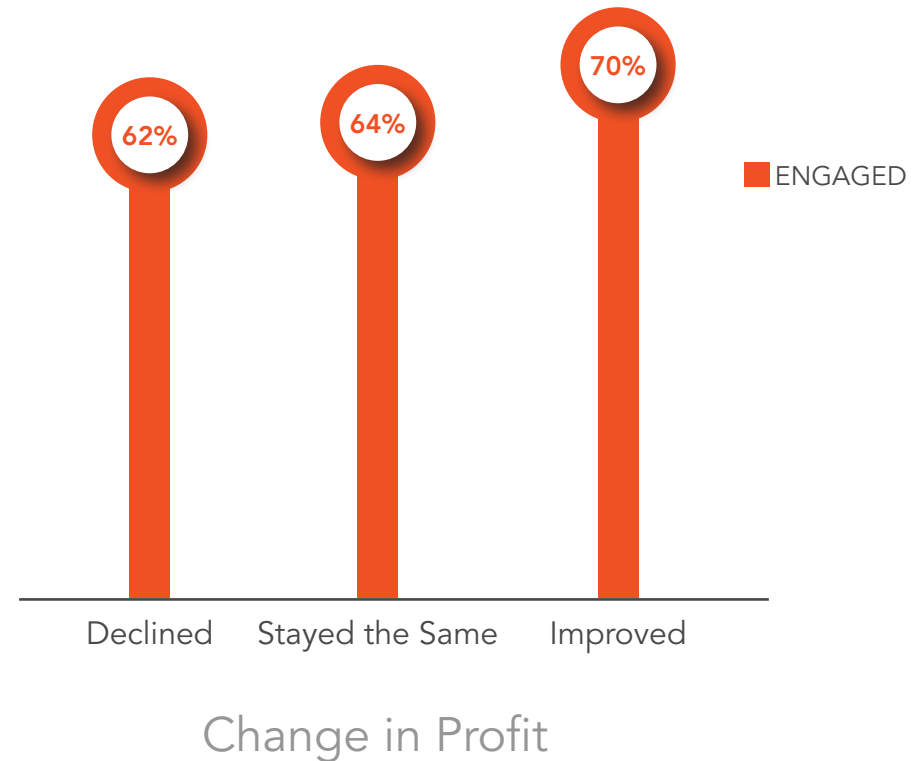




## Profit and Engagement

When asked about changes in profit, organizations with higher levels of engagement were more likely to report profit increases over the last three years. On the right, you can see the differences in engagement among organizations where profit declined, stayed the same, and improved.

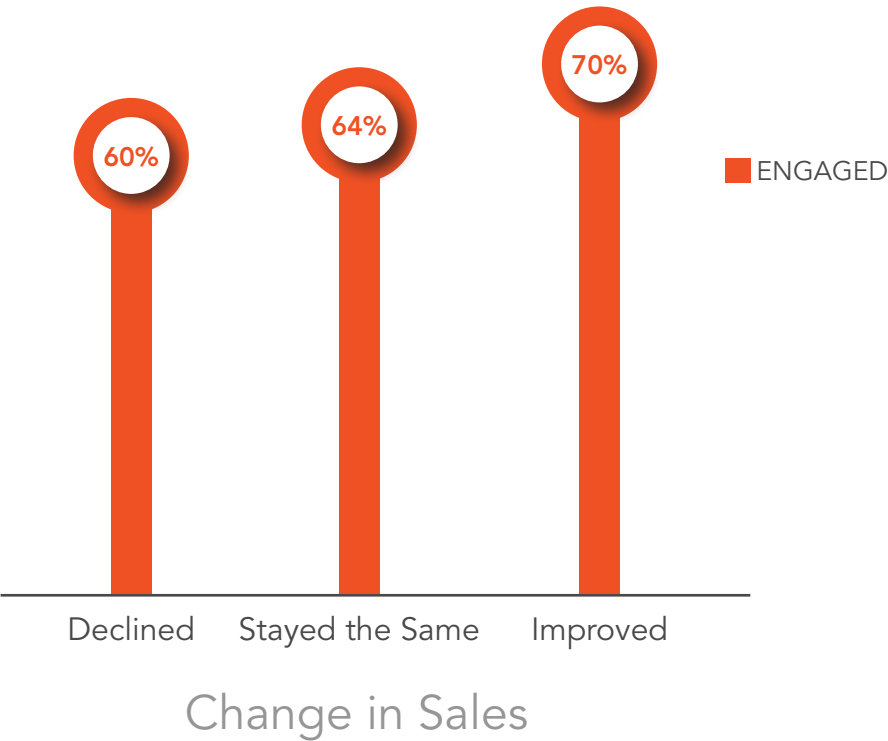
In organizations where profits increased, 70.3 percent of employees were engaged, compared to 62.4 percent of employees at organizations where profits decreased. It is our philosophy that engagement and profit have a cyclical cause and effect. As engagement increases, the business becomes more successful, causing employees to become even more engaged, causing more increases in profits, causing higher levels of engagement, and so on.



### Sales and Engagement

Sales followed the same pattern as profits and retention. Organizations that had a higher level of engagement were more likely to experience increases in sales over the last three years. The differences among engagement are illustrated in the chart on the right.

Organizations with increasing sales had 70.3 percent of employees engaged, while those with declining sales had only 59.5 percent of employees engaged.





