

# 2015

# EMPLOYEE ENGAGEMENT

# Trends Report

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Currently working on his Ph.D. in Industrial-Organizational Psychology at the University of Nebraska at Omaha, Dan aggregates data to tell stories. Through data analysis, he hopes to facilitate and promote meaningful changes for employees and their employers. As a member of the data sciences team, Dan analyzes client data and works on special projects like this trends report.



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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.

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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.

This report marks our fifth year publishing employee engagement and culture trends based on research through the Best Places to Work program. Participation increased by 10 percent this year, resulting in the aggregation of responses from more than 440,000 employees at nearly 5,500 organizations.

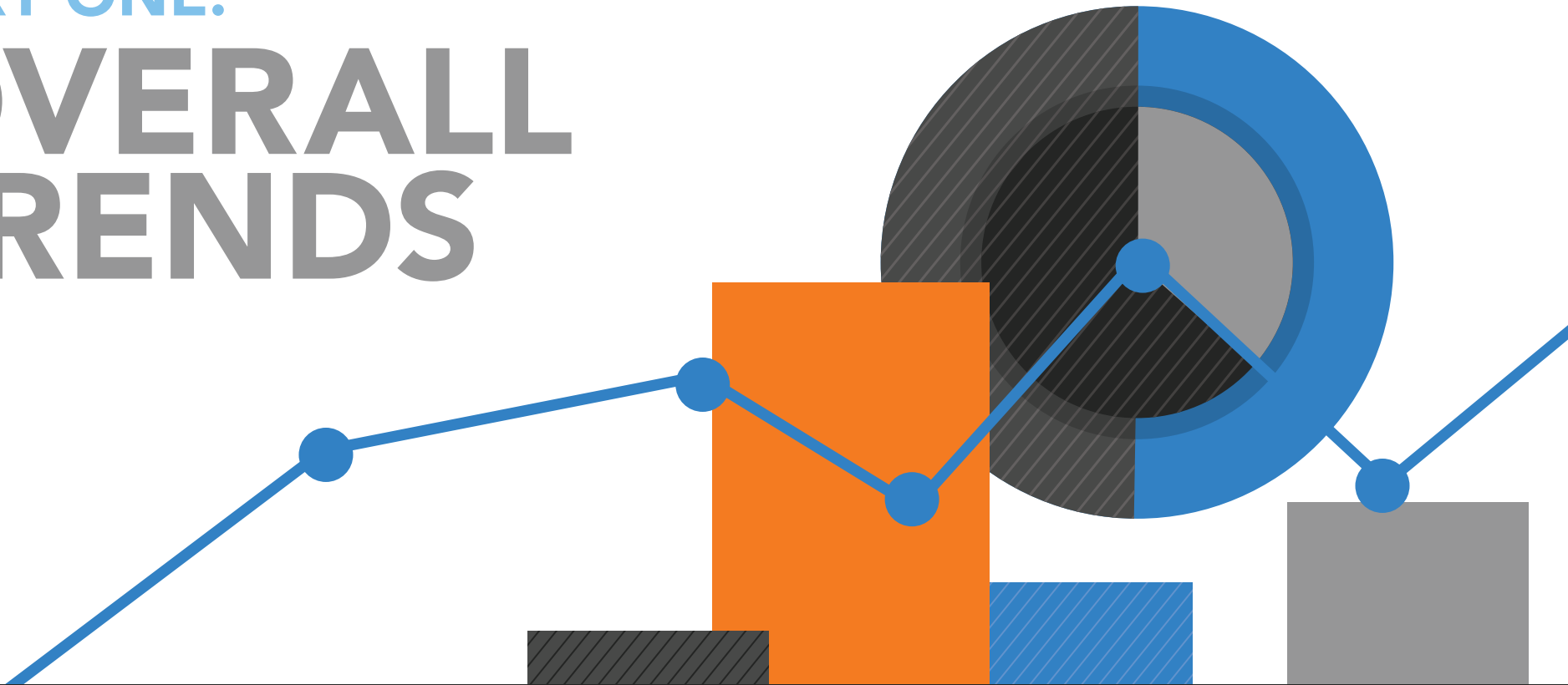
The report is presented in six parts:

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



PART ONE:

# OVERALL TRENDS



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# THE STATE OF EMPLOYEE ENGAGEMENT

## Employee Engagement Declines to Lowest Point in Eight Years

Despite the improving economy, employee engagement declined in 2014 across organizations of all sizes and in more than 75 percent of the markets measured through the Best Places to Work program.

Employee engagement among Best Places to Work was on a slow, steady incline, as organizations recovered from the late 2008 recession. However, this past year, engagement dipped to its lowest point in eight years, with 65.9 percent of employees engaged. Prior to 2014, engagement was lowest in 2010 with 66.7 percent of employees engaged.

**65.9%**  
of employees  
were engaged  
in 2014.

## Employee Engagement Profiles

ENGAGED	CONTRIBUTING	DISENGAGED	HOSTILE
Average Score: 5–6	Average Score: 4–4.9	Average Score: 3–3.9	Average Score: 1–2.9
Highly favorable	Moderately favorable	Indifferent	Negative
Preach organization love	Holding back	Lack motivation	Lack commitment
Plan to stay	Opportunity for increased performance	At-risk for retention	Negatively impact others' productivity
Pursue extra effort			

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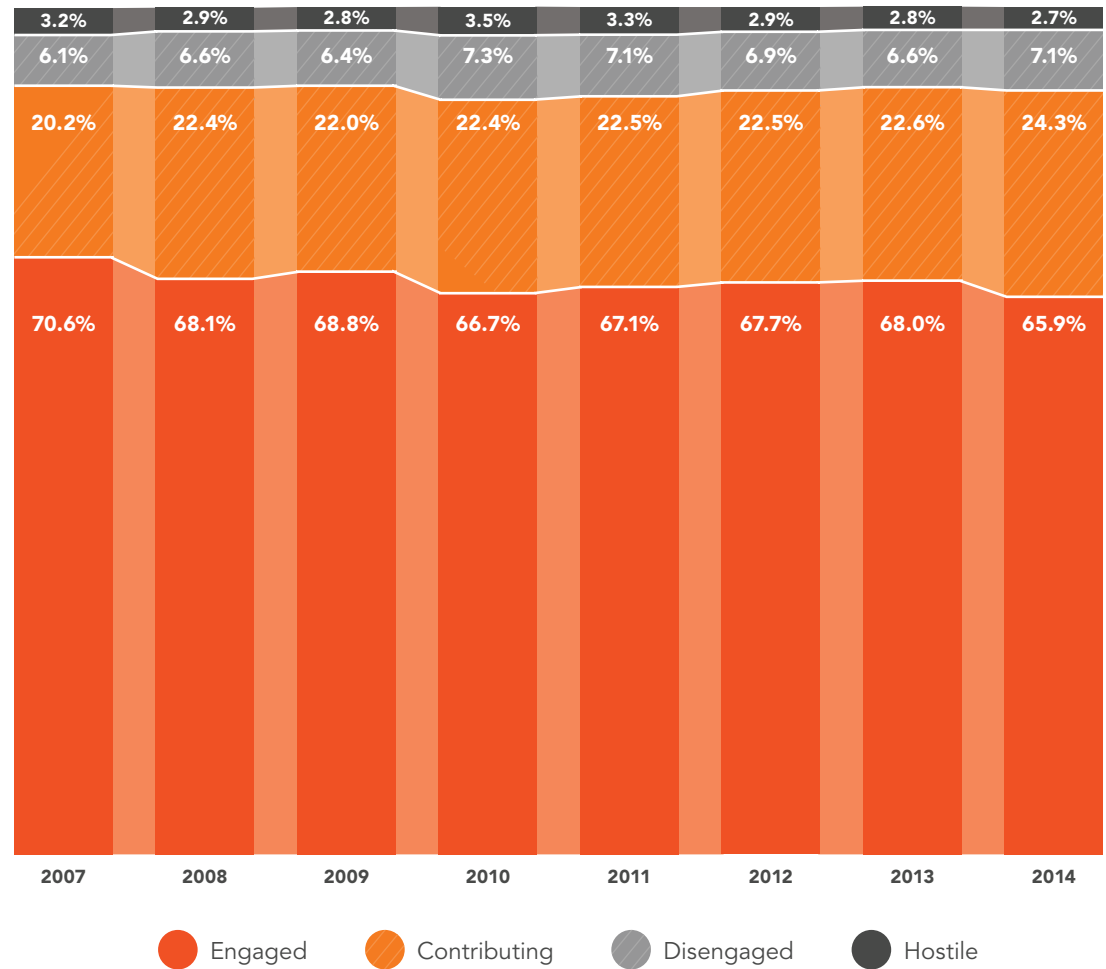
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## Employee Confidence Wavering: Slight Shift Toward Uncertainty

In 2014, 31.4 percent of workers were either contributing (24.3 percent) or disengaged (7.1 percent), as a result of being less certain about their feelings toward their workplace. Three records were broken in 2014 contributing to this trend. Looking at the engagement profiles over the past eight years, in 2014 we observed:

1. The lowest percent of engaged employees
2. The highest percent of contributing employees
3. The lowest percent of hostile employees

Although the majority of employees were engaged, these record-breaking trends indicate a slight shift toward uncertainty and suggest that organizations have more areas for improvement than in previous years. The next section will explore the areas where improvement is needed.





# GREATEST AREAS OF UNCERTAINTY

## 2014 Ushered in Greater Uncertainty Among Employees

In 2014, more than 20 percent of survey takers responded with uncertainty to nine out of 37 survey items. This represents a decrease in confidence compared to the previous year when employees responded with this much uncertainty to only six survey items. Employee uncertainty centered around three themes:

1. Commitment to Valuing Employees
2. Benefits and Compensation
3. Global Information

The nine items employees responded to with the greatest uncertainty are listed to the right with the percent who responded between somewhat agree to somewhat disagree. The fifth, eighth, and ninth items are new to the list this year.

## AREAS EMPLOYEES LACK CONFIDENCE

(items with more than 20% uncertainty)

1. We have benefits not typically available at other organizations. (31.5% neutral)
2. Considering the value I bring to the organization, I feel I am paid fairly. (26.5% neutral)
3. I know how I fit into the organization's future plans. (24.6% neutral)
4. If I contribute to the organization's success, I know I will be recognized. (22.5% neutral)
5. The organization makes investments to make me more successful. (22.3% neutral)
6. I see professional growth and career development opportunities for myself in this organization. (21.4% neutral)
7. There is open and honest communication between employees and managers. (21.2% neutral)
8. My immediate supervisor regularly gives me constructive feedback on my job performance. (21.0% neutral)
9. My benefits meet my (and my family's) needs well. (20.4% neutral)

## Top Three Areas Employers Need to Improve Employee Confidence

As mentioned above, three themes emerged when examining employee uncertainty about the workplace. These areas of uncertainty represent areas of opportunity for employers. By offering clarity and improving in these areas, employers can improve employee perceptions and engagement.

**1**

### Commitment to Valuing Employees

Almost half of the items with the highest uncertainty were related to how employers value their employees, whether through compensation, recognition, or growth opportunities.

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

**2**

### Benefits and Compensation

One-third of the items with the highest uncertainty were about benefits and compensation. Historically, survey items related to this topic have received both the lowest and most uncertain ratings.

The greatest opportunity in this area is for employers to better explain and differentiate how their benefits compare to other employers, as well as current trends in benefits across all organizations.

**3**

### Global Information

One-third of the items with the highest uncertainty were related to global information, which is how information is shared throughout an organization. Whether it's understanding their personal future or getting feedback regularly from managers, employees lack confidence in their employers' ability to communicate.



# 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 .49 and .77 correlation, where the highest positive correlation would equal 1.0. Six survey items had a correlation of .75 or higher. These are listed to the right as the top engagement drivers.

