



What New Tech employees need

Insights for driving engagement
and retention

2017

Introduction

We started out publishing reports drawing on our New Tech industry data back in 2013. Since then, we've been fortunate to add hundreds of organizations and tens of thousands of respondents to our dataset, enriching our data and understanding of employee engagement. We've also added functionality to the Culture Amp employee feedback platform so that we can more easily explore the data we collect, and more tools for our customers to act on the insights they uncover.

This report explores:

- What are the key drivers of engagement?
- How does engagement compare between New Tech and Traditional Tech organizations?
- What separates the most engaged companies from the least?
- What can text analytics reveal about what's important to New Tech employees?

One of the many things we've developed in the past year is our Inspiration Engine, which suggests actions that can be taken in response to survey results. The library of inspirations was created in collaboration with our customers - it's a collection of real-world actions taken by the organizations we work with in response to real survey results. We've included a few of these as examples when discussing key drivers.

We hope the report is of use in adding context to your employee engagement initiatives. If our team at Culture Amp can be of assistance, please get in touch.

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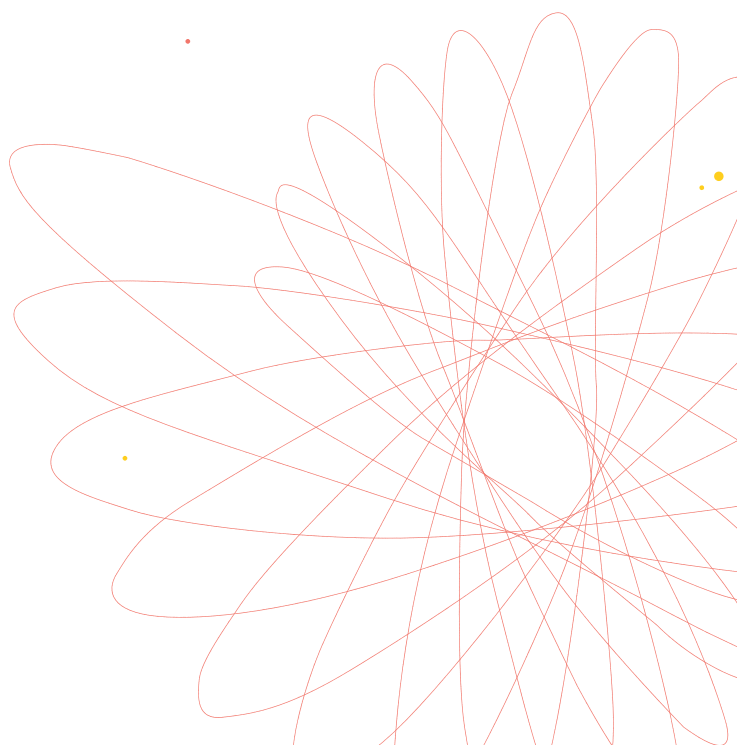


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people geek 

A people person typically found in people operations, recruitment or leadership who gets excited about how data and insights can drive a better world to work in.



Anatomy of a New Tech organization

The most exciting organizations in the world right now are predominantly New Tech organizations. They're internet-based and disruptive, bringing new solutions to old challenges through innovative thinking - not only for technology products and services, but also in how they think about people, including employee engagement.

New Tech companies typically run leaner than traditional organizations. Many are venture capital funded, although some are publicly traded.

WHY ARE NEW TECH ORGANIZATIONS INTERESTING?

They're known for coming up with new solutions to:



Grow and scale



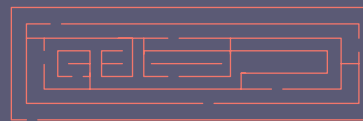
Build the brand



Innovate and improve



Compete for talent



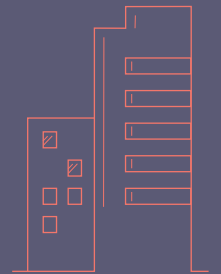
Manage complexity and change

AVERAGE NEW TECH COMPANY SIZE:

~350

NUMBER OF COMPANIES IN NEW TECH BENCHMARK:

200+



AVERAGE GLASSDOOR CEO RATING

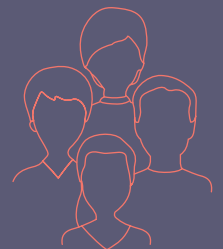
80%



70% 7%

have over 100 employees

have over 1,000 employees



AVERAGE MATTERMARK GROWTH RATING

292

Mattermark's Growth Score measures how quickly a company is gaining traction at a given point in time. A Mattermark score can be negative or positive based on the prospective growth of an organization. [Find out more.](#)