# 2014

## EMPLOYEE ENGAGEMENT TRENDS REPORT

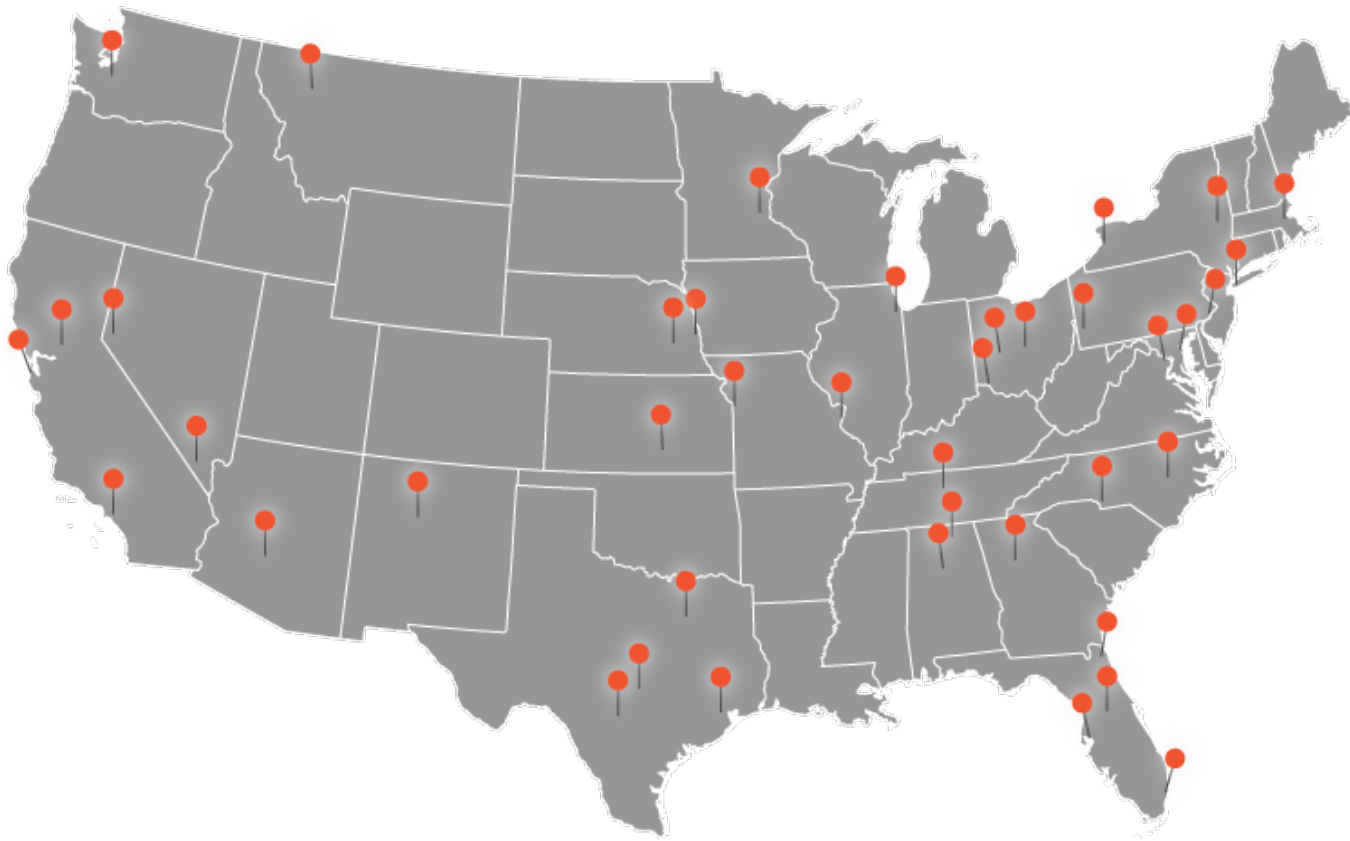
### Part Two: Regional Trends

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## PARTICIPATING CITIES

Cities across America compete to attract and retain top talent, but which cities offer the most when it come to creating engaged workplaces? This section will examine employee engagement in the 41 cities surveyed through America's 2013 Best Places to Work. Workplace perceptions varied among the cities; some experienced improvements in engagement, and some experienced declines.



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# MOST AND LEAST ENGAGED CITIES

Using the employee engagement profiles, cities were ranked from most to least engaged based on the percent of employees in the engaged profile. In order to be considered for these lists, each city must have had more than 70 participating organizations in their Best Places to Work contest.

The following cities ranked highest and lowest by percent of engaged employees:

## Top Five Cities

1. Huntsville, 77.6%
2. Miami-Dade, 74.7%
3. Nashville, 74.4%
4. Austin, 74.2%
5. San Antonio, 73.5%

## Bottom Five Cities

1. Lincoln, 57.1%
2. Kansas City, 59.6%
3. Minneapolis/St. Paul, 60.7%
4. Albuquerque, 61.2%
5. Las Vegas, 61.3%

Cities ranged from having 77.6 percent of employees engaged to only 57.1 percent of employees engaged, which represents a gap of 20.5 percentage points.

San Antonio was the only city to show up in the top five both this year and the previous year. Kansas City and Albuquerque were the only cities to show up on the bottom five list in both years.

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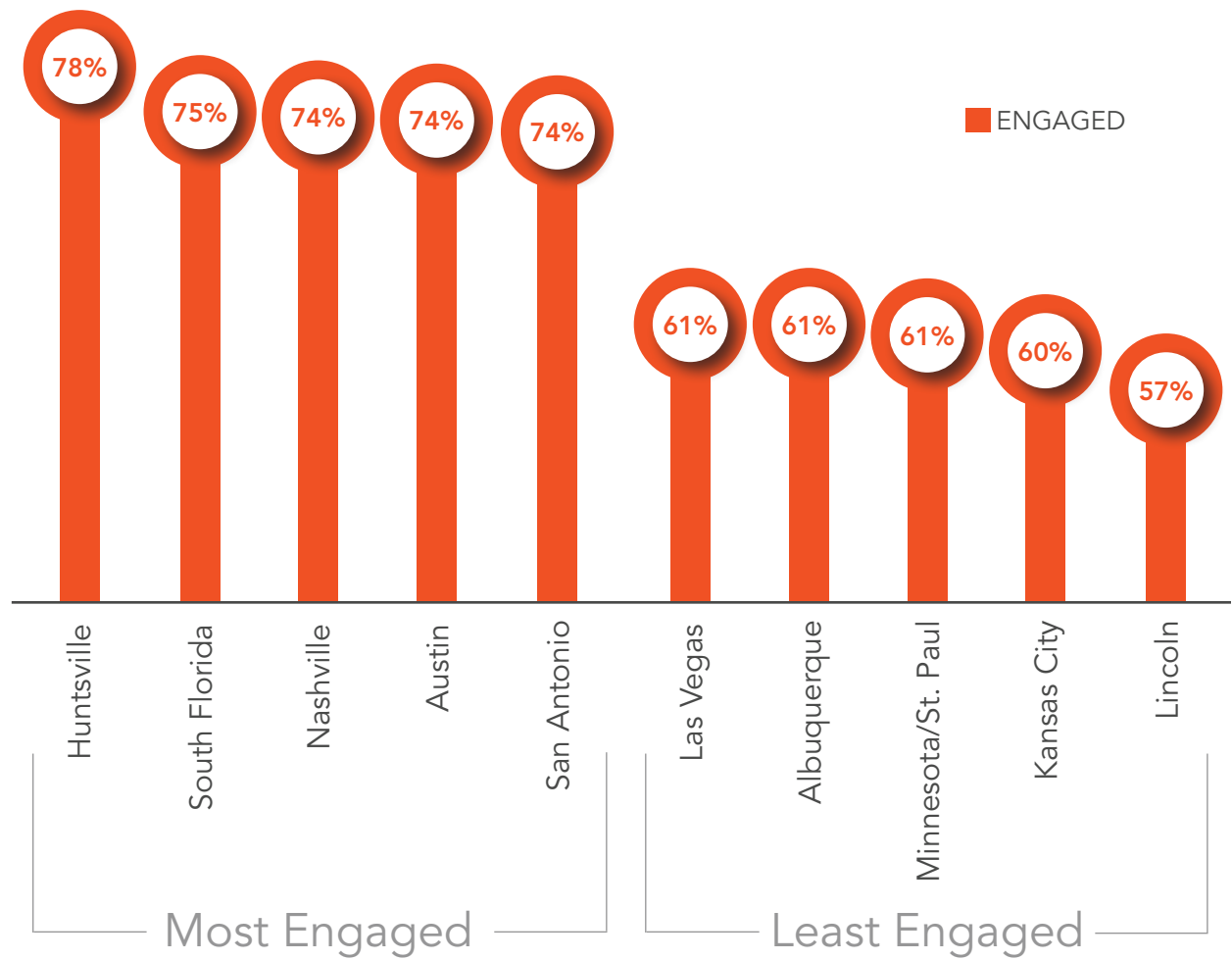
On average,  
**75%**  
of employees  
were engaged in  
the top five cities.



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On average, 74.9 percent of employees in the top five cities were engaged, almost seven percentage points higher than the national average. In the previous year, the top five cities averaged 70.3 percent engaged employees, which was only a little under three percentage points higher than that year's national average.

In comparison, an average of 60 percent of employees were engaged in the bottom five cities, which is eight percentage points below the national average. However, this is an improvement from last year, when the average among the bottom five was 57 percent, almost 11 percentage points below the national average in that year.





# MOST IMPROVED AND DECLINED CITIES

Using the employee engagement profiles, the percent of engaged employees in each city in 2013 was compared to the percent engaged in 2012. In order to be considered for this data set, each city must have had more than 70 participating organizations in their Best Places to Work contest in both 2012 and 2013.

These cities experienced the biggest improvements and declines in engaged employees between 2012 and 2013:

## Five Most Improved Cities

1. Huntsville, +17.80%
2. Cincinnati, +12.50%
3. Omaha, +8.50%
4. St. Louis, +7.30%
5. South Florida, +6.50%

## Five Most Declined Cities

1. Minneapolis/St. Paul, -3.40%
2. Pittsburgh, -3.00%
3. Baltimore, -1.90%
4. Phoenix, -0.40%
5. Reno, -0.40%

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### Part Three: Industry Trends

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# MOST AND LEAST ENGAGED INDUSTRIES

The diverse industries surveyed in 2013 demonstrated great variance in employee engagement. A distinctive difference exists between the most highly engaged industries and the lowest. Organizations in industries experiencing low levels of engagement would be wise to look outside their industry peers and gain ideas from organizations in high-performing industries.

Seventeen industries were represented in the analysis:

|                                 |                       |
|---------------------------------|-----------------------|
| Accommodation and Food Services | Nonprofit             |
| Arts and Entertainment          | Other Services        |
| Construction                    | Professional Services |
| Education                       | Public Administration |
| Finance and Insurance           | Retail                |
| Healthcare                      | Technology            |
| Logistics                       | Utilities             |
| Management of Enterprises       | Wholesale Trade       |
| Manufacturing                   |                       |

Industries ranged from having 77.3 percent of employees engaged to only 45 percent of employees engaged, which represents a gap of 32.3 percentage points.

