Reimagining employee engagement & retention in the modern workplace:

Insights & strategies from Grokker Innovation Labs

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How to leverage evolving drivers of engagement

U.S. employees' tumultuous re-evaluation of work, begun during the pandemic and manifested most obviously in the Great Resignation, continues to surface new trendlines in worker engagement and corresponding opportunities for employers to learn about the emerging requirements of their diverse workforces and to tap fresh methods of reinvigorating engagement. With two-thirds of workers actively or passively disengaged and voluntary attrition 25% higher than pre-pandemic levels, retention and engagement initiatives have risen to C-level strategy issues at many organizations.

Although it might be called the "new normal" workplace, today's employment landscape is one so fundamentally different from the one it replaced as to be unfamiliar, and new employee demands are displacing what used to be obvious drivers of engagement. For example, while monetary compensation continues to be important for engagement, its impact has fallen, with 45% of workers now saying it is a primary driver of engagement compared to earlier rates of more than half.

Instead, employees increasingly look to employers to provide not only meaningful work aligned with personal values but also robust support for a spectrum of life issues, encompassing care for the whole person. Notably, when employers don't provide the necessary accommodations, workers are ready to walk: Ford research found that in the U.S., 51% of employees said they would take a 20% pay cut in order to prioritize their quality of life.

Despite the clamor for a thoughtful, comprehensive approach to employee needs and requirements, leaders often lack insight into exactly what actions, benefits and adaptations will best support their teams and which employees need what amenities in order to thrive and to deepen their engagement.

New research from Grokker Innovation Labs delineates the areas ripe for development, especially among younger workers, hourly workers and those in non-desk jobs, cohorts especially likely to change jobs within a two-year timeframe.

And it's worth the investment. Low engagement produces pain points across organizations. It not only spurs voluntary turnover—an average of 17.3% across industries in 2023—but also tanks important measures of productivity, with KPIs plummeting alongside engagement. CHROs feel exhausted by recruiting and onboarding a revolving door of talent. CFOs experience the economic pinch of replacing employees at an average of $15,000 each. CEOs and boards increasingly consider employer brand—which includes employee attraction and retention—a value to shareholders and a key part of corporate brand, especially for attracting younger workers. When that brand is tarnished by lackluster retention and output, impact is noticeable.

New insights from Grokker

Arizent and Employee Benefit News conducted a 500-respondent survey for Grokker Innovation Labs, balancing the survey to match the U.S.' employed population based on age, race/ethnicity and gender. It gathered responses from a variety of industries and from salaried, hourly, full-time, part-time, in-office, remote, hybrid and desk and non-desk workers.

Three components of employee experience

Arizent identified three components that comprise employee engagement: employees' likelihood of recommending their employers, their job satisfaction, and their engagement with their individual jobs.

Aspects of employee experience that feed into engagement

In turn, researchers found five core aspects of employee experience that drive overall engagement:

- Feelings of personal satisfaction or fulfillment
- Compensation, including benefits
- Structures that support opportunity and belonging
- Workload management
- A safe, secure and inclusive culture.

Where employers are doing well

Employees surveyed reported high levels of contentment with personal fulfillment —the #1 driver of overall engagement—and, with some exceptions, with the inclusiveness and security of their work environments.

Contributing to workers' personal fulfillment are four factors, enjoying their work, liking their physical work environments, finding fulfillment in their jobs and believing that their jobs align with their personal values.

Personal satisfaction is especially strong among Gen X* employees (61%) and strong (55%) among Boomers, followed closely by Millennials at 53%. Gen Z workers, the youngest cohort, rank satisfaction at 41%.

Impact on engagement

Personal fulfillment drives 30% of employees' likelihood to recommend their employers, 40% of their satisfaction and 71% of their individual engagement.

*Researchers used these age bands corresponding to employees' ages in 2023: Gen Z: 18 to 26; Millennials: 27-42; Gen X: 43-58; Boomers: 59-64.

Where fulfillment breaks down

Men, desk job workers and Gen Z workers report lower levels of personal fulfillment.