Engagement trends

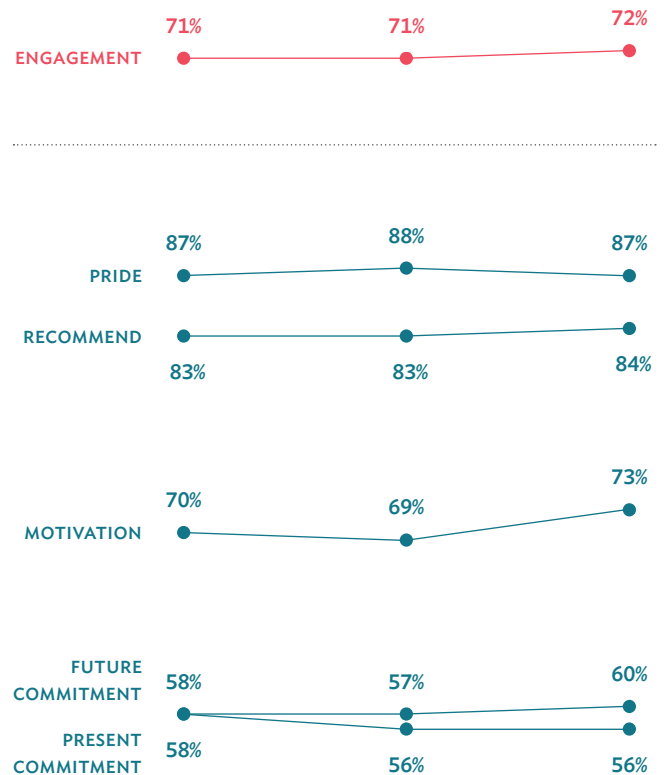
Simply put, engagement is the emotional connection employees have to an organization. Culture Amp encapsulates engagement through measuring a person's pride, motivation, commitment and willingness to recommend an organization to others as a great place to work. These items are not only a good measure of individual drive, but have proven links to performance, productivity and creativity.

Looking back over three years, we see that overall engagement is fairly stable. This is what you want from a benchmark. Benchmarks that fluctuate wildly are not very useful as reference points over time. Our benchmark now represents over 200 New Tech organizations' cultures and you can see by how stable it is over time that it's a reliable predictor of the average New Tech organization's culture.

The red line is overall employee engagement – the people who responded favorably across each of the set of five questions commonly related to engagement.

We measure overall engagement by asking five questions, and you can see the scores in the five other lines. These scores are stable and in line with trends we see in other industries. In particular, pride and recommendation remain well above the others.

While we see a slight increase in future commitment this year, the more notable increase is in motivation. If you work at a New Tech company and survey your employees, the uptick in motivation should get you thinking about how employee motivation is changing at your organization.



Five questions to measure engagement

Pride: I am proud to work for [company]

Recommend: I would recommend [company] as a great place to work

Motivation: [Company] motivates me to go beyond what I would in a similar role elsewhere

Future commitment: I see myself still working at [company] in two years' time

Present commitment: I rarely think about looking for a job at another company

Engagement scores by company size

Let's start by looking at differences by company size.

For overall engagement, there are not large differences by company size. However, if you look at the facets that underlie the engagement measure you can see that larger organizations (500+ employees) tend to struggle with keeping employees motivated and willing to recommend.

Notably, employees at small companies (less than 200) are much less favorable on their future commitment. This likely reflects the ambiguity around organizational direction and success, rather than their actual pride or motivation.

ENGAGEMENT



PRIDE



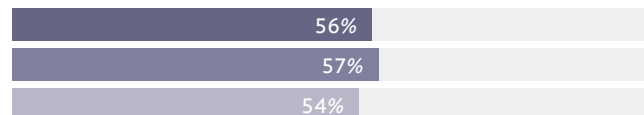
RECOMMEND



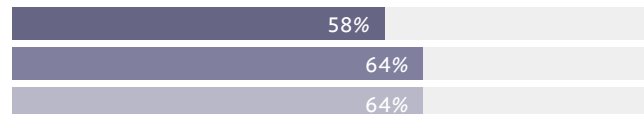
MOTIVATION



PRESENT COMMITMENT



FUTURE COMMITMENT



Engagement scores by region

If you work at a globally dispersed New Tech company, understanding regional differences is really important to helping you focus and act in the right areas.

We can also look at employee engagement by region. There are two key takeaways. Firstly, if you work at a global New Tech organization, future and present commitment does vary by region. Secondly, you may already know this intuitively, but given the competition for talent in the US, we see lower future and present commitment in North America.

ENGAGEMENT



PRIDE



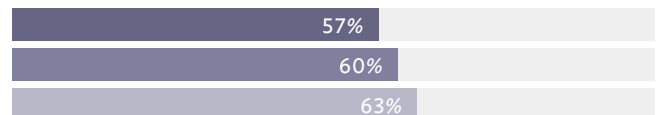
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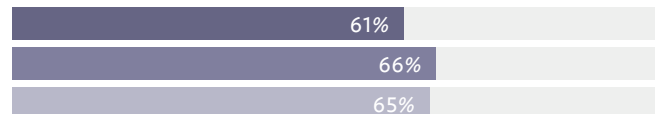
MOTIVATION



PRESENT COMMITMENT



FUTURE COMMITMENT



Engagement scores by job role

It can be valuable to understand differences by job role because you often compete for talent by role with other New Tech companies. For larger tech companies these functional differences can also be important when considering variation in focus and action by function.

