



EXCLUSIVE!

Uncover the meaning behind
1 MILLION VOICES
collected from the
Best Places to Work
contest

A background photograph of four diverse office employees smiling and interacting in a modern office setting. The image is partially obscured by a blue gradient overlay at the bottom.

Driving Employee Success

Expert insights to help your organization thrive
in an ever-changing business landscape

REPORT

**EMPLOYEE
ENGAGEMENT
TRENDS 2023**

Table of Contents

An Introduction to Employee Success	3
Trend 1: Rebuilding Trust	5
Trend 2: Investing in Employee Engagement	9
Trend 3: Inspiring Employee Impact	13
Trend 4: Building Culture	18
Trend 5: Creating Organizational Magnetism	22
Trend 6: Leveraging Flexibility	26
About Quantum Workplace	31
Sources	32



An Introduction to Employee Success

FROM QUANTUM WORKPLACE CEO, GREG HARRIS

Another season of change is upon us. For some organizations, the "Great Resignation" lingers on. Others are facing downsizing and layoffs. But the constant is that talent leadership is on the front lines of every major change organizations are experiencing right now. In five years, business leaders will look back on this moment and point to it as the period when all businesses recognized they are in the people business.

It is people who will help the organization remain stable in turbulent times. And it is people who will help you come out stronger on the other side.

As leaders, we must shape the organization to navigate the good times and bad. We must rely on our people.

In the past several years, we've made a lot of progress in the workplace. The 2023 Edelman Trust Barometer shows people trust businesses more than any other institution. We've also done a ton of work to improve the employee experience. Our Best Places to Work data shows employee engagement continued a six-year climb, to its highest level in 2022.

What we're doing is working. But we're far from finished. After record highs in areas like trust, engagement, and intent to stay during the pandemic, we've seen volatility ever since.

Leaders will need to lead with a calm, human-centered, and data-driven perspective, blocking out the noise and focusing on what truly matters—employee success.

Employee success is not choosing between improving the employee experience, maximizing performance, or building a magnetic culture. It's about all of it. The whole picture.

Employee success unites the whole organization around creating an environment where each of us can be successful. It's a holistic approach to make the workplace better. When a group of individuals is successful, the business is successful.

There are three critical components in building a culture of employee success:

1. You need to create an engaging employee experience by understanding, validating, and improving upon it.
 2. You need to inspire employee impact by connecting employees to the role they play in helping achieve business success.
 3. You need to build and optimize your culture strategies for organizational magnetism—to become a place where employees want to stay and talent wants to join.
-

As leaders, we must reinforce each and every day that we're committed to our employees' success. And it's important that employees feel that support.

Creating that environment is constant work. Some days it's an uphill battle. But when you set your target on employee success, the organization is better outfitted to accomplish its goals.

Employee success is the most reliable way to navigate business challenges in 2023 and beyond.

This report outlines some of the biggest trends and critical issues we are seeing in employee success. The data in this report is informed by over 1 million employee voices at more than 9,000 organizations across the United States, most of which participate in our Best Places to Work program. The report is our take on what's been happening over time and what to expect in the coming year. And it includes a wealth of practical guidance on how to move your business forward with a mindset of employee success in 2023.

As you strategize and outline the tactics to reach your organizational goals in 2023, use these trends to focus on what matters to employees and embrace an integrated approach to accomplishing what the organization wants to achieve. Expand on the trends and dig into the specifics of what your employees see. Plan to make meaningful changes and constantly improve. And act on what you discover to create a better workplace.

Let employee success be your rally cry. It's what forward-thinking organizations will strive toward as they navigate the future.

Greg Harris

CEO
Quantum Workplace

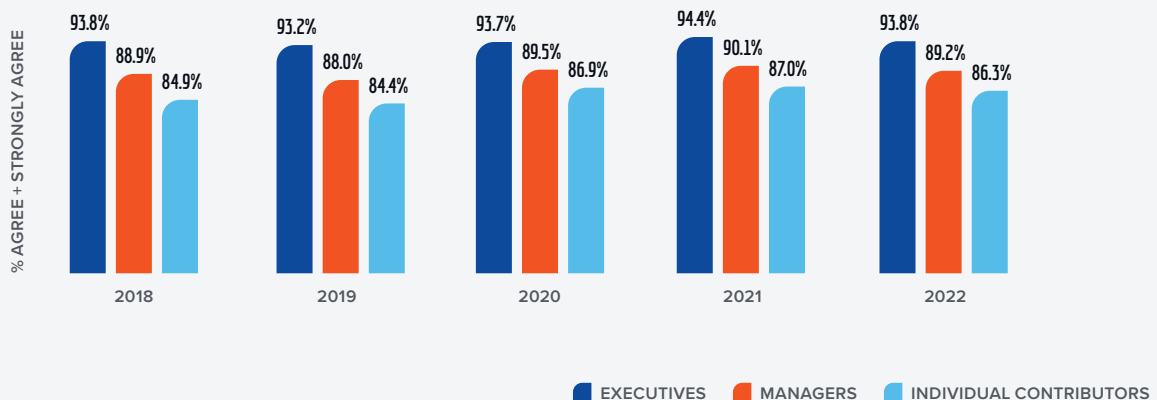


Bridging the trust gap between leaders and employees

There's a large gap in trust between senior leaders and employees. But trust plays a key role in driving employee and business success. Leaders will need to focus on bridging the gap in 2023 with thoughtful listening, understanding, and action.

EMPLOYEE TRUST IN LEADERSHIP

"I trust our senior leaders to lead the company to future success"



After record high levels during the pandemic, trust in leadership was down across much of 2022. At the same time, leaders are questioning recent drops in employee productivity.ⁱ Trending topics like the "Great Resignation," quiet quitting, and productivity paranoia are adding to the narrative of distrust, leaving both organizations and employees vulnerable to misunderstandings.

Over the years, organizations have earned high levels of trust. The 2023 Edelman Trust Barometer shows "business" as the most (and only) trusted institution around the globe.ⁱⁱ But our research shows that trust levels vary within an organization, with large differences in perceptions based on position level.

While 94% of executives and directors reported trust in senior leaders to lead the company to future success in 2022, only 89% of managers and 86% of individual contributors feel the same.

The Edelman report also shows a decline in the trust of the CEO. In general, respondents distrust CEOs outside of their organization. And while respondents trust their own CEOs, there was a 2% drop in 2022.

Trust is key to employee success

Trust has major benefits for both employees and organizations. According to recent research in the Harvard Business Reviewⁱⁱⁱ, people at high-trust organizations report:

- 74% less stress
- 106% more energy at work
- 50% higher productivity
- 13% fewer sick days
- 29% more satisfaction with their lives
- 40% less burnout

Trust also plays a key role in driving employee engagement. The same report shows employees have 76% higher employee engagement in high-trust organizations. Our research shows the large and multi-faceted impact that trust and leadership have on engagement, with the top four drivers of engagement centered around leadership and trust.



