

EMPLOYEE ENGAGEMENT IN FINANCE

3 Keys to Building Engagement
Momentum in the Face of
Looming Global Challenges





INTRODUCTION

A current talent shortage among mid-career finance professionals is putting significant pressure on HR teams to recruit and retain the right employees, while an industry-wide effort to reduce costs is forcing many organizations to cut top-level positions and increase entry-level roles. This is impacting employee morale, skill and experience baselines, and training demands industry-wide.

At the same time, several looming industry disruptors — generational shifts among employees, the rise of FinTech, tighter industry regulations, and changing customer preferences — are threatening future gains and forcing finance leaders to reinvent both their business strategies and employee recruiting and retention plans.



The Good News?

ENGAGEMENT IN FINANCE IS ON RELATIVELY SOLID GROUND

1. Management of Enterprises
2. Real Estate
3. Construction
4. Technology
5. Professional Services
6. Accommodation & Food Services
7. Logistics
8. Other Services
9. Retail
- 10. Finance and Insurance**
11. Wholesale Trade
12. Manufacturing
13. Education
14. Arts & Entertainment
15. Utilities
16. Nonprofit
17. Public Administration
18. Healthcare

After surveying more than 75,000 employees and conducting deep analysis on the resulting data points, we have some good news. Despite the web of factors previously listed, the finance industry is standing on relatively solid ground when it comes to employee engagement.

The finance industry ranked **10th of 18** industries surveyed for employee engagement.

Leading the less engaged half, this illustrates a respectable lead over the poorest ranking industries (healthcare, public administration, and nonprofit).



The Bad News?

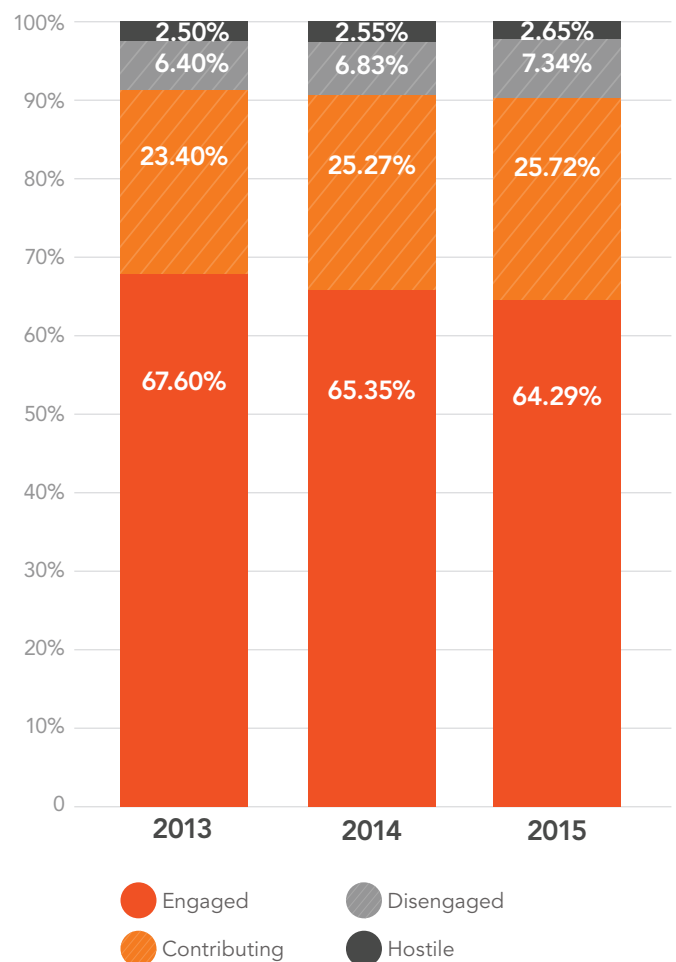
FINANCE EMPLOYEE ENGAGEMENT IS DECLINING

The outlook for finance sector engagement, among even the Best Places to Work, is headed in the wrong direction (one of the only three industries to decline in engagement this past year). The proportion of finance employees who are hostile, disengaged, and merely contributing versus actively engaged has risen 3.4 percentage points over the last three years.

How Can Finance Employers Defy the Trends?

To shed light on what inspires the finance industry's unique worker demographic and to illustrate how employers can take advantage of finance pressure points, we compiled the following report that pairs 2015's leading engagement drivers with finance sector trends. Organizational spotlights featuring finance-related companies also highlight creative ways that some organizations are addressing these challenges head-on and emerging with game-changing engagement outputs: happier employees, improved productivity, and increased revenues.

YOY ENGAGEMENT IN FINANCE & INSURANCE



3 KEYS TO BUILDING ENGAGEMENT MOMENTUM IN THE FACE OF LOOMING GLOBAL CHALLENGES



1

A GREAT PLACE TO WORK FOR EVERYONE: X, Y & Z

Finance industry employees resoundingly agree that the most important driver for engagement is the organization's commitment to creating a great work environment. Coming out of the shadow of distrust that dampened recruiting and retention efforts since the Great Recession, it's not surprising that today's finance employees expect a positive and supportive culture from their employers.