When comparing the overall engagement scores of people with different roles there isn't a remarkable difference. However, when we look at the items that make up the engagement score, we see some notable differences in Sales, Engineering and HR/People Operations roles.

Sales: Interestingly, sales employees are less likely to recommend the organization as an employer. Their present commitment is also lower than that of other roles. In other analyses we've seen that salary is a motivator for sales people, which may relate to them having a focus on what else is on offer in the employment market, particularly when their reward is dependent on the product's saleability.

Engineering: Perhaps unsurprisingly, given the competition in the employer market for engineers, they're not as likely to see themselves at the organization in two years time.

HR/People Ops: It looks as though employees in HR/People Operations are absorbing the organization's messaging when it comes to measuring pride, recommend and motivation – perhaps they're exposed to these messages more.

ENGAGEMENT



PRIDE



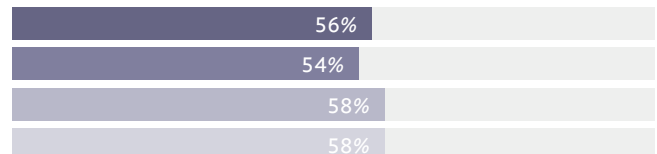
RECOMMEND



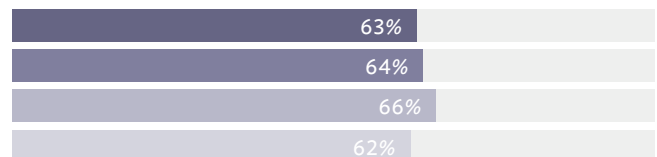
MOTIVATION



PRESENT COMMITMENT



FUTURE COMMITMENT



New Tech vs. Traditional Tech

New Tech organizations are lauded for not only being more innovative than other organizations, but for having more engaged workforces. We've selected organizations from industries including telecommunications and electronics and medical manufacturing to see how New Tech organizations compare with Traditional Tech organizations.

The difference in overall engagement scores is fairly insignificant, but as we dig into the items that make up the engagement score, we can see differences. Perhaps as expected, New Tech employees score higher on motivation and pride, so it's worth considering what New Tech organizations do to engender pride in their products and services and what in their cultures increases motivation.

Traditional Tech organizations score higher on long-term commitment with a six point advantage over New Tech. It may be that employees in New Tech organizations are more likely to move between jobs every couple of years, regardless of the environment, or that people who enjoy being in smaller organizations leave when they get larger. New Tech companies are also more likely to employ people who have had short tenures in other roles. Headhunters are also more likely to target employees at New Tech organizations prompting them to move on.

QUESTION	SCORE	GAP
Engagement score	NEW TECH 72%	+3
	TRADITIONAL TECH 69%	
I am proud to work for [company]	NEW TECH 87%	+5
	TRADITIONAL TECH 82%	
I would recommend [company] as a great place to work	NEW TECH 84%	+4
	TRADITIONAL TECH 80%	
[Company] motivates me to go beyond what I would in a similar role elsewhere	NEW TECH 73%	+8
	TRADITIONAL TECH 65%	
I rarely think about looking for a job at another company	NEW TECH 56%	+2
	TRADITIONAL TECH 54%	
I see myself still working at [company] in two years' time	NEW TECH 60%	-6
	TRADITIONAL TECH 66%	

Key drivers of engagement in New Tech

To understand which questions have the greatest impact on employee engagement we look at the relationship between the response to each of the questions and overall employee engagement. This analysis helps us identify the key areas to focus on. If you act on items that are key drivers, you are more likely to see an improvement in employee engagement than if you were to act on other things. We have organized these drivers by common factor. The most common factors are leadership, learning and development and company confidence.

The ranking of these drivers isn't so important - for a driver to get to the top ten, it's clearly important. However, it's interesting to see *showing that people are important to the organization's success* has moved from ranking number four last year, to number one this year. This tells us that whether or not leaders authentically communicate the value of people in their organization makes a real difference.

We'll go into each factor in detail further in this ebook.

LEADERSHIP	RANK
The leaders at [company] demonstrate that people are important to the company's success	1
I have confidence in the leaders at [company]	2
The leaders at [company] have communicated a vision that motivates them	6
LEARNING AND DEVELOPMENT	
I believe there are good career opportunities for me at [company]	3
This is a great company for me to make a contribution to my development	5
COMPANY CONFIDENCE	
[Company] is in a position to really succeed over the next three years	4
[Company] effectively directs resources (funding, people and effort) towards company goals	7
ALIGNMENT AND INVOLVEMENT	
I am happy with my current role relative to what was described to me	8
SOCIAL CONNECTION	
[Company] really allows us to make a positive difference	9
COLLABORATION AND COMMUNICATION	
At [company], there is open and honest two-way communication	10

Six areas to focus on to improve employee engagement

The key drivers analysis tells us there are six key areas impacting engagement at New Tech organizations. Although each organization should reference their own people analytics, if you're a New Tech organization, it's likely that you will come up with similar key drivers to those in this benchmark.

Let's take a look at the six key areas and how you might take action to improve them.