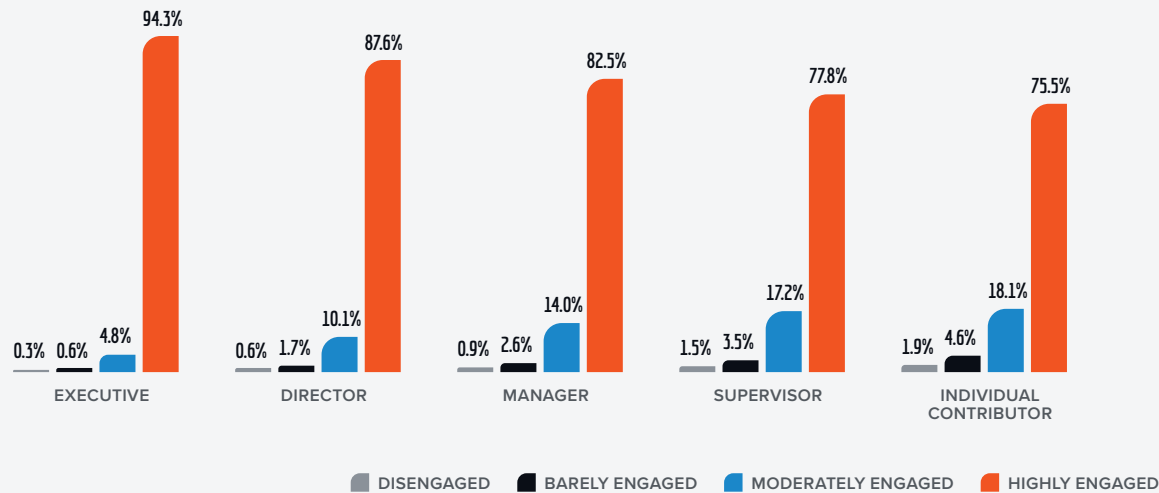
TOP DRIVERS OF EMPLOYEE ENGAGEMENT IN 2022

1. I trust our senior leaders to lead the company to future success.
2. The senior leaders of the organization value people as their most important resource.
3. I believe this organization will be successful in the future.
4. The senior leaders of this organization demonstrate integrity.
5. I find my job interesting and challenging.
6. My opinions seem to count at work.
7. I see professional growth and career development opportunities for myself in this organization.
8. If I contribute to the organization's success, I know I will be recognized.
9. Our culture supports my health and well-being.
10. My immediate coworkers consistently go the extra mile to achieve great results.

Alongside a clear gap in trust, there's a large gap in engagement among leaders, managers, and employees. Executives are nearly 20% more engaged compared to employees.

EMPLOYEE ENGAGEMENT BY POSITION LEVEL

There is a large gap in engagement between individual contributors and managers and leaders. Executives are almost 20% more engaged compared with their employees.



Finding common ground

Leaders carry the responsibility of trust building within their organization. While the world is becoming increasingly polarized, leaders have an opportunity to be a force for good. They have the power to minimize division in the workplace and to bridge any trust gaps already present.

"Organizations can be doing more to operate together as leaders and employees," says Anne Maltese, Director of People Insights at Quantum Workplace. "To build trust, leaders should include employee input in decision making and explain the reasoning behind tough choices."

Concerns about trust are not necessarily signs of misaligned objectives. In most cases, organizations and employees want the same thing: employee and business success.

"Leadership wants control to ensure the organization remains productive," Maltese says. "Employees want to be productive and to have a say in how that productivity takes shape. That intersection is where we need to focus—instead of fixating on points of disagreement."

Once you find that common ground, make the most of it.

"When you do have that trust," says Shane McFeely, Ph.D., Lead Researcher at Quantum Workplace, "people feel empowered to make decisions about their work and are counted on to do what is best for their organization."

What to focus on in 2023



Whether your business is thriving and growing or navigating difficult times, trust is key. To be successful in 2023, leaders should focus on stabilizing and rebuilding trust within their organization. It's about listening, empathy, and showing employees you value them.

Listen closely, separating signal from noise

Don't get caught up in the media's portrayal of the trust divide. Focus inward on your organization to separate signal from noise. This will allow you to get a true sense of the issues impacting trust (and other important areas of the business) and help you make informed decisions on the best solutions and action plans to put in place.

Building trust will look different in every organization, and things are likely to change quickly within your organization. Consider how you can keep a pulse on trust with a consistent cycle of listening, understanding, acting, and measuring progress with employee surveys. This is the most reliable way to get to the bottom of the critical issues impacting your organization.

Create safety and space for open dialogue

Psychological safety is foundational to building trust in the workplace. It's important that employees feel comfortable sharing their ideas and concerns without fear of retribution. And you need to ensure your leaders and managers are skilled at receiving and responding to feedback. Safe spaces can lead to honest conversations and thoughtful solutions.

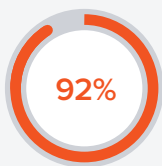
Act on what you learn

Action is the most important aspect of your listening strategy. If you don't do anything with the information you've gathered, you'll further erode trust. Employees will feel you have wasted their time. When employees see you asking for feedback and then making changes to improve, it will build trust—it shows employees that you value them. If there are changes you cannot or are not willing to make, then communicate why. Your transparency will go a long way.

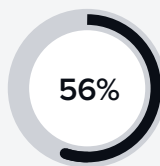
Prioritizing investments in employee engagement, experience

Organizations are carefully considering their investments amid economic uncertainty in 2023. Our research shows one area where employers should not cut back: creating an engaging employee experience. Leaders and employees alike believe in the value of these investments.

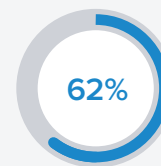
LEADERS AND EMPLOYEES BELIEVE IN THE VALUE OF EMPLOYEE ENGAGEMENT INVESTMENTS



of executives say **engaged employees perform better**



of executives say they've **achieved positive ROI** from engagement efforts



of employees say their organization has **achieved positive results** from its investments in employee engagement

Forecasts of inflation or recession often trigger cost-cutting measures for organizations large and small. You've seen it all before: Leaders slash travel and marketing budgets. They cancel annual team-building outings and traditional celebrations. They announce layoffs and hiring freezes, all in the name of lowering costs and cutting waste.

Some employers also consider discontinuing or delaying employee engagement strategies and tactics. But this can be a short-sighted approach that does more harm than good.