**32.3**  
percentage points  
separate the most  
and least engaged  
industries.

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## Where Does Your Industry Rank?

From the most to least engaged, with change in rank from the previous year:

1. Real Estate (no change)
2. Construction (+1)
3. Technology (+1)
4. Professional Services (+1)
5. Accommodation and Food Services (-3)
6. Other Services (no change)
7. Arts and Entertainment (+4)
8. Finance and Insurance (-1)
9. Management of Enterprises (+4)
10. Wholesale Trade (-2)
11. Retail (-2)
12. Logistics (-2)
13. Healthcare (-1)
14. Nonprofit (no change)
15. Education (no change)
16. Manufacturing (no change)
17. Utilities (no change)
18. Public Administration (no change)

The following industries ranked highest and lowest by percent of engaged employees:

### Top Three Industries

1. Real Estate, 77.3%
2. Construction, 74.8%
3. Technology, 73.7%

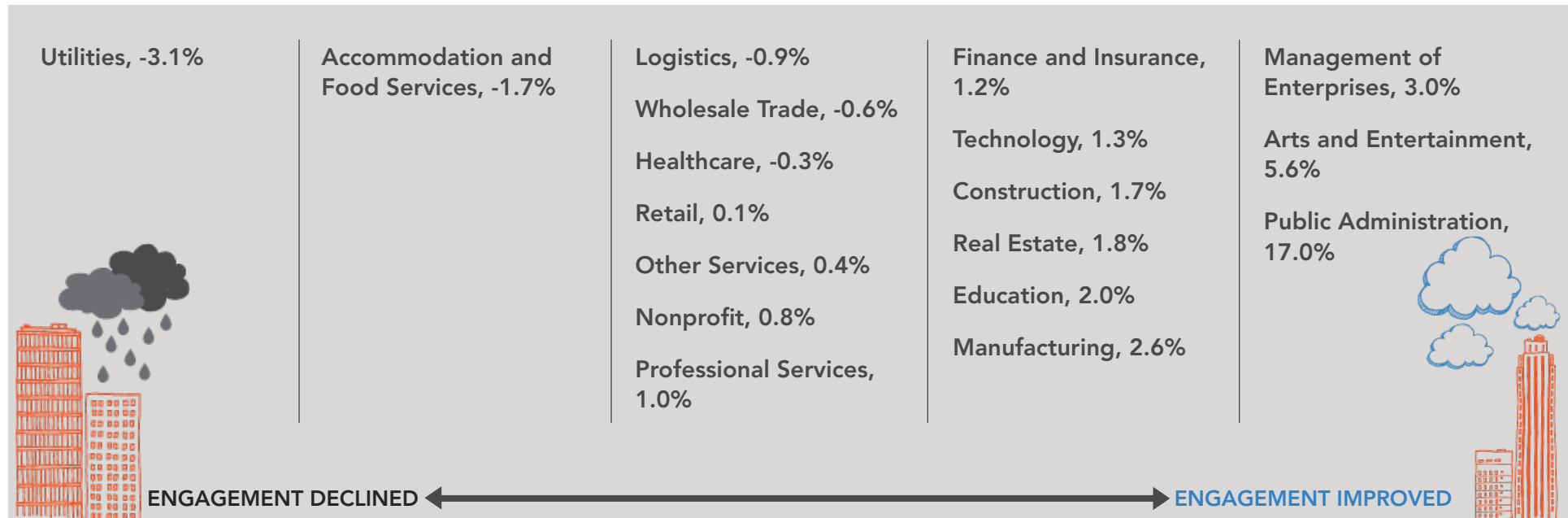
### Bottom Three Industries

1. Public Administration, 45.0%
2. Utilities, 53.0%
3. Manufacturing, 58.9%

The top three performing industries had an average of 75.3 percent engaged employees, which is 7.3 percentage points higher than the national average. In comparison, the bottom three industries had an average of 52.3 percent engaged employees, which is nearly 16 percentage points below the national average.

# MOST IMPROVED AND DECLINED INDUSTRIES

Our analysis also evaluated how perceptions changed in industries from 2012 to 2013. Some industries remained constant, while others became drastically more positive or negative. The chart below displays the percent change in the engaged profile. The outlook in industries on the right became drastically more positive. Outlook in industries on the left became more negative.



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## EMPLOYEE ENGAGEMENT TRENDS REPORT

### Part Four: Personal Demographic Analysis

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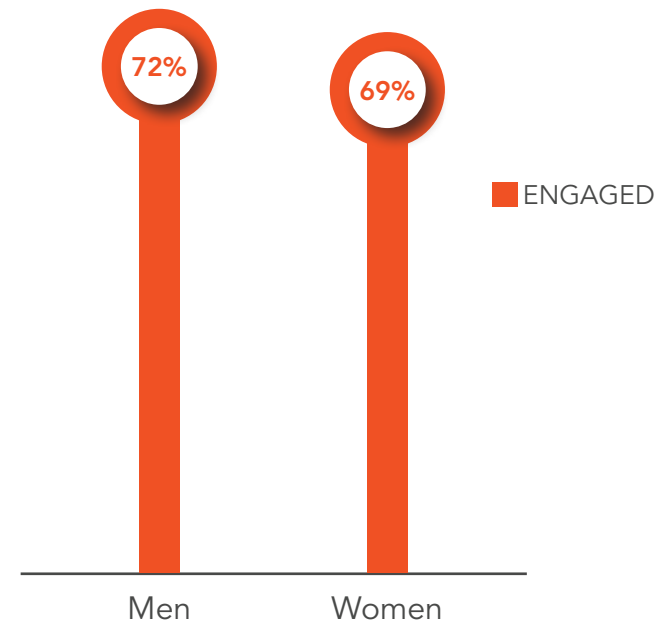
# GENDER

## Higher Engagement in Men Than in Women

When considering gender, men were slightly more likely to be engaged than women. Almost 72 percent of men were engaged, compared to just fewer than 69 percent of women.

Roughly the same percent of men and women were classified as hostile, 2.5 percent and 2.4 percent respectively. This illustrates that there is opportunity to convert employees in the middle (contributing and disengaged) to becoming more engaged.

The chart on the right illustrates the difference between engagement among men and women.



## Engagement: Men vs. Women

Note: 85.1 percent of employees in this study provided data on their gender, which explains any differences between the data in this set and the national average.

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## Women Are More Driven by Security in Their Personal Futures

When comparing the driver analyses of women and men, the main difference was on the item, “I know how I fit into the organization’s future plans.” The driver ranked second for women and sixth for men, who were more driven by items focused on the organization’s future.

The analysis showed that women were more likely to be engaged when they felt confident in how they fit into the organization’s future plans. This was more important to women’s engagement than belief that leaders were setting the right course and the organization would be successful in the future, which ranked higher for men.

## Women Want You to Invest in Their Success

The next difference in women and men’s drivers is on the item, “The organization makes investments to make me more successful.” While this ranked as women’s seventh driver, it was the eleventh driver for men.

## Alignment With Career Goals More Critical for Men

The driver analysis revealed that having a job in alignment with career goals ranked as the eighth driver for men but ranked thirteenth for women.

