

# The State of Employee Engagement in 2019

Leverage leadership  
and culture to maximize  
engagement



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## Executive Summary

Employee engagement continues to be a primary organizational and human resources (HR) concern. As a result, many employers are collecting, analyzing and acting on engagement data. To give HR professionals a point of reference, HR.com has conducted its second annual study on the state of employee engagement.

The main goals of this study were to:

- Gather information on engagement levels and current practice
- Gauge how effective engagement programs are
- Glean some insights on what has led to more successful engagement programs

### About this Survey

The survey, called “The State of Employee Engagement”, ran in the first quarter of 2019. There were responses from 532 participants with 414 responding to every question.

The majority of the respondents are HR professionals based in the United States, and the participants represent a broad cross-section of employers by number of employees, ranging from small businesses with under 50 employees to enterprises with 20,000 or more employees. Just over 40% of respondents represent organizations with 500 or more employees.



Here are some top-level findings from our report

**Major Finding One:** *Attaining high employee engagement levels continues to be a challenge.*

- Only 44% strongly agree or agree that employees in their organization give discretionary effort, suggesting most organizations need substantial help in this area.
- Most participants believe that fewer than 70% of their employees are engaged. This is particularly noticeable in mid-sized organizations, where only 14% report that more than 70% of their workforce is engaged.

**Major Finding Two:** *Leaders and immediate supervisors make the biggest difference in engagement.*

- More than anything else, leadership and the immediate supervisor drive employee engagement. Over 80% of HR professionals link engagement to trust in leaders.
- Overall, only 29% of all HR professionals say their organizations have leaders who prioritize engagement.
- Highly engaged organizations are three times as likely to have senior leaders who prioritize employee engagement, when compared to organizations with lower engagement.
- Respondents from highly engaged organizations are much more likely to instill good leadership behaviors, compared to those who are less engaged: 58% versus 33%.
- HR professionals are most likely to view immediate supervisors and leaders as being responsible for engagement, and only 33% suggest HR has a very high degree of responsibility for engagement.

**Major Finding Three:** *Engagement might be improved through more frequent measurement, better employee recognition, greater career growth opportunities, and more HR involvement.*

- Highly engaged organizations are more likely than other organizations to measure engagement, and they are more likely to measure it more than once a year.
- Highly engaged organizations are far more likely to recognize employees for a job well done. While 71% of highly engaged organizations recognize employees for a job well done, the same is true for only 41% of less engaged organizations.
- Providing career growth opportunities is a major differentiator between highly engaged organizations and others. Only 15% of less engaged organizations provide career growth opportunities to a high or very high degree, compared to 44% of highly engaged organizations.
- HR is more likely to be strongly involved in employee engagement initiatives in highly engaged organizations. HR is highly or very highly involved in employee engagement in about three-quarters of highly engaged organizations, compared to about half in other organizations.



**Major Finding Four:** *Engagement is still widely viewed as being linked to overall company performance.*

- Over 90% believe there is solid evidence linking engagement to performance, and they believe it has the strongest impact on customer service and productivity.
- Highly engaged organizations are more than twice as likely to report being top financial performers in their industries.

## What Is Employee Engagement?

**Finding: Over three-quarters of HR professionals agree that employee engagement is both an emotional commitment and a willingness to give one's best at work**

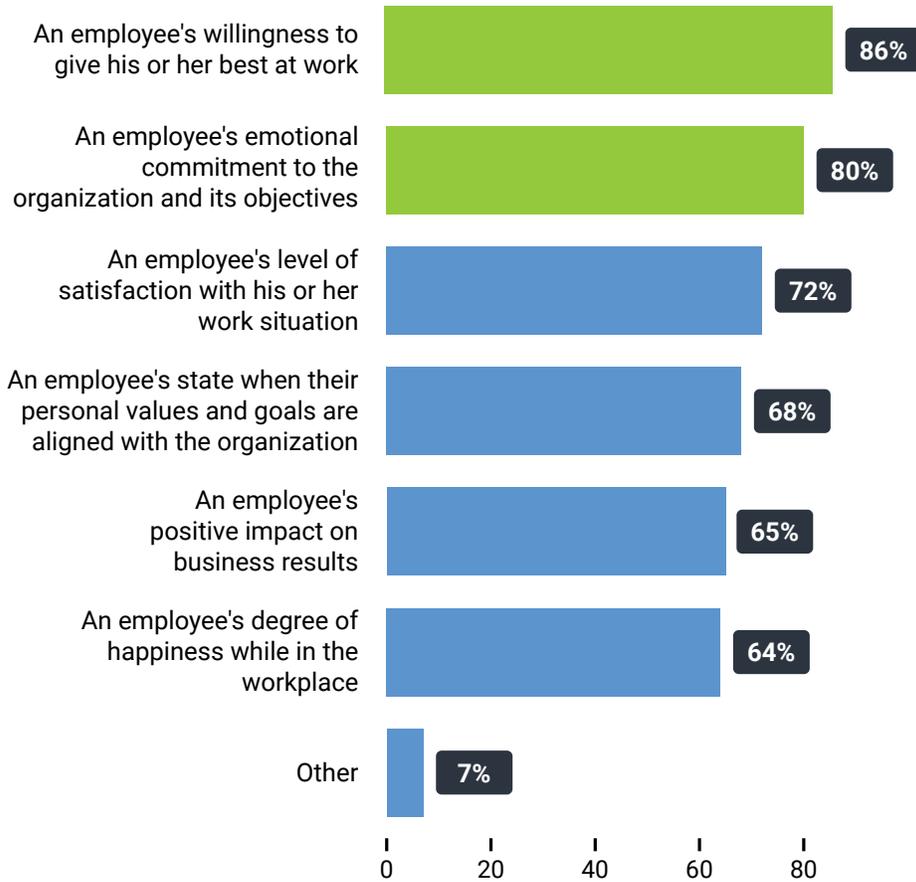
We were interested in understanding how HR practitioners define engagement. In the study, participants were provided a number of definitions to choose from. Each definition is commonly associated with engagement but is not necessarily an ideal definition of engagement. For example, 72% say that a valid definition of engagement is “an employee’s level of satisfaction with his or her work situation.” Some engagement experts would disagree that this is a valid definition, but the fact that a high number of respondents identify it demonstrates that many HR practitioners have an inclusive rather than exclusive view of engagement.

Fully 86% of HR professionals say, however, that engagement can be defined as “an employee’s willingness to give his or her best at work,” and 80% say it is “an employee’s emotional commitment to the organization and its objectives.” These tend to be more conventional definitions of engagement, so it is heartening that they are so widely chosen.

So, why would there be so much variation in how HR practitioners define engagement? There are a variety of possible reasons for that:

- Professional associations, vendors and academic institutions often seek to differentiate themselves from others with their own interpretations, and definitions change as the body of knowledge grows.
- Every organization has its own culture and language.
- Although managers tend to like short but precise definitions, human motivation and behavior are complex.

**Survey Question:** Which of the following do you consider valid definitions of employee engagement? (Select all that apply)



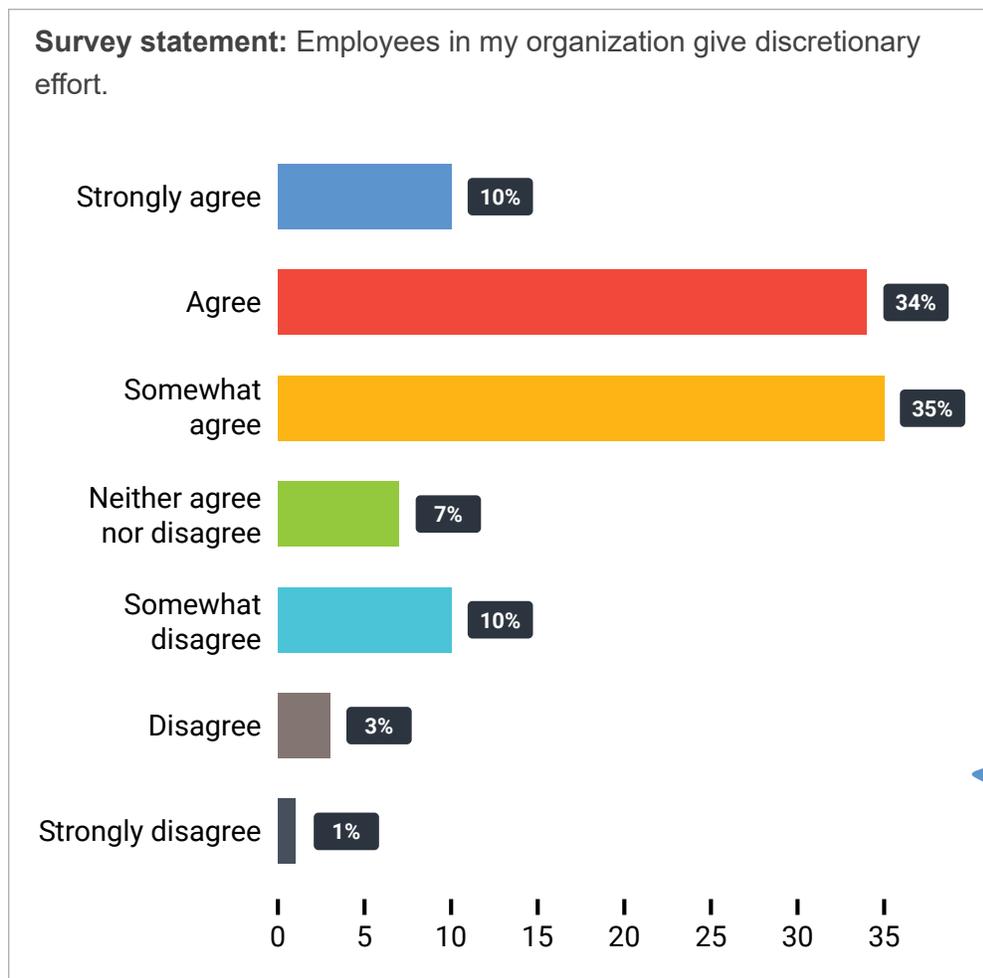
About two-thirds of HR professionals see engagement in terms of an employee having a positive impact on business results



## How Engaged Are Today's Employees?

**Finding: Only 44% agree or strongly agree that employees in their organization give discretionary effort**

Our research explores HR professionals' opinions on the current state of employee engagement in their organizations. Based on the previous finding, engagement is most widely viewed as occurring when an employee gives his or her best at work. This can also be called discretionary effort. In this study, we asked participants about the degree to which employees put forward such effort. Only 10% strongly agree that their employees do, with another 34% agreeing. This indicates that most employers still face employee engagement challenges. On a more positive note, few (14%) went so far as to strongly disagree, disagree or somewhat disagree with the statement that employees give discretionary effort.