## Historic Top Driver of Engagement Plummets in Importance

After seven years of consistently being one of the top six engagement drivers, "I know how I fit into the organization's future plans," dropped from ranking fourth to 11th. Taking its place in the top six, "I trust the senior leadership team to lead the company to future success," became increasingly more important to driving engagement in 2014.

In the seven years prior to 2014, the same six engagement drivers consistently rose to the top as having the greatest impact on engagement. The shift in 2014 represents a significant change. It's possible that employees feel more secure about how they fit in their employers' future plans, so this has become less important. In its place, employees are turning their focus to the integrity of their employers' leadership.

## 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. The leaders of the organization value people as their most important resource.
5. I see professional growth and career development opportunities for myself in this organization.
6. I trust the senior leadership team to lead the company to future success.

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## Three Themes Emerged Among the Six Top Drivers

Consistent with the previous year, three themes emerged when looking at the top engagement drivers:

1

### Confidence in Leadership

Three of the top six drivers related to employees' belief in leadership's commitment to the organization's success, and two of these drivers were directly tied to leadership's integrity.

Organizations must gain and keep their employees' trust in order to create an engaged work environment. Consistent with our previous research studies, senior leadership remains a constant, critical piece to engagement. Senior leaders must earn and foster the trust and respect of their people.

2

### Commitment to Valuing Employees

One-third of the top six drivers centered on whether organizations value employees and support their growth. Employees perceived these two drivers the most unfavorably among the other six drivers.

In the previous section, this theme also appeared as a source of employee uncertainty. Because showing 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.

3

### Positive Outlook on the Future

One of the top six drivers centered on employees' belief that their employer would be successful in the future. Out of the top six drivers, employees responded most favorably to this one. In fact, 88.3 percent believed their employer would be successful in the future. While this item experienced a high degree of favorability, it also experienced a slight decline from the previous year.

When employees feel confident in the organization's future, it creates a sense of security and trust.

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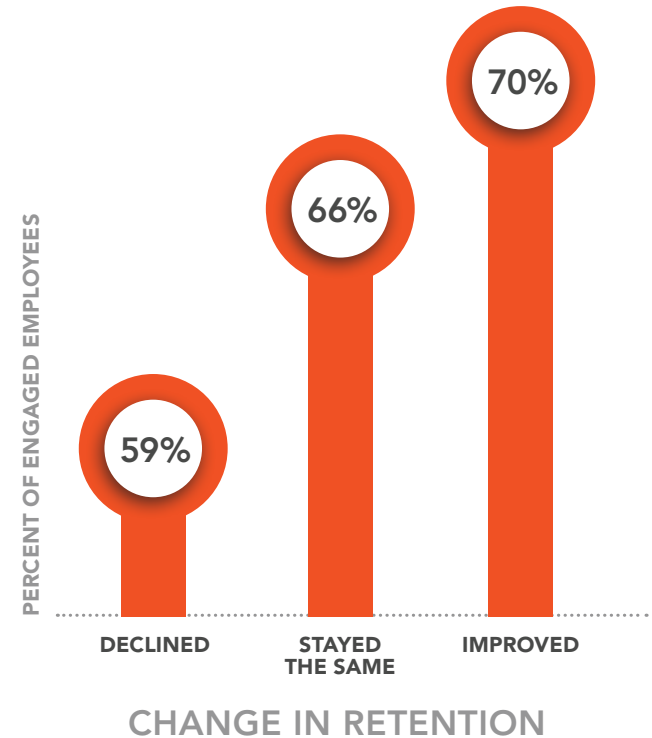
# ROI: THE VALUE OF ENGAGEMENT

## Engagement and Retention Go Hand in Hand

Organizations with improved retention over the past three years had significantly more engaged employees (70 percent), compared to organizations where retention declined (59 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 were more engaged 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.

Organizations with higher levels of engagement are more likely to retain employees.

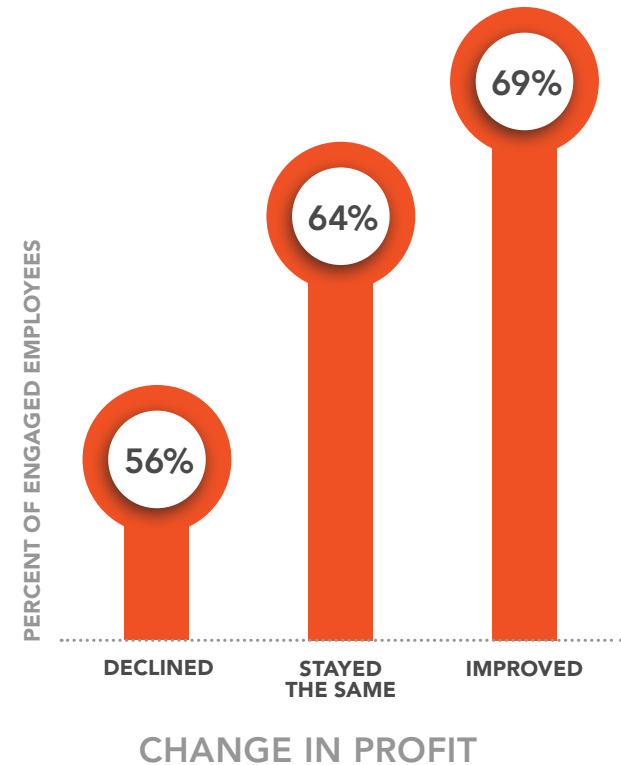


## The More Engaged, The Greater the Profit

When asked about changes in profit, organizations with higher levels of engagement were more likely to report profit increases over a three-year time period. 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, 69 percent of employees were engaged, compared to 56 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.

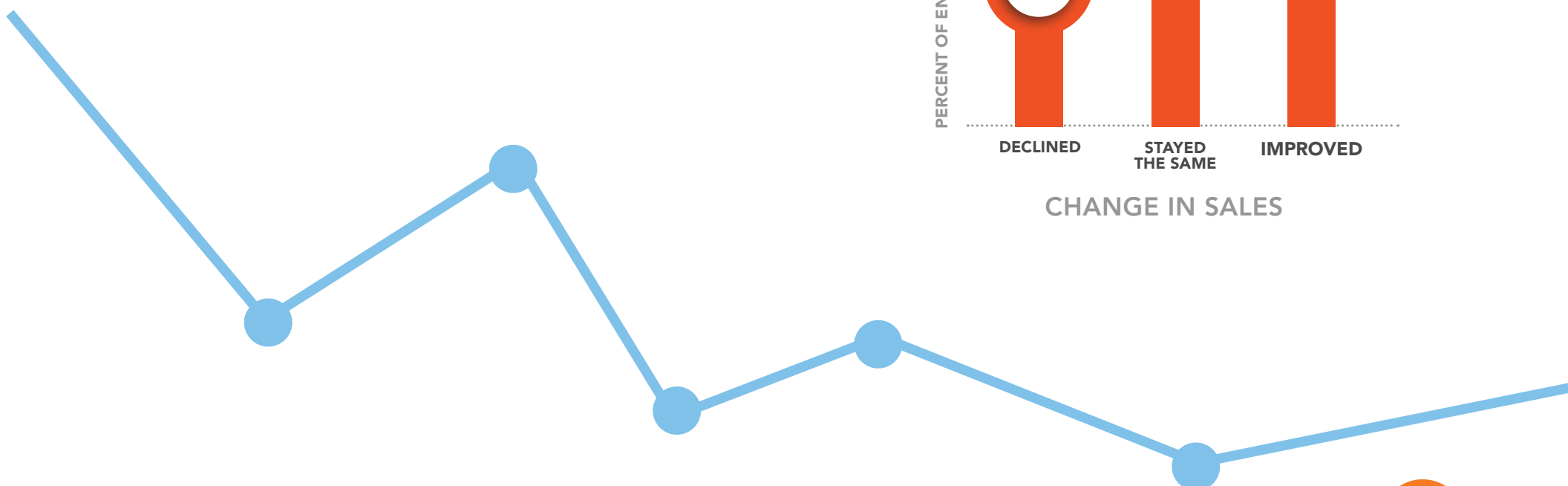
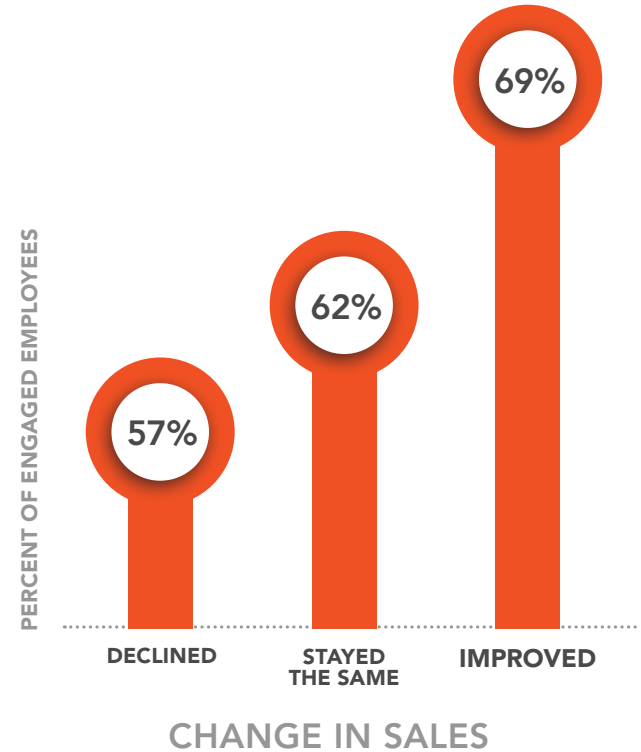
As engagement increases,  
the business becomes  
more successful.



## More Engagement, More Sales

Sales followed the same pattern as profit. 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 69 percent of employees engaged, while those with declining sales had only 57 percent of employees engaged.

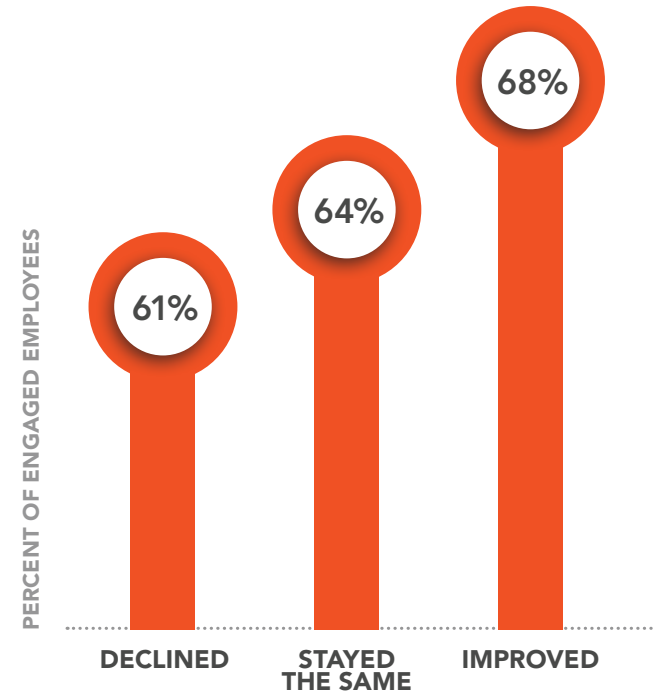


## Increased Engagement, Increased Market Share

Similarly to the previously discussed business outcomes, market share followed suit. Organizations that had a higher level of engagement were more likely to have increased their market share over the last three years. The differences among engagement are illustrated on the right.

Organizations that increased their market share had 68 percent of employees engaged, while those with decreases in market share only had 61 percent of employees engaged.