- Leadership
- Learning and development
- Company confidence
- Alignment and involvement
- Social connection
- Collaboration and communication

Because these key drivers appear regularly for our customers, we've brought together a collection of inspirations for actions to take to improve scores on these drivers.

These inspirations are selected from a larger trove shared by our customers on Culture Amp.



Leadership

Unsurprisingly, leadership is the factor that has the most impact on employee engagement. Overall confidence in leaders is incredibly important to employees. Specifically, employees want to see leaders demonstrate that people are important to the company's success, and they want to understand and be motivated by the organization's vision.

QUESTIONS

The leaders at [company] demonstrate that people are important to the company's success

I have confidence in the leaders at [company]

The leaders at [company] have communicated a vision that motivates them



Inspirations for actions focused on improving leadership

Synthesis sessions

'Synthesis sessions' are monthly meetings where a leader in each department discusses current challenges and successes as well as changes in market position(s). In the first 15 minutes of the session, the leader shares current opportunities and discusses future possibilities. The remaining time is devoted to open discussion on any questions employees have about the organization and concerns that individuals may have about blockers to their ability to help the organization achieve its goals.

Living our values

A national casual dining organization was concerned about losing touch with their core values as they grew and expanded across the U.S. and Canada. In an effort to ensure all new hires truly understood and respected the company's values, the organization created the Book of Signs. Each new hire is given a Book of Signs in their first week orientation and completes the book by the end of their 30-day training course. The Book of Signs is a small paper booklet with the name and description of a single value on each page, along with two or three lines for employee signatures under each value. In order to 'earn' an employee's signature on a value, the new hire has to ask what that value means to that employee, then they are to paraphrase the response to ensure they understand its meaning and relevance.

If the incumbent employee feels the new hire understands and appreciates their story on that value, they sign that page and the new hire can move on to another employee. This not only brings life to the values of the organization for the new hire, it also helps socialize the values and helps the newcomer meet other employees.

In-person open forums

At one company whenever the CEO is visiting a remote office, he presents to the entire office and sets aside time for questions. This gives the entire office a way to hear from the CEO and pose questions to him about the state of the organization.

Learning and development

Learning and development is a common factor driving engagement with all of the customers we work with. It's interesting to compare this to reward. As you can see, reward doesn't appear in the top ten key drivers for New Tech, which is usual for an industry where remuneration has reached a certain hygiene level. Of course pay must be adequate, but in the long-term people will choose an organization where they see opportunities to develop their skills and progress in their career. The trick is to ensure that opportunities for skills development and career progression are not only available, but well-communicated.

QUESTIONS

I believe there are good career opportunities for me at [company]

This is a great company for me to make a contribution to my development



Inspirations for actions focused on improving learning and development

Personal coaching

Culture Amp provides personal coaching for every employee. The coach is selected by the employee and can be for personal or professional development. There is an allocated budget and set number of sessions covered by the company, but the content of the coaching remains between the coach and the employee.

Stay interviews

One company uses 'stay interviews' as a way for the organization to re-engage with employees that are at risk of turnover; it's a 'learn before employees churn' philosophy. Stay interviews can be held at specific times in the employee lifecycle. Employees are encouraged to discuss their career development needs as well as any blockers to their long-term success at the organization.

In departments where there are higher rates of turnover, it can be helpful to have a skip level meeting with someone more senior in the organization, rather than a direct manager, intermittently throughout the employee lifecycle. At team level, managers might wish to schedule stay interviews with employees when they hit their one year mark so they know what is important to people and most likely to influence their decision to stay.

Company confidence

People not only want to know that their employer is in a position to succeed over the next three years, but also want to see that resources are being deployed to effectively meet the organization's goals. We can't assume that fancy offices, lavish snacks and kitchen amenities will increase engagement, in fact, we've seen scenarios where the optics on those kinds of spends were so poor, they negatively impacted engagement. People want to put effort into their roles, and in return they want to see that the organization is thoughtful in how they invest resources.

QUESTIONS

[Company] is in a position to really succeed over the next three years

[Company] effectively directs resources (funding, people and effort) towards company goals



Inspirations for actions focused on improving company confidence

Leader communication channel online

One organization increases visibility of leaders beyond formal all-hands meetings and email communications. They have a channel in their internal communication software where leaders are present and available to answer questions. They also encourage leaders to post questions and updates in the channel to keep employees engaged with the discussion.

Transparency report

One company uses a resource transparency report, which includes ROI where possible, to start constructive discussions about whether the resources allocated to each initiative are appropriate. Employees are often surprised by how much money is spent on salaries and employee benefits.



Alignment and involvement

Although it's tempting to put our best foot forward when recruiting, it's important to set realistic expectations. When the day-to-day experience within a role is incongruent with expectations, it has a significant impact on engagement.

QUESTIONS

I am happy with my current role relative to what was described to me



Inspirations for actions focused on improving alignment and involvement

Reverse interview

Help prospective employees understand role expectations and properly evaluate their job match with a reverse interview. In a 30-45 minute meeting, the prospect gets an opportunity to be the interviewer and the people they would be working with are the interviewees. The prospect is encouraged to come prepared to the session with questions for their future colleagues about the job, the culture or anything else. The people being interviewed don't ask questions but focus on responding to the prospect's questions.