Research has consistently shown that investing in employee engagement—no matter the business context—can improve an organization's bottom line. In fact, the relationship between engagement and performance becomes even stronger during economically challenging times.

Companies that are successful during economic downturns can attribute much of their success to their engaged employees, who go above and beyond to do what's best for the business.

Engagement leads to better employee and business performance

In a Harvard Business Review Analytic Services report, sponsored by Quantum Workplace, 92% of executives surveyed say that engaged employees perform better. And more than half (56%) say they've achieved positive ROI from engagement efforts.^{iv}

Our research also shows that 62% of employees say their organization has achieved positive results from its investments in employee engagement.

But what kind of value are business leaders after? And are they seeing that value realized?

When it comes to investments in employee success, leaders cite their biggest business goals as productivity, employee retention, and customer satisfaction. And HR leaders say they've seen an impact on these areas and more, including areas like recruiting and employee advocacy.

BUSINESS GOALS & OUTCOMES OF EMPLOYEE SUCCESS INITIATIVES

Companies seek different outcomes from their employee-success efforts.

Source: Harvard Business Review Analytic Services Survey, April 2020



POSITIVE OUTCOMES OF EMPLOYEE SUCCESS INITIATIVES

Which of the following positive outcomes do you believe has been a direct or indirect result of using employee surveys at your organization? (Check all that apply)





It's always the right time to double down on engagement

Organizations are facing a wide spectrum of business challenges in 2023. Some are thriving and rapidly growing while others are facing the difficult reality of massive layoffs. No matter what your organization is facing, the value of investments in employee engagement is clear. And your own investments will be critical to your success in 2023 and beyond.

"You need your engaged employees doing their best, especially during an economic downturn," says McFeely. "They're the ones who will keep you competitive—and the ones who will innovate and help you succeed."

What to focus on in 2023



Leaders should start by ensuring their engagement investments are allocated wisely. It's less about pulling back on your investments—and more about pushing forward a clear strategy. A thoughtful strategy will help you understand your progress and ensure every dollar, every minute, and every ounce of energy counts toward making an impact.

Focus on the foundations of employee engagement

Leaders need a true understanding of what engagement is, what drives it, and how to measure it. It's essential to creating a workplace environment where engagement is strong.

Employee engagement is defined as the strength of the mental and emotional connection employees feel toward: the work they do, their teams, and the organization at large. These three factors should guide everything you do, from listening to analyzing to acting.

"You're striving for an environment where employees feel they belong and are invested in," Maltese says. "Where they have the tools needed to do their jobs well and are inspired to do their best work."

Get a regular and reliable measure of engagement—and act on it

Employee listening tools like surveys and 1-on-1s will help you keep track of what your talent is seeing and experiencing across the organization. They will give you a blueprint for creating the best possible experience at work.

One of the most powerful tools in your employee listening toolbox is your employee engagement survey. But not just any survey will do.

"You need much more than just a survey," says Maltese. "You need a reliable measurement and analysis that helps you make sense of your data and truly understand the meaning behind your employee voice. Then—and only then—can you make an impact where it matters most."

Finding the right partner is key. Your survey partner should be able to explain their engagement model clearly and help you apply it within your organization. They should also have features, resources, and people available to help you quickly make sense of and distribute your data.

When people leaders have the insights that they need to take the right action at the right time in the right areas—that is where the business value will come.

Connect people strategy to business strategy

Showing the relationship between employee engagement and key business KPIs helps connect strategic business priorities with strategic people priorities. Start by focusing on the metrics that mean the most to your organization, including those that are specific to different roles or departments. Then work to understand the connection between your efforts and results.

When you connect the two, it's easy to see the impact of your initiatives and where you should invest further. Getting buy-in becomes less difficult and people leaders are apt to invest their time, energy, and budgets into supporting your initiatives. This snowballs into making engagement an organization-wide priority and your ability to create meaningful change.

Shifting from managing performance to inspiring employee impact

Many organizations concerned about productivity are measuring against data and assumptions entrenched in the past. But there's a right and wrong way to drive performance. Leaders must focus on building an engaging approach to performance that truly inspires employee impact.

TOP PERFORMANCE MANAGEMENT DRIVERS OF EMPLOYEE ENGAGEMENT

- 1 If I contribute to the organization's success, I know I will be recognized.
- 2 My performance at work is evaluated fairly.
- 3 My manager regularly provides me with effective feedback that helps improve my performance.
- 4 My performance goals are aligned to our organizational goals.
- 5 I am empowered to decide how my work gets done.

Productivity has earned buzzword status recently. It's clearly top of mind for many organizations. But leaders need to be careful about where they focus their time and energy.

Some organizations are relying on data and assumptions entrenched in the past—and this is a path that will lead to frustration and a lack of practical and effective solutions.

When thinking about employee productivity and performance, leaders must shift from how to manage employee performance to how to inspire employee impact. Inspiring employee impact requires a human-centered, engaging approach to performance that helps employees and teams understand the role they play in helping the company succeed.

Research on engaging performance practices

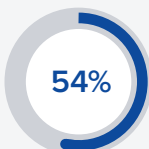
The Quantum Workplace research above shows the top drivers of employee engagement, relative to the topic of performance management. These drivers show that there's a right way (and wrong way) to meaningfully inspire employee impact and performance.

The way you build your performance practices not only

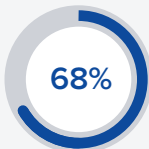
impacts employee performance, but also employee engagement. Both matter to your bottom line.

So how are organizations doing on these items? Are they implementing the right practices and implementing them well? Our research says there is work to be done here.

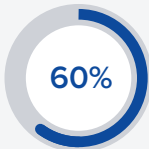
HOW ORGANIZATIONS ARE PERFORMING: IMPLEMENTING ENGAGING PERFORMANCE PRACTICES



Needs Work
If I contribute to the organization's success, I know I will be recognized.
54% of employees agree or strongly agree with this statement.



Needs Work
My performance at work is evaluated fairly.
68% of employees agree or strongly agree with this statement.



Needs Work
My manager regularly provides effective feedback that helps improve my performance.
60% of employees agree or strongly agree with this statement.



Healthy
My performance goals are aligned to our organizational goals.
82% of employees agree or strongly agree with this statement.



Healthy
I am empowered to decide how my work gets done.
78% of employees agree or strongly agree with this statement.

Inspiring impact in practice: the importance of goals and 1-on-1s

Employees want to be successful—and they want to contribute to the organization's success. But they also don't want to jump through ineffective performance management hoops. They expect more from their organizations and managers.

