Finding the Potential & The Possible in the Era Of "The Great Resignation"

New Research on What It Takes To Engage & Retain Talent

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For years, we've all heard the war for talent was coming, and we believed it would be ushered in by a combination of boomer retirement, a shortage of skilled labor and competition to offer employee experiences equivalent to what they have as consumers. The war for talent was likely in the top 10 priorities for organizational leaders, but rarely did it top the list.

Then 2020 happened. After many months of living through a pandemic, a labor market we already knew was primed for disruption has managed to upend itself in a way none of us expected.

Today's labor market is employee driven—and they are making demands. Many workers are burned out, morale is down and interest in pursuing purpose-driven work has never been higher.

Society has found itself in the era of "The Great Resignation" where it can feel like engaging and retaining talent is not only overwhelming—it's a lost cause.

Ever the optimists, ITA Group decided it was time to look for potential and possibilities in the labor market.

In this report, we'll discuss our findings, including:

> The exciting improvement in employee engagement we've seen take root
> Differences in employee engagement based on when and where work gets done
> Answers to how pandemic-era new hires are really faring
> Why inspiring employees through your mission, values and culture is critical to keeping them

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How the Research Data Provides Foundational Context

Past Research Fuels Future Findings

This report isn't our first time initiating a similar search for answers, and the answers we found this time build off the framework we established previously. In 2018, our landmark study intended to better understand employees' psychological needs because we believed there was a more effective way of engaging and retaining employees than replicating the perks and fads other employers offered. But we also wanted to provide actionable recommendations for how to do so. The research helped establish The Psychological Benefit Framework, an innovative way to explore employees' needs to motivate and keep them.

In fact, the research validated employees are 3x more likely to be loyal, engaged employee advocates for their organization when their psychological benefit needs are met, including:

FUNCTIONAL BENEFITS

What does the company help an employee accomplish, professionally and personally?

Evaluated through: Satisfaction with their overall compensation package, work/life balance policies, conveniences and ability to achieve professional goals.

EMOTIONAL BENEFITS

How does working at the company make the employee feel?

Evaluated through: Assessing typical workday feelings (positive and negative) that employees have, including both how good and bad the feelings are, but also how strongly they are felt.

IDENTITY BENEFITS

What does working at the company say about the employee as a person, including what they value?

Evaluated through: Exploring cultural clarity and appeal, interpersonal relationships, perceptions of senior leadership and the employee's own feelings of self-esteem and sense of purpose and belonging.

Each of these needs can be supported by various initiatives and programs that employers offer. The six most important things a company can offer to support these needs include:

1. Internal company communications and awareness-building strategies
2. Company-sponsored events and activities
3. Recognition programs
4. Incentive programs
5. Skills development programs
6. Wellness programs (physical + emotional + financial)

To learn more about how the six programs and initiatives support employees' needs, listen to our webinar.

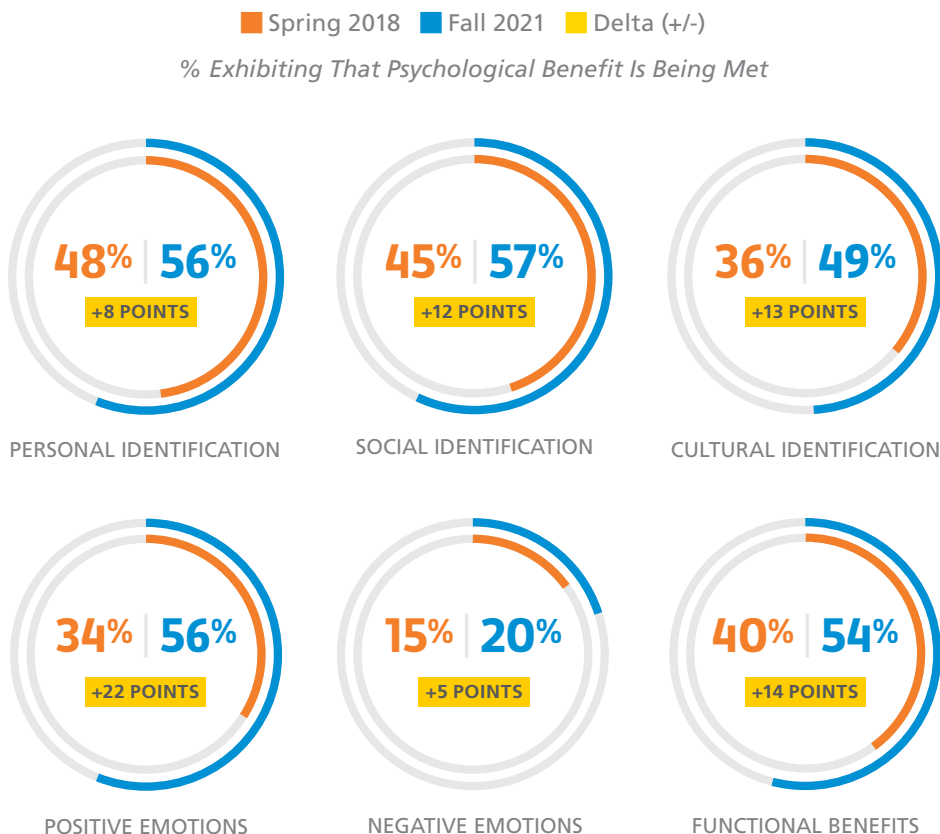ita group

What Changed & What Didn't for Engagement in the Pandemic?
How the Pandemic Impacted Employees' Psychological Needs

Compared to 2018, employee engagement improved significantly overall. As noted in Figure 1 below, the psychological needs of surveyed employees have progressed substantially despite the disruption of the pandemic. The improvement is a testament to the work organizations have done to prioritize employees' experiences and overall wellbeing. The research also shows:

> Higher levels of employee self-esteem and sense of belonging

> Enhanced interpersonal relationships between employees and their peers and leaders

> Improved consistency and appeal of company culture

> Increased employee perception that typical workdays are good more often than bad

> Growth in employee belief that their employers enable them to accomplish personal and professional goals

> A moderate uptick in negative emotions, while disappointing, was anticipated

Figure 1: Pre- & Post-Pandemic Psychological Benefit Performance

■ Spring 2018 ■ Fall 2021 ■ Delta (+/-)

% Exhibiting That Psychological Benefit Is Being Met

48% | 56% +8 POINTS	**45% | 57%** +12 POINTS	**36% | 49%** +13 POINTS
PERSONAL IDENTIFICATION	SOCIAL IDENTIFICATION	CULTURAL IDENTIFICATION
34% | 56% +22 POINTS	**15% | 20%** +5 POINTS	**40% | 54%** +14 POINTS
POSITIVE EMOTIONS	NEGATIVE EMOTIONS	FUNCTIONAL BENEFITS

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As a result of improved employee experiences, employees agreeing they are satisfied with their organization increased to 75%—a full 9-percentage-point increase over 2018.

With that much improvement, it can be tempting to question the validity of the claims surrounding "The Great Resignation".

Unfortunately, it's not all good news that we can share. As satisfied as those employees are, we found over half (53%) are interested in exploring jobs elsewhere. **More than 2 in every 5 employees surveyed don't plan to be with their current employer in 12 months (43%)**.

SATISFACTION ≠ **LOYALTY**

Two Main Drivers of Employees Looking Elsewhere

1. Tenure-Driven Engagement Issues

Across all positively affecting psychological benefits, we continued to see employee tenure in current roles is a particularly affecting variable as it was in our original research. Coined "The Reality Slump" back in 2018, this term was developed to describe a consistent trend where employees with 1–2 years of tenure with their employer were particularly susceptible to disengagement. This manifested through a notable decline in the performance of every positively affecting psychological benefit.

What's more, disengagement was blind to traditional demographics. Age, income, gender, level within the organization—none of those factors decreased the risk of disengagement.
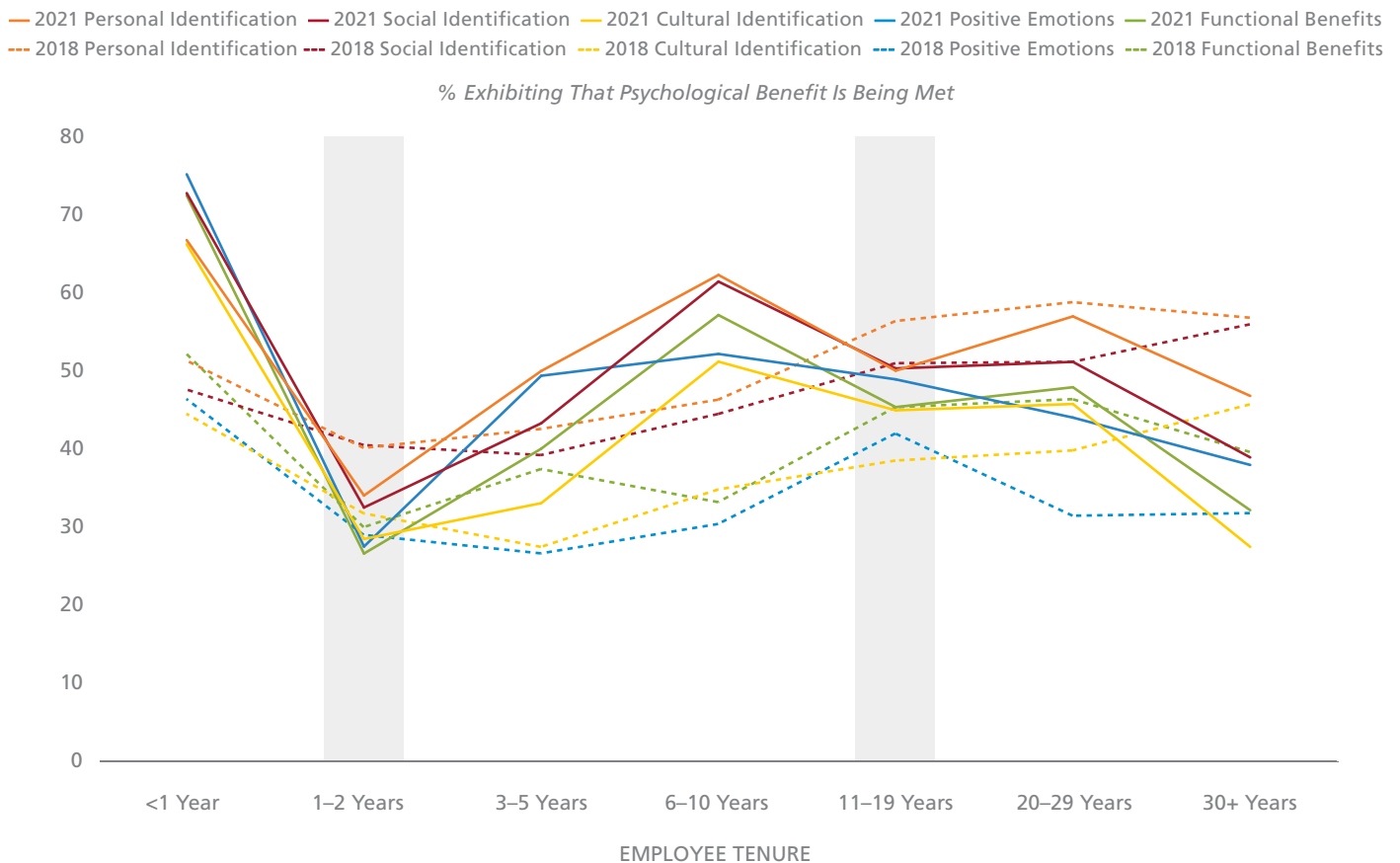
Employee disengagement was driven exclusively by tenure in the organization.