### CHANGE IN MARKET SHARE



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PART TWO:

# REGIONAL TRENDS



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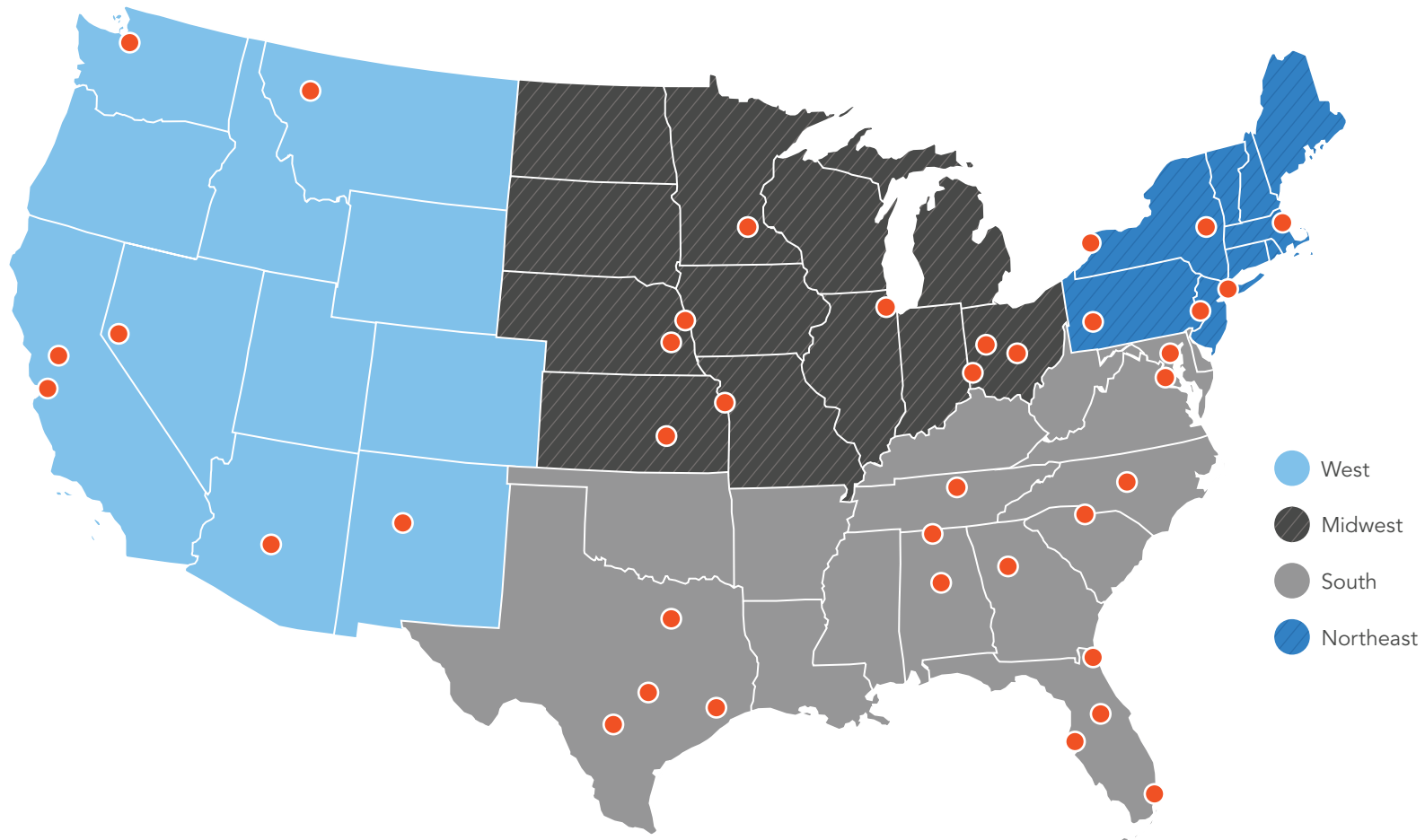
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# PARTICIPATING CITIES

Cities across America compete to attract and retain top talent, but which cities are the best when it comes to creating engaged workplaces? This section will examine employee engagement in the nearly 40 cities surveyed through the 2014 Best Places to Work program. Workplace perceptions varied among the cities. Some experienced improvements in engagement; however, more than 75 percent of the cities experienced declines.



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# REGIONAL TRENDS

Using the Census Bureau’s regional designations, let’s first take a look at how engagement varied among the U.S.’s four regions: the Northeast, Midwest, South and West.

## Midwest Engagement Trails Behind Other Regions

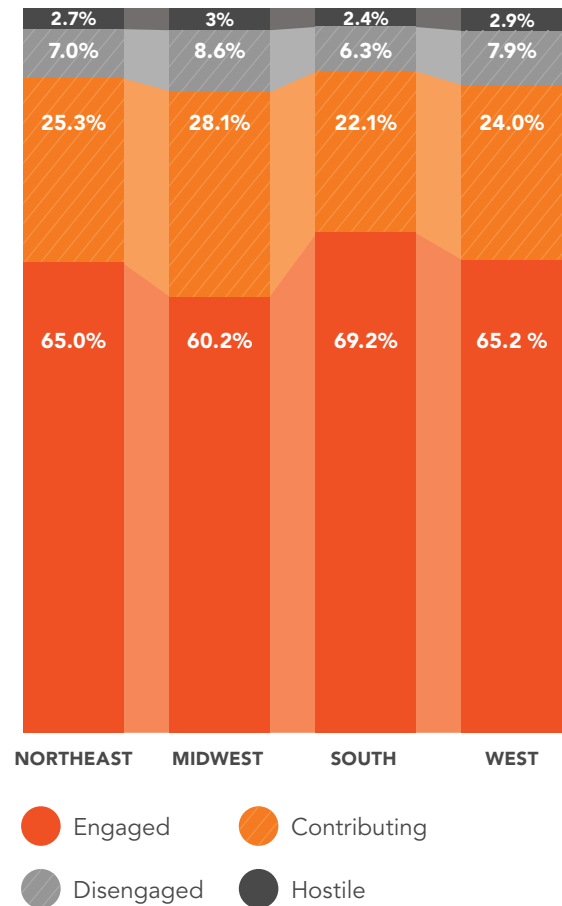
The Midwest was almost 10 percentage points lower in engagement than the South, which had the highest level of engagement. Employee engagement in the Midwest trailed behind the Northeast and West regions by five percentage points.

When looking at the other employee profiles, the Midwest had the highest percentage of contributing, disengaged, and hostile employees, compared to the other three regions.

More than one-third of employees in the Midwest were either contributing or disengaged, which illustrates a large opportunity to convert neutral employees to becoming more engaged.

## West Improves Engagement While Others Decline

The West is the only region that showed an increase in engaged employees from 2013 to 2014. The Northeast, Midwest, and South all experienced decreases in engaged employees by at least 2.4 percentage points, while the percent of engaged employees in the West increased by almost one percentage point.



# MOST ENGAGED CITIES

The following cities ranked highest by percent of engaged employees:

## Top 10 Engaged Cities

1. Nashville, **75.2%**
2. Sacramento, **72.7%**
3. Huntsville, **71.9%**
4. Washington, D.C., **71.9%**
5. Miami-Dade, **71.5%**
6. Atlanta, **71.3%**
7. New York, **70.1%**
8. Birmingham, **69.9%**
9. Austin, **69.5%**
10. Tampa, **69.3%**

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 the list, each city must have had more than 30 participating organizations in their Best Places to Work contest.

Cities ranged from having 75.2 percent of employees engaged to only 55 percent of employees engaged, which represents a gap of 20.2 percentage points.

On average, **71%** of employees were engaged in the top 10 cities.

Four cities have been in the top ten three years in a row: Nashville, Washington, D.C., Miami-Dade, and Austin. Three cities made the list for the first time this year: New York, Birmingham, and Tampa.

# MOST ENGAGED CITIES BY REGION

Since the South was home to 80 percent of the top ten engaged cities, next let's look at the most engaged cities in each region.

The following cities ranked highest in their region by percent of engaged employees:

## Northeast

1. New York, 70.1%
2. Boston, 68.9%
3. Philadelphia, 64.5%

## Midwest

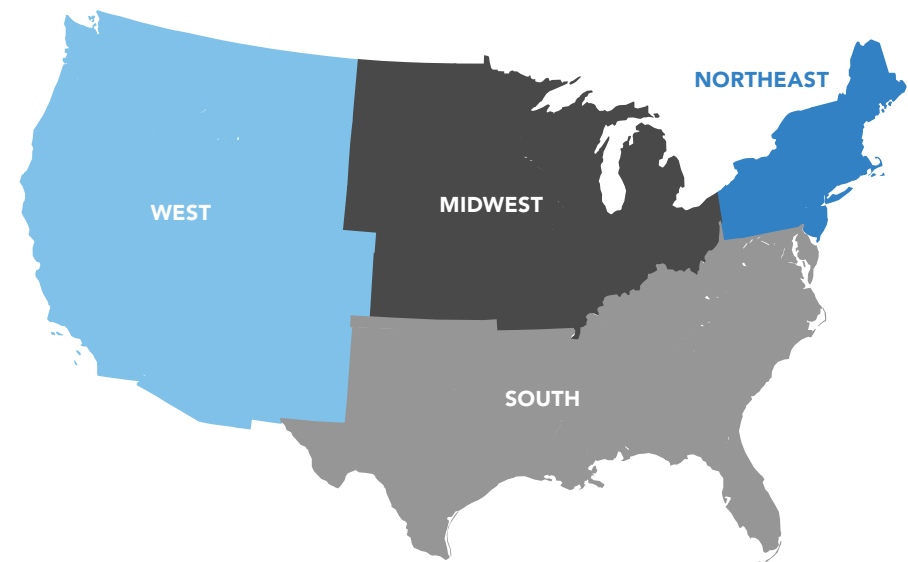
1. Chicago, 69.1%
2. Columbus, 64.3%
3. St. Louis, 63.9%

## South

1. Nashville, 75.2%
2. Huntsville, 71.9%
3. Washington, D.C., 71.9%

## West

1. Sacramento, 72.7%
2. San Francisco, 66.8%
3. Puget Sound, 65.2%



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# MOST IMPROVED AND DECLINED CITIES

Using the employee engagement profiles, the percent of engaged employees in each city in 2014 was compared to the percent engaged in 2013. In order to be considered for this data set, each city must have had more than 30 participating organizations in their Best Places to Work contest in both 2013 and 2014.

These cities experienced the biggest improvements and declines in engaged employees between 2013 and 2014:

## Five Most Improved Cities:

1. Chicago, +5.7%
2. Birmingham, +4.4%
3. Sacramento, +2.2%
4. Albuquerque, +2.1%
5. Nashville, +0.8%

## Five Most Declined Cities:

1. Cincinnati, -10.7%
2. Dayton, -9.9%
3. Orlando, -7.5%
4. Jacksonville, -6.9%
5. San Antonio, -6.1%

PART THREE:

# ORGANIZATION SIZE TRENDS



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# MOST AND LEAST ENGAGED

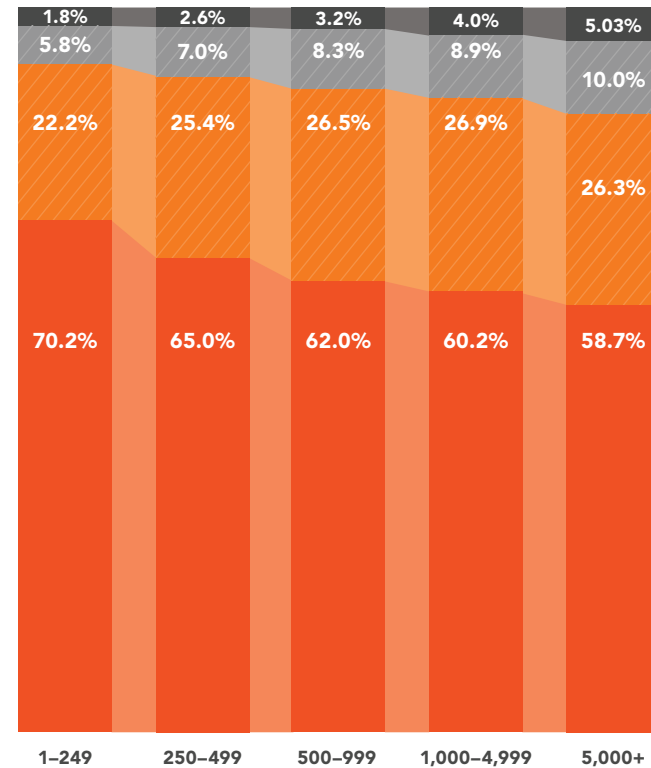
The organizations surveyed in 2014 represented a wide variety of sizes, ranging from fewer than 20 employees to more than 5,000. This section examines how employee engagement varies in different size categories.