## Understanding Personal Future With Organization

Driver Rank by Gender

**2nd**  
WOMEN

**6th**  
MEN

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# AGE

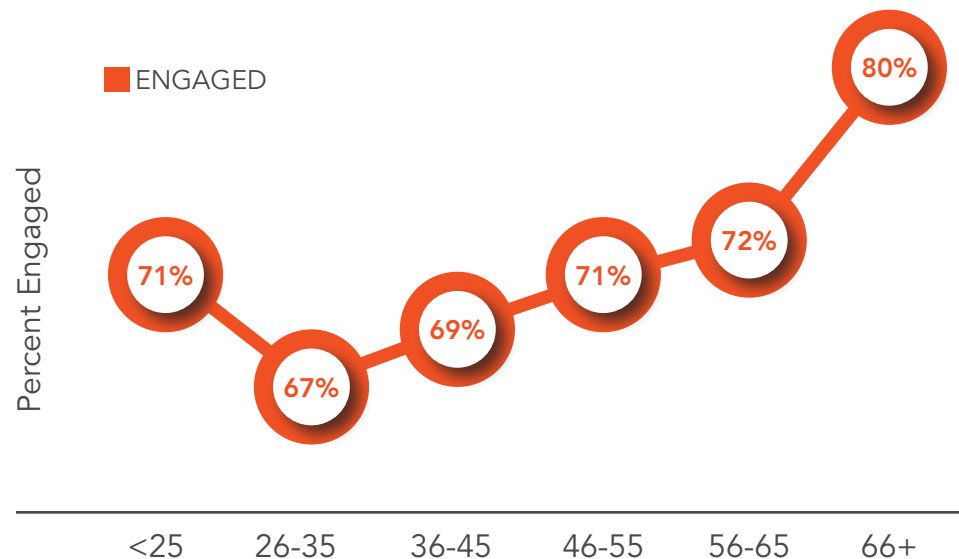
## Baby Boomers Are the Most Engaged

An analysis of engagement by age showed that baby boomers were the most engaged. Employees 66 years old and older were the most engaged at 79.5 percent, followed by the younger boomers, ages 56 to 65, with 72.3 percent engaged.

Following baby boomers, the youngest millennials, 25 years old and younger, were the next most engaged with 71 percent.

The least engaged group of employees by age were the oldest millennials, 26 to 35 years old, of which 66.7 percent were engaged. A gap of nearly 13 percentage points existed between the least and most engaged age groups.

The chart on the right illustrates a slight curve. Young employees starting in the workforce are engaged, but as they get older engagement dips and then rises back up.



## Age and Engagement

Note: 92.7 percent of employees in this study provided data on their age, which explains any differences between the data in this set and the national average.

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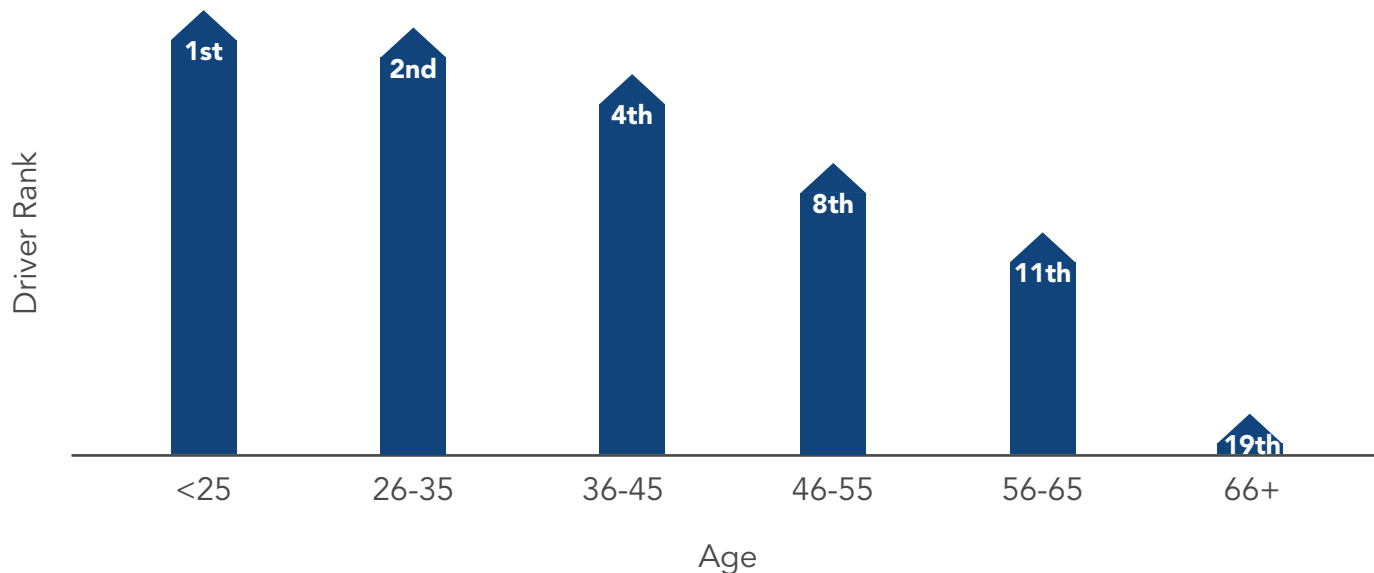


## Professional Development Is Critical to Engaging Millennials

When looking at what drives millennial engagement, professional growth and career development come in at number one. This supports additional observations about why millennials tend to job hop. If young employees aren't having their needs for professional development met, they will seek opportunities elsewhere and be more engaged.

Aggregate national data ranks professional development as the fifth driver, while it ranks first for the youngest millennials and second for their older counterparts. As employees become older, professional development opportunities have less of an effect on their overall engagement. The chart below illustrates how professional development ranked as a driver for each age group.

Age and Professional Development Importance



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## Youngest Millennials Engaged When Challenged and Leveraging Strengths

Two items ranked in the top ten drivers for employees ages 25 years old and younger that didn't rank in the top ten for any other age group:

- I find my job interesting and challenging. (4th)
- My job allows me to utilize my strengths. (7th)

Both items were more important to driving engagement in the youngest millennials than being recognized for contributions. Having an interesting and challenging job was more important than leaders valuing people as their most important resource.

## What Millennials Have to Say

### THE GOOD

“ I have never worked in a place that is so devoted to the success of its employees. The company provides endless opportunities for employees to expand their personal development, and therefore, their career.

I love my workplace. The job is challenging, and my manager gives me the freedom to manage my work. Also, he makes sure that I get the right opportunities for my career growth.

Everyday is a new opportunity and challenge, and I fully appreciate the wealth of knowledge that is bestowed upon me by both my teammates and my leadership team.

### THE BAD

The lack of career advancement opportunities keeps me from wanting a long-term future with this organization.

I do not feel like my managers take the time to get to know my strengths. I feel extremely under-utilized and unchallenged.”

*The above quotes are real comments from the surveys of millennial employees.*

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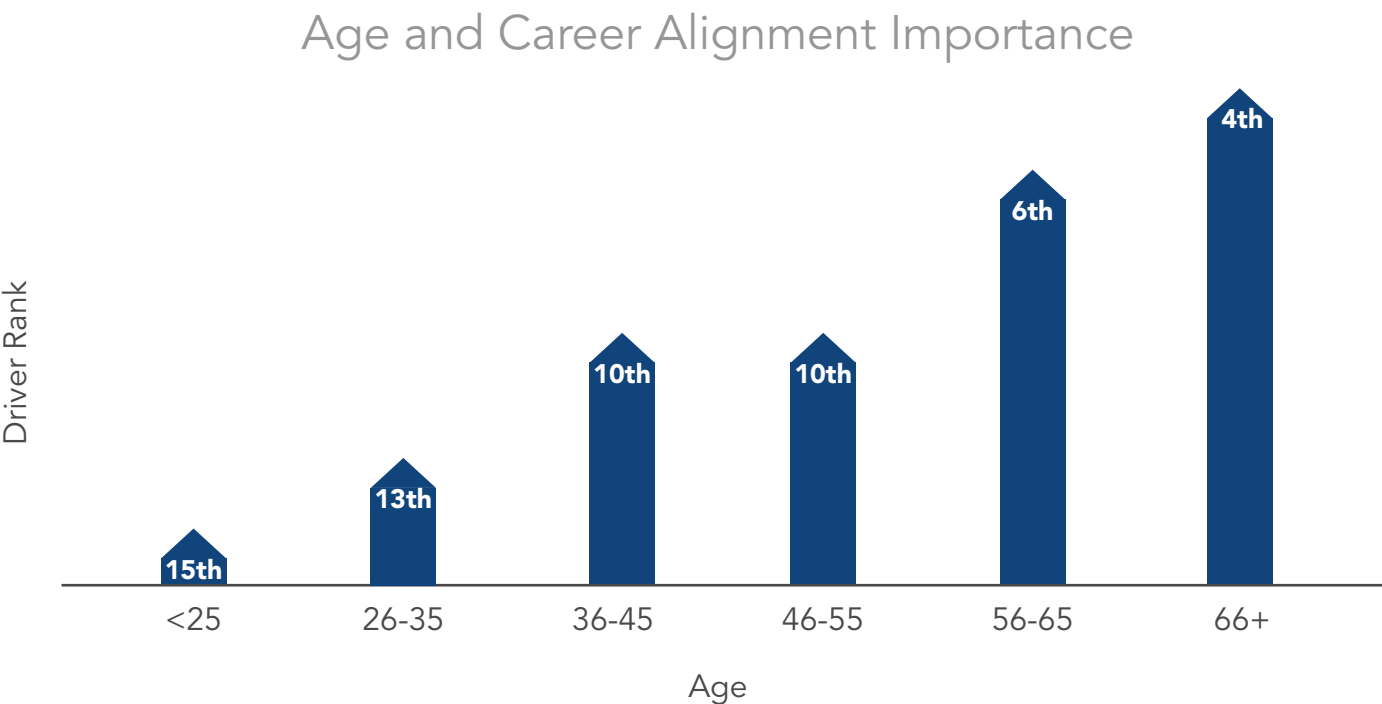


## Alignment With Career Goals Increases in Importance With Age

As age increased, the item, “This job is in alignment with my career goals,” became a higher ranking driver. For employees ages 66 years old and older, the driver ranked fourth, compared to the youngest employees for whom it ranked fifteenth.