In our latest research, we were eager to explore this trend and, unfortunately, validated that "The Reality Slump" is still present and more severe, driven in part by exceptionally high optimism among new hires.

Two Main Drivers of Employees Looking Elsewhere (Cont.)

In addition, a previously unseen engagement valley has emerged among a subset of employees with 11–19 years of tenure, which we've coined "The Second Slump" (Figure 2).

Figure 2: Changes in Tenure-Driven Engagement Slumps Over Time

— 2021 Personal Identification — 2021 Social Identification — 2021 Cultural Identification — 2021 Positive Emotions — 2021 Functional Benefits
--- 2018 Personal Identification --- 2018 Social Identification --- 2018 Cultural Identification --- 2018 Positive Emotions --- 2018 Functional Benefits

% Exhibiting That Psychological Benefit Is Being Met

EMPLOYEE TENURE

It's not all bad news, though! We identified new hires (<1 year of tenure at the organization) are faring exceptionally well and are far outperforming the 2018 results for new hires across all psychological benefits. **There are multiple potential causes, including:**

> Improvements made to talent acquisition and onboarding processes

> Many companies are trying harder than ever to accommodate employee needs, making big promises to new hires and implementing needed changes

> New hires may simply be happier where they are now versus where they were before, or may have been displaced during the pandemic and are relieved to have re-entered the workforce

Additional insights on these tenure-related downticks in engagement—and what you can do to mitigate them—are covered in greater depth later in this report.

Two Main Drivers of Employees Looking Elsewhere (Cont.)
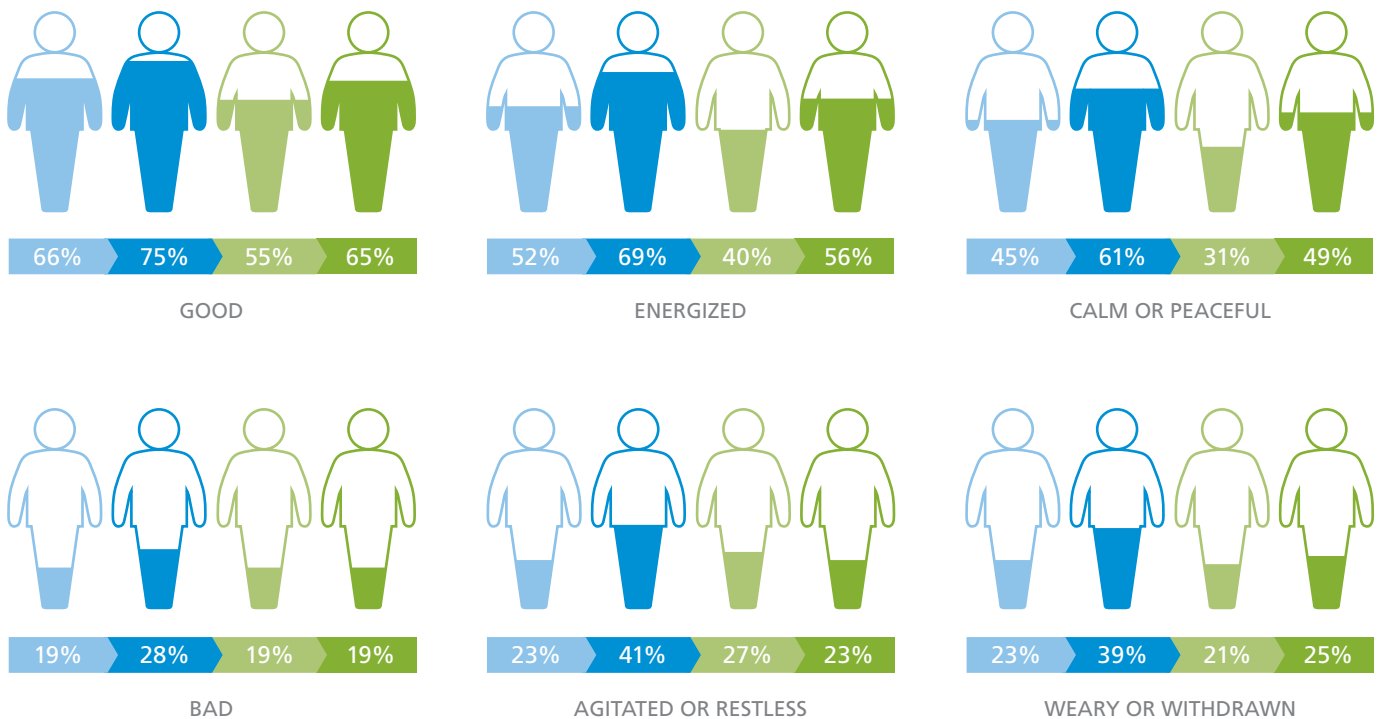
2. Increased Emotional Volatility

A moderate increase in negative emotions, or the prevalence of feelings such as weariness and restlessness, was evident in the 2021 research. In contrast to the positively affecting psychological benefits, these negative emotions should exhibit an inverse relationship. As the positively affecting needs improve, we would expect to see negative emotions decrease. However, given the heightened emotional state of so many workers during the pandemic, it's not surprising to see this uptick.

The increase in negative emotions was primarily driven by male respondents who were experiencing more polarizing positive and negative emotions than women, but particularly so for negative emotions (Figure 3).