## Higher Engagement in Smaller Organizations

The past eight years of analysis have consistently shown that employee engagement steadily declines as organization size increases. In 2014, 70 percent of employees at small-sized organizations were engaged versus 59 percent at the largest organizations. This represents a gap of 11 percentage points.

Conversely, the largest organizations experienced the greatest amount of disengagement with 15 percent of employees being disengaged or hostile.

Moving from one size group to the next, the biggest dip in engagement was 5 percent between organizations with one to 249 employees and organizations with 250 to 499 employees. Though still following the downward trend, the difference was smaller between organizations with 500-999 employees and those with 1,000 to 4,999 employees, with less than a 2 percentage-point drop.

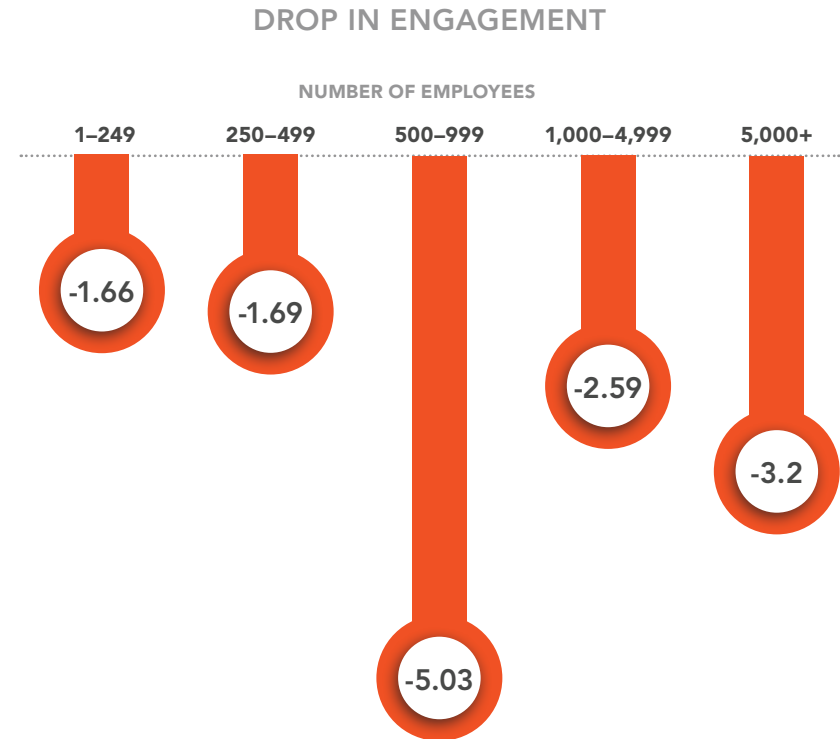




## Medium-Sized Organizations Experienced Greatest Engagement Decline

Though organizations of all sizes experienced a decline in engagement in 2014, medium-sized organizations were hit the hardest. Those with 500 to 999 employees experienced a five percentage-point drop in engagement between 2013 and 2014.

Smaller and larger organizations experienced less of a decline. The two smallest groups only declined by 1.67 percent, followed by organizations with 1,000 to 4,999 employees dropping 2.6 percentage points and organizations with more than 5,000 employees dropping 3.2 percentage points.



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PART FOUR:

# INDUSTRY TRENDS



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# MOST AND LEAST ENGAGED INDUSTRIES

The diverse industries surveyed in 2014 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
- Arts and Entertainment
- Construction
- Education
- Finance and Insurance
- Healthcare
- Logistics
- Management of Enterprises
- Manufacturing
- Nonprofit
- Other Services
- Professional Services
- Public Administration
- Retail
- Technology
- Utilities
- Wholesale Trade

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The industries to the right had the most and least amount of engaged employees.

The top three performing industries had an average of 73.2 percent engaged employees, which is 7.3 percentage points higher than the national average. In comparison, the bottom three industries had an average of 53.2 percent engaged employees, which is nearly 13 percentage points below the national average.

The top three industries had an average of **73.2% engaged employees, 7.3% higher than the national average.**

### Top Three Industries

1. Management of Enterprises, 74.5%
2. Real Estate, 73.1%
3. Construction, 72.0%

### Bottom Three Industries

1. Public Administration, 48.2%
2. Manufacturing, 53.9%
3. Nonprofit, 57.6%

## Where Does Your Industry Rank?

The industries are listed below ranked from the most to least engaged, with change in rank order from the previous year, as well as the percent engaged of employees engaged.

RANK	△ IN RANK	INDUSTRY	ENGAGED
1	+8	Management of Enterprises	74.5%
2	-1	Real Estate	73.1%
3	-1	Construction	72.0%
4	-1	Technology	71.1%
5	-1	Professional Services	70.5%
6	-1	Accommodation and Food Services	69.7%
7	+10	Utilities	66.5%
8	-2	Other Services	66.1%
9	-1	Finance and Insurance	65.3%
10	+1	Retail	63.0%
11	+1	Logistics	60.7%
12	+1	Healthcare	60.5%
13	-3	Wholesale Trade	60.3%
14	+1	Education	59.7%
15	-8	Arts and Entertainment	59.7%
16	-2	Nonprofit	57.6%
17	-1	Manufacturing	53.9%
18	no change	Public Administration	48.2%

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

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# MOST IMPROVED AND DECLINED INDUSTRIES

Our analysis also evaluated how perceptions changed in industries from 2013 to 2014. Some industries experienced slight changes, while others became drastically more positive or negative. Unlike the previous page that compared rank change, the chart below displays the percent change in engaged employees. The outlook in industries on the right became drastically more positive. Outlook in industries on the left became more negative.

## Engagement Declined

Arts and Entertainment, -9.8%  
Wholesale Trade, -5.4%  
Manufacturing, -5.0%

Nonprofit, -4.5%  
Real Estate, -4.2%  
Other Services, -3.6%  
Healthcare, -3.0%  
Logistics, -2.9%  
Construction, -2.8%  
Technology, -2.6%  
Finance and Insurance, -2.3%  
Accommodation and  
Food Services, -2.1%  
Retail, -2.0%  
Professional Services, -2.0%  
Education, -1.6%

Public Administration, +3.2%

## Engagement Improved

Management of Enterprises, +8.1%  
Utilities, +13.5%

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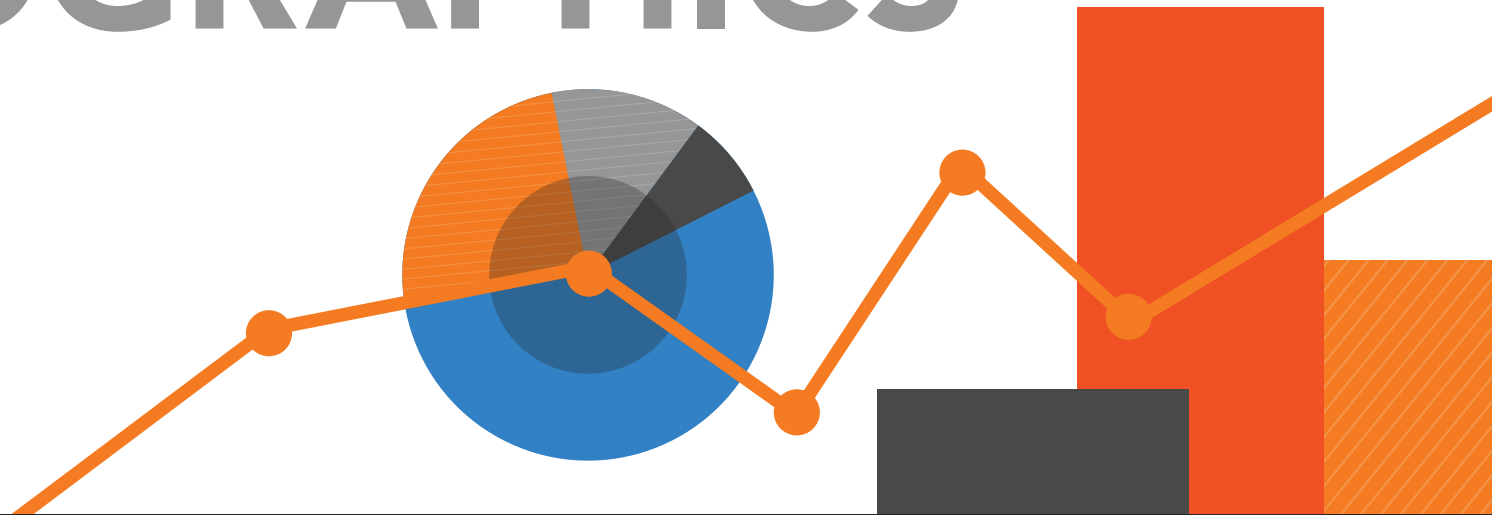
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PART FIVE:

# PERSONAL DEMOGRAPHICS



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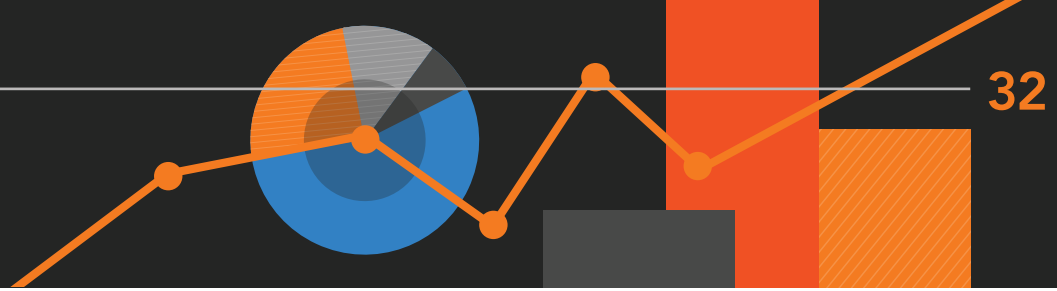
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# GENDER

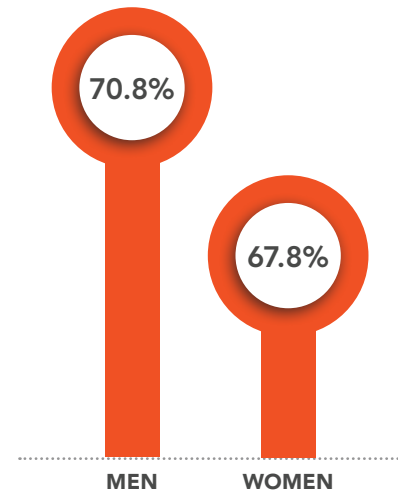


## Men Slightly More Engaged Than Women

When considering gender, men had higher levels of engagement than women. Almost 71 percent of men were engaged, compared to just fewer than 68 percent of women. The chart on the right illustrates the differences between engagement among men and women.

Roughly the same percent of men and women were classified as hostile, 2.3 and 2.2 percent respectively. This presents organizations with the opportunity to convert a large number of contributing and disengaged employees, who might have wavering perceptions of the their workplace, to becoming more engaged.