1st Ranked Driver of Finance Employee Engagement

The leaders of this organization are committed to making it a great place to work.

This driver goes far beyond benefits and compensation — it requires understanding employees' needs and preferences to establish policies and amenities that help create a responsive workplace culture. However, creating a great place to work is no simple task when your employees likely span three to four generations, each with widely varying identities and influencers.

Compounding this challenge, the industry is facing a significant gap in mid-career talent as Baby Boomers continue to exit senior roles across the finance workforce and the next generation of Xers is too small a population to fill their shoes. While the hot-topic-of-the-day Millennials are still finding their career footings, the finance industry faces a shortage of mid-level professionals. In fact, 32 percent of finance executives are concerned about the shortage of skilled talentⁱⁱ and nearly a quarter of finance CEOs have been unable to find the right talent for key strategic initiativesⁱⁱⁱ.

So how can finance organizations create a workplace that appeals to multiple generations and successfully supports recruiting efforts during a complex and challenging talent market? In-depth employee surveys and data analysis are the keys to building a company culture that reflects employees' unique needs and preferences and succeeds in rallying staff around a shared organizational vision.



FINANCE TREND: LACK OF SKILLED MID-CAREER CANDIDATES

Accounting and finance talent will be hard to come by this year (particularly those with three to eight years of experience), due in part to continued economic growth and corporate mergers.

Source: [Monster](#)



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FINANCE EMPLOYER SPOTLIGHT

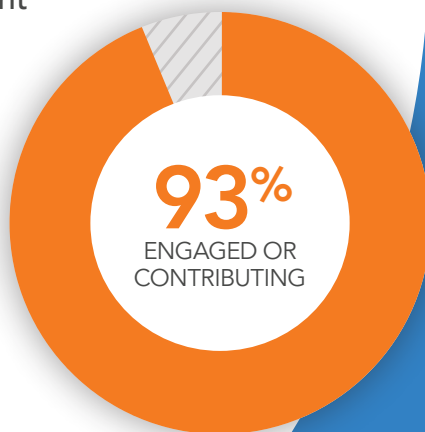
1st Global: We're All in This Together

1st Global is the largest independently owned wealth management partner for accounting and legal firms, with more than 400 member firms. With a purpose of “enabling intentional living,” the company culture is centered around the belief that every employee and customer has a hand in creating the company they want. Employee engagement is central to this goal, so 1st Global partnered with Quantum Workplace to further its continuous improvement strategies.

In-depth surveys and analysis have helped the company make employee-driven improvements and bolster employee communication, including:

- Segmenting employee feedback and targeting gaps within the organization
- Increasing leaders' understanding of employee perceptions
- Identifying what is needed to attract and retain top talent

The impact so far has been impressive: 93 percent of all employees at 1st Global are engaged or contributing — an increase of 35 percent.



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2

A FUTURE THEY CAN RELY ON

The breakneck pace of technology advancements is changing every industry, and finance is no exception. When employees look ahead into their future careers, they want to feel confident their leaders are making the right choices to keep pace.

2nd Ranked Driver of Finance Employee Engagement

I trust the leaders of this organization to set the right course.

Online and mobile banking are overtaking traditional banks as today's consumers expect instant access to their money and financial data — at any time, from anywhere. With 73 percent of millennials preferring to handle their financial services needs through innovators like Google Wallet, Square, and PayPal^{iv}, the finance industry is racing to retain customers. These disruptors present a significant long-term risk to the status quo, as Accenture estimates that 35 percent of banking revenues could be at risk due to new competitors and trends^v.

Quickly entering the mainstream is a growing collection of industry start-ups referred to as FinTech. This next generation of highly focused financial technology companies is attracting customers in droves to their affordable and effective services. To weather this competitive storm, traditional financial organizations will need to undergo a fundamental reorganization of their culture, recruiting strategies, and customer focus to emphasize innovation and creativity with an emphasis on technology.

As adoption of financial apps and online services continues to expand, organizations are learning how to make use of the explosion of customer data they offer. This era of big data and analysis is paving the way for improved services, revenue growth, and a new niche for employees as recruiters look to hire professionals with the data expertise to push forward these new initiatives.



FINANCE TREND: FINTECH IS ON THE ATTACK

For those doubting the potential of this up-and-coming sector, the numbers don't lie: global funding of FinTech startups in the first three quarters of 2015 reached \$11.2 billion, nearly double the funding for the full year before, according to CB Insights^{vi}.



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FINANCE EMPLOYER SPOTLIGHT

LAMMICO: Listening is the Key to Continuous Improvement

LAMMICO was already doing a lot right when it came to employee engagement, but the Louisiana-based medical malpractice insurance company saw opportunities to improve its employees' confidence in survey results and analysis. Bringing in Quantum Workplace as an external survey partner was the key to making additional leaps in engagement among an already engaged workforce.

In order to make these improvements, the company knew it needed to listen carefully to its employees. HR Director Cynthia Cox explained: "Perception of company-wide engagement is not always reality, and having employees provide a mirror to management gives us the opportunity to learn and grow. If we didn't ask, we wouldn't know, and therefore couldn't improve."