There are many traditional practices, like goal setting and 1-on-1s, that are still essential in inspiring employee impact. But organizations need to focus on building a more modern approach with these practices. Our research shows the role that goals and 1-on-1s play in driving engagement and impact—and that there are clear ways to maximize the effectiveness of these practices.^v

Employees who have individual goals are 2X more likely to be engaged at work. When managers and employees set and revise goals together, on a regular basis, employees are also more engaged. The lesson here is simple. Employees want input on how their impact is measured and they want clear goals to help them make it happen.

Ongoing feedback and coaching are also important to engagement. Our research shows 1 in 3 employees have weekly 1-on-1s with their managers, and they prefer it that way. We also found that more continuous 1-on-1s are associated with higher engagement—particularly with remote and hybrid employees. Employees expect time with their managers where they can tackle roadblocks, share ideas, and get feedback on their work.

People leaders should also make time for quarterly career growth conversations. We found that employees who have at least quarterly career growth 1-on-1s are 2.4X more engaged and 4X more likely to say they see growth and development opportunities in their organization. They're also less likely to leave for advancement opportunities at other organizations.



Redefining growth and development

Inspiring employee impact stretches far beyond performance management. It also encompasses career growth and development.

Most organizations understand the importance of providing development opportunities for employees. These opportunities help boost employee skills and are critical to engagement and retention of your best talent. But to intervene effectively, it's important to understand what employees mean when they say they want more growth and development. Our research shows:

- 42% of employees define career growth as a promotion or advancement
- 33% say it's education and training
- 21% say it's a role change or expansion

It's also important to understand what employees want, as you want to be investing in the programs and initiatives that matter most to employees. Our research shows the top three opportunities employees want include leadership development programs, cross training, and skills-based training for an advanced role.

TOP CAREER GROWTH AND DEVELOPMENT OPPORTUNITIES EMPLOYEES WANT



What to focus on in 2023

Leaders who want to boost productivity and performance in 2023 should lean into engaging practices that inspire employee impact. It's essential for organizations to understand what employees want and need to do their best work. Not only will adapting to these needs help employees thrive—it will help your organization establish and sustain long-term success.

Clarify your purpose and adjust your practices accordingly

Employee performance and productivity is essential to business success. It's important that leaders care about it. But don't let productivity paranoia get the better of you. Stay focused on the why of what you're doing and how it will help you inspire better performance. Some key "whys" of your overall approach should include:

- Clarifying and reinforcing expectations and accountabilities
- Aligning goals under your organization's vision and mission
- Engaging and retaining your top performers
- Developing and growing employees, both personally and professionally
- Encouraging critical thinking, agility, creativity, and innovation
- Motivating employees toward success

Bring employees into the process

You don't want employees to feel like performance management is happening to them. They should be a critical part of the process through shared goal setting, multidirectional feedback, and continuous conversations on their performance and career growth.

If you're using employee surveys, leverage them to gather feedback on your current performance practices. You'll hear straight from the source what is going well and what is not, and you will have insights to inform your investments and plans.

Make performance easy for everyone

It should be easy for your teams to adopt and navigate your performance processes and tools. If your processes are cumbersome and your technology (or lack of technology) is clunky, your managers and employees are not going to participate. Focus on activities that help them get value out of the process and integrate as much as you can into their daily workflows.

Empower managers to individualize employee development

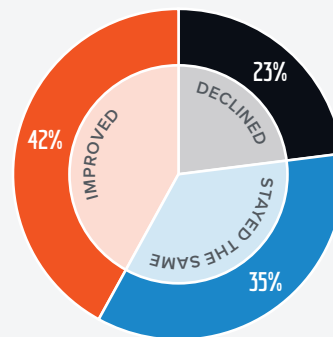
Much of our research shows that when it comes to career growth and development opportunities, employees want different things. This makes 1-on-1 conversations about growth and development a critical part of your employee impact approach. These discussions help shed light on what each employee wants, and how their needs change and evolve over time. Managers can coach better, and advocate for employees when new opportunities arise.

Building a thriving and adaptable culture

The realities of constant change over the past few years have had an impact on workplace culture. Most employees say their cultures have changed—some drastically. Leaders will need to keep a pulse on culture in 2023 to ensure they are shaping culture to their advantage.

ORGANIZATIONAL CULTURE CHANGE

Would you say the culture of your organization has improved, declined, or remained the same over the past two years?



Company culture has become a top priority for leaders across all industries. In fact, 66% of executives believe culture is more important than an organization's business strategy or operation model.^{vi} Many leaders have been hoping workplace culture goes back to "normal," but there is no "normal" anymore.

There has been no shortage of change in recent years as organizations and employees have navigated a pandemic, the "Great Resignation," return-to-work and quiet quitting movements, a tight labor market, inflation, and now, perhaps, recession.

As people and as organizations have changed, culture has changed too. 65% of employees say their culture has changed since the pandemic^{vii}—and 35% say this change has been drastic.

Those organizations that have adapted their approach to culture have fared well. They've created a strong value proposition for their talent and have been able to engage and inspire their employees—even through periods of significant change.

But some are still trying to make culture work with old ways of thinking and doing. Those slower to evolve have felt the sting of disengagement, burnout, and unwanted turnover.

Whether or not you're actively investing in your culture, someone or something is shaping it. In 2023, it will be important for leaders to keep a pulse on culture to ensure they're driving the right changes at the right times.

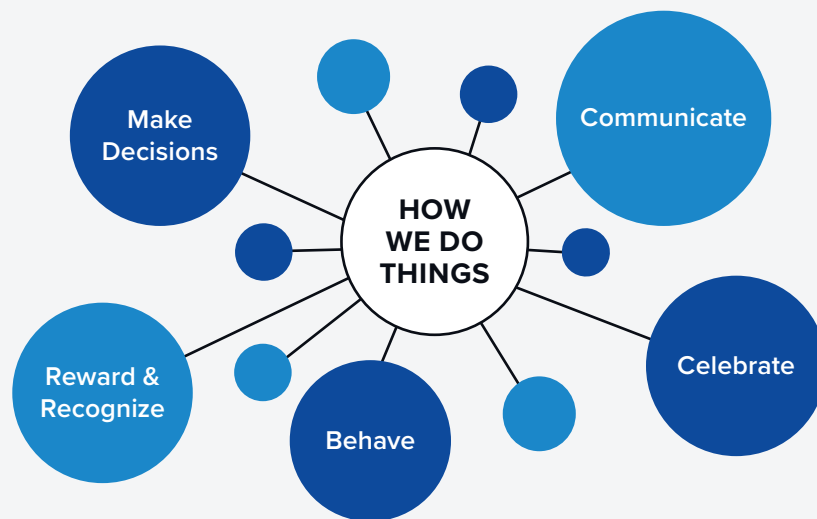
Defining organizational culture

While most leaders agree a strong culture is key to business success, many have different ideas about what culture really is. This lack of clarity makes it difficult to make meaningful change.