ENGAGEMENT: MEN VS. WOMEN



*Note: 83.7% of employees in this study provided data on their gender, which explains any difference between the data in this set and the national average.*





## Uncertainty Leads to Lower Level of Engagement in Women

Higher levels of uncertainty and lower levels of engagement go hand in hand, which is likely the cause for women's lower level of engagement. In fact, women exhibited more or the same amount of uncertainty on every single survey item compared to men.

The biggest difference between men and women in regard to uncertainty was in the category of feeling valued. When considering their contributions in the workplace, women were nearly 4 percent more likely to say they didn't know if they'd be recognized or if they were paid fairly. Furthermore, women were nearly 3 percent more likely to say they weren't sure if they had career advancement opportunities at their organization or if their employer invested in their success when compared to men.

## Women Feel Undervalued in the Workplace

**4%** less confident they were paid fairly

**4%** more likely to doubt they'd be recognized

**3%** lower confidence in career advancement opportunities

## Professional Growth and Career Development More Important to Men

When comparing the top six engagement drivers for women and men, the main difference was on the item, "I see professional growth and career development opportunities for myself in this organization." The item ranked as the third most influential driver for men, up one spot from last year's driver analysis. For women, professional development was the sixth most influential driver of engagement.

## Women Want Leaders Who Value Their People

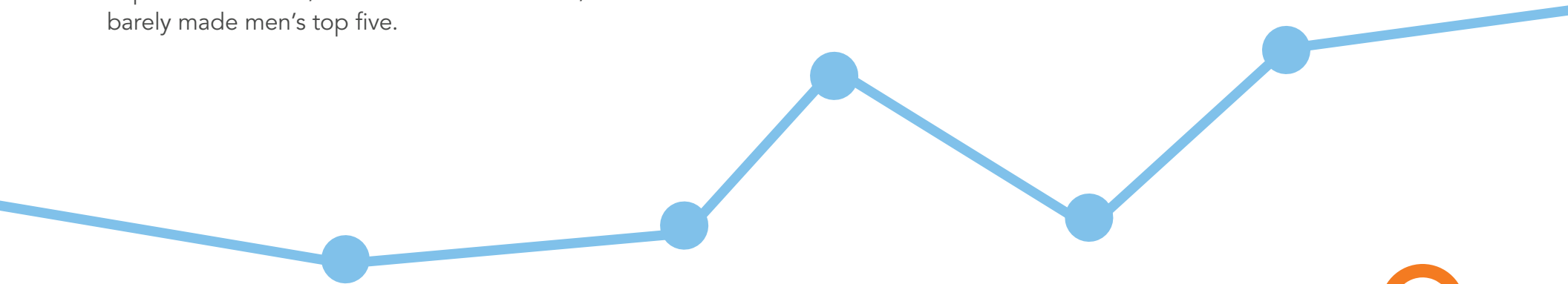
Women were more likely to be engaged when they believed the leaders of an organization value their people. The item, "The leaders of this organization value people as their most important resource," ranked third for women, while the driver barely made men's top five.

### Professional Growth & Career Development

Driver Rank by Gender

**3rd**  
MEN

**6th**  
WOMEN



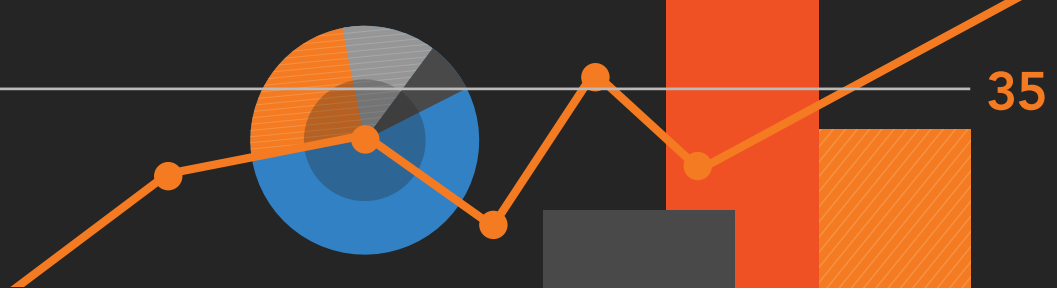
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# AGE



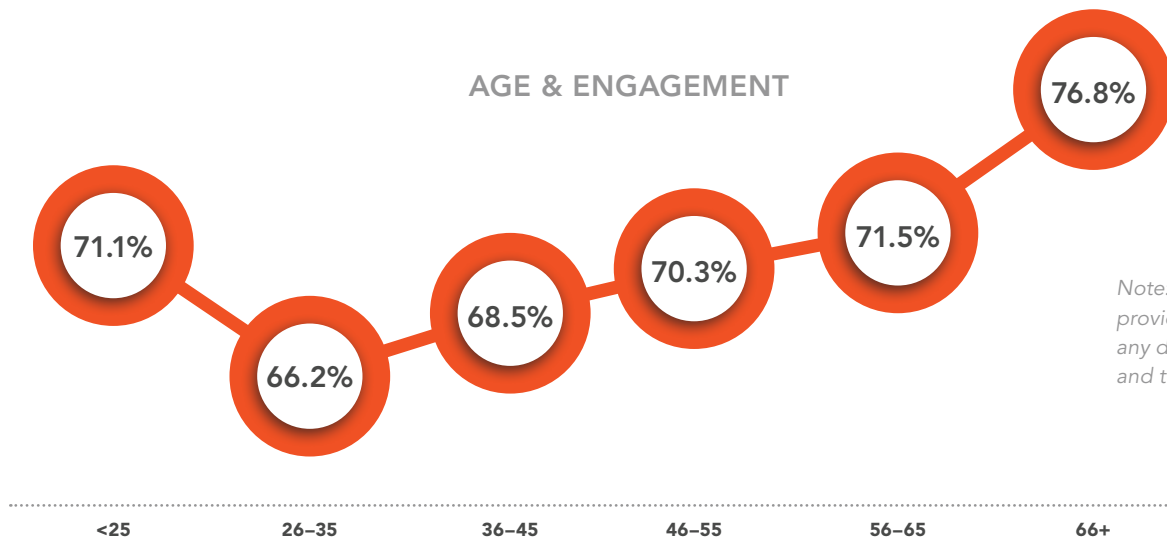
## Baby Boomers Are the Most Engaged

An analysis of engagement by age showed that baby boomers were the most engaged in 2014. Employees 66 years old and older were the most engaged at 76.8 percent, followed by the younger baby boomers, ages 56 to 65, with 71.5 percent engaged.

Following baby boomers, the youngest millennials, 25 years old and younger, were the next most engaged with 71.1 percent.

The least engaged group of employees by age were the oldest millennials, 26 to 35 years old, of which 66.2 percent were engaged. A gap of more than 10 percentage points existed between the least and most engaged age groups.

The chart below illustrates a slight curve. Young employees entering the workforce were engaged, but as employees got older, engagement dipped before rising back up.



*Note: 87.8% of employees in this study provided data on their age, which explains any difference between the data in this set and the national average.*

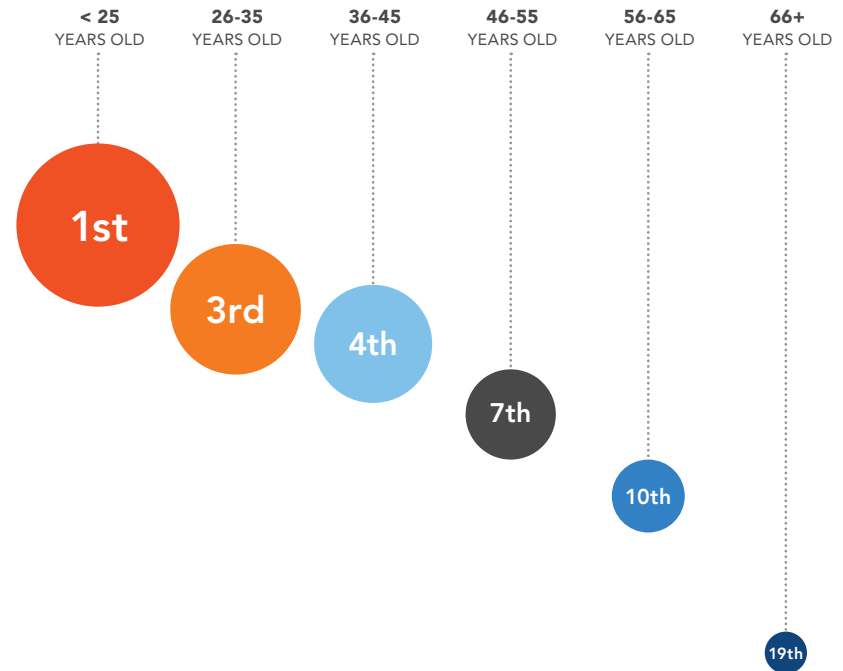


## Professional Development is Critical to Engaging Millennials

When examining what drives engagement among millennials in the workplace, professional growth rose to the top. This supports additional observations about why millennials tend to job hop. If your employees aren't having their needs for career development met, they will likely seek opportunities elsewhere and be more engaged. Fortunately, millennials also experienced the least amount of uncertainty in regard to the professional development and career growth opportunities available to them. Less than 15 percent of the youngest millennials said they were unsure whether they saw growth opportunities for themselves at their current organization, compared to more than 20 percent of employees 36 years old and older.

The impact professional growth and career development opportunities had on employee engagement was greatly influenced by age. As mentioned for younger employees, the driver was highly influential, ranking first for the youngest millennials and third for their older counterparts. However, as employees became older, access to professional development opportunities had less of an impact on their overall engagement. The chart to the right illustrates how professional development ranked as a driver for each age group.

### IMPORTANCE OF PROFESSIONAL DEVELOPMENT BY AGE



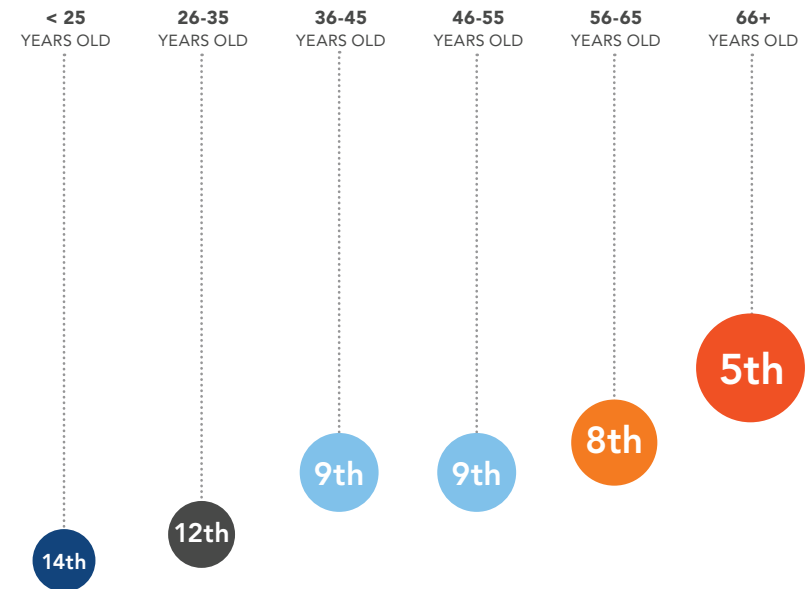
## Leadership Integrity Drives Engagement for Older Employees

As age increased, the item, “The leaders of this organization demonstrate integrity,” became a higher-ranking driver. For employees age 66 years old and older, the driver ranked fifth, compared to the youngest employees for whom it ranked 14th.

Belief that leaders were honest and trustworthy followed a similar trend. The item ranked sixth for the oldest employees, but barely made the top 10 for the youngest millennials. The employees who ranked the leadership items highest also had the least degree of uncertainty. Less than 10 percent of employees age 66 years old and older were unsure if leaders were open, honest, and demonstrated integrity.

