TINYpulse™

2016 Tech Industry Report

Increased Turnover Risk & Other Trends in Workplace Engagement

Introduction

One of our fastest growing and most valuable industries, the technology sector is a vital source of innovation for all businesses. And in an industry centered on information more than physical products, the most essential resource is people. So measuring employee sentiment is just as important as any sales forecast or market evaluation.

We looked at employee survey responses from 14,439 tech employees in a one-year period between April 01, 2015, and April 01, 2016, in order to see how their workforces are faring. Our questions ranged across all dimensions of employee engagement and retention, measuring how workers feel about their companies, managers, and job satisfaction.

To give the data context, we compared these responses to ones from 8,174 tech employees in the period between April 01, 2014, and April 01, 2015. We also pulled responses from 60,983 employees across all other industries in the 2015-2016 period in order to create a benchmark of general employee sentiments.

Here are the key themes we uncovered:

- **Potential for attrition:** When asked if they saw themselves working at the same organization in one year, tech employees respond with lower scores than both the general benchmark and the comparison responses from last year.
- **Company communication:** Tech employees rate their organizations and direct managers well in areas like transparency, but scores are lower when it comes to their understanding of customers.
- **Professional development:** Companies are rated well at supporting their employees' career interests and goals, though the responses also indicate a shortage of resources.
- **A need for feedback:** Tech employees want to have a say, but they don't believe their companies are listening.

The data show some promising trends, as well as red flags for what company leaders need to pay attention to in order to retain their workers and keep them satisfied in the workplace.

Higher Turnover Risk

Most eye-catching and concerning in our findings is how likely employees are to leave their current companies. When asked if they would be at the same company in one year, the tech industry was less likely to say yes than other industries — or the tech industry average from last year.

On a scale of 1 to 10, how likely do you see yourself working here in one year?

Tech industry	7.95
Tech industry (last year)	8.49
Other industries	8.19

Every lost employee exacts a cost on their company. The Society for Human Resource Management finds that the total costs of replacing employees range from 90% to 200% of their annual income. In the tech space, where so much of a company's resources reside in the minds of their employees, this estimate should perhaps be even higher.

In the following sections, we'll look at factors that are potentially contributing to this increased attrition risk.
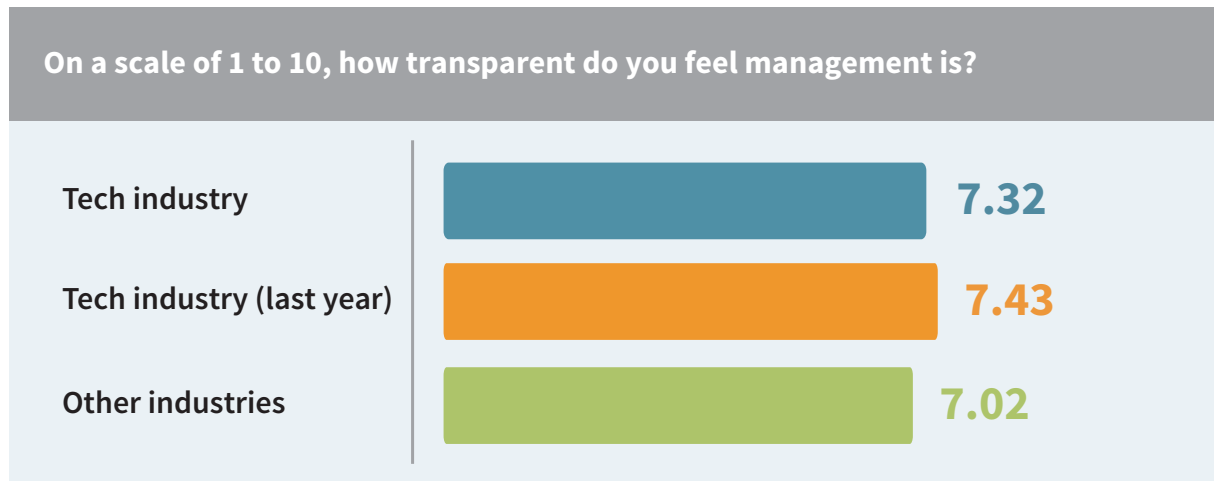
Criticism of the Company

First, the good: when it comes to how well managers and companies as a whole are communicating to their employees, the tech industry is doing well.