“Your organizational culture, at its heart, is how you get things done,” McFeely says.

Employees experience culture through many aspects of your organization, including how you behave, celebrate, communicate, make decisions, and reward and recognize employees.

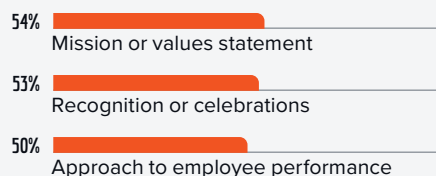
WHAT IS ORGANIZATIONAL CULTURE?



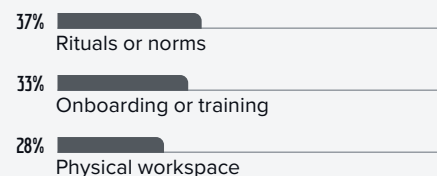
HOW EMPLOYEES FEEL WORKPLACE CULTURE

In which of the following aspects do you feel or experience your organization's culture most strongly?

TOP 3



BOTTOM 3



Why culture is important

Culture has a true impact on all areas of business, particularly in areas like employee engagement, retention, and organizational performance.

Our research shows that a positive culture strengthens employee engagement. When employees agree that their organizational cultures are positive, they are more likely to be highly engaged (84%) than those who do not agree (22%).

When it comes to retention, culture and engagement go hand in hand. Roughly 60% of disengaged employees—

and only 23% of engaged employees—would leave their company for a better culture. Engagement and culture are sticky factors that helps retain top talent.

Finally, research has also shown that culture is a key driver of organizational success. 70% of high performing organizations agree that their culture drives success on organizational outcomes and business results.^{viii} These organizations leverage their cultures to set shared expectations not just for what needs to be done, but how it will get done.

IMPACT OF WORKPLACE CULTURE ON ORGANIZATIONAL PERFORMANCE

Rate your level of agreement with the following statements. (Agree and Strongly Agree.)



What to focus on in 2023



Organizations aren't investing at the levels they should be to reap the benefits of a strong work culture. This is no time for half-measures or programmatic Band-Aids. Your management style, engagement approach, and how you communicate all must look different in an ever-changing world of work. And everyone at your organization has a role to play.

Drive trust-building leadership practices

Early in the pandemic, leaders were more intentional than ever about communication around change. They listened to employees, prioritized their well-being, and saw them as real people with real needs. But many leaders couldn't sustain what they started and over time, these positive habits faded away. As a result, trust in leadership has been wavering.

This isn't good news for culture, as our research shows that employees feel leaders and managers are primarily responsible for shaping culture. If your employees are looking to leadership to shape culture, you need to create a foundation of trust.

Here are a few ways you can build trust in leaders that will impact your culture:

- Ensure your vision, strategy, goals, and progress are crystal clear
- Prioritize frequent, transparent, relevant, and sustainable communication
- Build an employee listening strategy that helps you capture and act on feedback
- Facilitate connection points that allow employees to see leaders as real people

Aim your culture strategies at engagement

You can invest in your culture all you want, but you need to focus on the right things. The best cultures have leaders who are prioritizing and focusing their efforts on employee engagement.

Our research shows engagement is the sticky factor that keeps your employees motivated to do their best work. With daily intention and a big picture strategy centered around employee engagement, you'll get a better return on investment with your culture initiatives.

Get everyone involved

Everyone in your organization plays a role in culture. Employees believe that leaders (83%) and managers (75%) are responsible for creating and shaping culture. It's clear that leadership must own and champion organizational culture.

Only 57% of employees believe it's HR's responsibility to shape culture. In many organizations, HR is tasked with owning culture, but they need leadership to be fully engaged and supportive of their efforts. Without leadership support, you won't see the culture change you want.

Finally, 57% of employees say they play a role in shaping culture too. To create a strong culture, employees must understand and live out the culture, mission, and values. They must collaborate, recognize, communicate, and behave in ways that align with intended culture.

Be intentional about the remote/hybrid experience

Remote and hybrid work environments are becoming the norm. While many leaders believe that culture suffers outside of the physical workplace, our research provides a different perspective. Those offered flexibility in the workplace are likely to see culture more favorably.

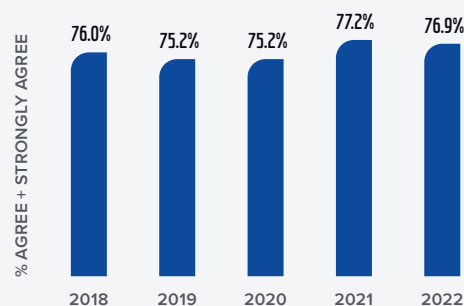
It's important to build a culture that resonates with all employees across all locations. You must be intentional about how you recognize and celebrate employees, how you approach performance, and how you communicate your mission and values. You can't rely on "going back to normal," but rather need to rethink, redesign, and rebuild to adapt.

Creating a magnetic organization that attracts and retains top talent

Despite the news around massive layoffs, we're still in a talent shortage. There are more open roles than workers to fill them—and intent to stay continued to decline across much of 2022. Organizations need to approach retention with intention to attract and keep their best talent.

EMPLOYEE INTENTIONS TO STAY

"It would take a lot to get me to leave this organization."



After record highs in employee intent to stay in 2021, we saw a decline across much of 2022. 77% of employees say it would take a lot to get them to leave their organization—making nearly 1 in 4 employees a retention risk.^{ix}

Despite the news of large-scale layoffs and economists predicting a recession in 2023, the U.S. remains in a labor shortage. The Bureau of Labor Statistics reported 11 million open jobs in the U.S. in December 2022.^x Federal Reserve Chair Jerome Powell commented in that the U.S. is “short” about 3.5 million workers.