Personal fulfillment accounts for 71% of employee engagement

BY THE NUMBERS

59% of employees completely or mostly agree that they **enjoy their work.** Another 23% moderately agree.

54% of workers completely or mostly agree that they **like their physical work environments.** Another 23% moderately agree.

53% of employees completely or mostly agree that they **find fulfillment in their jobs.** Another 23% moderately agree.

48% of workers completely or mostly agree that their **jobs align with their personal values.** Another 24% moderately agree.

Psychological Safety and Inclusion

Culture includes physical and psychological safety, employees' feeling that their jobs are not at risk and their experiencing inclusion at work.

Impact on engagement

A weak driver of engagement, culture drives 7% of employees' likelihood of recommending their employers, 4% of their satisfaction and 7% of their engagement.

Where culture breaks down

Hispanic, BIPOC (Black, Indigenous, and other people of color) and part-time employees report feeling less included and safe at work and more often feel that their jobs are at risk.

BY THE NUMBERS

65% completely or mostly agree that they **feel safe at work.** Another 19% moderately agree.

54% completely or mostly agree that they **feel secure in their jobs** and are not afraid of losing them. Another 21% moderately agree.

52% completely or mostly agree that **their workplace is inclusive.** Another 18% moderately agree.

Employers have urgent opportunities to strengthen engagement through better workload management, supportive structures and total compensation

Very favorable employee ratings hover at or below 50% on three other drivers of engagement: balance; belonging; and compensation, which includes both wages and benefits.

These drivers significantly influence engagement, underscoring the importance of identifying and implementing initiatives to address employee concerns.

Workload management: time and flexibility

Workload management includes employees' having enough time to do their work, having enough flexibility in their schedules to manage non-work responsibilities and experiencing desired levels of work-life balance.

Impact on engagement

Effective balance drives 13% of employees' likelihood to recommend their employers and 13% of their satisfaction, as well as 4% of their engagement.

Where workload management breaks down

Full-time workers and employees who work in healthcare report having more difficulty with workload management.

BY THE NUMBERS

48% completely or mostly agree that they **have enough time to do the work expected** of them. Another 25% moderately agree.

48% completely or mostly agree that they **have enough flexibility** in their work schedules to manage non-work responsibilities easily. Another 23% moderately agree.

45% completely or mostly agree that their jobs allow the **work-life balance they want** Another 24% moderately agree.

A sense of belonging contributes to engagement

Four aspects of belonging that impact employees: having managers who are supportive and helpful, feeling connected to and supported by coworkers, believing that the company is invested in workers and their success and feeling that they can advance in their careers with their current employers.

Impact on engagement

Feeling supported and believing they have opportunity at their current workplaces drives 24% of employees' likelihood of recommending their employers, 29% of their job satisfaction and 12% of their job engagement.

Where supportive structures break down

Women, Boomers and remote employees recorded feeling less supported by managers and coworkers and perceiving less opportunity and belonging than workers in other cohorts.

BY THE NUMBERS

52% of employees completely or mostly agree that **their manager is supportive** and helpful. Another 19% moderately agree.

47% of workers completely or mostly agree that they **feel connected to and supported** by coworkers. Another 23% moderately agree.

41% of employees completely or mostly agree that their **companies are invested in them and their success.** Another 19% moderately agree.

37% of workers strongly or mostly agree that they **are able to advance in their careers** with their current employers. Another 20% moderately agree.

Supportive structures are the #2 driver of employee engagement.

Total compensation: less emphasis on wages as interest in benefits rises

In addition to employers' providing competitive wages and earnings sufficient for employees and their families, compensation includes both the benefits that workers need and those they want.

Employees increasingly expect employers to provide benefits that help with life and job issues. Prudential found that 45% of workers surveyed "feel more empowered to ask employers for the benefits they need" to manage work and life, and a quarter have already had those conversations with managers. Fifty-seven percent of Millennials feel empowered to request benefits.

Impact on engagement

Total compensation accounts for 26% of employees' likelihood to recommend their employers, 14% of their individual job satisfaction and 6% of their job engagement.