Social connection

People are motivated when they feel they can make a contribution to society. It may be that the organization's overall core product or service contributes to social good, or that the organization contributes money to worthy causes, or allows employees paid time to spend volunteering.

QUESTIONS

[Company] really allows us to make a positive difference



Inspirations for actions focused on improving social connection

Day at a non-profit

One company works with a local non-profit children's shelter to take over the administrative and operational tasks for a full day once per quarter. The shelter's leaders use this time to hold their quarterly planning and strategy meetings offsite. The volunteer team often extends their contribution to the shelter by making additional time to decorate the classrooms and putting together creative projects for children at the shelter.

Collaboration and communication

Open and honest two-way communication ranks as a key driver of engagement in our benchmarks for most industries. Ensuring there's open and honest communication in workplaces takes an intentional approach.

QUESTIONS

At [company], there is open and honest two-way communication



Inspirations for actions focused on improving collaboration and communication

No triangles

One leader implemented a no-triangle rule in her team after finding that people were not being upfront and honest with one another. The 'no-triangle' rule states that if you have feedback for an individual, then you must go directly to that individual and not to a third party. Everyone has permission to call someone out on the rule.

Improved conversations

After receiving survey feedback that employees didn't feel they could be open and honest, the executive team at one company instituted a practice called 'elephants, dead fish and vomit' at regular meetings. Elephants are the big things in the room nobody is talking about, dead fish are the things from the past people can't let go of and vomit is for those situations when someone just needs to be heard. Allocating time for this facilitates dialogue.

Learning from the best

Organizations with higher employee engagement scores perform better in many other business metrics. Let's take a look at how organizations with the top 10% of engagement scores perform compared to all other organizations.

When we look at the connection to Glassdoor ratings, there is a large difference in CEO approval ratings. Employees working at organizations that do a great job of engaging employees are much more likely to recommend the organization on Glassdoor.



ENGAGEMENT SCORE

MOST ENGAGED ORGANIZATIONS (TOP 10%)

87%

ALL OTHER ORGANIZATIONS

72%

MATTERMARK GROWTH SCORE

612 vs 292

GLASSDOOR CEO APPROVAL RATING

95% vs 80%

EMPLOYEES WHO WORK AT THE MOST ENGAGED ORGANIZATIONS ARE:

20%

more likely to recommend their employer on Glassdoor

30%

less likely to be looking for a job

What are engaged New Tech companies doing differently?

Let's take a look at the largest gaps in scores between highly-engaged organizations and other organizations. As you can see, there's consistency with the key drivers we discussed earlier. What this means is that organizations that are really engaging their employees are doing so by addressing the top drivers of employee engagement.

QUESTION	SCORE	GAP
[Company] effectively directs resources (funding, people and effort) towards company goals	<div> <div>MOST ENGAGED (TOP 10%) 77%</div> <div>BENCHMARK (AVG) 59%</div> </div>	+18
Most of the systems and processes here support us getting our work done effectively	<div> <div>76%</div> <div>59%</div> </div>	+17
[Company's] commitment to social responsibility is genuine	<div> <div>82%</div> <div>65%</div> </div>	+17
[Company] is in a position to really succeed over the next three years	<div> <div>94%</div> <div>78%</div> </div>	+16
The leaders at [company] demonstrate that people are important to the company's success	<div> <div>88%</div> <div>74%</div> </div>	+14
The leaders at [company] have communicated a vision that motivates me	<div> <div>84%</div> <div>70%</div> </div>	+14
[Company] really allows us to make a positive difference	<div> <div>86%</div> <div>72%</div> </div>	+14

What are New Tech employees talking about?

Culture Amp allows survey administrators to ask free-text questions. Often open-ended, these questions give us insight into areas that may not fit easily into a survey question. Our most commonly used text questions are:

- What are we doing great?
- What are we not doing so well?

We analyze the comments using automated text classification techniques which enables us to group them into themes. Here's what we found after theming our two most commonly used text questions.

Most common themes (ranked)

Two key drivers: leadership and company confidence match themes in comments about organizations' strengths and areas for improvement. It's not unusual to see key drivers reappear over and over when analyzing data - these are the things people truly care about. We also see some themes that aren't identified as key drivers of engagement, but nonetheless people comment on - salary and work/life balance.

Leadership and collaboration appear on both sides of the table - people may find that they collaborate well with their team, but not as well with the broader organization. By the same token, they may perceive the leaders with close proximity to them as doing well, and others not so well.

WHAT ARE WE DOING GREAT?	WHAT ARE WE NOT DOING SO WELL?
Leadership	Company performance
Collaboration	Collaboration
Work/life balance	Systems and resources
Recognition	Salary
Feeling good	Leadership
Company performance	Product or service

Digging deeper with comments

Once our customers identify a focus area to work on, we encourage them to take a look at the comments that relate to that focus area. Comments can be a great way to add color and context to a focus area. Some comments also offer highly constructive feedback.