Figure 3: Change in Emotions Over Time Based on Gender

"On most days, working at the company that employs me makes me feel..."
% Who Agree or Strongly Agree With the Above Statement

■ Males in 2018   ■ Males in 2021   ■ Females in 2018   ■ Females in 2021

| 66% | 75% | 55% | 65% |
GOOD

| 52% | 69% | 40% | 56% |
ENERGIZED

| 45% | 61% | 31% | 49% |
CALM OR PEACEFUL

| 19% | 28% | 19% | 19% |
BAD

| 23% | 41% | 27% | 23% |
AGITATED OR RESTLESS

| 23% | 39% | 21% | 25% |
WEARY OR WITHDRAWN

How Much Does the Work Being Done Matter?
How Engagement Varies Based on Location & Type of Work

While psychological benefit needs improved over the 2018 benchmark, fluctuation in results based on work location within each psychological benefit varied. The variation was particularly pronounced when respondents reported their primary work location to be:

1. Corporate offices
2. Medical facilities
3. Retail stores
4. Remote or home-based

Across the four work locations, there was a correlation between psychological benefit performance and the respondent's agreement that their organization enables work/life balance (Figure 4). **The more an employee believes work/life balance is enabled, the more likely they are to agree the critical needs that drive engagement and retention are being met.**
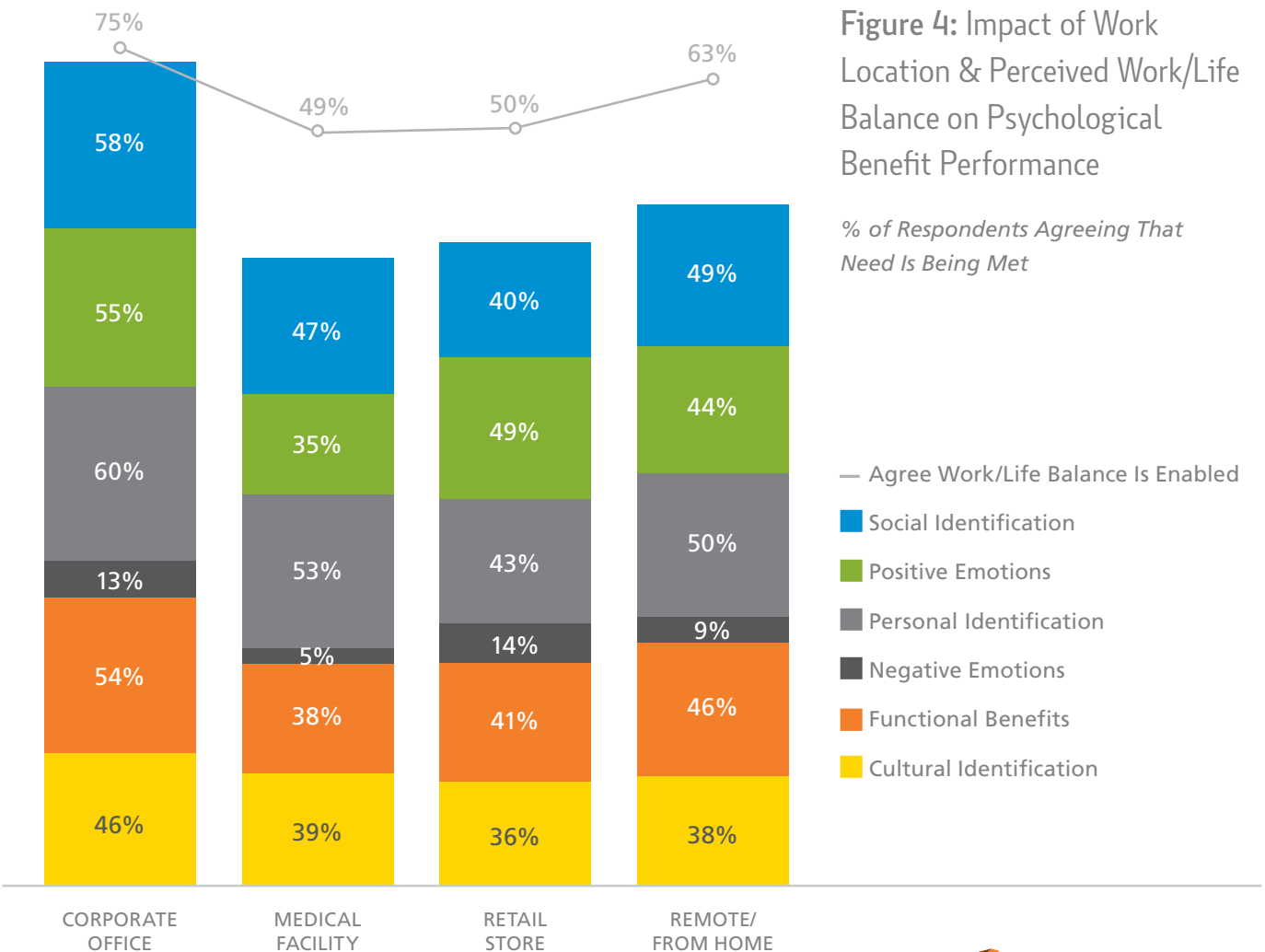
Figure 4: Impact of Work Location & Perceived Work/Life Balance on Psychological Benefit Performance

% of Respondents Agreeing That Need Is Being Met

— Agree Work/Life Balance Is Enabled
- Social Identification
- Positive Emotions
- Personal Identification
- Negative Emotions
- Functional Benefits
- Cultural Identification

Line values: 75%, 49%, 50%, 63%

	CORPORATE OFFICE	MEDICAL FACILITY	RETAIL STORE	REMOTE/ FROM HOME
Social Identification	58%	47%	40%	49%
Positive Emotions	55%	35%	49%	44%
Personal Identification	60%	53%	43%	50%
Negative Emotions	13%	5%	14%	9%
Functional Benefits	54%	38%	41%	46%
Cultural Identification	46%	39%	36%	38%

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Knowing many organizations are grappling with what work/life balance means in the post-pandemic "new normal," we dug deeper to understand employee sentiment and the perceived importance of autonomy (an employee's ability to make decisions about when, how or where tasks get completed).