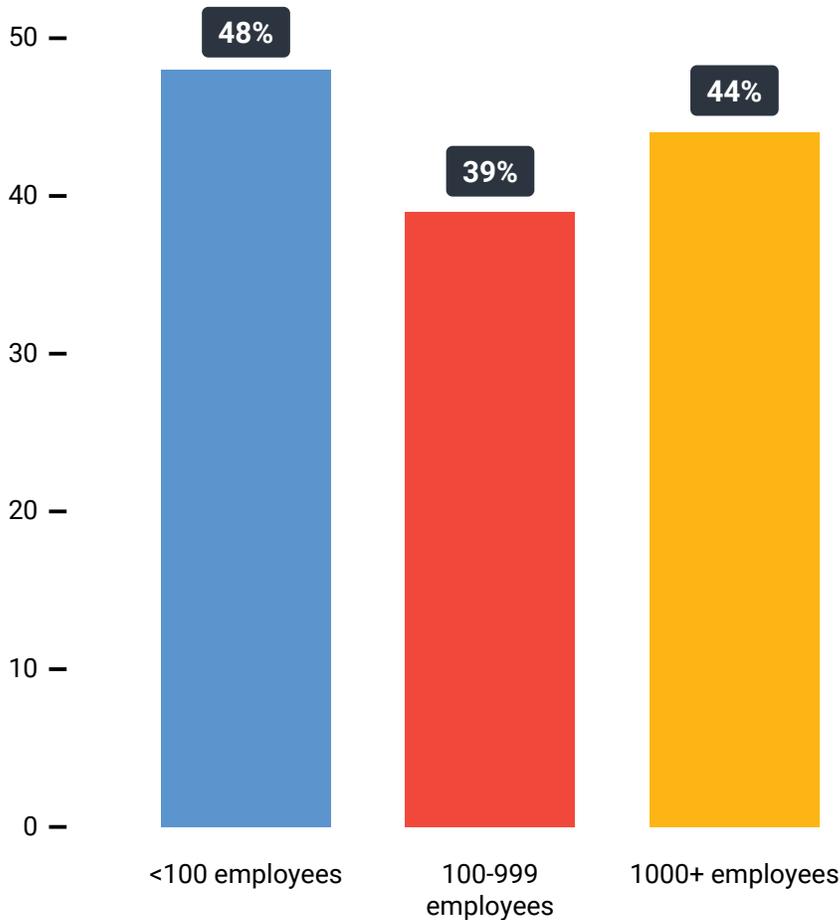
Fewer than 5% of HR professionals disagree or strongly disagree that their employees give discretionary effort

**Finding: Small organizations are somewhat more likely than large or mid-sized ones to have employees who give discretionary effort**

Nearly half of small organizations agree or strongly agree that their employees give discretionary effort. Mid-sized organizations are least likely to have employees who give discretionary effort (39%).



**Survey statement:** Employees in my organization give discretionary effort. (% agree or strongly agree)

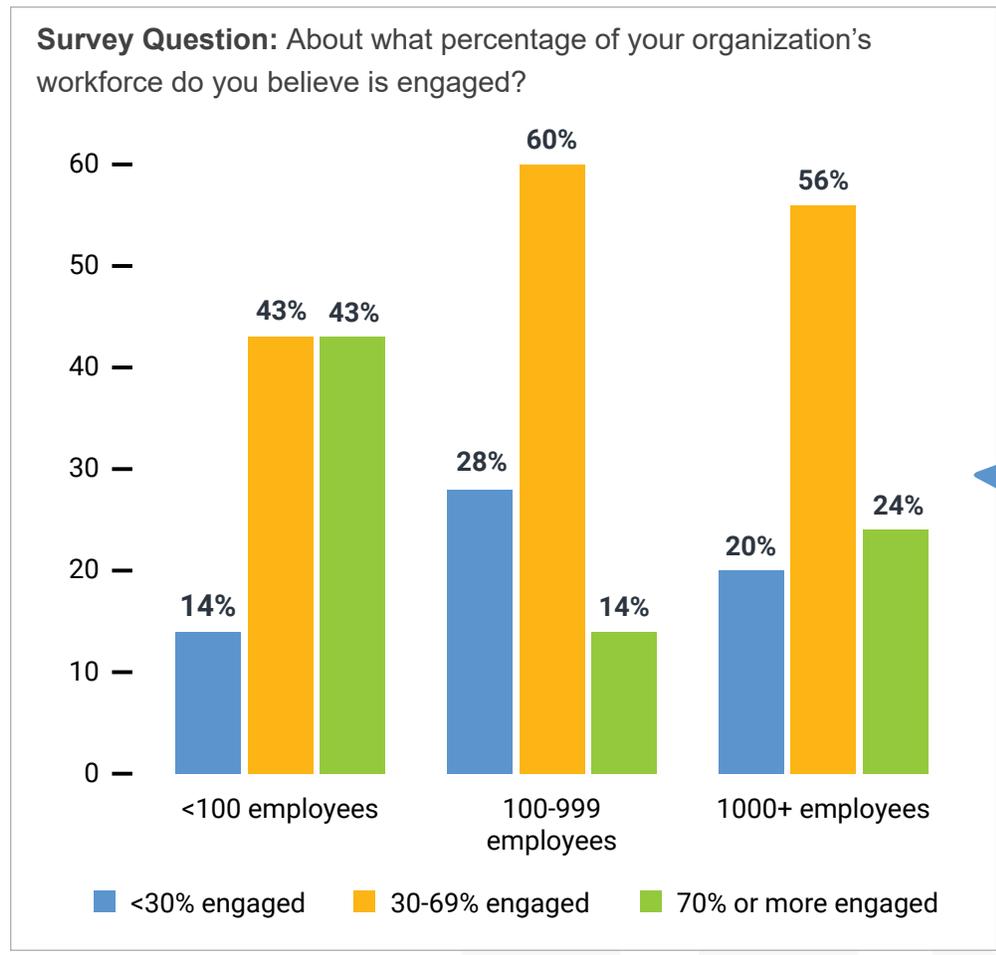


Just two-fifths of mid-sized organizations have employees who give discretionary effort

**Finding: Small organizations are more likely than large or mid-sized ones to say that 70% or more of their employees are engaged**

In any organization, some employees will be more engaged than others. With this in mind, we asked what percentage of employees are engaged. It turns out HR professionals tend to believe that large swaths of their organizations are not engaged. Like the discretionary effort question, this one also indicates that most employers could be doing much better in the area of employee engagement.

The results vary significantly by size of organization. Mid-sized organizations are most likely to have problems with engagement, as more than one-quarter say fewer than 30% of their employees are engaged. Small organizations are most likely to have good results; over two-fifths say that more than 70% of their employees are engaged.

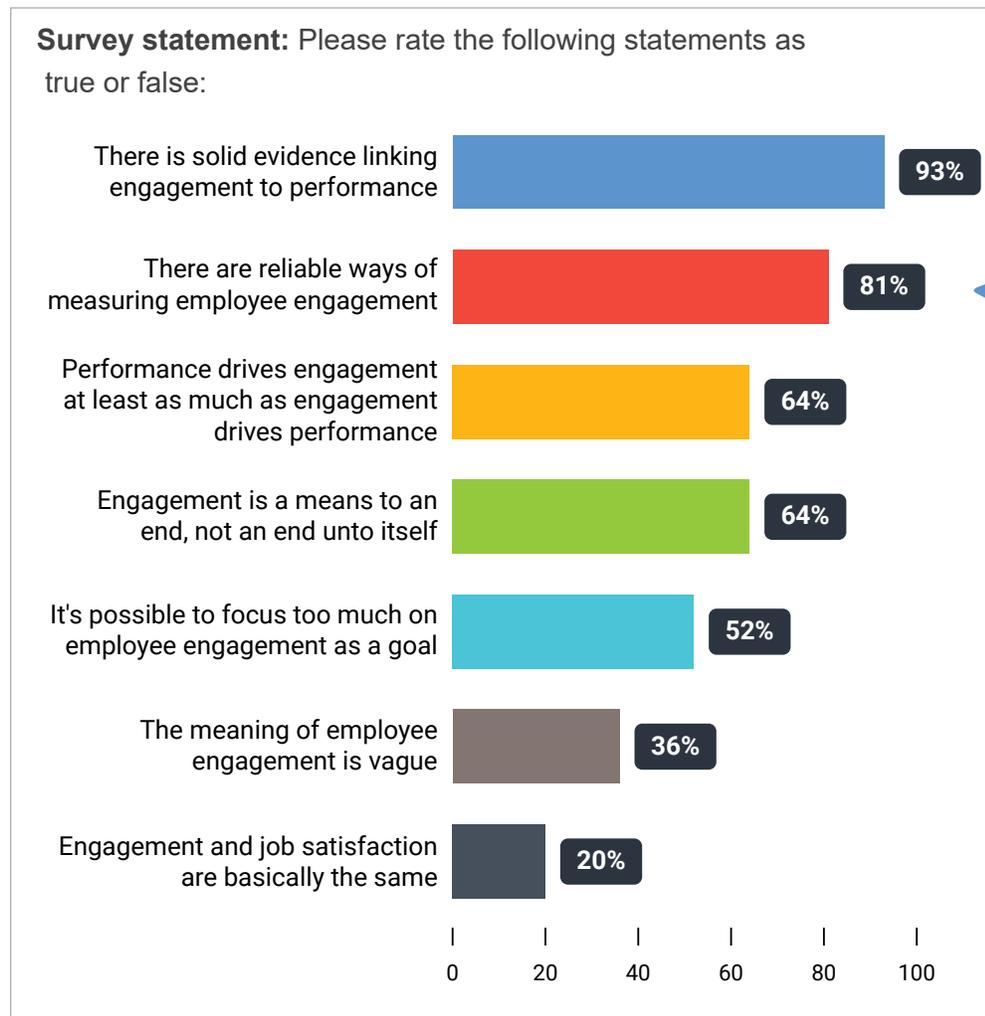


Generally speaking, larger organizations tend to enjoy higher employee engagement than mid-sized ones

## What Is the Impact of Engagement?

**Finding: Over 90% of HR professionals believe there is solid evidence linking engagement to performance**

As we've seen, many organizations are experiencing low employee engagement rates. Is that because they do not believe engagement has a significant impact on organizational performance? No. In fact, this study indicates that there's wide agreement that it has a high impact on performance. Over 20 years, a variety of studies have revealed that there's a correlation between employee engagement and organizational performance. For many, the real question is whether engagement actually drives performance or is just associated with it (e.g., because similar organizational factors drive both performance and engagement).