The chart to the right shows how belief in leadership integrity ranked as a driver for each age group.

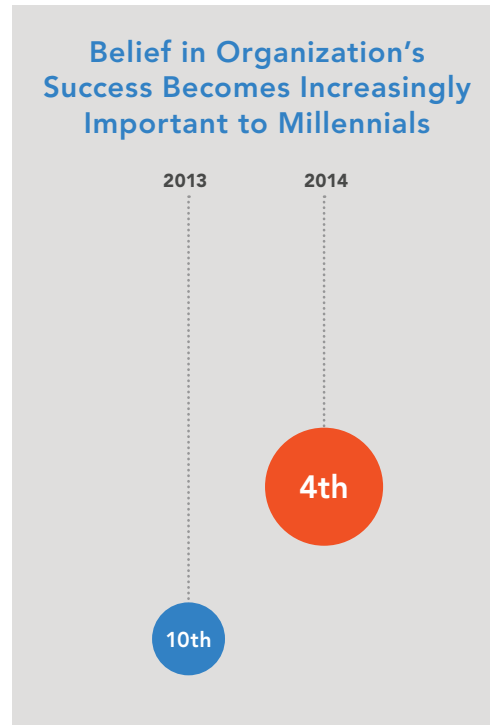
IMPORTANCE OF LEADERSHIP INTEGRITY BY AGE



## Belief in Future Organizational Success Becoming More Important for Millennials

When analyzing what drives employee engagement by age, a positive outlook on the future became increasingly more important for millennials. The item, “I believe this organization will be successful in the future,” jumped from 10th to fourth place for employees 25 years old and younger in the last year, while remaining a top three driver for employees 35 years old and older the last two years.

Furthermore, following the national trend, the item, “I know how I fit into the organization’s future plans,” dropped from third to ninth for the youngest millennials. This indicates that although belief in organizational success is becoming more important to engaging younger employees, knowing where they personally fit within the organization’s success isn’t as important to driving engagement.

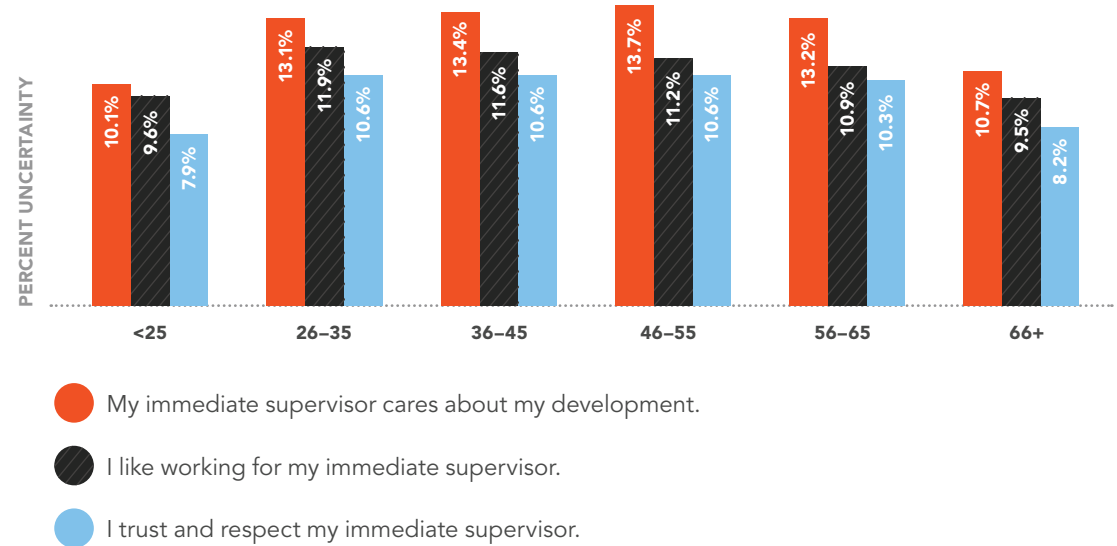


## Middle-Aged Employees Uncertain About Manager Effectiveness

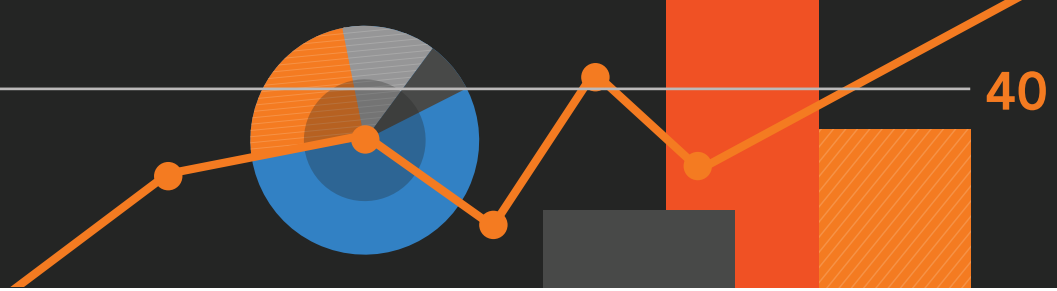
When examining uncertainty of survey items by age, an interesting theme appeared. Employees ages 26 to 65 were the most uncertain in response to questions about their immediate supervisor. The oldest and youngest employees were, on average, two to three percentage points more certain that they trust and respect their immediate supervisor, like working for their immediate supervisor, and that their immediate supervisor cares about their development as an employee.

The chart to the right shows the degree of uncertainty on three manager effectiveness items by age.

AGE & MANAGER EFFECTIVENESS UNCERTAINTY



# EDUCATION



## Employees With Advanced Degrees Are More Engaged

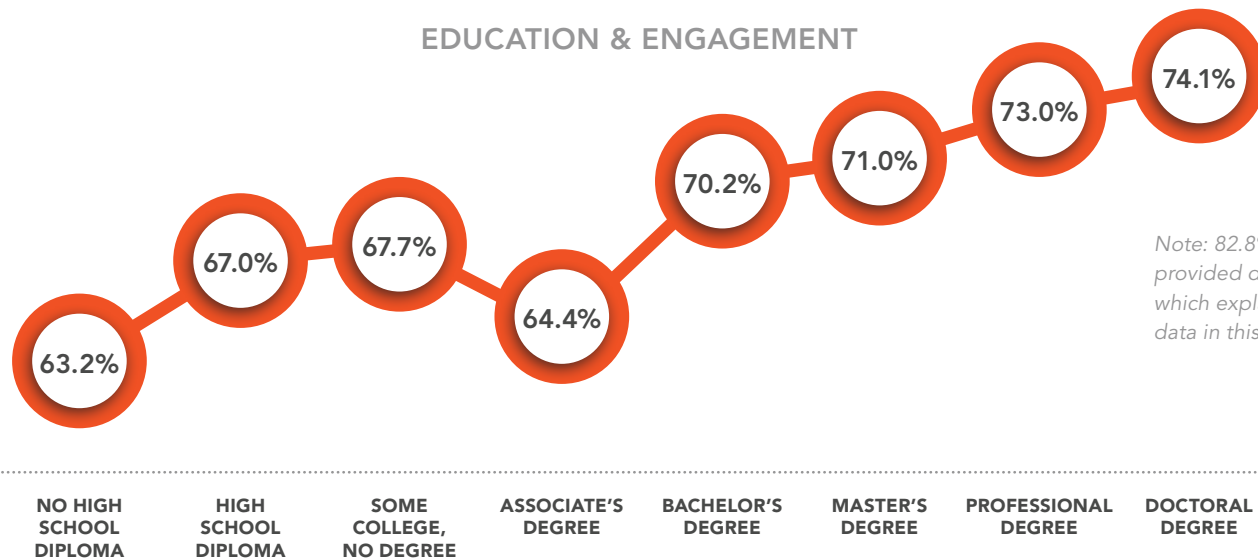
An analysis of engagement by education level showed that employees with a bachelor’s degree or higher education were the most engaged. Slightly more than 74 percent of those holding a doctoral degree were engaged, followed closely by employees with a professional degree at 73 percent.

The least engaged, employees without a high school diploma, measured almost 11 percentage points less engaged than those with a doctoral degree. Interestingly, employees with an associate’s degree were the next least engaged at 64.4

percent, followed by employees with a high school diploma or some college but no degree at 67 percent.

Employees without a high school diploma, an associate’s degree, and a doctoral degree had the greatest percentage of hostile employees, with more than 3 percent.

The chart below illustrates the correlation between education level and engagement.



*Note: 82.8% of employees in this study provided data on their education level, which explains any difference between the data in this set and the national average.*

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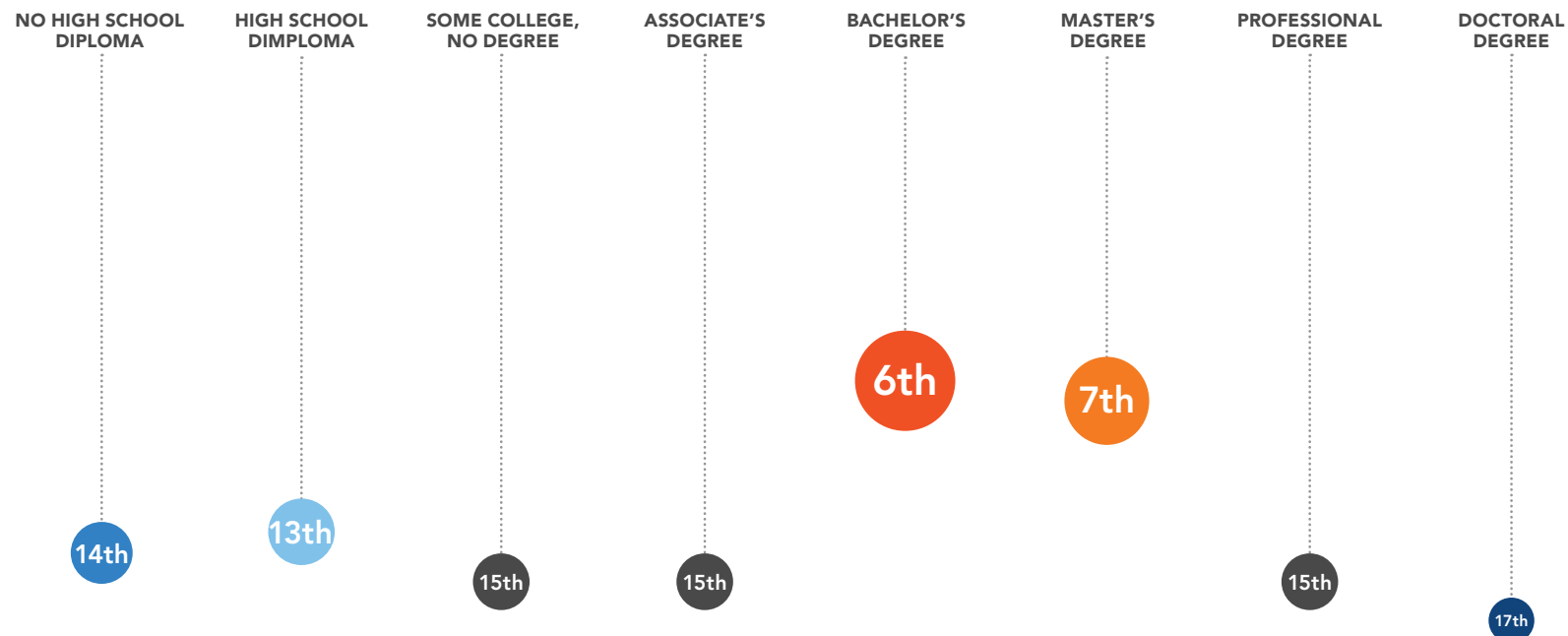
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## Interesting and Challenging Jobs Drive Engagement for Employees with Bachelor's and Master's Degrees

Having a career that is interesting and challenging ranked as the sixth and seventh highest drivers for employees holding a bachelor's or master's degree. Interestingly, the item ranked 13th through 17th for all other education levels. However, the engagement of employees with more education was even less driven by an interesting and challenging career. The item ranked 15th for those with some college, an associate's degree, and professional degree, and it ranked 17th for those with a doctoral degree.