There are tens of thousands of comments captured from employees at New Tech companies. Because we are able to automatically theme 80% of all comments, we can provide a clear set of themes that each comment connects to. Here are some interesting stats.



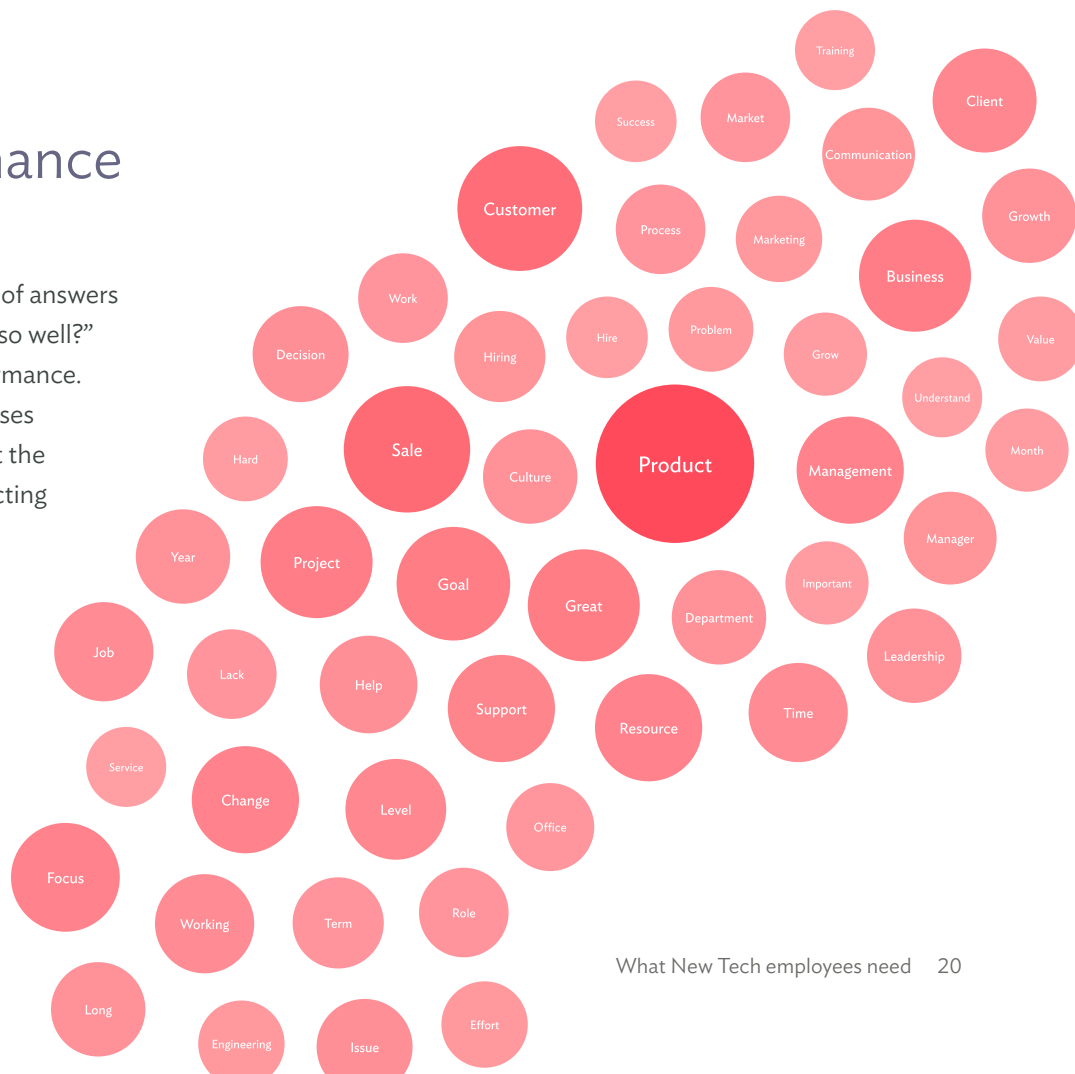
Negative comments are
2x longer
than positive comments