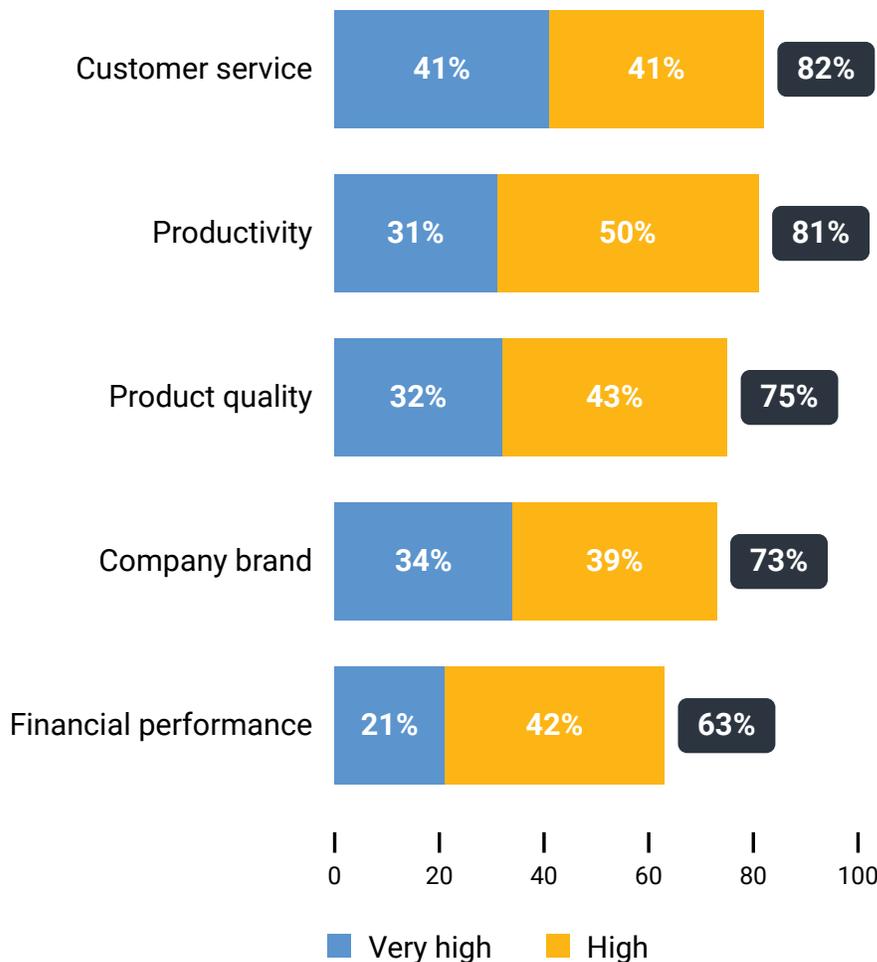
Most HR professionals believe there are reliable ways of measuring engagement

**Finding: Engagement has the biggest impact on customer service**

HR professionals tend to believe that engagement has a positive impact on a number of performance indicators. Customer service is the area most commonly identified as having a very high impact. If we add *high* and *very high* impact, then productivity is nearly as impactful. Overall, HR professionals tend to believe that employee engagement has a positive impact on a variety of issues.



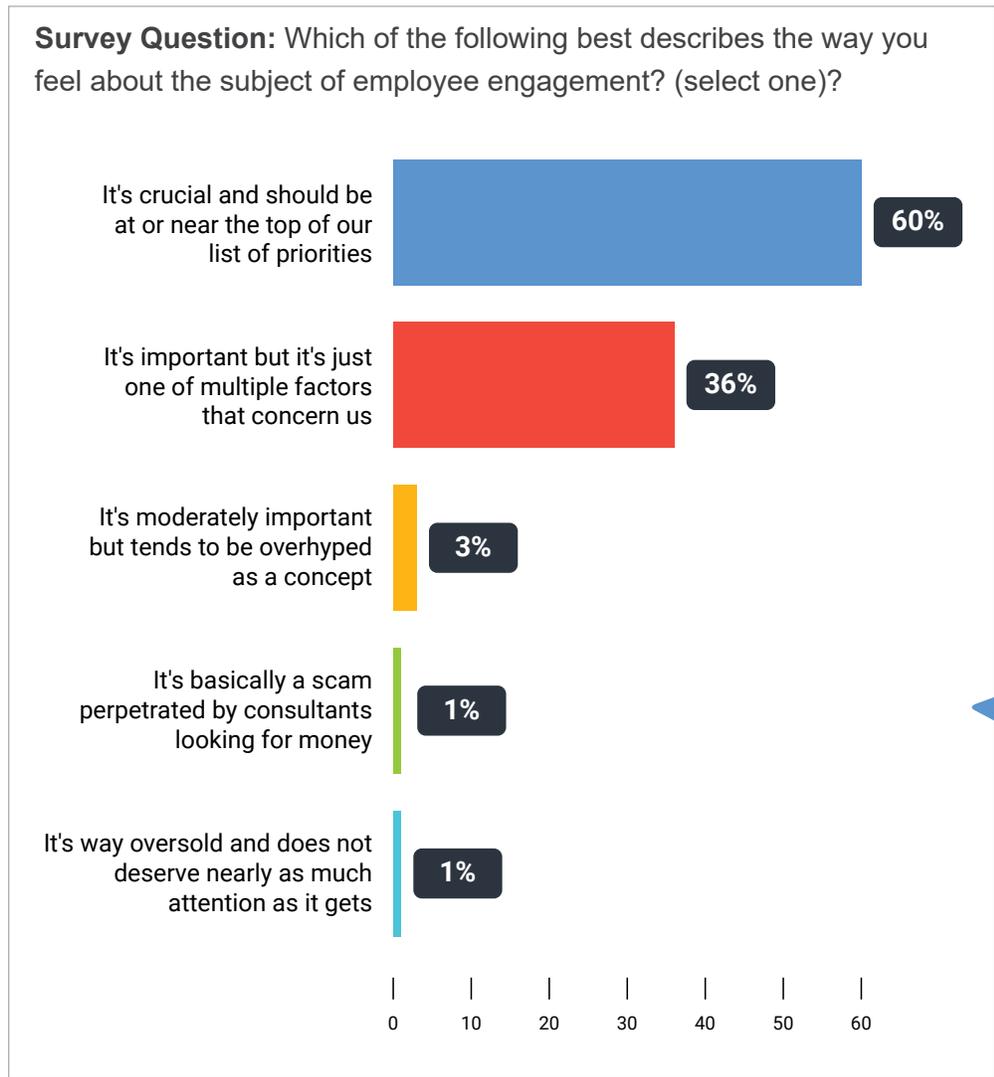
**Survey Question:** In your organization, to what degree do higher rates of engagement have a positive impact on the following areas?



Over 40% of HR professionals say employee engagement has a very high impact on customer service

**Finding: Most HR professionals (60%) feel employee engagement should be at or near the top of their list of priorities**

The emphasis HR typically places on engagement is backed by an honest belief that it matters. Ninety-six percent feel engagement is crucial or important. HR leaders should check to see if their belief in the importance of engagement is shared by management. If managers don't believe in the importance of engagement, then that will limit HR's ability to improve it.



Only 5% of HR professionals say employee engagement has been overhyped, oversold or is a scam

## What Drives Engagement?

**Finding: More than anything else, leadership and immediate supervisors drive employee engagement**

Around 80% of respondents believe engagement is highly linked to trust in leadership and the relationship with the immediate supervisor. However, the importance of these two factors should not overshadow the other contributors such as a sense of purpose and organizational culture, both of which are seen as highly linked to engagement by about three-quarters of participants.



**Survey question:** Which of the following factors are most highly linked to employee engagement in your organization? (Select all that apply)



## Finding: HR professionals are most likely to view immediate supervisors and leaders as being responsible for engagement

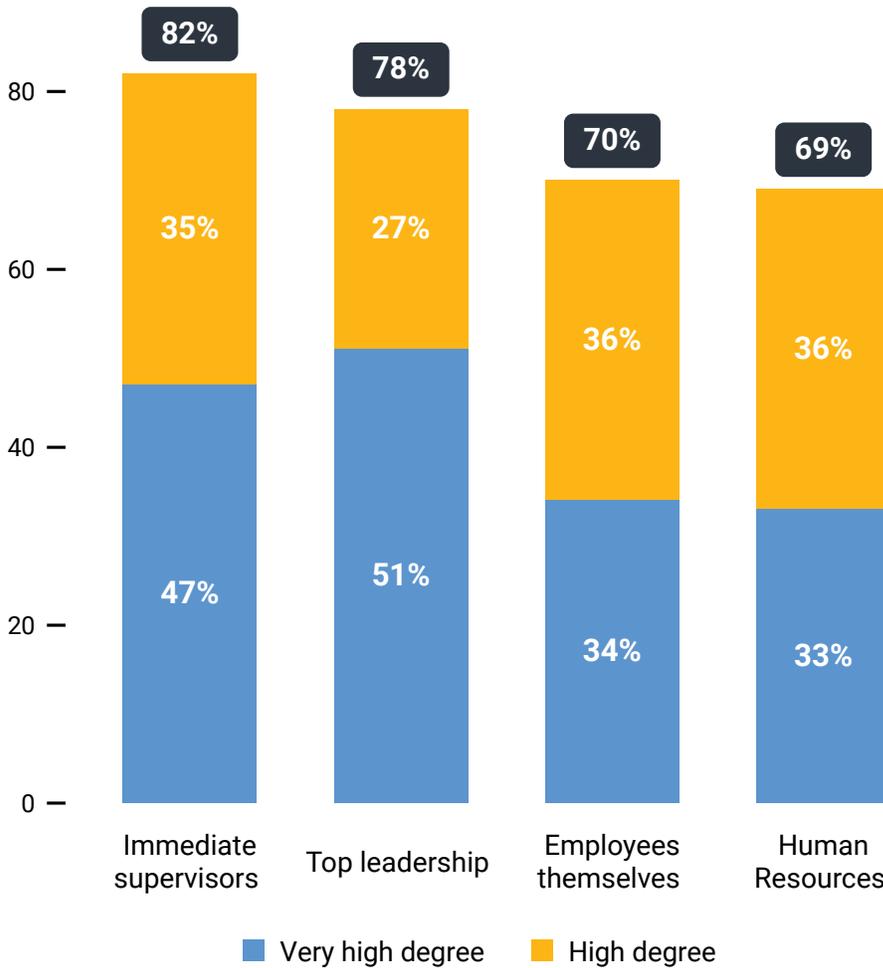
Another survey finding supports the notion that leaders and supervisors bear most of the responsibility for improving employee engagement. What's interesting is that top leaders bear about the same responsibility as immediate supervisors, which challenges some of the conventional wisdom in the area of engagement. Typically, managers say that employees do not leave jobs; they leave bosses. But that only scratches the surface. Employees need to feel not only that they have an environment where they can thrive but that their top leaders are taking the organization and its people in the right direction.