IMPORTANCE OF AN INTERESTING AND CHALLENGING CAREER BY EDUCATION LEVEL



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## Employees Without a High School Diploma Engaged by Teamwork

Two items ranked in the top 10 drivers for employees without a high school diploma that didn't rank in the top 10 for any other age group:

- My team effectively collaborates leveraging individual strengths. (6th)
- I feel loyal to my immediate team or work group. (7th)

For employees without a high school diploma, both team-oriented items ranked higher than professional growth opportunities and feeling that leaders value people as their most important resource. This suggests that perceptions of cohesive teams are stronger drivers of engagement for individuals without high school diplomas than feeling valued or being given the opportunity to advance professionally.

Interestingly, employees without a diploma are most unsure about feeling loyal to their immediate team or work group. Almost 9 percent of the least educated employees said they weren't sure if they felt loyal to their immediate team or work group, compared to 6.7 percent or less of employees with higher education.

## Fair Pay: Area of Uncertainty for Employees With Less Education

When considering the value they bring to the organization, employees with less education were less likely to be sure if they were paid fairly. Roughly 27 percent of employees with an associate's degree or less education were uncertain they received fair pay. Uncertainty on this item decreased as education level increased. Less than a quarter of employees with a bachelor's degree or higher were uncertain if they were paid fairly, and only 20 percent of the highest educated employees responded neutral to this item.

Perceptions of cohesive teams are stronger drivers of engagement for individuals without high school diplomas.

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PART SIX:

# PROFESSIONAL DEMOGRAPHICS



## 2015 EMPLOYEE ENGAGEMENT Trends Report

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# TENURE

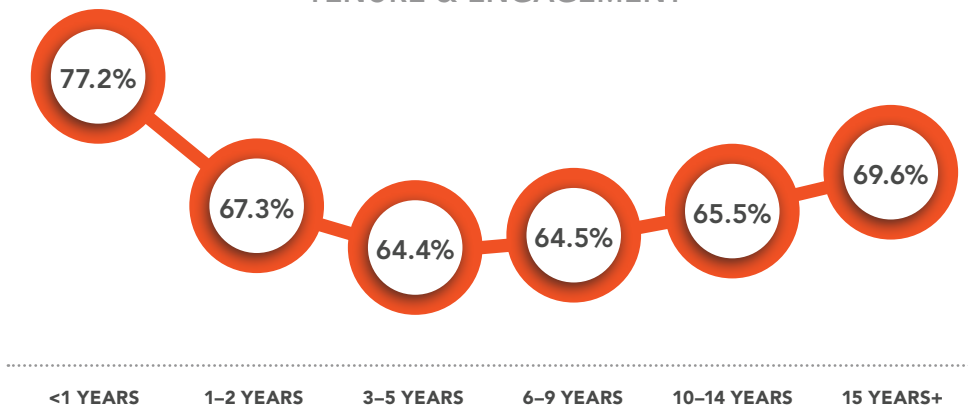
## New Employees Are the Most Engaged

When considering how long employees had worked 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 working at an organization for one year or less were the most engaged at 77.2 percent, followed by employees tenured 15 years or more with 69.6 percent engaged.

Engagement took a 10 percentage-point dip after an employee's first year at an organization before rising again after 10 years of employment. Employees tenured three to nine years had the lowest level of engagement with less than 65 percent engaged. A gap of almost 13 percentage points existed between the least and most engaged groups.

The chart below illustrates the correlation between tenure and engagement.

TENURE & ENGAGEMENT



*Note: 86.3% of employees in this study provided data on their tenure, which explains any difference between the data in this set and the national average.*

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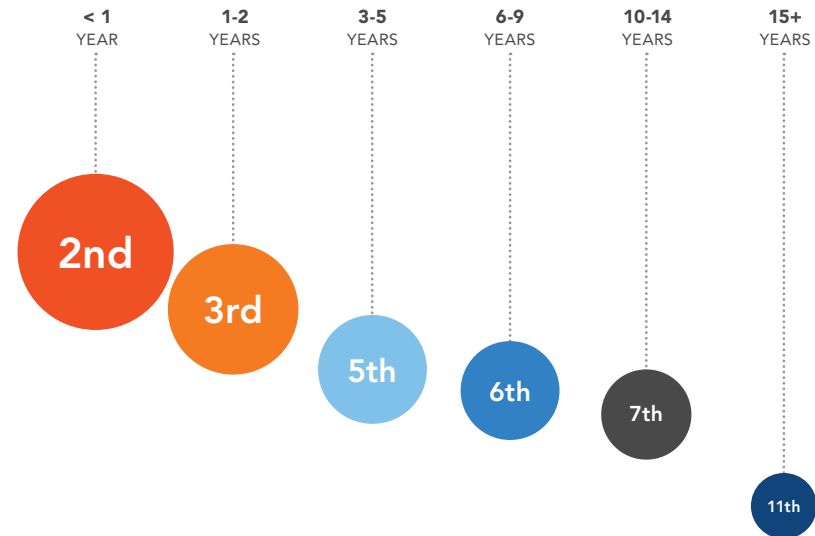
## Professional Development Engages New Employees

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, career development was the second most influential driver of engagement.

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

Although not within the most tenured employees' top drivers, professional development seemingly had more of an impact on engagement among than it did in previous years. From 2013 to 2014, the driver increased three spots for this group, shifting from 10th to seventh for employees tenured 10 to 14 years and 14th to 11th for employees tenured 15 years or more. Though the driver's influence increased, the item remained an area of high uncertainty for more tenured employees. Roughly one-fourth of employees tenured six years or more were uncertain if they had access to professional development or career growth opportunities.

IMPORTANCE OF PROFESSIONAL DEVELOPMENT BY TENURE



As tenure increased, professional growth and career development opportunities were less likely to drive engagement.

## Middle-Tenured Employees Are Unsure They're Valued

When examining uncertainty of survey items by tenure, an interesting theme appeared. Employees tenured three to nine years were the most uncertain they felt valued, when compared to the least and most tenured employees. On average, employees tenured less than one year were nine percentage points more certain that leaders valued people as their most important resource, leaders were committed to making it a great place to work, and the organization made investments to make them more successful.

The chart below shows the degree of uncertainty on four items related to feeling valued by tenure.



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# POSITION LEVEL

## Higher Position Level Leads to Higher Engagement

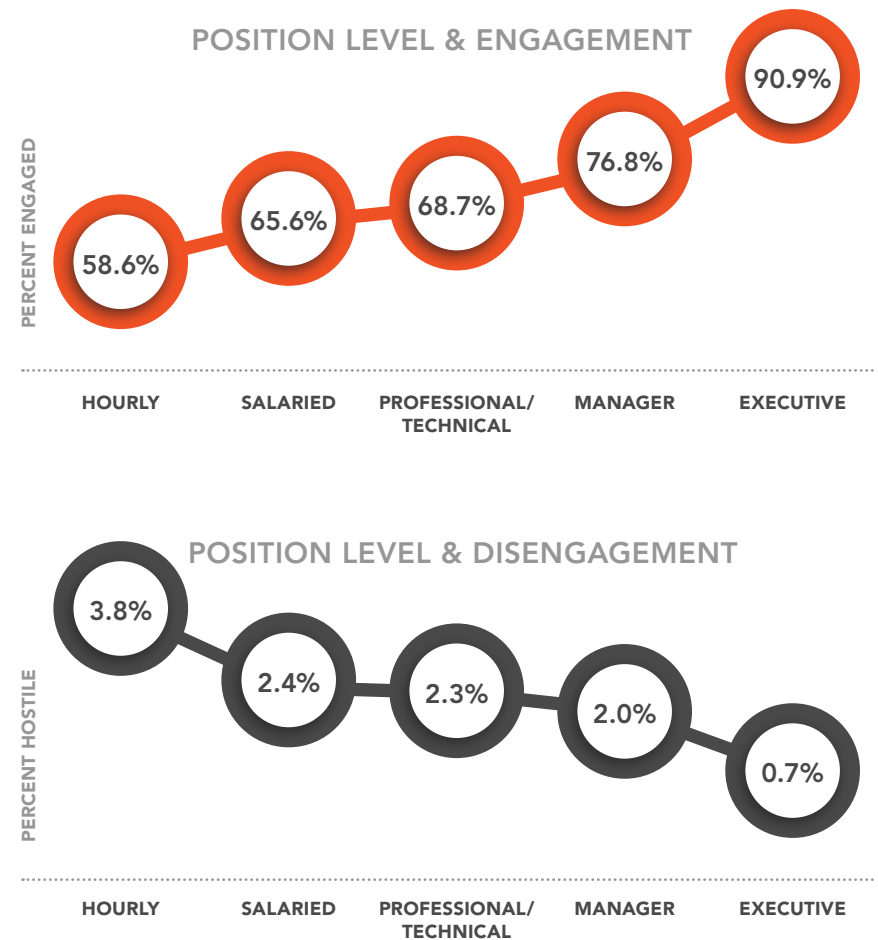
As you move up an organization’s hierarchy, engagement increases. More than 90 percent of executive-level employees were engaged, compared to less than 59 percent of hourly employees.

Managers, second in rank behind executives, were the next most engaged group with 76.8 percent of employees engaged. Professional/technical and salaried employees saw less variance and most closely represented the national average of 65.9 percent engaged. Salaried employees measured less than one percentage point lower than the national average at 65.6 percent, while professional/technical employees measured 3 percentage points above the national average at 68.7 percent.

A similar trend appeared when analyzing the percent of hostile employees. Nearly 4 percent of hourly employees were considered hostile, compared to less than 1 percent of executives, a four times greater difference.

The charts to the right show the percentage of engaged and hostile employees by position level.

*Note: 83.6% of employees in this study provided data on their position level, which explains any difference between the data in this set and the national average.*



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## Positive Outlook on Future Engages Executives

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.

This item was less likely to drive engagement as you moved down the organization’s hierarchy. The driver ranked third for both managers and professional/technical employees, down one spot from last year. For salaried and hourly employees, belief in the organization’s future success ranked as the fourth most influential driver.

## Investments in Employee Success: Driver for Lower Position Levels

When conducting a driver analysis by position level, it became evident that investments in employee success was a more influential driver of engagement for lower level employees. The item, “The organization makes investments to make me more successful,” ranked eighth for hourly employees and decreased in importance as you moved up the organization’s hierarchy, ranking 19th for executives.

Professional growth and career development opportunities, another way organizations invest in employee success, ranked fifth or sixth for every position level, except for executives who ranked it as the 10th most influential driver.