Across key measures of engagement, there was a correlation between loyalty, advocacy and satisfaction based on a respondent's belief that their organization values autonomy (Figure 5).

While the results validated the enhanced focus on flexibility and employee empowerment during the pandemic, we found that work location also was an affecting variable, signaling certain types of roles appear to be predisposed to value autonomy more than others.

Figure 5: The Positive Impact of an Organization Valuing Autonomy

■ Autonomy Is Valued ■ Autonomy Is Not Valued
■ Delta (+/-) In Engagement Measure

36%   45%

LIKELY TO CHANGE COMPANY
IN NEXT 12 MONTHS

+9 POINTS

48%   54%

INTERESTED IN EXPLORING
JOBS ELSEWHERE

+6 POINTS

84%   72%

WILLING TO RECOMMEND
ORGANIZATION

-12 POINTS

85%   73%

SATISFIED OVERALL WITH
ORGANIZATION

-12 POINTS

AUTONOMY HIGHLY VALUED — MEDICAL FACILITY — REMOTE/HOME-BASED — CORPORATE OFFICE — RETAIL STORE — AUTONOMY LESS VALUED

While developing the research report, we are seeing increased interest in improved flexibility and autonomy from hourly and frontline workers in many other industries. This increase is a trend to closely monitor in the coming months and years as it will likely impact talent management practices on a broader scale.

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A Comparison of Desk-Based & Deskless Worker Perceptions

The early months of the pandemic placed so much emphasis on office-based workers suddenly displaced to work from their homes that it was easy to forget other workers—without the ability to seek refuge at home while remaining employed—were in the workforce.
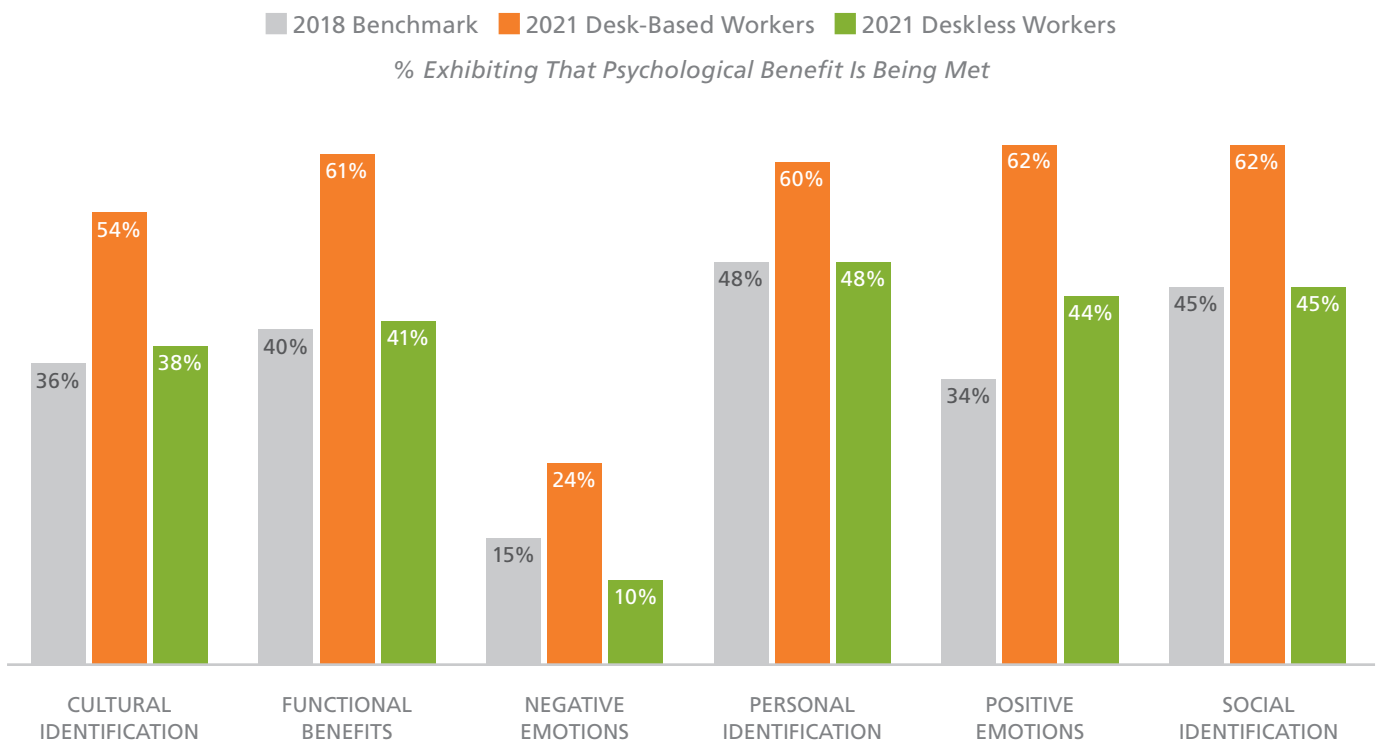
In our analysis, we found desk-based workers, in traditional offices or remote, had their needs more effectively met than deskless workers in nearly all psychological benefits except for emotional benefits. Desk-based workers exhibit much higher incidence of negative emotions as well as positive emotions, indicating a greater degree of volatility.

Alternatively, engagement levels for deskless workers more closely mirrored the 2018 benchmark though they have a notably lower prevalence of negative emotions than the benchmark and, especially, desk-based workers in 2021 (Figure 6).