HR professionals, however, view themselves as bearing less responsibility than leaders or employees themselves. Why? It's probably because they are not directly overseeing employees. On the other hand, HR professionals are often in charge of conducting organizational climate surveys and running programs that influence engagement.

It's also worth noting that 70% of respondents say employees bear a high or very high degree of responsibility for engagement. This result points to the need for a culture that emphasizes individual responsibility, and that in turn presumes a degree of empowerment. It also points to the importance of hiring people who are likely to be engaged.



**Survey Question:** To what degree are the following groups responsible for employee engagement in your organization?



Just one-third of HR professionals say HR departments bear a very high degree of responsibility for employee engagement

## How Do Organizations Measure Engagement?

### Finding: Just over half of organizations measure engagement

If employee engagement is closely related to organizational performance, it follows that measuring it and finding ways to improve it should be a priority for a large majority of companies. In fact, however, only slightly more than half of respondents say their organizations measure engagement. On the other hand, if we focus in on large organizations, we find that most (72%) do.

Why don't more organizations measure engagement? Leaders of smaller organizations may feel that they are in touch with their employees and do not need surveys or other measurements to tell them what they already know. Others may feel that engagement is low and do not want to call attention to it.



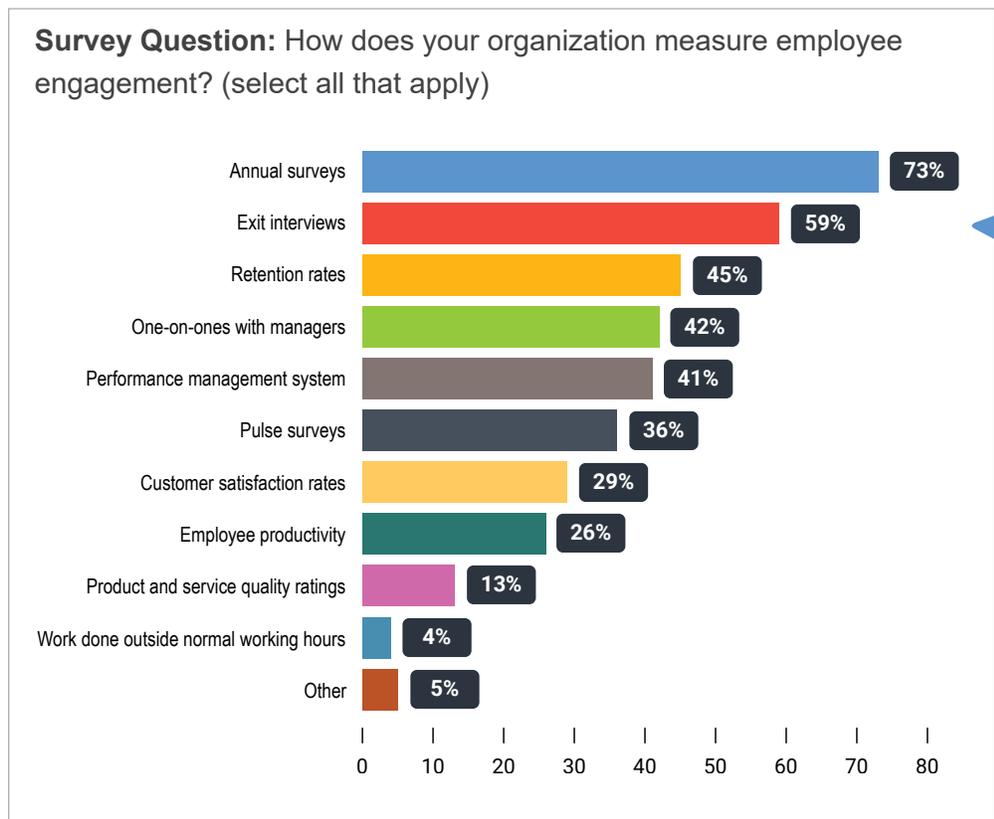
Almost three-quarters of large organizations measure engagement

**Finding: Conducting formal surveys is still the go-to method of measuring engagement**

Employee surveys have been with us since the 1930s, and they have a long history of both use and misuse. An annual survey can be a very useful and organization-changing tool if used correctly, but they often try to capture too much data all at once. In reality, it can take months to analyze and formulate a response to the findings. By that time, the silence may have already left employees wondering if anybody cares.

Organizations are experimenting with new ways to acquire more frequent and better-focused employee feedback. The use of more frequent surveys is receiving much attention, but organizations must find the right balance. They don't want to cause survey fatigue. Trying to perfect this is an area of experimentation and innovation in some of today's organizations.

The 5% of organizations that answered "Other" use a variety of measurement methods such as 360-degree assessments, stay interviews, and employee usage of internal social media.

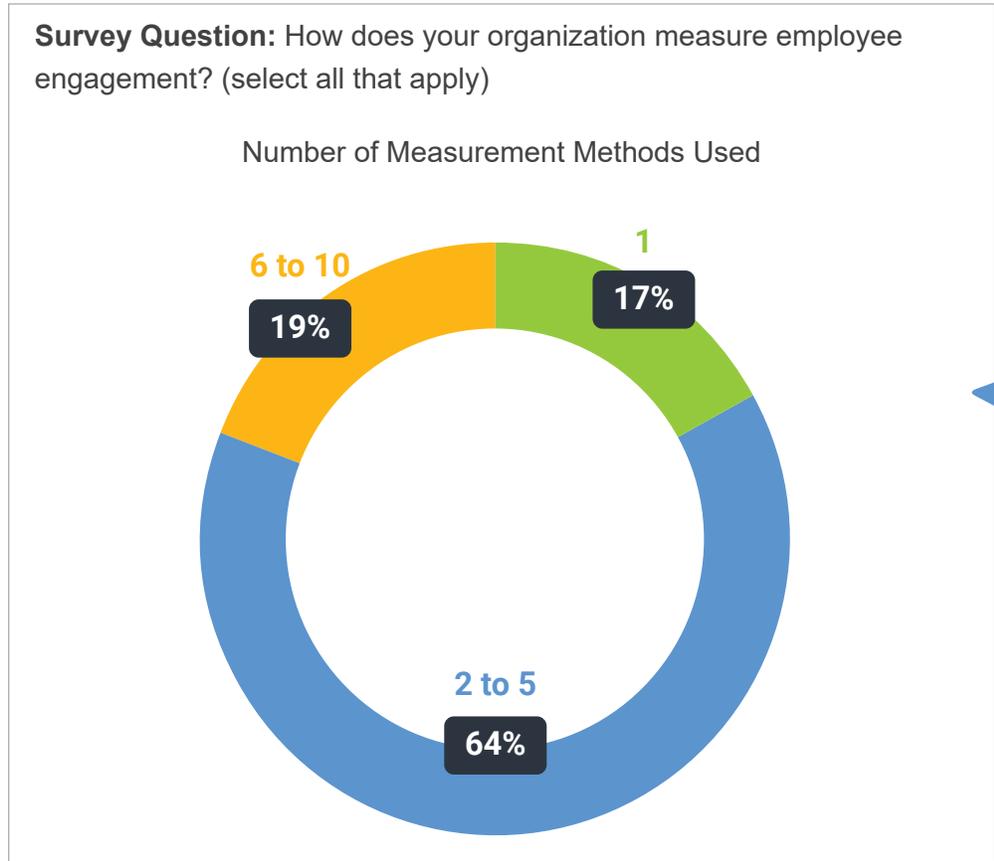


Almost 60% of organizations use exit interviews to measure engagement

**Finding: Of those that measure engagement, most (83%) use multiple methods**

Many organizations use multiple measurement methods to assess engagement. In general, the more angles one has on the topic of engagement, the more likely one is to have an accurate picture of the situation. That said, we find the use of exit interviews troubling. Although they can capture valuable data, they are difficult to administer in a way that will make a departing employee comfortable with being truthful. We recommend thorough validation before using them to gauge engagement.

Some companies are beginning to experiment with continuously assessing engagement, sometimes by using an artificial intelligence (AI) to monitor sentiment in emails. Privacy is an obvious concern, and some vendors offering these AI tools indicate that they spend as much effort on protecting privacy as they do on assessing engagement. This approach is clearly experimental but could lead to an easy and accurate way to continuously monitor some of the dimensions of engagement.