BY THE NUMBERS

42% of workers strongly or mostly agree that the benefits their employers provide are **what the employees need.** Another 20% moderately agree.

39% of employees strongly or mostly agree that the benefits their employers provide are **what the employees want.** Another 23% moderately agree.

38% of employees strongly or mostly agree that their **jobs pay competitive wages**. Another 24% moderately agree.

32% agree that their **wages are sufficient for themselves and their families.** Another 25% moderately agree.

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Where contentment with compensation and benefits breaks down

Women, part-time workers, employees in retail and non-desk job workers agree less often that employer-provided benefits are what they need or want, that their wages are competitive and that their wages are sufficient for themselves and their families.

A special note about stress

Grokker's research identified sharply higher job stress levels that signal that workers are struggling. The findings, which contrast employees' current experience with their experience two years ago, immediately after the peak of the Covid-19 pandemic, highlight workers' need for support.

Stressed out employees are among those likeliest to voluntarily separate. Ford found that 72% of U.S. workers agree with the statement "I don't think it's worth working at a job that increases your personal stress." Agreement was strong across generations, with 79% of Boomers agreeing, 72% of Gen X, 63% of Millennials and 66% of Gen Z.

Stress-increase results were nearly the same among customer-facing, non-customer-facing and other employees.

B Y   T H E   N U M B E R S

40% of employees report experiencing **more stress from their jobs now than they did two years ago.**

25% of employees describe their **jobs as highly or extremely stressful.**

12% of workers surveyed say **stress is a lot higher now.**

Beating the odds: Talking the talk and personalizing support for employee requirements

Despite languishing engagement rates and the challenges that evolving employee demands present, there are research-backed initiatives that employers can implement to address worker concerns quickly and effectively, creating opportunities for stronger employee engagement.

Elevating engagement by engaging

Weekly meaningful feedback from managers has cross-functional benefits that can further deepen trust and employees' and managers' insights into their strengths, development needs and individual and team roles. Fifteen- to 30-minute intentional conversations also can strengthen inclusion and boost workers' feelings of being seen, heard and appreciated by enabling them to receive regular coaching and to participate in goal-setting, all factors tied to employee engagement. Gallup found that managers' "having one meaningful conversation per week with each team member develops high-performance relationships more than any other leadership activity."

Grokker discovered that recognition from supervisors is especially important to the youngest employees, with 35% of Gen Z workers reporting that it motivates them to do their jobs well.

Matching employees' concerns with customizable benefits

A second route to increasing engagement holds great potential: offering a customizable suite of professional development, financial literacy and health and wellness benefits to match employees' requirements for support and address their most pressing worries.

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In addition to higher wages and baseline benefits, the employees likeliest to voluntarily turn over—part-time, Gen Z and Millennial workers—want supplemental work-life benefits that help them:

- get reimbursed for gym or fitness expenses (38%)
- participate in live or remote group fitness or wellness activities (36%)
- learn about finances in ways that help them meet their financial goals (31%)
- track or manage chronic conditions with digital health tools (28%)
- develop professionally (27%) and
- educate themselves about greater physical and mental health (26%).

Professional development goals identified in weekly supervisor-employee meetings can inform subject-matter education, pursuit of certifications and soft-skills training plans personalized for each employee. This investment can be particularly important to the 59% of workers who report weaker confidence that their companies are invested in them and their success and the 63% of employees who are unsure whether they will be able to advance their careers with their current employers.

Likewise, financial literacy education can provide employees with realistic, actionable information about the financial issues that are among workers' top three worries. Thirty-one percent of employees want educational resources about finances and financial health.

Finally, health and wellness benefits, including education, can powerfully address many of employees' key concerns, including those of the 40% of employees who say that stress is greater now than two years ago and the 25% of employees who work in highly or extremely stressful jobs. More broadly, mental and emotional health is a concern for 37% of employees and physical health for 32% of workers.

Evidence-based education about mental, physical and financial health and caring, and intentional support throughout the organization can promote engagement throughout a company's ecosystem.

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