Companies are doing a much better job at keeping their workforce informed on organizational performance. After a 20% difference last year, the tech industry is now on par with the overall benchmark.

Do you feel that you have a clear idea on how our company is performing?

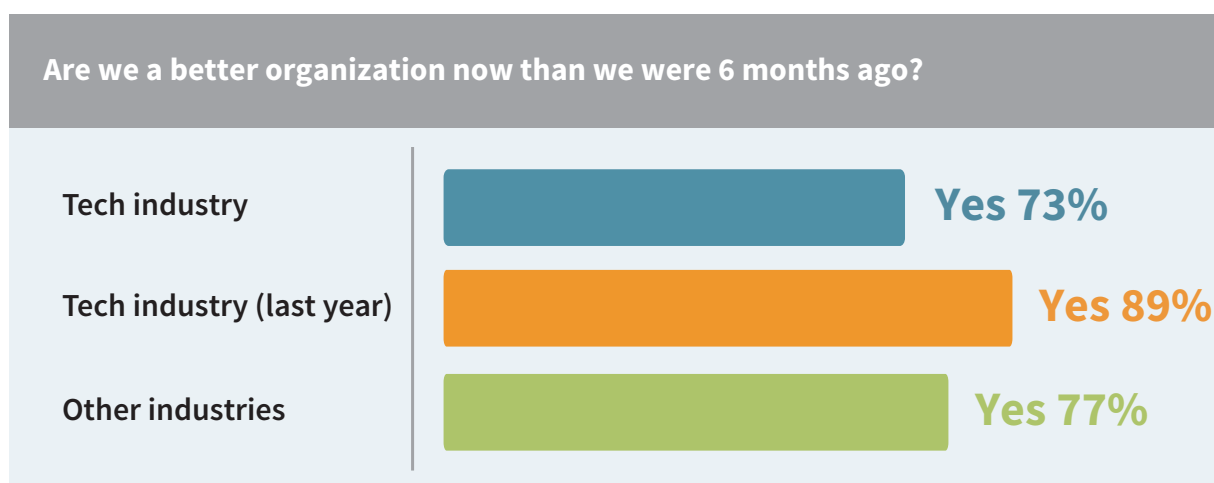|	
Tech industry	Yes 72%
Tech industry (last year)	Yes 53%
Other industries	Yes 74%

While there was a slight decline from last year in terms of management transparency, tech employees still rate their leadership higher than employees in other industries do.

On a scale of 1 to 10, how transparent do you feel management is?

Tech industry	7.32
Tech industry (last year)	7.43
Other industries	7.02

These factors aren't just nice-to-haves; they're need-to-haves. Our research has uncovered that transparency from management correlates extremely highly with employee happiness. Workers who feel left in the dark about their organization's actions or performance suffer a worse workplace experience. In the tech sector, where information is currency, this is paramount.

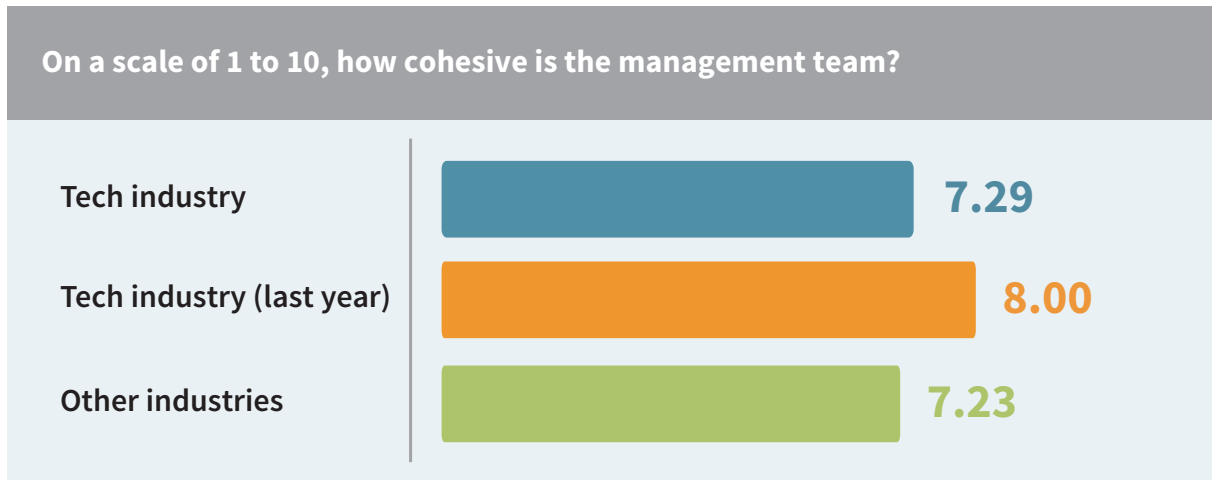Unfortunately, employees' overall opinion of their companies has taken a hit.