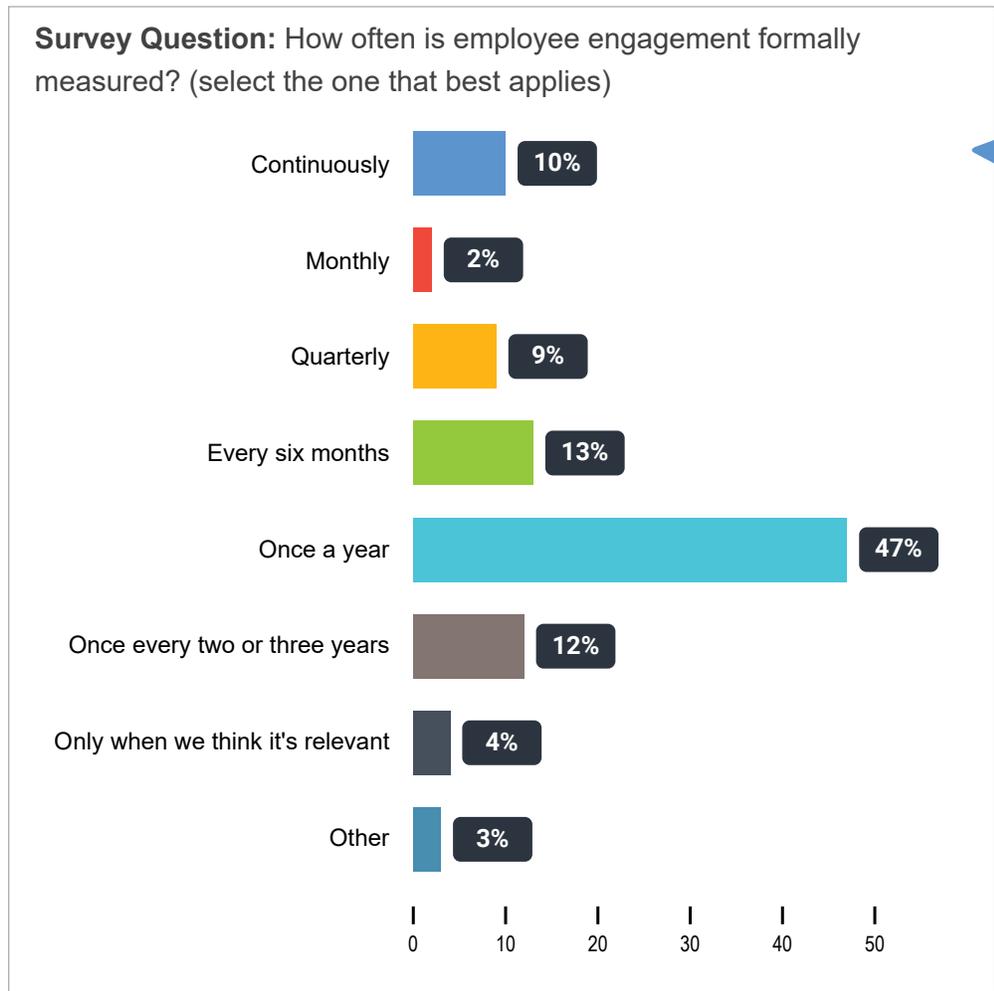


Only 17% of organizations that measure engagement rely solely on a single measurement method

**Finding: Of those organizations that measure engagement, well over half do it annually or less frequently**

In recent years, there have been more stories about how many organizations are moving toward more frequent employee engagement measurement methods. The theory behind this trend is that engagement is not a constant that we can capture in a once-a-year snapshot. It fluctuates for every individual over time.

Indeed, some organizations have moved in this direction. Ten percent of HR professionals say their organizations measure engagement continuously, and nearly a quarter of respondents measure it monthly, quarterly, or every six months. However, this still means that well over half of respondents measure it once a year or less often. In other words, the trend toward frequent measurement of engagement is still not a mainstream one.



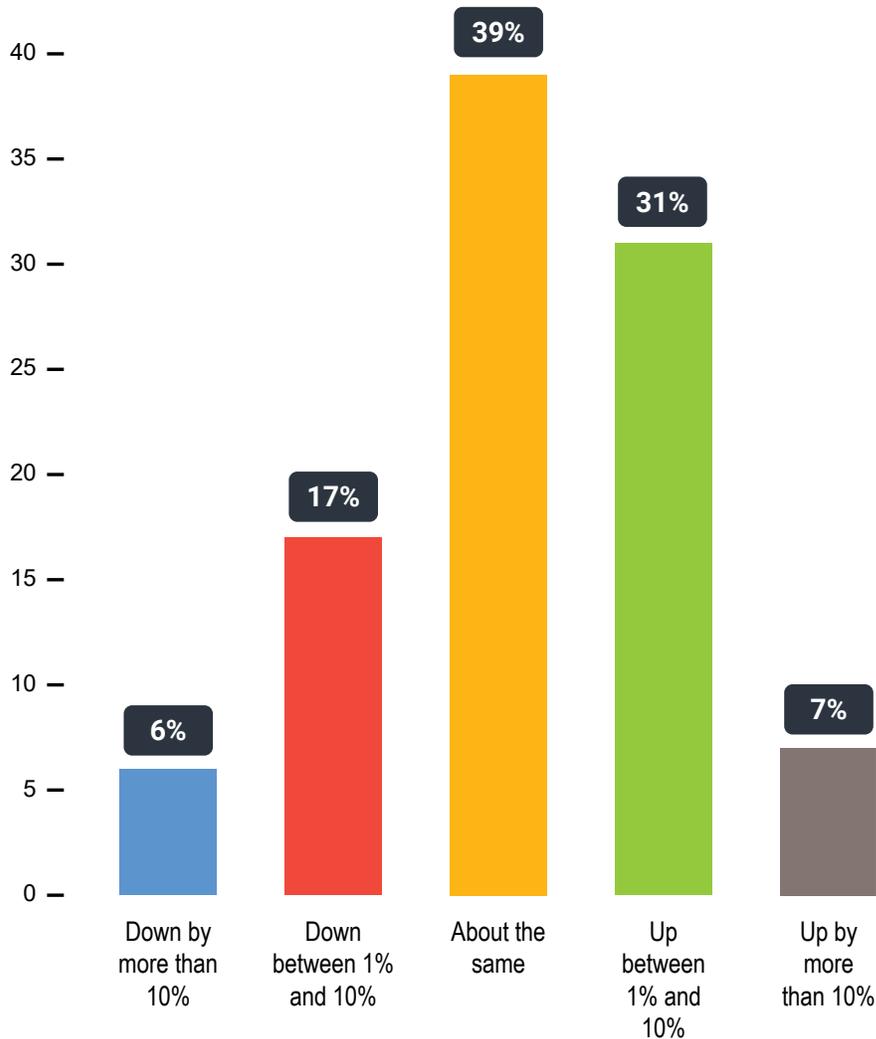
**Few organizations (10%) measure engagement continuously**

### Finding: Almost a third of organizations have seen engagement improve by 1% to 10%

One of the more positive findings in this study is that, on balance, organizations have been more likely to see engagement improve (38%) than decline (23%)—the remaining 39% felt engagement stayed the same. Of course, a less optimistic way of looking at this data is that a majority of respondents (62%) believe that engagement in their companies has either been stagnant or declined.



**Survey Question:** Based on your metrics, how has the level of employee engagement changed over the last two years?



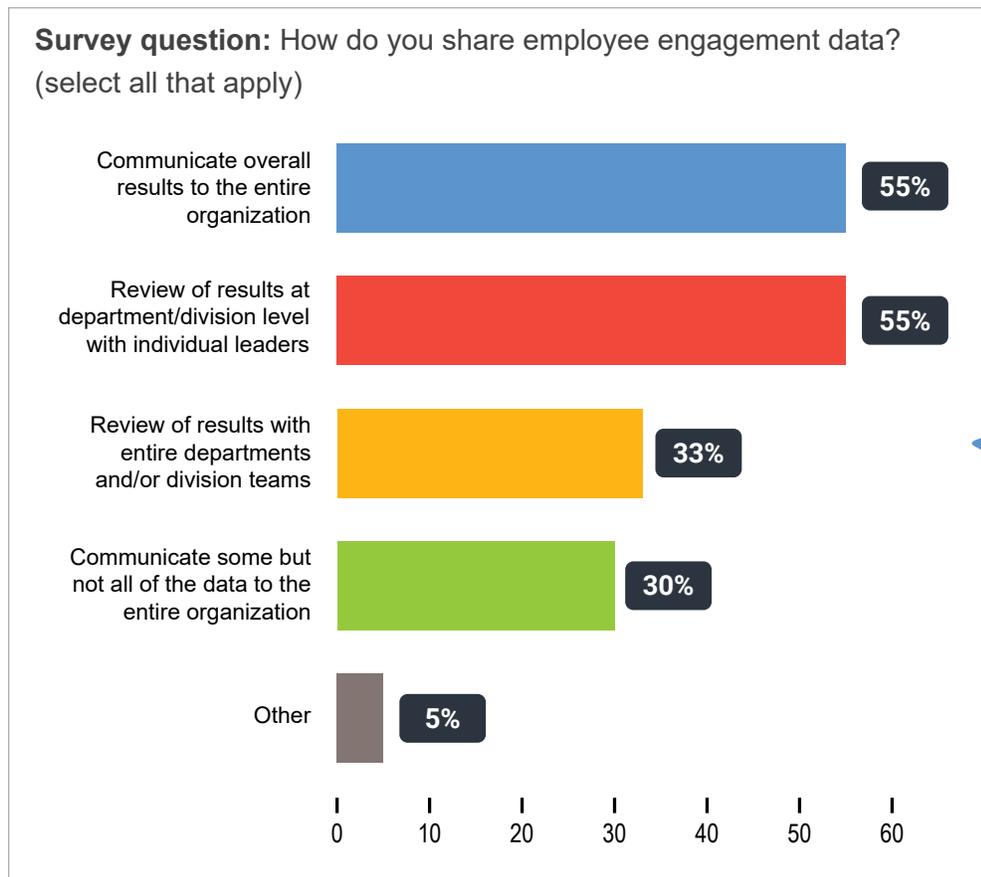
A small slice of organizations (7%) have seen engagement levels move up by more than 10%

## How Do Organizations Respond to Engagement Metrics Data?

**Finding: Most organizations (55%) share engagement results with the entire organization**

Sharing the results of employee surveys is essential to building trust in the organization and its leaders. Whether you share feedback—and how you share it—can have an effect on organizational culture.

Just over half of the participants said their organizations communicate results to the entire organization. Fewer, however, review results with entire departments or division teams. Since, as this study shows, engagement is largely driven by immediate supervisors, this may be something more organizations should consider. The trick is to communicate wisely and effectively. Determining how best to do this is HR's opportunity to influence two-way communication in the organization.