For younger employees beginning their careers, their goals might not be as clear because they are still figuring out where their careers are headed, which could explain why this was less important to driving their engagement.

The chart below shows how alignment with career goals ranked as a driver for each age group.





# EDUCATION

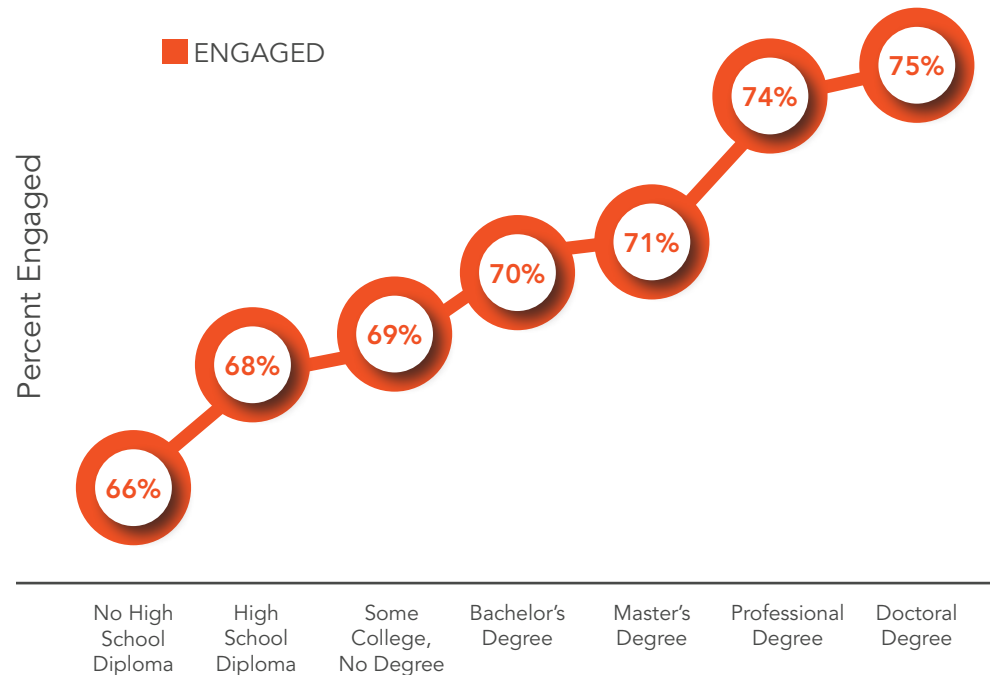
## Higher Education Leads to Higher Engagement

As education level increased so did employee engagement. Nearly 75 percent of those holding a doctoral degree were engaged, followed closely by employees with a professional degree at 74 percent.

The least engaged, employees without a high school diploma, trailed 8.2 percentage points behind those with a doctoral degree.

Interestingly, employees with a doctoral degree also had the greatest percent of hostile employees (3.1 percent), followed by employees without a high school diploma at 2.8 percent.

The chart on the right demonstrates the correlation between higher education and higher engagement.



## Education and Engagement

**Note:** 77.7 percent of employees in this study provided data on their education level, which explains any differences between the data in this set and the national average.

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## Professional Development: Important to College-Educated

Having access to professional growth and career development opportunities ranked as the third highest driver for those holding bachelor's, master's, or doctoral degrees. Interestingly, for those holding professional degrees, this driver ranked seventh. However, the engagement of those with less education was even less driven by professional development. Professional development ranked as the ninth driver for those without a high school diploma, 12th for those with a high school diploma, and tenth for those with some college but no degree.

## Understanding How Job Aligns With Organization Goals Is Critical to Employees Without a High School Diploma

The engagement of employees who hadn't graduated high school was highly impacted by whether or not they understood how their jobs helped the organization achieve success. This ranked as their second highest driver. For no other employee group did this rank so high. In fact, it ranked anywhere from tenth to 21st for the other groups analyzed.

It is likely that job alignment to organizational success is clearer to those who are more educated, either due to their education, age, or job role. This indicates that it is more important for organizations to draw these connections for roles that require less education in order to better engage and retain these employees.

## College-Educated Perspective on Professional Development

"Leadership is great at encouraging career growth and self-development with training and learning opportunities."

—Employee With Master's Degree

"We need more opportunities to learn. We have virtually no training opportunities — we're forced to go outside to the company to get it."

—Employee With Bachelor's Degree

"It's obvious that management actually cares about staff. They give people the resources and time off to develop themselves personally and professionally."

—Employee With Master's Degree

"Unfortunately, the training here comes from a "sink or swim" educational system rather than through intensive onboarding or frequent training."

—Employee With Doctoral Degree

*The above quotes are real comments from surveys in this study.*

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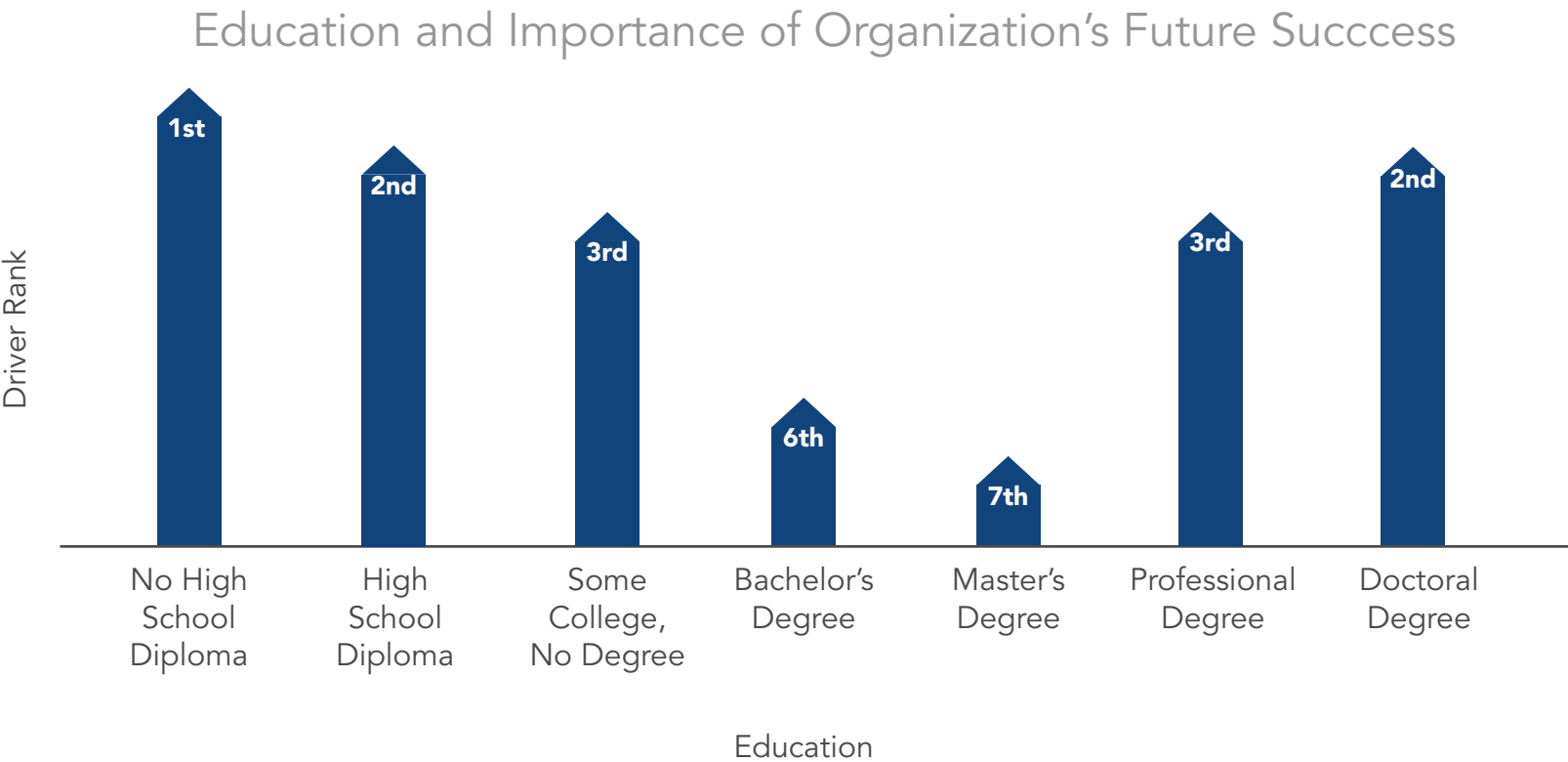