> Deskless workers represent roughly 80% of the global workforce and are primarily employed in retail, transportation, healthcare, hospitality and manufacturing.
>
> —JOSH BERSIN

Figure 6: Psychological Benefit Performance for Desk-Based vs. Deskless Workers

2018 Benchmark 2021 Desk-Based Workers 2021 Deskless Workers

% Exhibiting That Psychological Benefit Is Being Met

	2018 Benchmark	2021 Desk-Based Workers	2021 Deskless Workers
CULTURAL IDENTIFICATION	36%	54%	38%
FUNCTIONAL BENEFITS	40%	61%	41%
NEGATIVE EMOTIONS	15%	24%	10%
PERSONAL IDENTIFICATION	48%	60%	48%
POSITIVE EMOTIONS	34%	62%	44%
SOCIAL IDENTIFICATION	45%	62%	45%

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A Comparison of Desk-Based & Deskless Worker Perceptions (Cont.)

While deskless workers may not be having their psychological needs met as effectively as desk-based workers, it's notable that they are also less likely to be exhibiting emotional volatility that can be damaging to organizational culture. The uptick in negative emotions among desk-based workers was found to be primarily driven by feelings of agitation, restlessness, weariness and withdrawal (Figure 7).

Figure 7: Prevalence of Negative Emotions in Deskless & Desk-Based Workers

Deskless Workers ■ Desk-Based Workers

% Agreeing "On a Typical Day I Feel..."

	BAD	AGITATED OR RESTLESS	WEARY OR WITHDRAWN
Deskless Workers	14%	19%	19%
Desk-Based Workers	28%	36%	40%
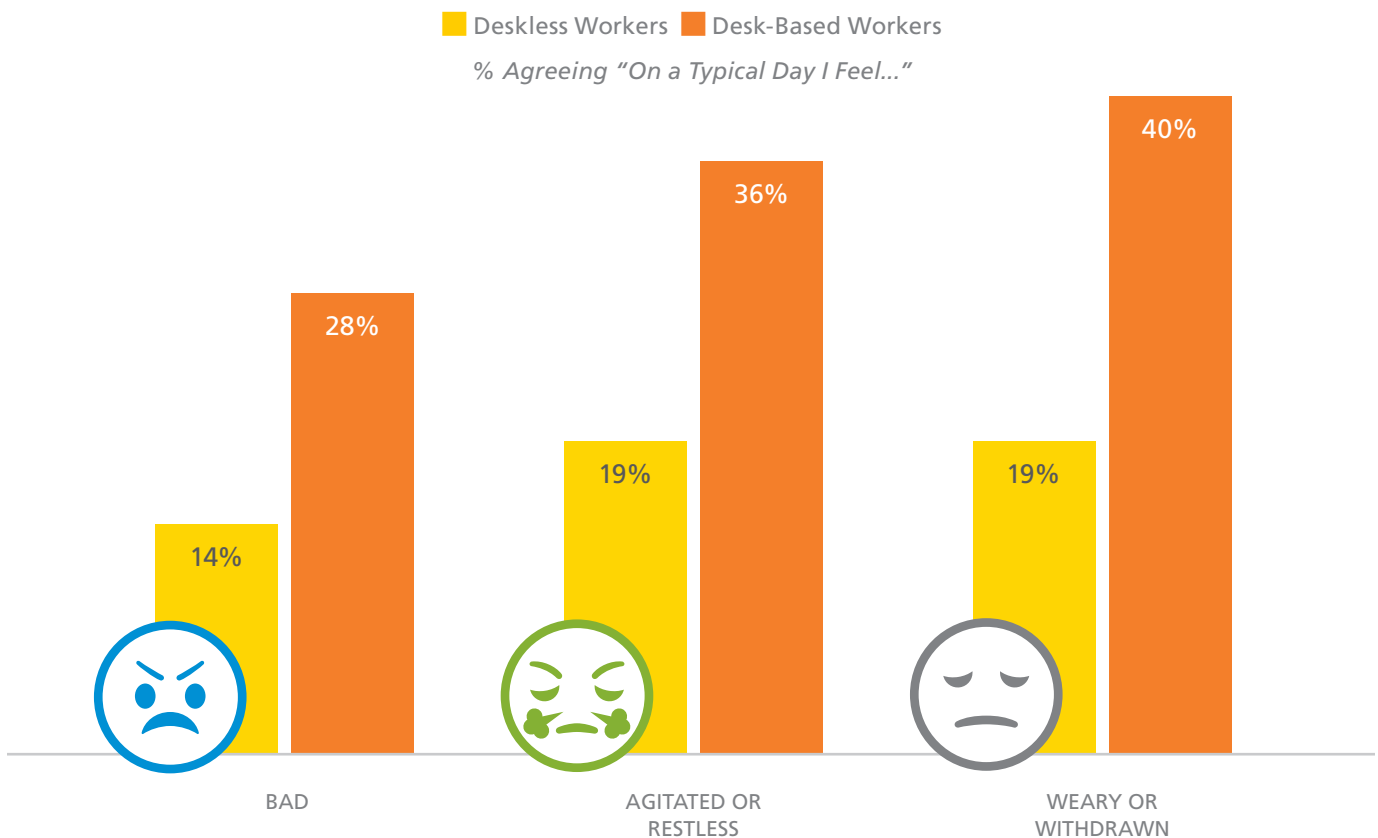
Drivers of the negative emotions are likely pandemic-related pressure and disruption, potentially exacerbated by a prolonged shift to working from home, which is found to create an inability to "shut down." Additionally, forced labor reduction in early pandemic and now an uptick in voluntary turnover have caused increased workload and turnover-related morale issues.

While deskless workers likely face some of these same challenges—and others—they simply appear to be exhibiting greater degrees of resiliency and emotional composure to fend off the increase in negative emotions seen among desk-based workers. However, deskless workers' positive emotions still lag those of desk-based workers considerably.