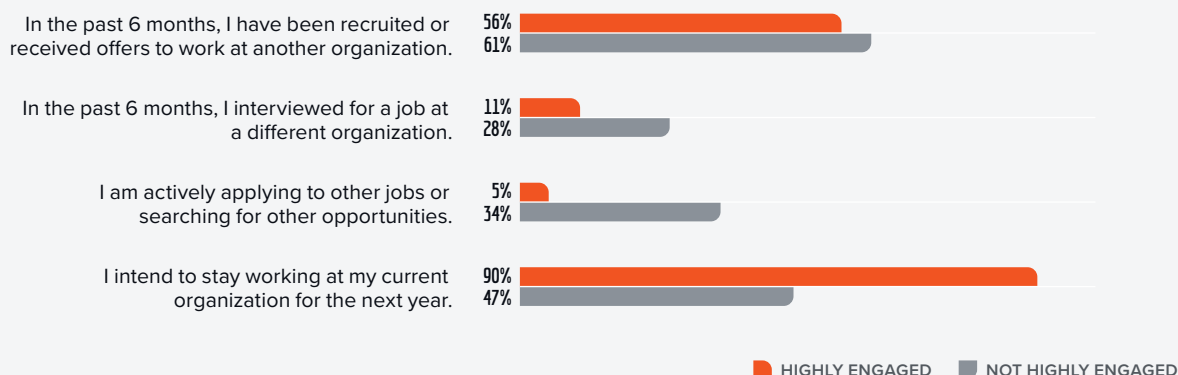
Filling open roles and retaining your best talent are especially challenging when labor market conditions are tight. And while many senior leaders (62%) and HR leaders (77%) say employee retention is a top three priority—they

also admit their retention strategies are not very effective.^{xi} Most say their approach to retention is at the intermediate or beginner level.

Organizations will need to level up their engagement and retention strategies in a time when employees have many options. Our research shows more than half of employees think they could get another job as good as their current one. And more than half say they are receiving offers or being recruited from other organizations.

“Employee engagement is a key to building a magnetic culture,” says McFeely. “Highly engaged employees are much less likely to search, interview, or leave their current organization compared with their less engaged peers.”

THE IMPACT OF EMPLOYEE ENGAGEMENT ON TURNOVER INTENTIONS



Strengthening your employee value proposition

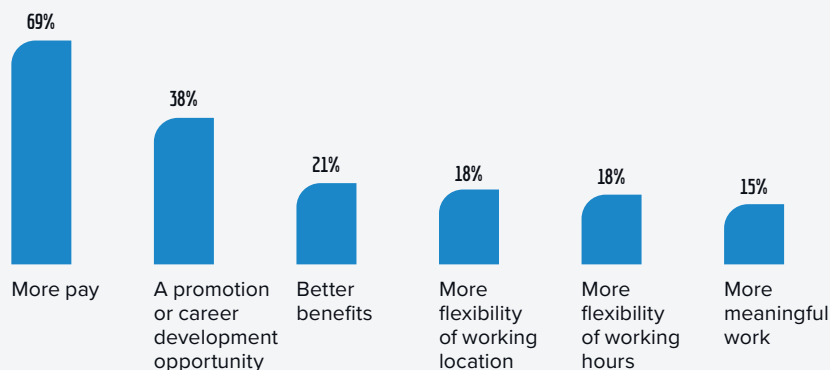
Many employees have been rethinking their relationship with their workplace over the course of the past few years of major workplace events. The increased competition for top talent has HR leaders taking a good hard look at their employee value proposition (EVP) to attract and retain high performers.

Our research found that pay is the number one factor that

prompts employees to leave for a different organization. But pay is often part of a larger and more complex story.

Pay is a form of confirmation and value. Perceptions of unfair pay and lack of growth and recognition often go together. You don't want pay to be distracting from all the good things that you're doing in the organization—the things that drive long-term engagement and retention.

TOP FACTORS EMPLOYEES WOULD LEAVE FOR



Center your EVP around the things you know employees care about most. This includes traditional factors like pay, benefits, and advancement. But it also means prioritizing retention drivers like flexibility, career growth and development, recognition, and connecting employees to a meaningful mission, purpose, and work.

Strengthening your EVP is not a one-and-done activity. It's an ongoing process of listening to employee needs and expectations—and communicating effectively how your organization is addressing their concerns. Needs will change over time; someone three months into their position will likely have different priorities than they will a year in, five years in, and so on. Organizations with a strong employee listening strategy can adapt as needed.

Understanding why employees leave

Unwanted turnover can be very costly for employers. It not only causes costs due to recruiting, replacement, and retraining but also the costs due to loss of institutional knowledge, teamwork, and lowered employee morale.

Our research shows employees most often leave their jobs because they feel that:

- They had no or limited access to career growth and development
- Their work was unrecognized or underappreciated
- They were being paid unfairly
- They had an undesirable work environment
- They had poor relationships with managers

The good news is a lot of unwanted turnover is preventable. 62% of departing employees say they discussed their decision to leave, prior to leaving, with their manager or coworkers.

But while growth and recognition are key drivers of retention, organizations aren't doing enough to retain their best talent:

- 70% of employees said no one in their organization had a discussion about their future or growth in the three months before their departure
- And 53% say they weren't recognized for their contributions to the organization

"Trouble starts when reality doesn't align with expectations," Maltese says. "That's why it's so important to do surveys well. They help you determine whether you're delivering on your employee experience."

PRIMARY REASONS EMPLOYEES LEAVE



What to focus on in 2023



Finding the why behind unwanted turnover can feel overwhelming. But you need systems and tools that help you get beyond making decisions on a hunch. You need a crystal clear picture of what is driving people to leave and what is driving them to stay.

Start with truth in advertising

Mismatched expectations might lead top talent to decline your offer or leave early in their tenure. Know how to differentiate your organization and show how it aligns with your stated mission, values, and beliefs. When crafting job descriptions, be frank about the position and what it entails. And convey an awareness of team and cultural dynamics.

Fuel your retention strategy with feedback

Employees want to have a voice in their experience at work. They know better than anyone what might be causing people to leave. Many will share their ideas and concerns directly if you ask. To capture this kind of feedback, you must open a variety of listening channels. Not only can you shed light on what is causing top talent to leave. You can actually predict when such a catastrophe might be looming and deploy strategies to prevent it.

In addition to surveys like engagement and exit surveys, don't underestimate the value of manager-employee 1-on-1s. Encourage managers to dedicate at least one 1-on-1 per year to discuss an employee's career development

interests, desired growth paths, and experience at work. These conversations allow managers to individualize how they coach and engage each employee—and they help employees feel valued and optimistic about the future.

Take a targeted approach to analyzing turnover and retention

There's rarely a silver bullet for impacting turnover and retention across the board. This often causes leaders to avoid taking action to retain top talent as they believe most turnover is inevitable. But there are a lot of smart ways you should be looking at your turnover that go far below the surface. And when you dig in a little deeper, it's much easier to make an impact.

Look closely at data points such as:

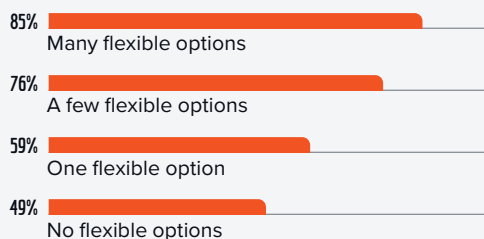
- What's your turnover rate?
- How do we compare to others?
- Who is leaving?
- Which demographics have the most turnover?
- What are the top reasons employees leave?
- Which demographics face what issues?
- Where is turnover the highest?
- Where does turnover pose the greatest risk?