20%
Sales is **20% more likely** to comment than Engineers

80%
80% of all comments have been themed

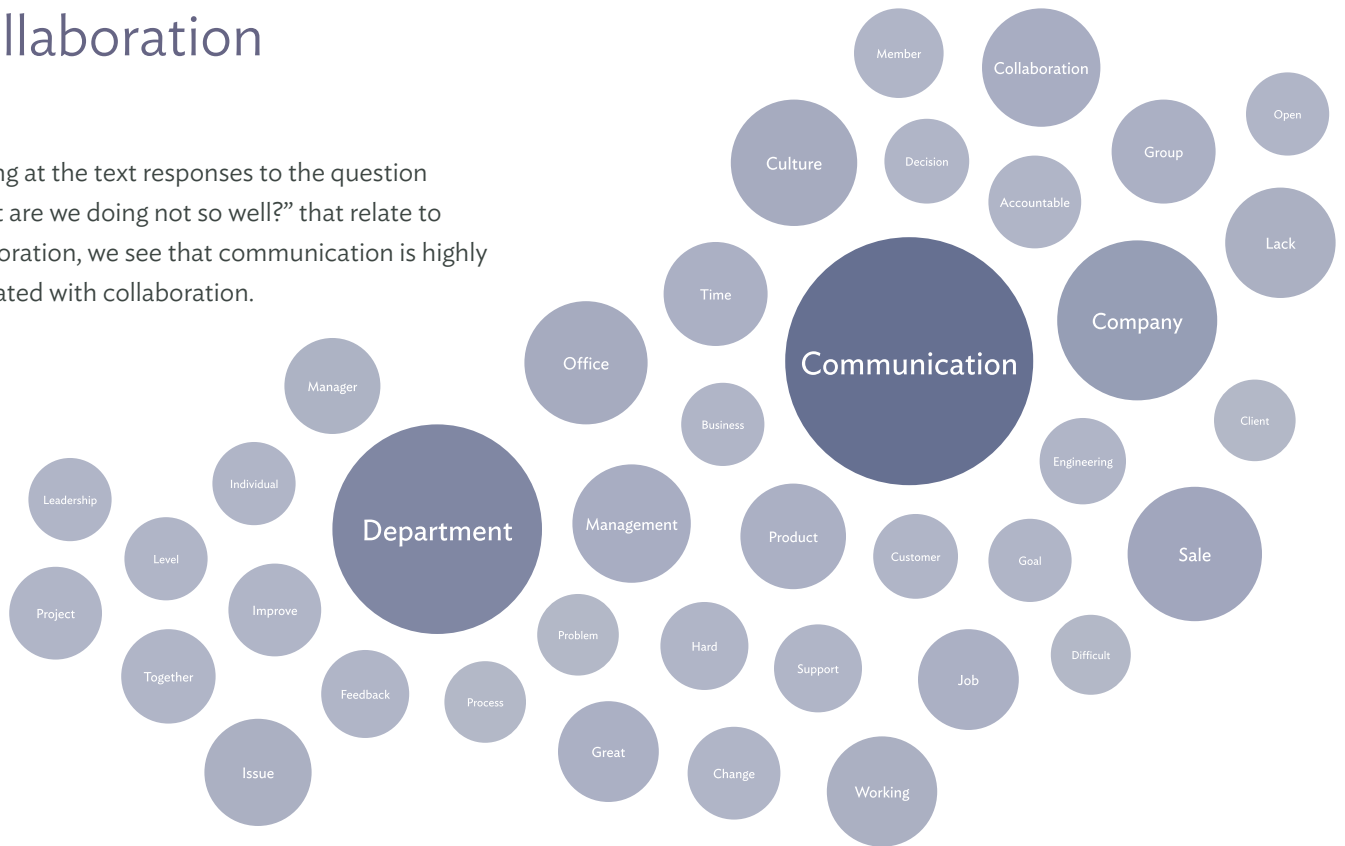
Company performance

Here are the results of our text analytics of answers to the question “What are we doing not so well?” that relate to the theme company performance. The prevalence of product in the responses tells us it’s worth considering what about the product employees perceive to be impacting company performance.