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What About Remote Workers?
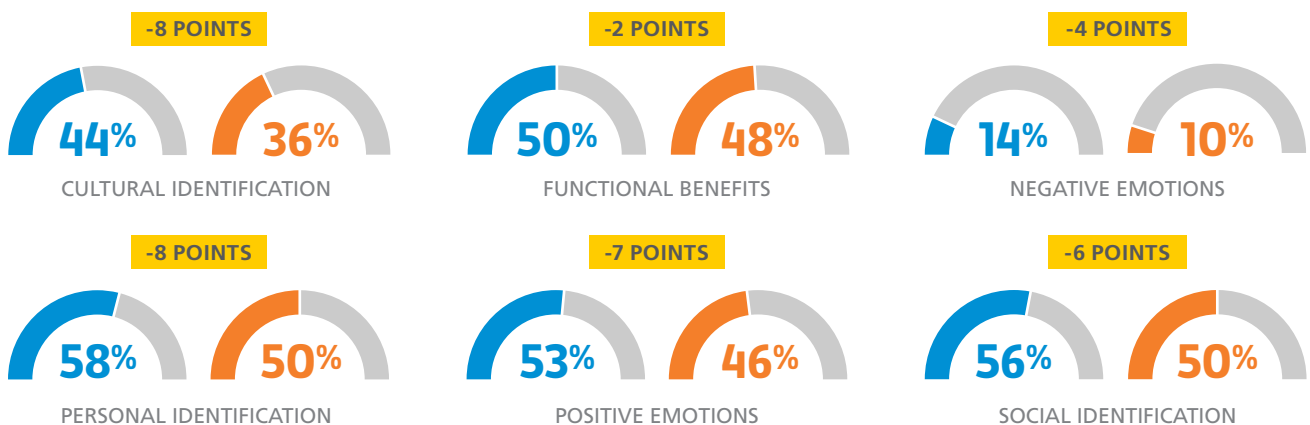## How Desk-Based Workers Are Affected by Where Their Work Gets Done

The sudden shift to remote work for a large portion of the desk-based workforce early in the pandemic has effectively ushered in a new wave of debate over how many workers will—and won't—return from remote work arrangements in the future, particularly for corporate, desk-based knowledge workers.

To better understand the needs of desk-based workers, we explored overall psychological benefit performance for corporate office vs. remote employees. **Overall, despite the vocal push for increased remote and hybrid work arrangements, we saw higher engagement among corporate, desk-based employees in comparison to remote desk-based workers (Figure 8)**.

While incidence of negative emotions are lower for remote workers, and satisfaction with functional benefits (like compensation, work/life balance and perks) are relatively in line with corporate office-based respondents, notable opportunity exists to better engage the identity benefits for remote workers. Focusing on the identity benefits will help improve self-esteem, sense of belonging, cultural appeal and interpersonal relationships.

Figure 8: Psychological Benefit Performance for Desk-Based & Remote Desk-Based Worker

■ 2021 Corporate Office Desk-Based Workers ■ 2021 Remote Desk-Based Workers ■ Delta (+/-) in Score for Remote Workers

% Exhibiting That Psychological Benefit Is Being Met

-8 POINTS	-2 POINTS	-4 POINTS
44% 36%	50% 48%	14% 10%
CULTURAL IDENTIFICATION	FUNCTIONAL BENEFITS	NEGATIVE EMOTIONS

-8 POINTS	-7 POINTS	-6 POINTS
58% 50%	53% 46%	56% 50%
PERSONAL IDENTIFICATION	POSITIVE EMOTIONS	SOCIAL IDENTIFICATION

As employees adjust to their new normal in the coming months and years, it will be important to monitor the lasting impact of remote work on psychological benefit performance for these two worker segments.

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How to Use This Research to Keep Your Talent

Our original research had two objectives:

1. Understand the underlying psychological forces that determine whether an employee engages (or doesn't)
2. Create actionable recommendations to help companies better engage their own people

To accomplish the objectives, we established The Psychological Benefit Framework, conducted a separate analysis that uncovered which employer-led programs and initiatives employees value most, and identified how the initiatives influence and improve each psychological benefit (Figure 9).

Figure 9: The Path to Engagement & Retention Using Initiatives to Target Psychological Benefits
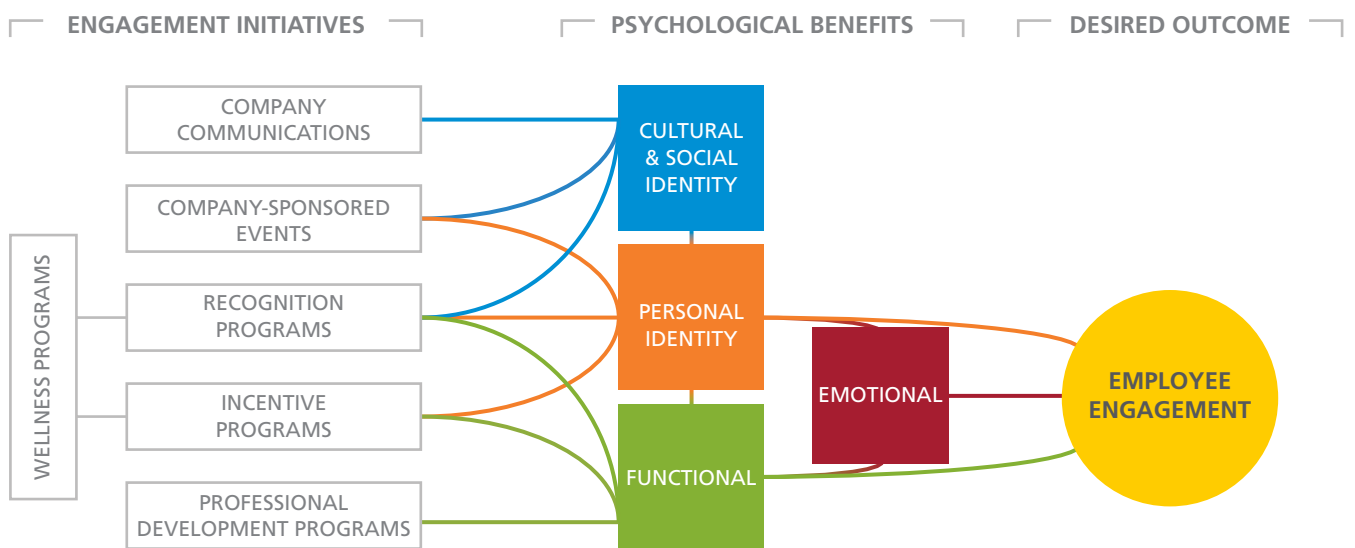
In our latest analysis, we delved deeper into this model to identify three key focus areas that help organizations improve engagement and keep top talent.