Leveraging flexibility to fuel organizational success

Post-pandemic, employees have high expectations for flexibility in the workplace. Employees with flexible options are twice as likely to stay at their organization. Leaders will need to define what flexibility means for their organization in a way that is meaningful to employees.

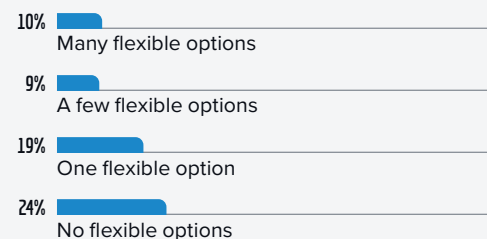
THE IMPACT OF WORKPLACE FLEXIBILITY ON INTENT TO STAY

It would take a lot to get me to leave my organization.



% STRONGLY AGREE + AGREE

I am actively applying to other jobs or searching for other opportunities.



% STRONGLY AGREE + AGREE

During the pandemic, leaders eagerly accommodated their employees' need for flexibility and well-being in managing their daily professional and personal responsibilities. It's no coincidence that employee engagement and productivity was at an all-time high.

As time passed and pandemic restrictions lifted, employees expected these flexible, "new normal" ways of doing things to continue.

But as the return-to-work movement has shown, many organizations have resisted or restricted some of the elements

of flexibility that worked so well throughout 2020 and 2021. In Q4 2022, our research showed the lowest levels of remote-only (16.4%) and the highest levels of workplace-only (50.8%) arrangements we've seen since 2020.

It's hard to argue against the positive impact of greater flexibility on today's workforce. Our research shows employees offered flexible options are 1.7X more likely to stay with their current organization and 2.5X less likely to look elsewhere for employment.^{xii}

When employees have more flexibility, they benefit from:

- The ability to meet the needs of both work and personal life
- More manageable stress levels at work
- Empowerment to make decisions that impact their work

How much an organization offers—or fails to offer—flexibility impacts employee retention, which will be top of mind for most organizations in 2023. Those who have embraced the need for flexibility find that it benefits both employee success and their overall success as well.

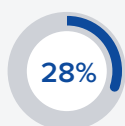
Defining flexibility

But what does flexibility mean to employees, exactly? Employees see the concept more broadly than simply where they work, at home or in an office. For many, a necessary aspect of flexibility is the freedom to adjust their work schedule to fit their personal needs.

Our research shows that employees view flexibility as being trusted and empowered to deliver great work regardless of how, when, or where work gets done.

EMPLOYEES DEFINE FLEXIBILITY IN DIFFERENT WAYS

Top themes when employees defined flexibility in their own words



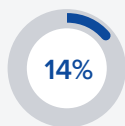
Adaptable

Freedom to adjust work pace or schedule to fit personal commitments (e.g., ability to leave work to pick up children from school)



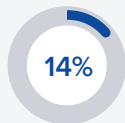
Performance Focus

Trusted to get the job done and to decide when in-person collaboration is needed (e.g., focus is on work output vs. Only physical presence)



Autonomy

Ability to do the job as you see fit and in the time frame that works best (e.g., ability to adjust daily priorities or work schedule)



Work-Life Balance

Capacity to care for self and family (e.g., organizational culture supports well-being)



Location

Power to determine work location (e.g., ability to choose a remote, hybrid, or office location)

Adapting to needs

Flexibility offerings are going to look different depending on your organization and industry. Uniform, across-the-board flexibility policies are not possible or practical. You should strive to understand what matters most to your employees

and get creative with the kind of flexibility you can provide. Our research shows there are gaps in the types of flexibility that employees want compared to the types of the flexibility their organization offers.

EMPLOYEES VALUE FLEXIBILITY OF WHEN & WHERE THEY WORK

Flexibility over where employees work and the time of day they work is most allowed and most wanted. Flexibility over days that employees work has the biggest gap between what is wanted by employees vs. what is allowed in organizations.



Understanding what this looks like in your organization can help you identify opportunities where increasing flexibility might help increase engagement and productivity. You may not be able to offer a four-day work week or fully remote work, but what can you do?

For example, for office workers, flexibility may take the shape of working three days per week on site and two days remotely. For hospital or restaurant shift workers, remote

work is not an option. But employers might offer flexibility in terms of how to adjust scheduling.

In the past, shift workers hoping to swap shifts were required to work through a manager to make any changes, often weeks in advance. A more flexible approach might look like providing workers access to an approved mobile app that gives employees the power to work directly with each other to determine whom works when.

Finding the right balance

Many organizations are in flux when it comes to increasing flexibility. Some employers might question just how much work employees are accomplishing while working remotely now that pandemic restrictions are behind us.

Meanwhile, some employees might distrust employers' motives for demanding employees return to the office, when clearly some jobs can be performed remotely. However,

employers across the board will need to become more flexible if they hope to remain competitive.

"Organizations need to ensure employees feel they've been heard," Maltese says. "They also need to communicate the reasoning behind the decisions they make. For example, that certain things need to be accomplished as a business, and that means there are certain things that they can or cannot offer."

The nuances in engagement across work locations

There are many common drivers of engagement, no matter where employees are working. But there also are drivers based on where employees are located. Understanding

the differences in what drives engagement, depending on where employees are located, is helpful in building targeted engagement strategies for each population.

UNIQUE ENGAGEMENT DRIVERS BASED ON WORK ARRANGEMENT

Workplace Employees

I am included in decisions that affect my work.

Our culture supports my health and well-being.

Goals and accountabilities are clear to everyone on my team.

Hybrid Employees

I trust this organization to be fair to all employees.

Senior leadership is prepared to effectively manage a diverse workforce.

I feel like I belong here.

Remote

I feel like I belong here.

When the organization makes changes, I understand why.

Our culture supports my health and well-being.

What to focus on in 2023



It is clear flexibility has an impact on both employee and business success, and our research shows it goes much deeper than remote work. There's opportunity in 2023 for organizations and employees to work together to develop a shared language and solutions.

Re-evaluate what flexibility means in your organization

The needs of employees have changed and will continue to change. Leaders should use employee listening data to understand what employees want and where there might be opportunities to offer more flexibility.

Focus on creative solutions that will benefit both employees and business. Showing openness to new ways of working and building flexibility into workplace policies will help organizations stay competitive in the market, while also improving key areas like employee engagement, performance, and retention.

Consider the unique needs of different types of employees

Engagement looks different for different groups within your organization. Workplace, hybrid, and remote employees are engaged in different ways. Teams and departments experience work differently. Different demographics in your organization have varied perspectives.