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## Job Satisfaction Increases Engagement for Executives

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

- This job is in alignment with my career goals. (5th)
- I find my job interesting and challenging. (7th)
- My job allows me to utilize my strengths. (8th)

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



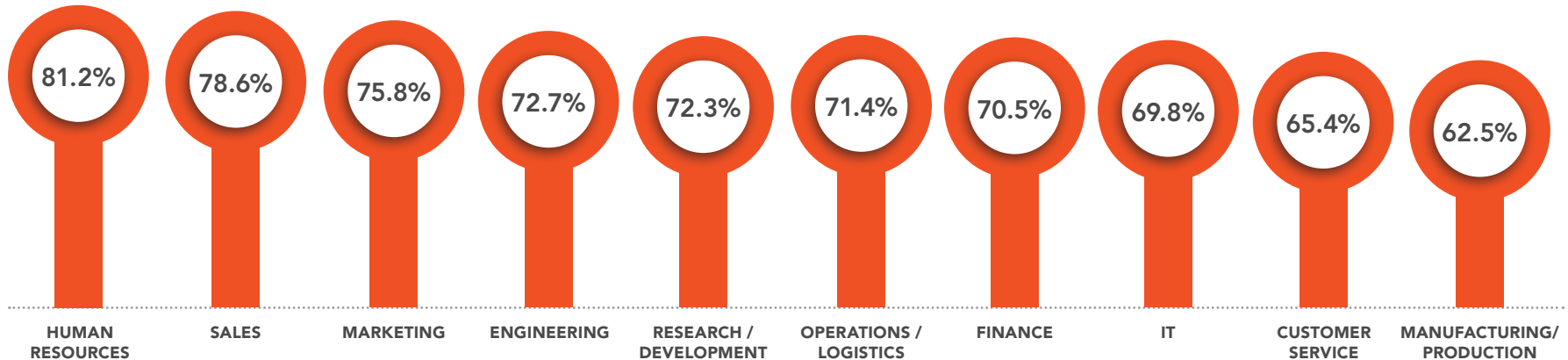
# DEPARTMENT

## 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 81.2 percent, followed by sales at 78.6 percent, and marketing at 75.8 percent. Following the national trend, engagement across all departments decreased slightly, except for human resources, where employee engagement increased less than one percentage point.

The least engaged departments, customer service, manufacturing and production, and IT, also had the highest percentage of hostile employees. Three percent of customer service employees were considered hostile, followed by manufacturing and production, and IT employees with 2.6 percent.

DEPARTMENT & ENGAGEMENT



*Note: 54.3% of employees in this study provided data on their department, which explains any difference between the data in this set and the national average.*

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## Leadership Effectiveness: Top Driver in Every Department

When analyzing engagement drivers by department, two items relying heavily on leadership effectiveness made each employee group's top five:

- The leaders of this organization are committed to making it a great place to work.
- I trust the leaders of this organization to set the right course.

This suggests that leadership effectiveness is strongly related to employee engagement, regardless of department. When employees trust leaders to steer the organization on the path to success and trust that they're committed to making it a great place to work, employees are more likely to be engaged.

Although both items were ranked top five in each department, the groups' level of certainty varied. Less than 10 percent of HR and sales employees were uncertain if leadership set the right course or was committed to making the organization a great place to work, compared to more than 16 percent of customer service and manufacturing and production employees.

## Belief in Future Success of Organization Drives Engagement for Engineers and Research/Development Employees

The top engagement driver for engineers and research and development employees was, "I believe this organization will be successful in the future." In fact, those were the only two departments to rank the goal alignment item as a higher driver than feeling valued.

Human resources, marketing, and sales (the most engaged departments), ranked belief in future organizational success as the eighth or ninth most influential driver, while the remaining departments ranked it third or fourth.

Leadership effectiveness is strongly related to employee engagement, regardless of department.

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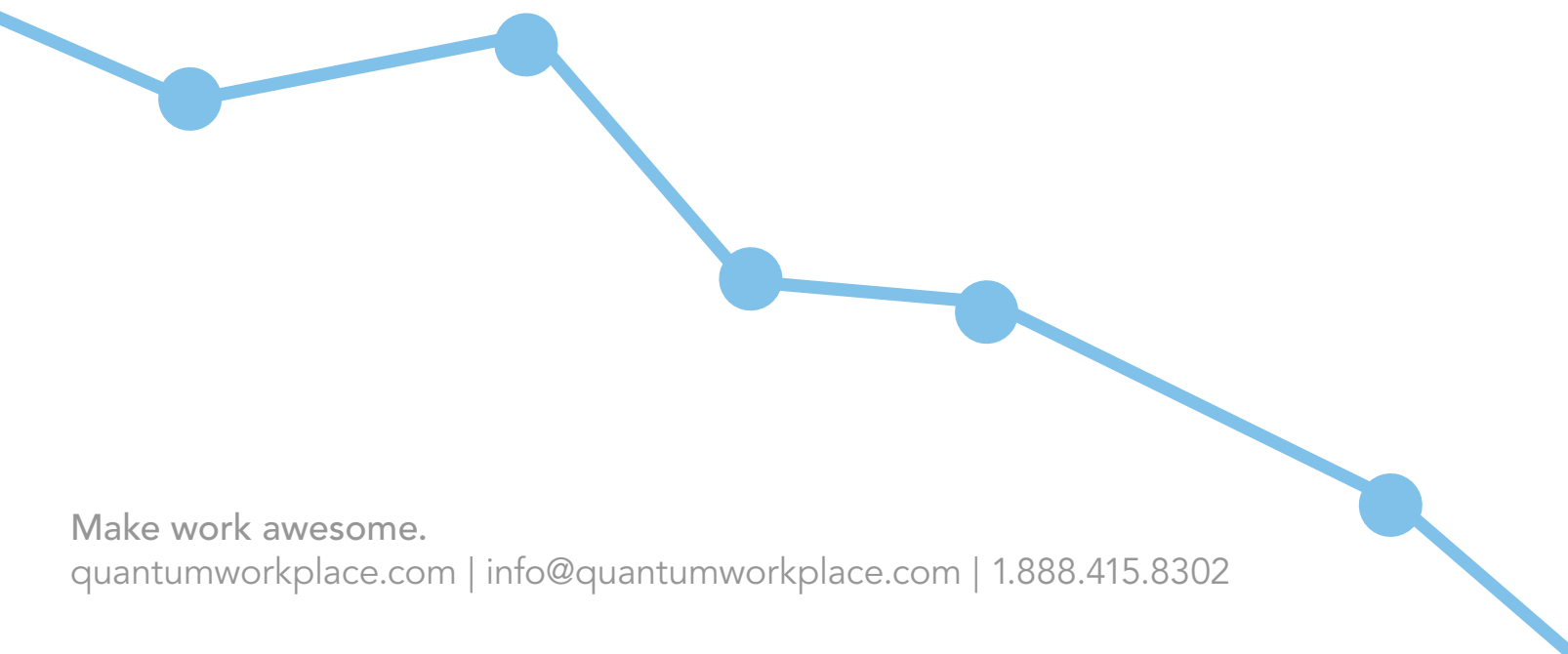
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## Marketers Engaged by Challenging Careers

"I find my job interesting and challenging," was the number one engagement driver for marketers, when comparing items by department. The job satisfaction item was not as important to any other department; in fact, the only other department to rank an interesting and challenging career in its top five was finance.

Despite ranking the driver as having the biggest impact on their engagement, marketers were only third least uncertain that they had interesting and challenging careers. Slightly more than 10 percent of marketers said they weren't sure if they found their career interesting and challenging, compared to 8 percent of employees in human resources and sales. Customer service employees were the most uncertain about the job satisfaction item, as 16 percent submitted a neutral response.

"I find my job interesting and challenging," was the number one engagement driver for marketers.



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## CONCLUSION

Though employee engagement declined to its lowest point in eight years, leaders have a huge opportunity to prevent further declines. Employees are individuals with individual talents, individual motivations, and individual challenges. Their perceptions of their workplaces are driven by many unique factors that come together to create one culture, and each organization's culture is unique. This is why it's vital for corporate leaders to understand what uniquely drives engagement within their organizations.

Employee confidence is wavering, but where can leaders take action within their organizations? The answer lies with your employees.



## Is Engagement Declining In Your Organization?

Don't Let It!

In 2014, employee engagement declined to its lowest point in eight years, **but for Quantum Workplace clients, engagement went up!**

Collecting regular employee feedback, analyzing the results, and taking action works! See why engagement is up for Quantum Workplace's family of clients.

### Quantum Workplace can help you:

- Collect employee feedback and measure employee engagement
- Understand your engagement drivers and areas of greatest opportunity
- Conduct a linkage analysis between engagement and key business outcomes
- Reduce turnover through engagement and exit surveys
- Improve performance and engagement with peer-to-peer recognition, real-time performance management, and goal-tracking software
- And more!

[Talk to one of our engagement experts today](#) to receive a free consultation on your engagement strategy.

# METHODOLOGY

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# 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** (Employee Advocacy)

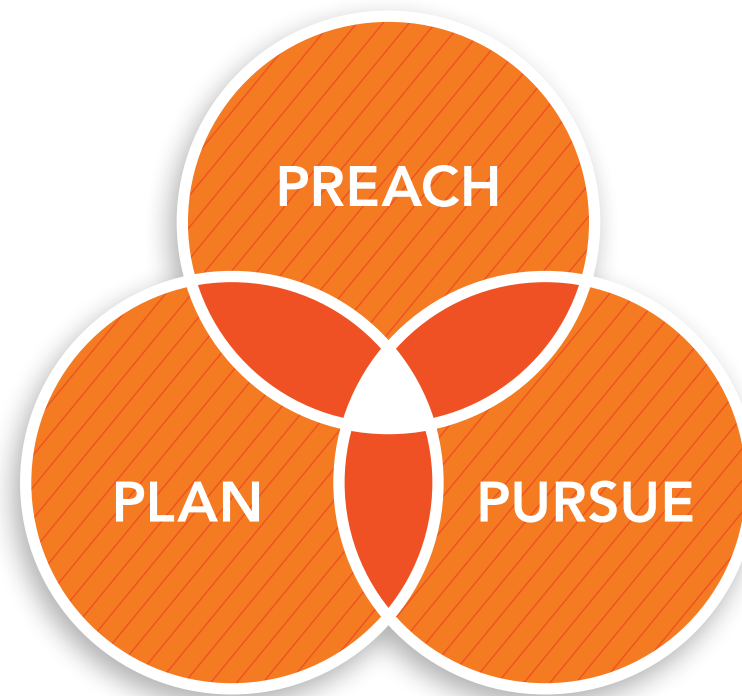
The degree to which employees speak highly of their workplace.

### **PLAN** (Intent to Stay)

Employees' interest in remaining at the organization.

### **PURSUE** (Discretionary Effort)

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 31 driver survey items and the six diagnostic survey items to reveal which factors had the greatest correlation and impact 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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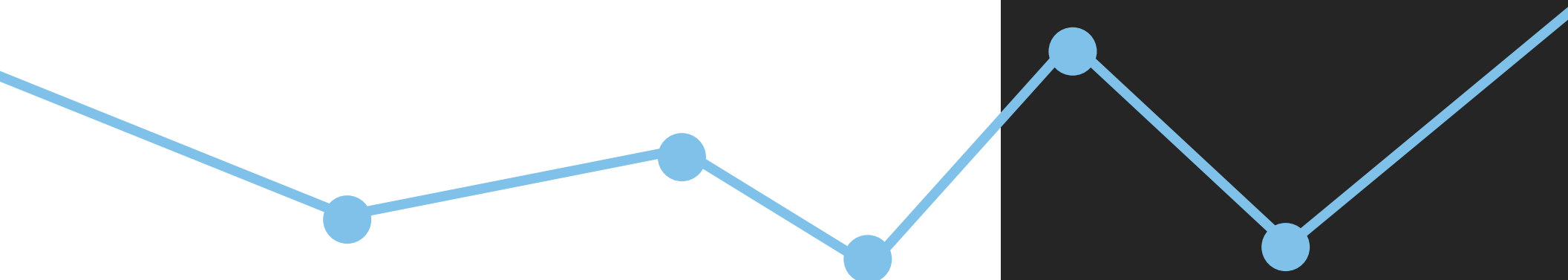
## Survey Participants

This analysis examines data collected through the Best Places to Work program over the past eight years. The 2014 data was collected from more than 440,000 employees from nearly 5,500 organizations who took the survey between January 1, 2014 and December 31, 2014.

## 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 nearly 45 markets and garners participation from approximately 5,500 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.

**440,000**  
EMPLOYEES  
— FROM —  
**5,500**  
ORGANIZATIONS



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