Are we a better organization now than we were 6 months ago?

Tech industry	Yes 73%
Tech industry (last year)	Yes 89%
Other industries	Yes 77%

A high-growth industry should be seeing an improvement in this arena — not a decline.

The responses to this question provide one clue about this dip in rating:

On a scale of 1 to 10, how cohesive is the management team?
Tech industry	7.29
Tech industry (last year)	8.00
Other industries	7.23

Despite tech employees having clarity from their company leadership, they aren't necessarily confident in that leadership's cohesiveness. It's no surprise then that their confidence of the company as a whole has dropped.

Employees in this industry also express a lack of confidence in the company's relationships with external stakeholders.

	Tech industry	Tech industry (last year)	Other industries
On a scale of 1 to 10, how happy do you think our customers are?	7.26	7.19	7.56
On a scale of 1 to 10, how in touch is our leadership team with our customers' needs?	7.37	7.88	7.74
Do you feel that we effectively leverage external partners to be more successful?	54%	67%	62%

Overall, it looks like clarity is a relatively strong point in the industry this year. What employees want to see is stronger relationships within their leadership teams and also between the company and outward partners.

Support for Professional Growth

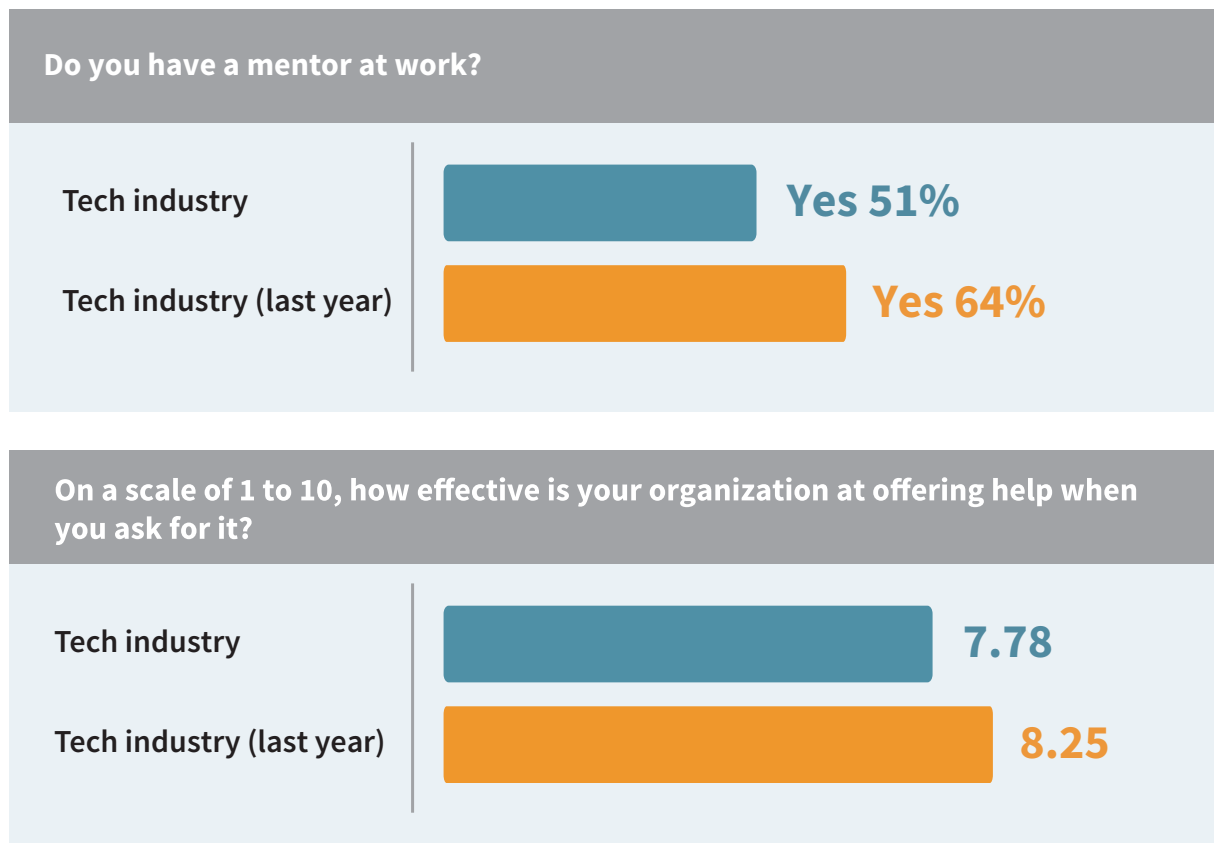When it comes to their own performance, employees are relatively satisfied with their support from