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Belief in Organization’s Future Success Is Important to Least and Most Educated

An interesting trend appeared when analyzing the driver, “I believe this organization will be successful in the future,” by education level. The driver ranked first among those without a high school diploma and gradually became less important as education level increased to a master’s degree. However, it shot back up in importance for those with even higher education, ranking third for those with professional degrees and second for those with doctoral degrees.

The chart below illustrates how belief in the organization’s future success ranked as a driver for each education level.



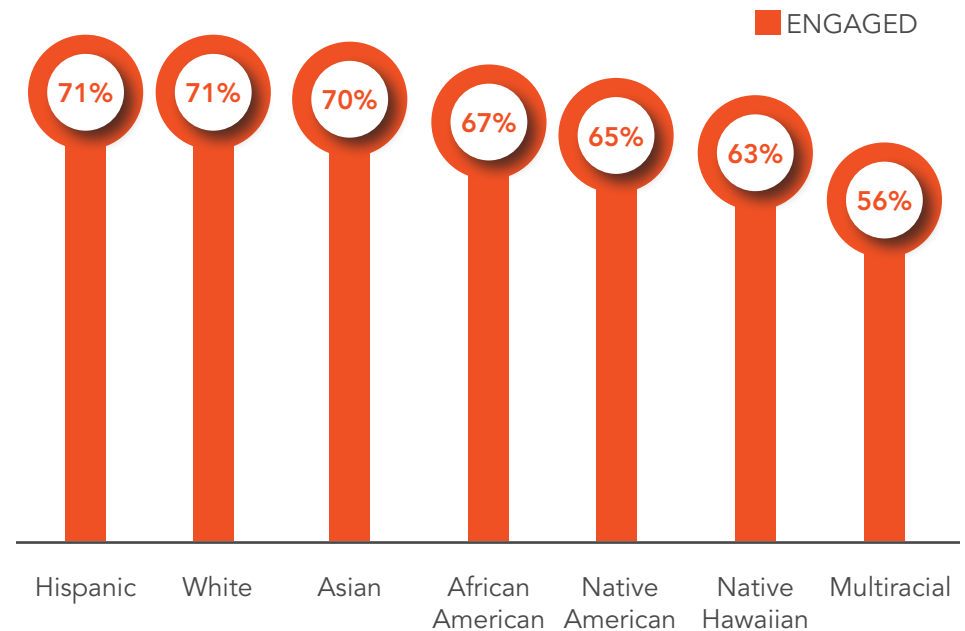
## RACE/ETHNICITY

### Multiracial Employees Trail 15 Percentage Points Behind Their Hispanic and White Coworkers

When evaluating employee engagement by race/ethnicity, multiracial employees stand out as the least engaged (56.1 percent). This group of employees also has the greatest percent of hostile employees at six percent, nearly three times the percent of hostile employees found in the groups with the highest engagement.

Hispanic, white, and Asian employees exhibited the highest levels of engagement with 71.3, 71.2, and 70.1 percent respectively.

The study evaluated seven different races/ethnicities. Their employee engagement profiles are illustrated in the chart on the right.



### Race/Ethnicity and Engagement

**Note:** 83.3 percent of employees in this study provided data on their race/ethnicity, which explains any differences between the data in this set and the national average.

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## Manager Effectiveness Critical to Engaging Asian Employees

The top engagement driver for Asian employees was, “I like working for my immediate supervisor.” This wasn’t the only occurrence of this theme as a top driver for this population. Their third and sixth drivers also were related to the manager-employee relationship. These three items didn’t appear in the top ten drivers for any other subpopulation in the study.

## Professional Development More Important to Multiracial Employees

When comparing drivers by race and ethnicity, professional development ranked third for multiracial employees. The next highest rankings were fifth for Hispanic employees and sixth for Native Americans. In comparison, this driver was less important for Asian and white employees, for whom the item ranked as the eleventh driver.

## Job Satisfaction Drives Engagement Among Native Hawaiians

The top three engagement drivers for Native Hawaiians were all related to their job satisfaction. In order, they were:

1. My job allows me to utilize my strengths.
2. I find my job interesting and challenging.
3. This job is in alignment with my career goals

None of these items were in the national top drivers. No other subpopulation had utilizing strengths as a top ten driver, let alone top driver. This group also had drivers related to teamwork and trust with coworkers in their top ten engagement drivers, which is also unusual compared to other employee groups.

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# 2014

## EMPLOYEE ENGAGEMENT TRENDS REPORT

### Part Five: Professional Demographic Analysis

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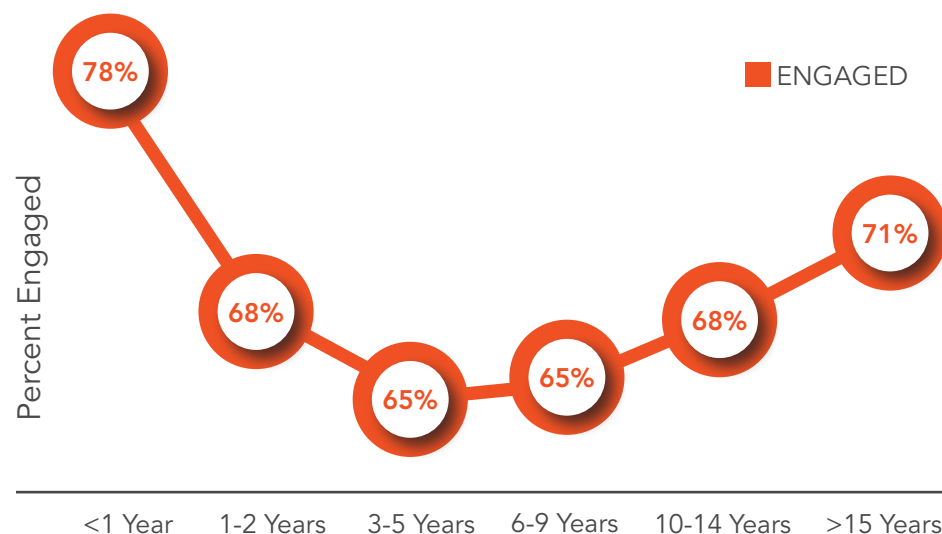
# TENURE

## New Employees Are the Most Engaged

When considering how long employees had been working at their current organization, a slight curve appeared. Both the least and most tenured employees were more likely to be engaged, compared to employees who had been at an organization for three to nine years. Employees who'd been at an organization for one year or less were the most engaged at 78.2 percent, followed by employees tenured 15 years or more with 71.3 percent engaged.

The least engaged group of employees by tenure were employees who'd been working at an organization for three to five years, followed by employees tenured six to nine years. A gap of more than 13 percentage points existed between the least and most engaged groups.

The chart on the right illustrates the correlation between tenure and engagement.