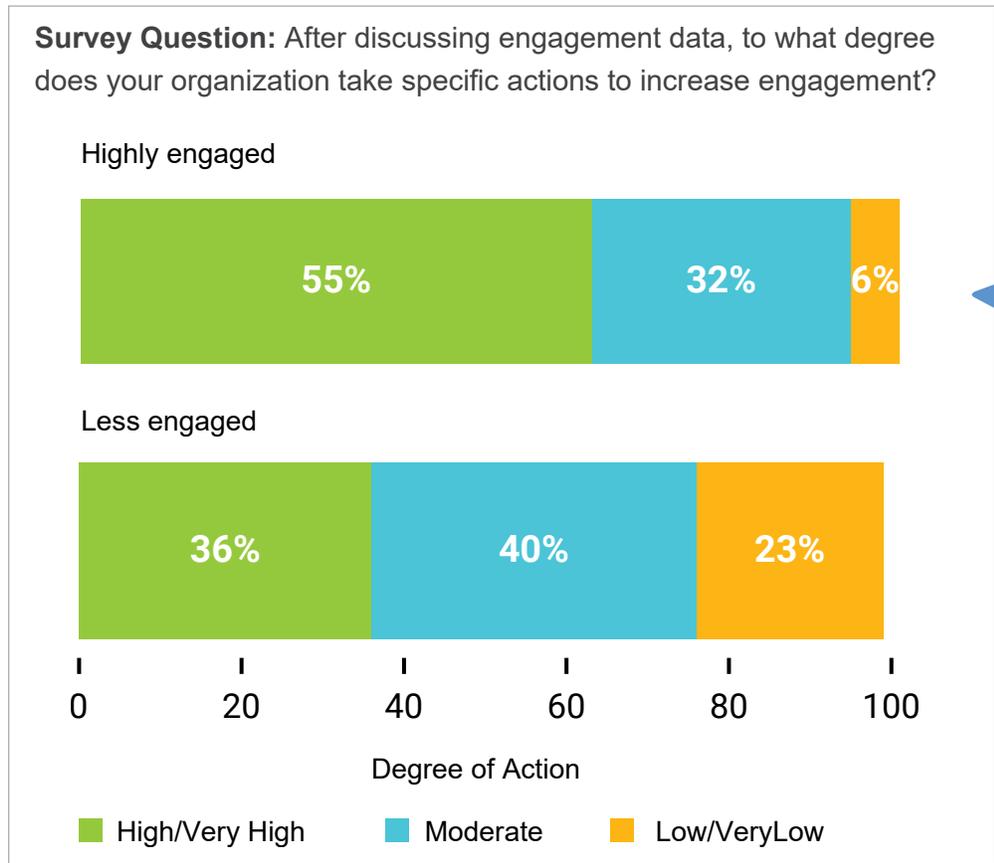
Only 33% of HR professionals say their organizations review results with entire departments or division teams

**Finding: Less engaged organizations are less likely to take specific and forceful actions based on the engagement data**

Highly engaged organizations are more likely to take specific actions to boost engagement after engagement data are discussed within the company. Whereas 63% of highly engaged organizations take such actions to a high or very high degree, the same is true for only 36% of engaged organizations.

Why? Perhaps there is a disconnect between HR and business leaders in less engaged organizations. If HR conducts an engagement survey and leaders do not act on it, then engagement may become worse than if the survey never happened.

Most of the responsibility for action on engagement rests on senior leaders and immediate supervisors. Without communication and follow-up, the result will be low trust in top leaders, frustrated supervisors, and disengaged employees – and, as we have seen, lower organizational performance.



It's rare (6%) for highly engaged organizations not to act on engagement data

## How Can HR and Management Influence Discretionary Effort?

As part of the analysis process, respondents were divided into two cohorts:

- **Highly engaged organizations:** These are organizations where HR professionals agree or strongly agree that employees in their organization give discretionary effort, which is the level of effort above and beyond the minimum required to get the job done.
- **Less engaged organizations:** These are organizations where HR professionals neither agree nor disagree, somewhat disagree, disagree or strongly disagree that employees in their organization give discretionary effort, which is the level of effort above and beyond the minimum required to get the job done.

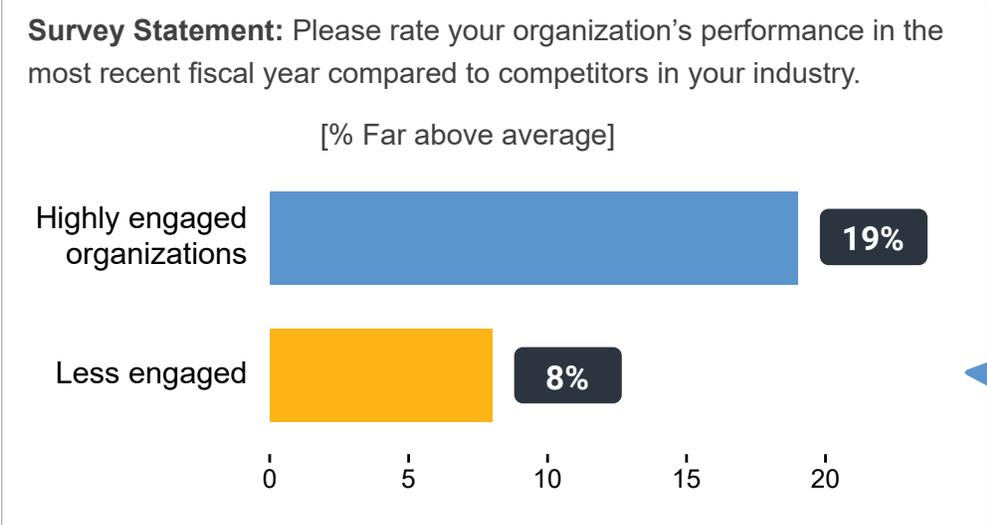
Comparing these two cohorts provides insights into what actions might influence discretionary effort.

### Finding: Highly engaged organizations are more than twice as likely to be top financial performers in their industries

Perhaps before one asks how to improve discretionary effort, it is worth asking if discretionary effort matters. The data implies it does. The survey asked respondents about how they fared in terms of performance in their most recent fiscal years. Among highly engaged organizations, 19% report having far above average performance compared to competitors in their industries. Among less engaged organizations, the number was only 8%.

Although this relationship between discretionary effort and financial performance may not be causative, it does lend some support to the view of many HR professionals that there is a causal chain leading from engagement to discretionary effort to financial performance.





Only 8% of organizations with less engagement have "Far above average" financial performance

**Finding: Highly engaged organizations are more likely to measure engagement**

The value of measuring engagement shows up in the fact that highly engaged organizations are more likely to measure engagement than those that do not. This finding also reinforces the hypothesis that there is a causal link from measuring engagement to managing engagement to improved discretionary effort.

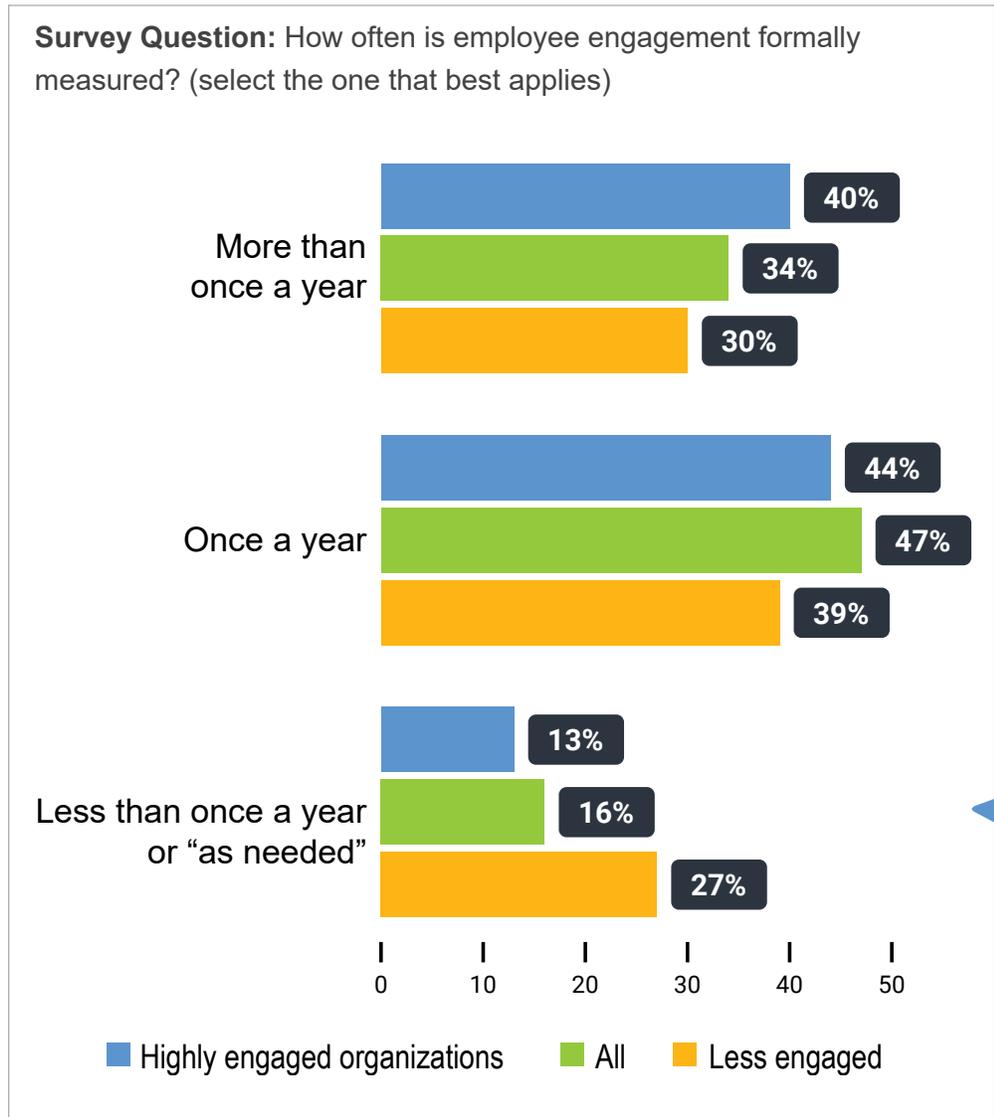


Fewer than half of organizations with less engagement measure engagement

**Finding: Highly engaged organizations are more likely than other organizations to measure engagement more than once a year**

Not only is measuring engagement associated with discretionary effort, measuring it often is associated as well. Highly engaged organizations are more likely than other organizations to measure engagement more than once a year, and less likely to measure it less often than once a year.

It appears that the greater the focus on engagement, the more likely the organization is to get discretionary effort from employees. Over one-quarter of less engaged organizations measure engagement less often than once a year or “as needed”.