With a new user-friendly platform for employee communication and discussion, data analysis that dug deep into problem areas, and solutions that addressed LAMMICO's specific employee engagement gaps, LAMMICO was able to identify and implement solutions to improve the everyday lives of employees. As a result, the company now sees more than 90 percent of its employees participate in surveys and has achieved a 21.4 percent increase in engaged employees. The company's dedication to its employees earned it a top spot on the Top Workplaces list published by *The Times-Picayune* on NOLA.com for both 2015 and 2016.



21.4%

INCREASE IN
ENGAGED
EMPLOYEES



3

TO BE VALUED & SUPPORTED IN THEIR CAREERS

The finance industry has the second highest rate of total employee turnover, according to Compensation Force^{vii}. At a rate of 19.1 percent, it is second only to the healthcare industry and is nearly three percentage points higher than the baseline rate for all industries combined. This presents a challenge not only for employee retention but also for operational costs, as many estimates place the cost of replacing a salaried employee at anywhere from six months' salary up to twice their annual salary depending on skill level and seniority^{viii}.

When finance employees leave their jobs, they take with them skills, years of experience, and potentially even clients. Reducing turnover rates begins with understanding the problem and helping employees feel valued and supported in their careers.

3rd Ranked Driver of Finance Employee Engagement

The leaders of the organization value people as their most important resource.

Customer buying patterns have changed dramatically over the past 5-10 years, and today's prospective and current customers routinely do their own research about products and services before contacting a sales person or company. As a result, customer service employees are on the front lines of the race for customer acquisition and retention. The risk of delivering poor service is too high to be ignored: 20 percent of banks' lost business to competitors is due to poor service^x.

2015 TOTAL TURNOVER

ALL INDUSTRIES	16.7%
BANKING & FINANCE	19.1%
HEALTHCARE	18.9%
HOSPITALITY	25.9%
INSURANCE	12.2%
MANUFACTURING & DISTRIBUTION	14.8%
NOT-FOR-PROFIT	15.7%
SERVICES	14.9%
UTILITIES	9.0%



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3

As finance organizations look to improve employee engagement as a tool to deliver better customer service, they face challenges presented by the increased regulations and compliance requirements resulting from the Dodd-Frank act. Change can be difficult for many employees to manage, and increased and relentless oversight restrictions can negatively impact morale. At the same time, recruiting has become an arduous task with the requirement of more rigorous background checks that take into account a candidate's ethical track record and career performance.

In order to reduce employee turnover and increase engagement, the finance industry needs to help employees adjust to increasing compliance demands while setting clear organizational ethical guidelines and recognizing those employees who help advance the company's vision and goals.



FINANCE TREND: TODAY'S **BUYER PATTERNS**

74 percent of B2B buyers conduct more than half of their research online before making a purchase^{ix}, and 81 percent of B2C shoppers conduct online research before making a purchase decision^x.

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FINANCE EMPLOYER SPOTLIGHT

First Horizon: Data is the Key Differentiator

First Horizon is the nation's 14th oldest national bank with a successful history that spans more than 150 years. With more than 4,000 employees across 170 locations, the company takes great pride as a top employer with recognition from Best Places to Work as well as Forbes, Working Mother, and American Banker magazines. First Horizon's secret to continued success is listening to the voices of the employees who make that success possible.

But giving 350+ managers access to survey data and analytics to help manage and assess their own individual teams presented an operational challenge. By teaming up with Quantum Workplace, First Horizon was able to easily distribute its employee survey and deliver two custom reports to every manager with reduced overhead costs. Mario Brown, ED.D, manager of leader assessment and development, explained, "The robust set of analytics provided by Quantum Workplace, along with our research-based surveys, provide us with the data and insights on how to accomplish our mission most effectively. These data allow us to serve our customers, employees, and shareholders with great differentiation!"

The company's streamlined employee survey will help First Horizon continue to listen to its employees and value their insight and needs while evolving its culture over the next 150 years.



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ABOUT QUANTUM WORKPLACE

Your Partners in Making Work Awesome

Quantum Workplace offers an *all-in-one* employee experience platform, helping organizations measure engagement and drive performance efficiently — without the hassle of multiple HR products, logins, interfaces, and data sets. Our tools are designed to work together as a holistic strategy that spans the entire employee lifecycle, but they're also available as a la carte solutions for employers who choose to focus on a single area.



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With all the flexibility and customization you want, to zoom in on key categories and employee perceptions



**360
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Informed by 360-degree reviews that enrich any performance management program



RECOGNITION

So you can reward employees with something more valuable than cash: real-time applause from peers and coworkers



1-ON-1S

Designed to coach employees with more organized, effective follow-up sessions



GOALS

A simpler way to align, document, and measure employee objectives and key results



**EXIT
SURVEYS**

For gathering some of your most valuable insights and critiques, from folks who won't be shy about sharing.

Altogether, Quantum Workplace's Employee Feedback Platform is a recipe for success, borne out by more than 5,500 businesses—including our own.

[Learn More](#)

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External Sources

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