their companies. They are given more recognition for their work and more support for their professional development than both the overall benchmark and last year's tech scores.

	Tech industry	Tech industry (last year)	Other industries
On a scale of 1 to 10, how well does your organization support you in exploring your professional interests and goals?	7.69	7.30	7.58
On a scale of 1 to 10, how well are you recognized when you do great work?	7.38	7.30	7.03

This kind of support is not only motivating, but it also can help with retention. According to Bersin & Associates, companies with highly effective recognition programs have 31% lower voluntary turnover than other companies. So tech companies are doing well in this regard.

On the other hand, here's what's going wrong:

Do you have a mentor at work?

Tech industry	Yes 51%
Tech industry (last year)	Yes 64%

On a scale of 1 to 10, how effective is your organization at offering help when you ask for it?

Tech industry	7.78
Tech industry (last year)	8.25

Tech employees are losing out on resources to assist their continued success. These resources can be material but also, in the case of mentors, about behaviors — for instance, mentors provide everything from career guidance to advocating for promotions.

Employees don't want to be stuck in one position. The only way to keep them engaged is to ensure that they have the space — and the support — to do great work and grow in their position. If employees aren't finding this kind of support available in their workplace, it comes as no surprise that they might consider finding another employer.

Receptiveness to Employee Feedback

Tech employees clearly have things to say about what's going well or poorly in their workplaces. However, they seem to be finding less reception for their input. Rather than increased collaboration, these employees see less partnership with their organizations in this year as compared to the last one.

	Tech industry	Tech industry (last year)
On a scale of 1 to 10, how seriously and effectively does your company take your feedback and suggestions?	7.36	7.58
On a scale of 1 to 10, how open to change are we as an organization?	7.39	8.00

These two metrics go hand in hand. Giving employees a say is only the half of it. There can be major consequences to soliciting feedback and then not taking action. BlessingWhite uncovered the damage that it can do to employee engagement:

- Before surveys are started, 27% of employees are engaged
- If the survey is followed up with action, engagement increases to 47%
- But if the survey is not followed up with action, engagement drops to 24%

Employees in the tech industry aren't just asking for a place to air out their grievances. They're looking to become proactive partners in the workplace, and that means knowing that their input has the potential to make a real impact.

For an industry that relies on innovation, being agile in receiving and responding to feedback is a necessity. Employees need to see that quality within their company, not just in the work the company outputs.

Conclusion

The responses from these employees uncovered weaknesses and areas for improvement in tech organizations. The trends we uncovered can have a major impact in the engagement and retention of this workforce.