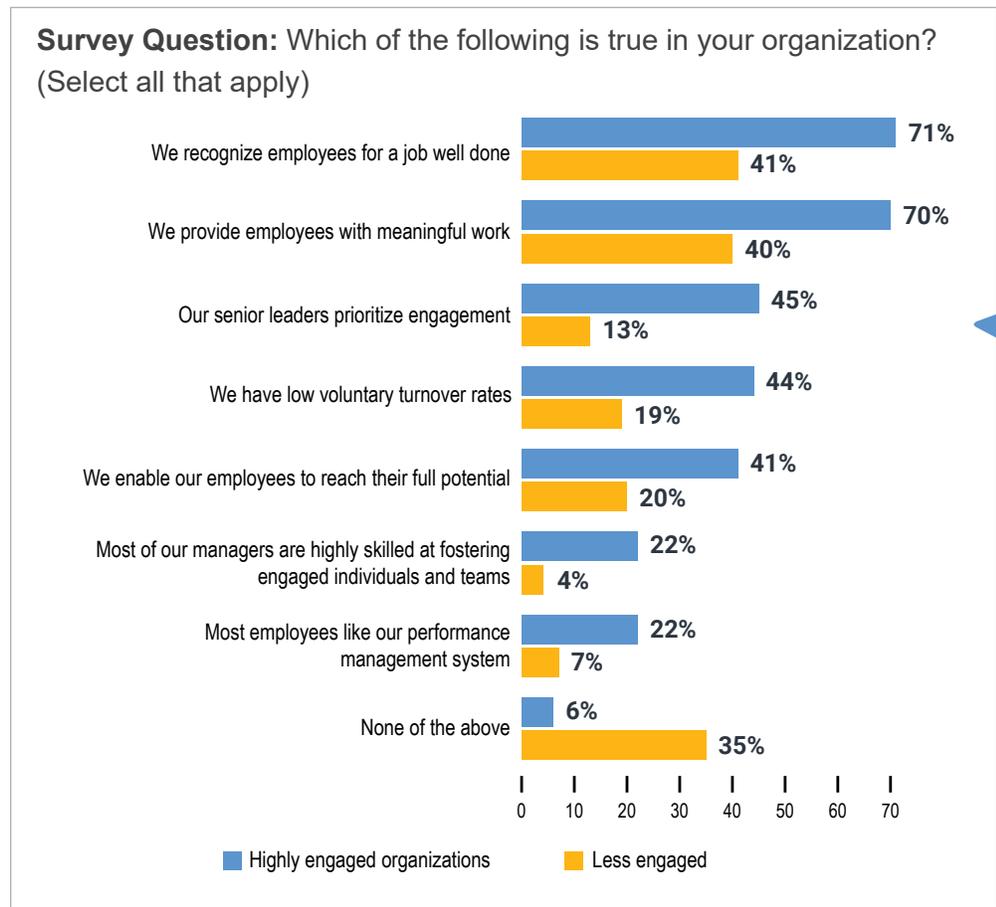


On average, less engaged organizations measure engagement less often

**Finding: Highly engaged organizations are far more likely to recognize employees for a job well done**

Highly engaged organizations score considerably higher than less engaged organizations on many different factors. Eye catching findings include the fact that most highly engaged organizations recognize employees for a job well done and provide meaningful work whereas fewer than half of less engaged organizations do so. Another notable finding is that highly engaged organizations are more than three times as likely to have leaders who prioritize engagement.

Since leaders almost certainly value discretionary effort, this data set provides convincing evidence that the right management practices make a difference. Managers may not feel it should be necessary to praise employees for doing their jobs well, but the evidence seems compelling. If they want more discretionary effort, then they should be providing recognition.

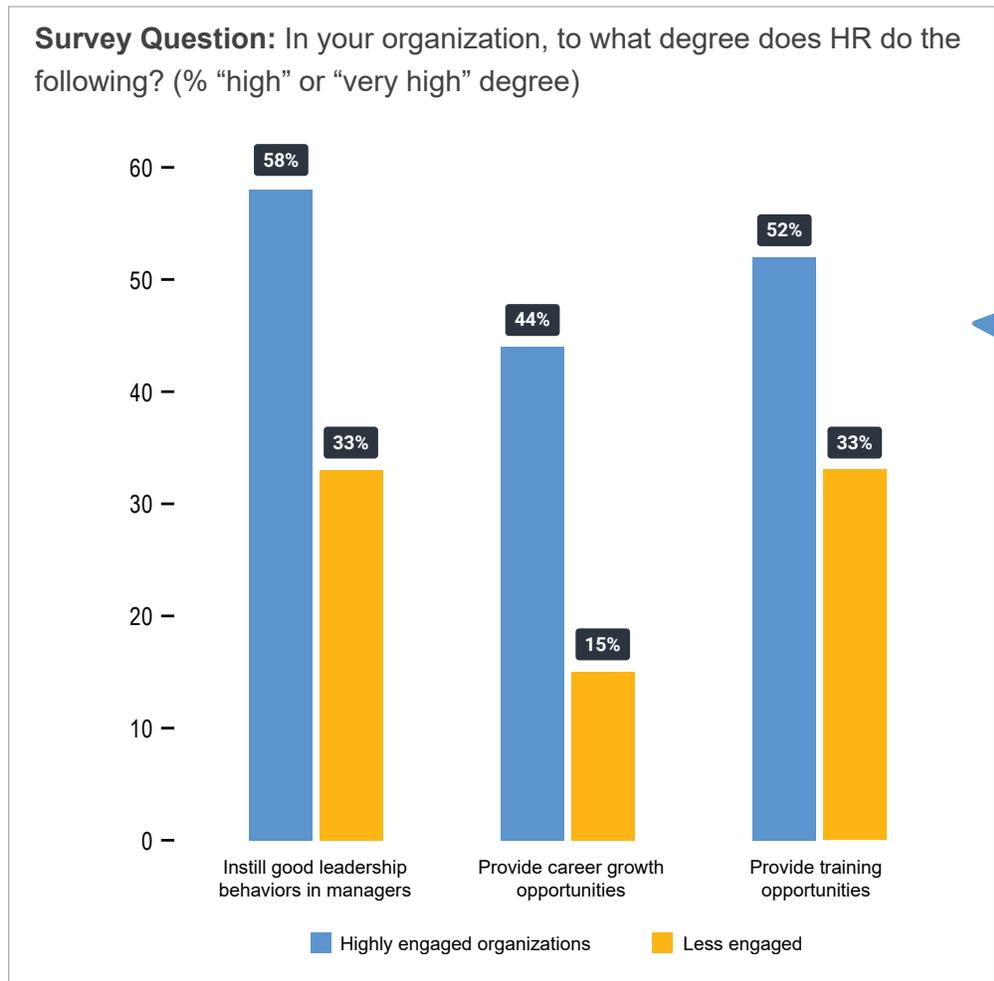


**Only 13% of less engaged organizations have leaders who prioritize engagement**

**Finding: HR professionals from highly engaged organizations are much more likely to instill good leadership behaviors**

Respondents were asked about the degree to which their HR departments engage in various development activities. We found sizeable differences among participants from highly engaged organizations and those that are less engaged. The largest differences were in the areas of instilling good leadership behaviors among managers and providing career growth opportunities.

We should note, however, that even relatively highly engaged organizations could do better in many of these areas. More than just 44% should, we believe, provide career growth opportunities to a high or very high degree, especially at a time when many Millennial employees are striving to advance their careers.

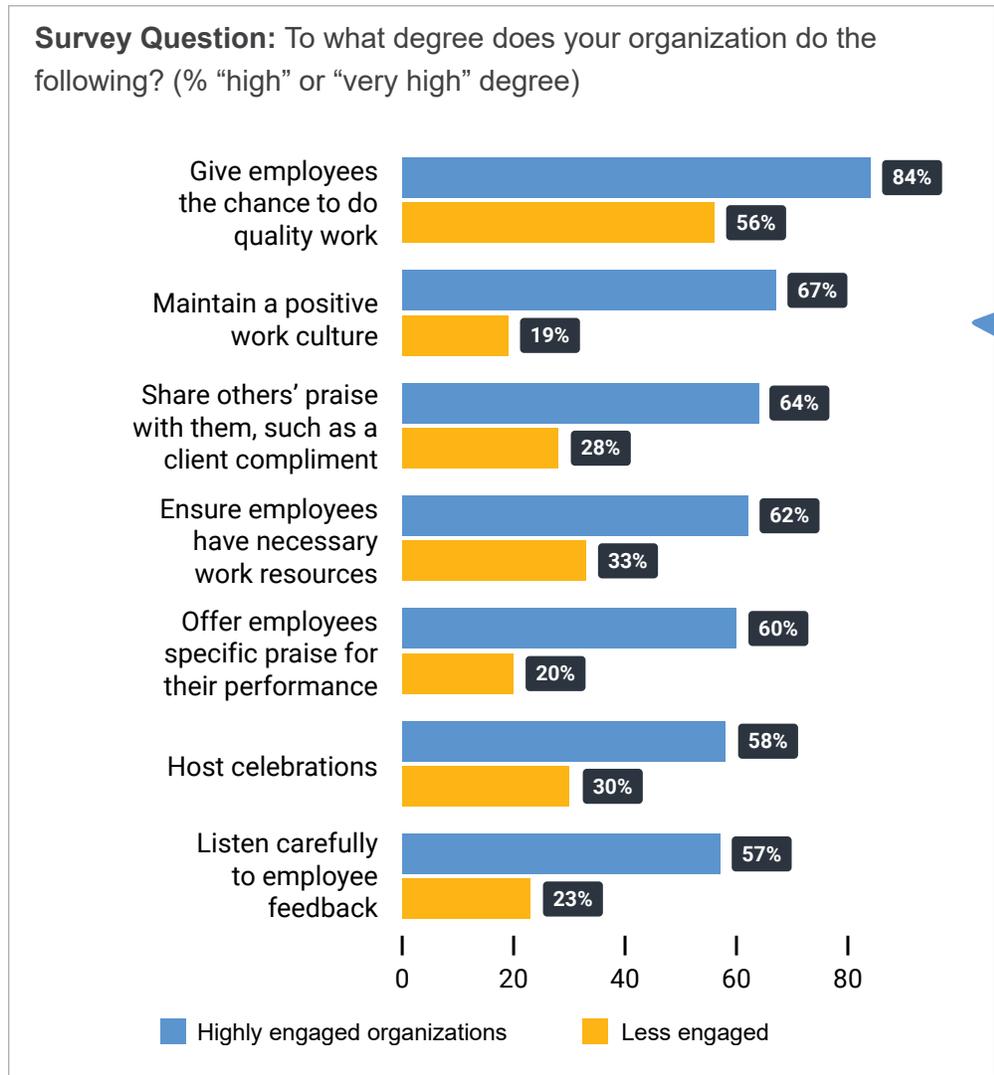


Only 15% of less engaged organizations provide career growth opportunities

**Finding: Almost all highly engaged organizations (84%) give employees a chance to do quality work**

In addition to providing a chance to do quality work, highly engaged organizations are much more likely than other organizations to maintain a positive work culture. Correlation is not causation, of course, but this finding suggests that an organization may wish to pay greater attention to their corporate cultures if they want to boost engagement levels.