As you survey and build action plans, make sure you're listening, analyzing, and acting with this understanding. Consider where you can develop and implement more targeted strategies. Look for opportunities to increase perceptions of inclusion and equity.

Equip your managers with resources and training

Don't forget that your managers are still adapting to remote and hybrid work—and they need your support in creating an engaging, productive, and flexible work environment.

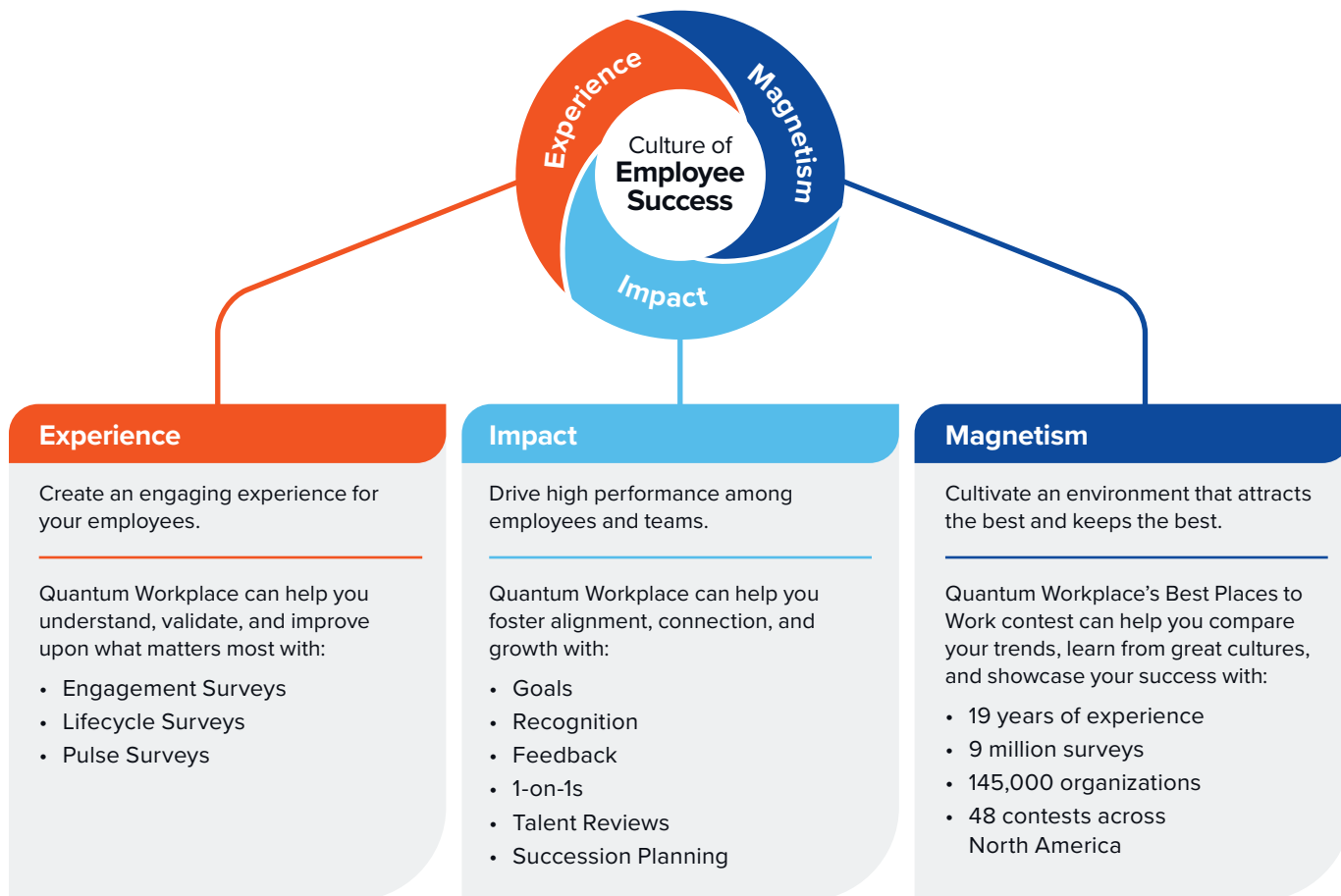
Make sure you train your managers on topics like building connections and driving collaboration in a remote and hybrid context. Encourage them to have regular 1-on-1s to keep a pulse on employee needs and well-being so they can be part of the solution.

And be sure to share your employee listening data with managers and open a dialogue with them about it. They're on the front lines with employees and will help you make sense of what the data says about flexibility.



Build your culture of employee success.

Quantum Workplace helps organizations make work better every day by building a culture of employee success. Our employee success platform empowers organizations to understand and improve employee experience, inspire employee impact, and create a magnetic culture that attracts and retains top talent.



Trusted by 10,000+ Best Places to Work



Learn how Quantum Workplace can help you build a culture of employee success.

[Get a Demo](#)

Sources

- i Lewis, Abbey, "Good Leadership? It All Starts With Trust., Harvard Business Publishing, October 26, 2022. <https://www.harvardbusiness.org/good-leadership-it-all-starts-with-trust/>
- ii Edelman, "2023 Edelman Trust Barometer Global Report," Edelman.com, January 15, 2023. <https://www.edelman.com/trust/trust-barometer>
- iii Telford, Taylor, "U.S. workers have gotten way less productive. No one is sure why." Washington Post, October 31, 2022. <https://www.washingtonpost.com/business/2022/10/31/productivity-down-employers-worried-recession/>
- iv Harvard Business Review Analytics Services, Quantum Workplace, "A Winning Approach to Employee Success," Harvard Business School Publishing, 2020.
- v Quantum Workplace Research Panel, "Learning and Growing at Work," Quantum Workplace Research Brief, June 2022.
- vi Quantum Workplace, "2022 Organizational Culture Research Report," Quantum Workplace, May 4, 2022.
- vii Quantum Workplace, "2022 Organizational Culture Research Report," Quantum Workplace, May 4, 2022.
- viii Human Capital Institute and Quantum Workplace, "The Culture-Centric Organization," Quantum Workplace, July 27, 2020.
- ix Quantum Workplace, "2022 Organizational Culture Research Report," Quantum Workplace, May 4, 2022.
- x Bureau of Labor Statistics, "Job Openings and Labor Turnover Summary," bls.gov, January 4, 2023.
- xi HR.com, "The State of Employee Retention 2022-23," Talent Management Excellence, October 2022 Edition
- xii Quantum Workplace Research Panel, "Flexibility in the Workplace," Quantum Workplace Research Brief, September 2022.