## Tenure and Engagement

**Note:** 92.9 percent of employees in this study provided data on their position level, which explains any differences between the data in this set and the national average.

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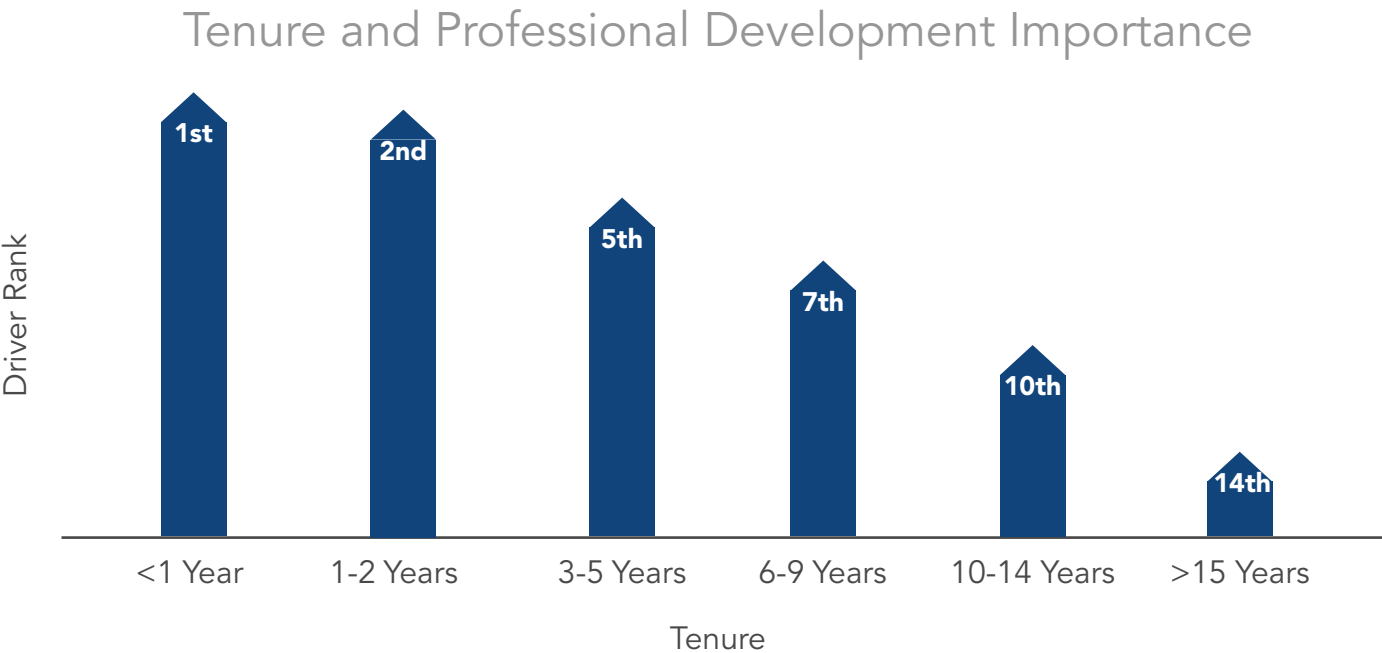
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## New Employees are Engaged with Professional Development

When conducting a driver analysis by tenure, it became evident that professional development is a key engagement driver for newer employees. For employees who'd been working at an organization one year or less, professional growth and career development opportunities was the most influential driver of engagement.

This driver ranked second for employees tenured one to two years and continued to decrease in rank as tenured increased. In other words, as tenure increased, professional growth and career development opportunities were less likely to drive employee engagement.



## Goal Alignment Drives Engagement for More Tenured Employees

Employees who'd been working at an organization 15 years or more were more likely to be engaged when they believed their job was in alignment with career goals. In fact, the most tenured employees reported it the fourth biggest driver of employee engagement.

The less tenured an employee, the less impact a job in alignment with career goals had on employee engagement. The item ranked as the ninth biggest engagement driver for employees tenured 10 to 14 years and tenth for employees tenured six to nine years. Employees who'd been working at an organization five years or less were the least likely to be engaged by a job aligned with career goals, as the item didn't make the three groups' top 10 list.

## Career Goals and 15+ Tenure

### THE GOOD

“ I have worked here for 28 years, I'm very pleased with the opportunities that I have been given. I have achieved my career goals.

This is truly a spectacular company. They give you the opportunity to mold your future by helping you turn your job into a rewarding career—both personally and professionally. I came for a year, and have stayed for 15.

My position has provided everything I could have ever wanted in a job. I hope to retire here someday.

### THE BAD

I have worked here for the last 18 years. I really enjoy the company culture and my coworkers, but ... honestly, I don't want to do this for the rest of my life. Pending another opportunity, this will most likely be my last year.”

*The above quotes are real comments from surveys in this study.*

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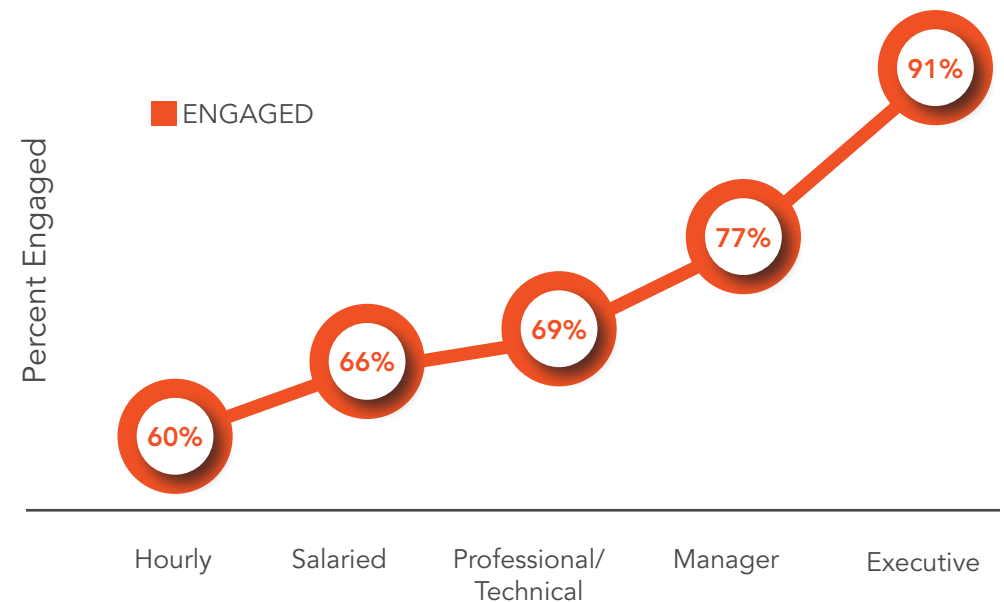


## POSITION LEVEL

### Higher Position Leads to Higher Engagement

As you move up an organization's hierarchy, engagement increases. More than 91 percent of executive-level employees were engaged, compared to just 60 percent of hourly employees.

Managers, second in rank behind executives, were the next most engaged employee group with nearly 77 percent of employees engaged. Professional and technical and salaried employees saw less variance and most closely represented the national average of 68 percent engaged. Professional/technical employees measured less than one percentage point higher than the national average at 68.7 percent, while salaried employees measured slightly more than one percent below the national average at 66.3 percent.



### Position and Engagement

Note: 91.8 percent of employees in this study provided data on their position level, which explains any differences between the data in this set and the national average.

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A similar trend appeared when analyzing the percent of hostile employees. Nearly four percent of hourly employees were considered hostile, compared to less than one percent of executives, a four times greater difference.

The chart to the right shows the percentage of engaged and hostile employees by position level.

### Positive Outlook on the Future Drives Executive Engagement

Belief in future organization success was the biggest driver of engagement for executives, compared to all other drivers. In other words, when executives responded favorably to the item, "I believe this organization will be successful in the future," they were more likely to be engaged.

The item was less likely to drive engagement as you moved down the organization's hierarchy. The driver ranked second for both managers and professional/technical employees. However, it barely made the list of top five engagement drivers for salary and hourly employees.