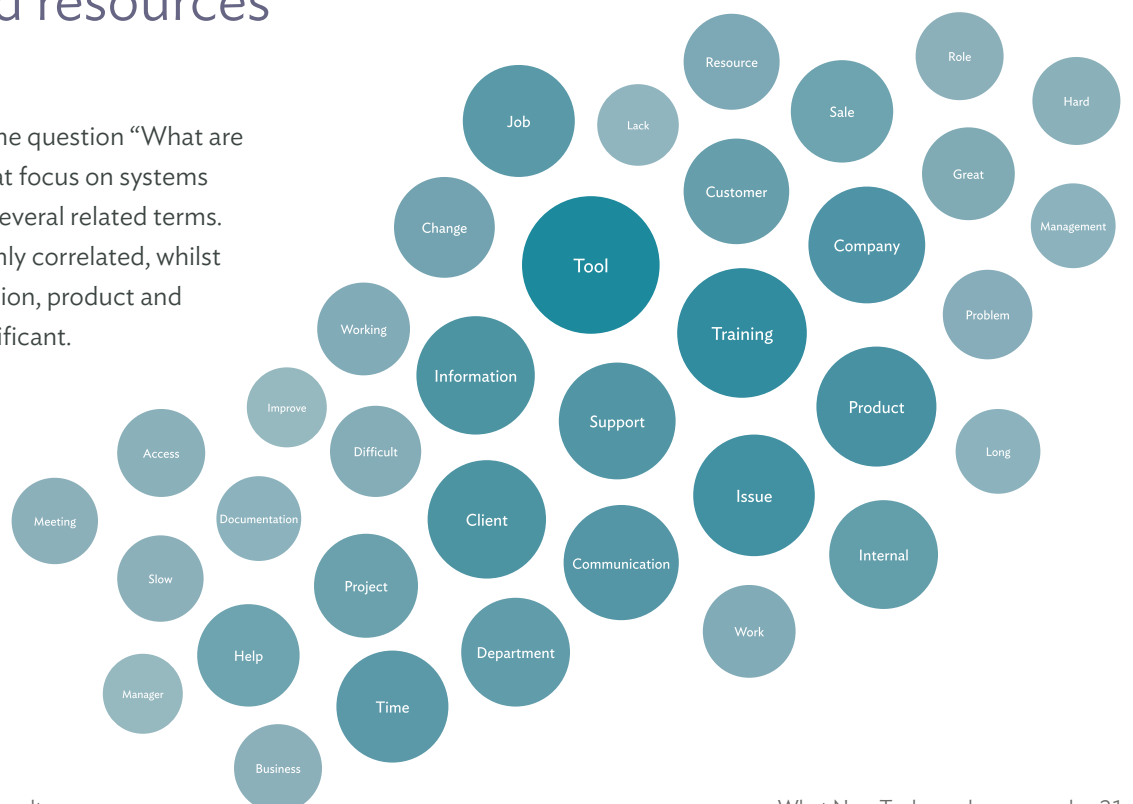
Collaboration

Looking at the text responses to the question “What are we doing not so well?” that relate to collaboration, we see that communication is highly correlated with collaboration.



Systems and resources

Looking at responses to the question “What are we doing not so well?” that focus on systems and resources, there are several related terms. Training and tools are highly correlated, whilst communication, information, product and support also show as significant.

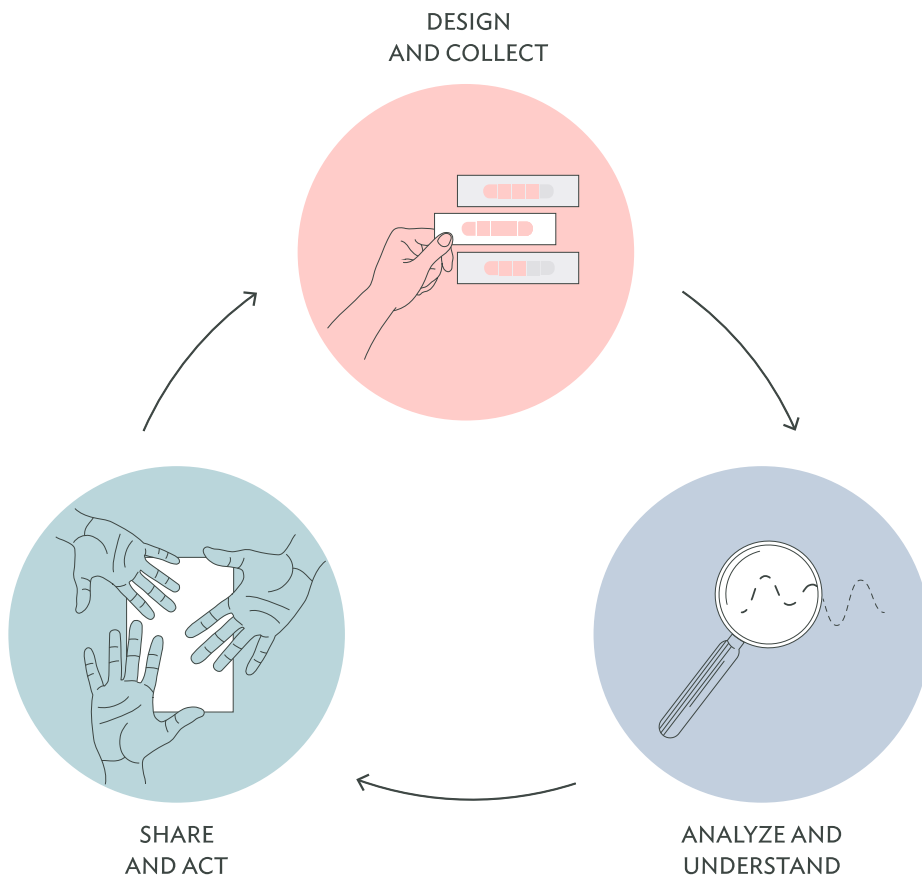


Benefit comes from action

In addition to acting on the top drivers of engagement, there are three key things that customers who act on the data effectively do well:

1. They quickly identify areas for focus and maintain momentum
2. They emphasize experimentation and learning over finding the 'perfect' action or approach
3. They enable collaboration and employee involvement.

We are now working on new features including an embedded focus agent which is like an industrial-organizational psychologist on your shoulder as you go through your report and an inspiration engine curated by Culture Amp, full of community-sourced ideas for action. Our goal is to help our customers and fellow people geeks close the employee feedback to act loop more effectively than ever before.



Get started with reliable data

Culture Amp is the world's most powerful employee feedback and analytics platform. Designed in consultation with our in-house organizational psychologists, data scientists and user experience specialists, it's easy to use and uncovers valuable real-time analytics everyone can understand.

We've got some exciting additions to the platform coming up in 2017 and we'd love to share them with you. Have a chat with one of our people geeks about how we can help your organization.

[Learn more >](#)

cultureamp.com/contact-us