Individual tech companies can act on these findings by evaluating where they stand in comparison to the rest of the industry. It's important for organizations to discover if the negative trends revealed here are also affecting their own workforce. Communication and relationships are central to many of these trends, so company leaders can take the first step toward improvement by reaching out to their employees.

The repercussions of tech companies acting — or not acting — on this data could ripple out to their employee performance, engagement, and turnover. For other industries, they will see the results in how well tech companies continue to keep the industry advancing, and enhance the workplace as a whole with its growth and innovation.

Contributors

Cody Likavec - Marketing Data Analyst. B.A. in Statistics, University of South Florida.
Mariuxi Olaya - UX Designer. B.F.A. in Design and Visual Communication, University of Santa Maria.
Dora Wang - Employee Engagement Researcher. B.A. in Creative Writing, University of Washington.
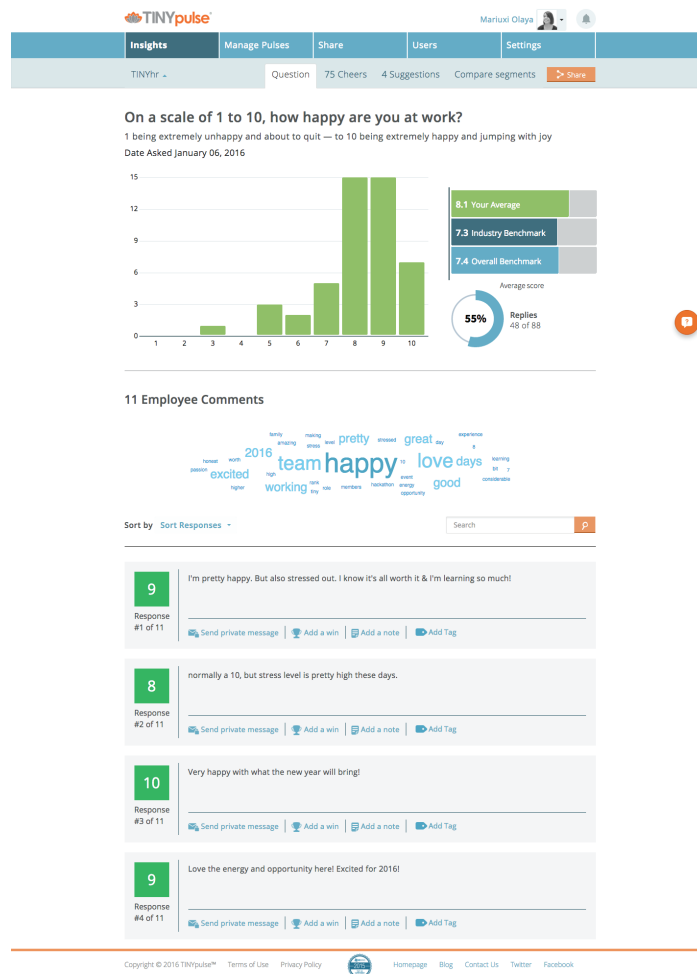
TINYpulse

About TINYpulse

Companies make an effort to consistently track revenue, financial returns, and productivity. But they're forgetting one of the most important aspects of their organization: their people. And that's where TINYpulse comes in.

Our Mission

Founded in 2012, TINYpulse works hard to make employees happy. Our goal is to give leaders a pulse on how engaged or frustrated their employees are, helping managers spark dialogue that results in organizational change.

What We Do

We believe that information empowers leaders to create an engaging work environment and culture where people can thrive. Here is how we do that:

- **Pulsing surveys:** Our weekly pulse survey measures employee engagement using just one question. TINYpulse is a lightweight solution that captures anonymous feedback from your team to reveal insights, trends, and opportunities so you can improve retention, culture, and results.

- **Peer-to-peer recognition:** TINYpulse's Cheers for Peers™ peer-to-peer recognition tool captures the appreciation, extra effort, and little things that are often overlooked by leaders. Peers can easily send a quick shout-out to their colleagues to brighten up their day—because a little recognition goes a long way.

- **Virtual suggestions:** Our virtual suggestion box lets employees have direct input on how to improve the workplace. The anonymous format makes employees feel comfortable being honest and offering actionable ideas to improve their workplace.