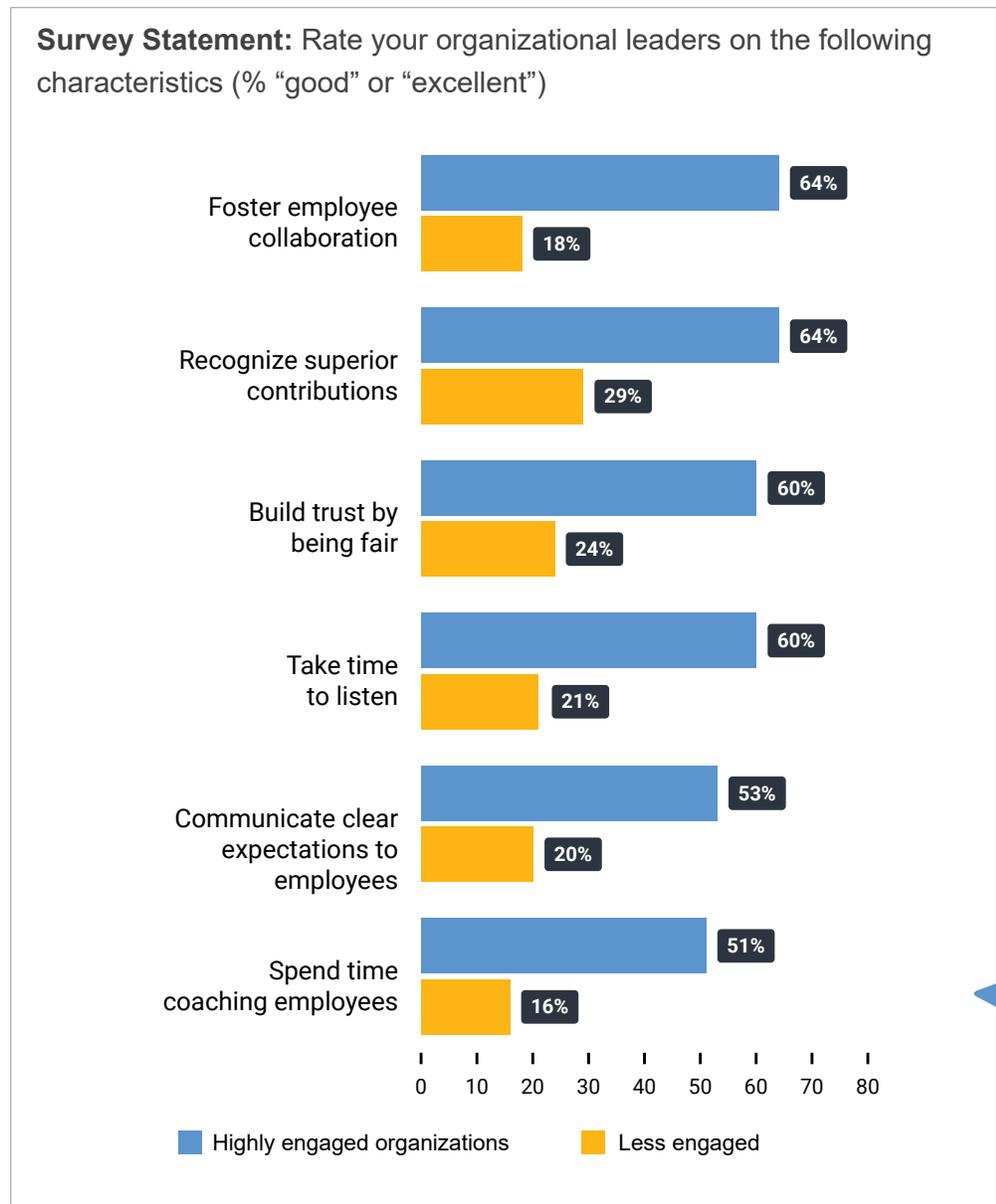
Part of maintaining a positive culture is having leaders listen to employees as well as praise people for a job well done. There are also other areas where highly engaged organizations outpace less engaged ones as shown in the chart.



Only 19% of less engaged organizations maintain a positive work culture

**Finding: Highly engaged organizations are much more likely to communicate clear expectations to employees and listen in return**

There are major differences in the leadership skill sets of highly engaged organizations and others. Percentage point differences are especially high in two areas: communicating clear expectations to employees and taking time to listen. In other words, highly engaged organizations also tend to be good communicators, establishing clear expectations and listening to employees in return.



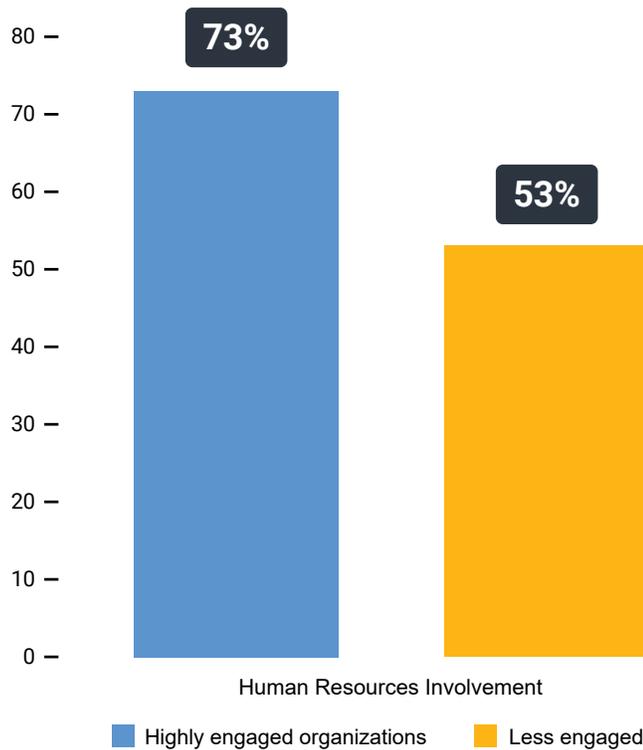
Only 16% of less engaged organizations spend time coaching employees

### Finding: HR is more likely to be highly involved in employee engagement in highly engaged organizations

Most experts believe that if engagement programs are to be successful, then they need top leadership sponsorship. However, the data from this study show an interesting subtlety. Highly engaged organizations were more likely to have HR involved in employee engagement to a high or very high extent. The conclusion can be drawn that while the experts are likely right that engagement needs leadership buy-in, HR still should be heavily involved in engagement.



**Survey Question:** To what degree are the following groups responsible for employee engagement in your organization? (% “high” or “very high” degree)



Just over half of less engaged organizations make HR responsible for employee engagement

**Finding: The overall employee experience is far more likely to drive engagement in highly engaged organizations**

Highly engaged organizations are more likely to use recognition programs, reward programs, and compensation to drive engagement. However, the biggest difference between highly engaged organizations and others is that they use the overall employee experience to drive engagement.

This data suggests that no single lever is sufficient to drive engagement. Rather, organizations should use multiple tools to drive engagement. Beyond that, organizations should think broadly in terms of the overall employee experience rather than narrowly in terms of specific programs.



About one-third of less engaged organizations use recognition programs to drive engagement

**Finding: Less engaged organizations might rely too heavily on length of service awards**

It is notable that organizations typically use three or four different forms of recognition and this makes sense given that there are a variety of accomplishments and behaviors that organizations wish to encourage. What stands out in comparing highly engaged organizations and less engaged ones, is that highly engaged organizations are more likely to give every form of recognition listed in the survey--other than service awards.

The conclusion is not that service awards are a bad thing since they are used by about three-quarters of highly engaged organizations. Rather, the conclusion is that organizations who are less engaged might rely too much on this one form of recognition.



**Manager-driven recognition is notably more common in highly engaged organizations**



## Key Takeaways

Theory and practice in employee engagement management have matured to the point that any organization can take advantage of them. No matter where you are on the path to high engagement, you can benefit by stopping to reflect on where you are and what your strategy should be to take the next step.

Even in organizations where management hasn't yet grasped the importance of employee engagement, the HR team can form and execute a long-term plan to improve organizational culture and the practices that support employee engagement. Changing a culture takes time, of course, even with the enthusiastic support of senior leadership. With this in mind, organizations that wish to boost employee engagement should consider the following key takeaways from the research.

1

**Involve leadership in a discussion of what engagement is and what it does for the organization.** It is helpful to have a general consensus on what engagement is and to differentiate it from employee satisfaction. In particular, it's useful if leaders come to see engagement as a lever for driving discretionary effort and from there achieving business results.

2

**Measure engagement more than once a year and use multiple measurement methods.** Managers should be continually acting to improve engagement and they are more likely to do so if they get data on engagement more than once a year. It's also helpful to draw on a variety of indicators of engagement so that managers can build a more nuanced mental picture of how engagement shows up beyond the numbers shown in a survey.

3

**Use the lens of overall employee experience to focus engagement initiatives.** While there are many important levers that drive engagement (such as meaningful work), it is more powerful to consider the entire employee experience and watch for any aspects of that experience that will undermine engagement.

4

**Use a range of recognition programs.** Since there are many different behaviors and outcomes organizations want to encourage, there should be a variety of recognition programs to cover them. In particular, do not overly rely on length of service awards which do not link to any valued behavior or outcome other than tenure and loyalty.

5

**Instill good leadership behaviors and provide opportunities for career growth.** Employee engagement will improve if organizations deal with the day-to-day needs of employees through good leadership, and employees longer term need to grow by providing developmental opportunities.

6

**Emphasize clear communication.** It is easy for leaders to under-estimate how much communication is needed or fail to appreciate how much trust can be built through clear communication. The internal communications function plays a key role in creating a foundation for engagement.

7

**Keep leaders as well as HR involved.** If the question is “Who should drive engagement: leaders or HR?” then the answer is “Both”. Certainly, HR can’t drive engagement on its own, however, it’s equally true that leaders are unlikely to have the expertise to successfully move the needle on engagement without substantial help from HR.

### About Bonusly

Bonusly is a fun, personal recognition and rewards solution that enriches your company culture and improves employee engagement. With Bonusly, everyone in your organization can publicly recognize everyone else by giving small bonuses that add up to meaningful rewards. We help HR, team leads, and small business owners create engaging environments by putting recognition in the hands of those closest to the work. To see how Bonusly facilitates a wide range of recognition programs, from service anniversaries to sales benchmarks, manager-driven recognition, and peer nominations, visit [bonus.ly](https://bonus.ly)

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