Position and Disengagement

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## Hourly Employees Who Feel Valued are More Likely to be Engaged

When organizational leaders are committed to valuing their workforce, hourly employees are more likely to have higher levels of engagement. In fact, three of hourly employees' top six drivers fall under the category of feeling valued:

- 1st:** The leaders of this organization are committed to making it a great place to work.
- 5th:** The organization makes investments to make me more successful.
- 6th:** The leaders of this organization value people as their most important resource.

## Job Satisfaction: Engagement Driver for Higher Ups

Although job satisfaction isn't a theme found to have a large impact on engagement across all employees, it does become more of an influential factor as you move up an organization's hierarchy. In fact, three of executives' top 10 engagement drivers fall into the theme of job or role satisfaction, with one item ranking in the top five.

Hourly employees, on the other hand, didn't have an engagement driver related to job satisfaction on their list of top 10.

## Hourly Employees on Feeling Valued

"There's special recognition for all levels of employment, not just manager and above. I think leaders do an excellent job of showing that all employee contributions are valued. Not a lot of companies do that."

"Us 'worker bees' need to be fairly recognized. It's degrading when managers get special rewards (like a paid trip to corporate or a bonus) for meeting team goals when they wouldn't have gotten there without us! And all we get is a \$5 giftcard?"

*The above quotes are real comments from surveys in this study.*

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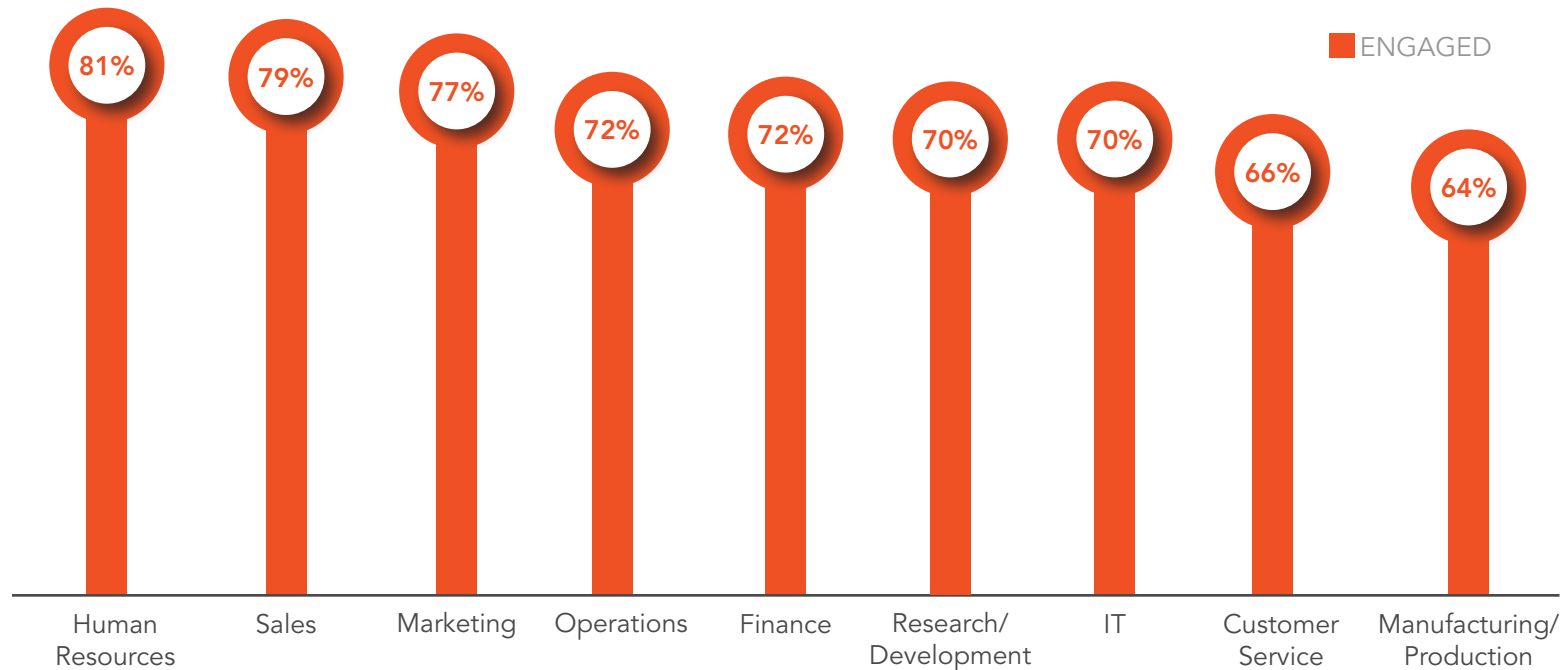




# DEPARTMENT

## Human Resources, Sales, and Marketing Most Engaged

An analysis of engagement by department showed that employees in human resources, sales, and marketing were the most engaged. Human resources was the most engaged at 80.6 percent, followed closely by sales at 79.1 percent, and marketing at 77.1 percent.



Note: 51.6 percent of employees in this study provided data on their department, which explains any differences between the data in this set and the national average. Employees who chose "Other" were excluded from this analysis.

## Department and Engagement

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Customer service and manufacturing/production were the departments with the lowest percentage of engaged employees. While all other departments reported more than 70 percent of employees as engaged, only 66.5 percent of employees in customer service and 64.3 percent of employees in manufacturing and production were engaged.

Interestingly, manufacturing/production and customer service were the departments with the highest percentage of contributing employees, the most influential of all the profiles. On average, about 24 percent of the two departments are made up of contributing employees, nearly 10 percentage points higher than the average percent of contributing employees in human resources, sales, and marketing.

### Job Satisfaction Drives Engagement in Human Resources, Marketing, and Sales

The three most engaged departments are also the most likely to be engaged when they're satisfied with their current roles. The item, "I find my job interesting and challenging," ranked as the third biggest engagement driver for human resources, marketing, and sales employees. The item was next most likely to drive engagement for finance and research/development employees, as it ranked fifth on their lists.

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## Challenging Work Drives Engagement Among the Top Three Departments

### MARKETING EMPLOYEE

“ I love the challenges that come with my job. My boss constantly gives me new, interesting tasks and empowers me to own my work. Little motivates me to be more productive than the opportunity to challenge myself, learn, and grow!

### HUMAN RESOURCES EMPLOYEE

“ Leaders are always coming up with new, innovative ideas. It keeps things challenging and interesting.

### SALES EMPLOYEE

“ This is one of the most challenging and rewarding sales jobs I've ever had. We have a close-knit team that helps one another work toward goals and achieve professional success. If anything, the difficulty of the role brings us closer together!

*The above quotes are real comments from surveys in this study.*



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## Professional Development: Not Top Driver for Finance

When comparing drivers across departments, professional growth and career development opportunities were less likely to drive engagement for finance employees. In fact, the item didn't even make finance employees' top 10 list of most influential engagement drivers. Instead, it ranked 12th, after items that fell under categories such as feeling valued, trust in senior leaders, and job satisfaction.

For sales, the professional growth and career development item ranked as the eighth highest engagement driver. The item was more likely to drive engagement in other organizational departments, as all other employees ranked professional development among their top six drivers.

## Belief In Organization's Future Success Is Important to Manufacturing and Production

The top engagement driver for manufacturing and production employees was, "I believe this organization will be successful in the future." In fact, manufacturing and production was the only department to rank the goal alignment item as a higher driver than feeling valued.

Belief in organization's future success was the third highest engagement driver for IT. All other departments ranked the item as their fourth or fifth highest engagement driver, except for marketing, who ranked it sixth.

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# CONCLUSION

With feedback from more than 400,000 employees at nearly 5,000 organizations, this whitepaper examined high-level trends in employee engagement. The report identified top engagement drivers where you can make the biggest impact in your organization and areas of opportunity where you can provide more clarity.

In addition, the analysis took a deep dive into various demographics, such as industry, gender, position level, age, and more to identify how engagement and its drivers differ among different types of employees and organizations.

**And there's the main takeaway:**

**Engagement differs among different types of employees and different types of organizations.**

To truly understand how to engage *your* employees in *your* organization, you have to analyze *your* employee feedback via *your* engagement survey. Then, you can truly start making work awesome within your organization.

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# WHAT'S DRIVING ENGAGEMENT IN YOUR ORGANIZATION?

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Brian Schoenecker  
Director of App  
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