1

Enrich Culture by
Improving Appeal &
Authenticity of
Mission & Values

2

Embrace Tenure-Driven
Engagement Slumps
To Circumvent
The Consequences

3

Keep Enhancing Current
Engagement Initiatives—
They Matter More
Than You Know

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Focus Area #1: Enrich Culture by Improving Appeal & Authenticity of Mission & Values
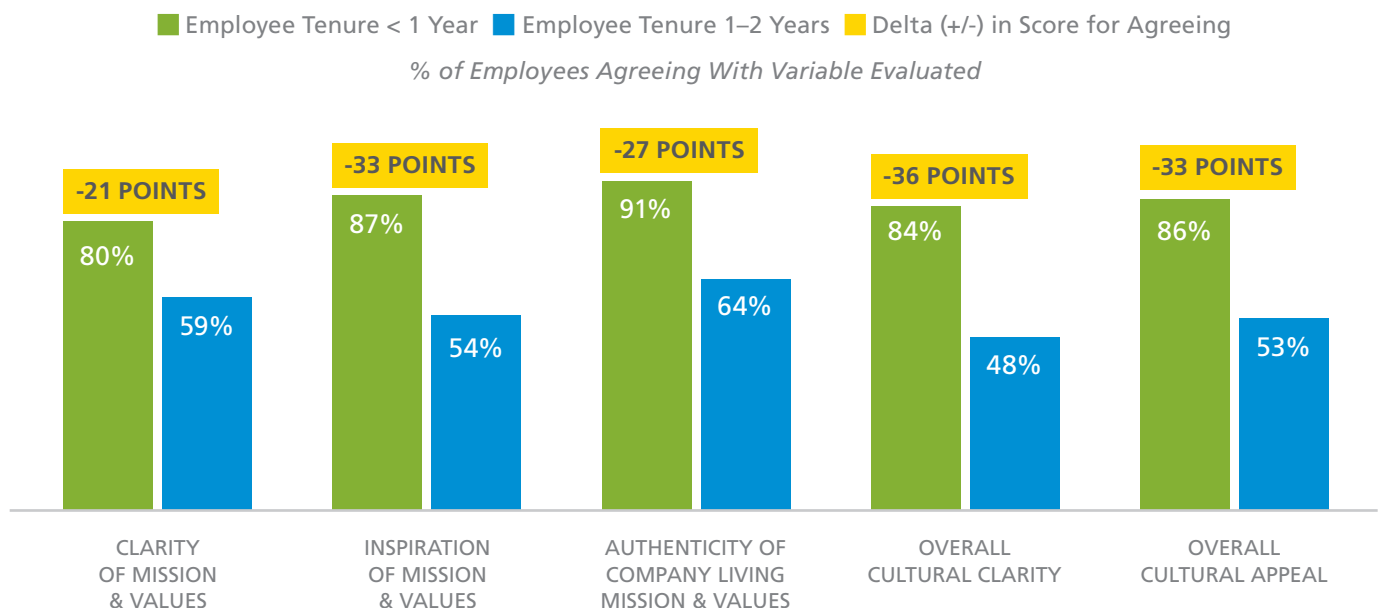
Culture is how things are "done" in an organization through shared attitudes, motivations and norms that guide employee behavior at all levels. And few topics have been discussed as much as culture as a differentiator for top workplaces.

But culture can also feel notoriously challenging to manage, especially now. It relies on observing the social cues of peers and leaders, a task many fear is only getting harder as work becomes more flexible, interactions are increasingly digital and, in some organizations, teams have never met in person. **We believe pandemic-spurred adjustments to the way work gets done signal opportunity versus threat.**

Our latest data revealed a significant increase in the importance of company mission and values to employees. The aspirational goals of what a company wants to be in the world (mission) and how they want work to be done to make that happen (values) are core drivers of organizational culture and indicate now is a critical time to focus your efforts on them.

The data showed new hires are particularly excited about culture, mission and values, despite the potential ambiguity of those messages because of being hired during the pandemic. New hires are also especially susceptible to "The Reality Slump," which means employees are all too often left feeling as though they were sold a dream that wasn't authentic (Figure 10).

Figure 10: Impact to Perceived Company Culture for New Hires During the First Two Years of Employment

■ Employee Tenure < 1 Year ■ Employee Tenure 1–2 Years ■ Delta (+/-) in Score for Agreeing

% of Employees Agreeing With Variable Evaluated

	CLARITY OF MISSION & VALUES	INSPIRATION OF MISSION & VALUES	AUTHENTICITY OF COMPANY LIVING MISSION & VALUES	OVERALL CULTURAL CLARITY	OVERALL CULTURAL APPEAL
Delta	-21 POINTS	-33 POINTS	-27 POINTS	-36 POINTS	-33 POINTS
Tenure < 1 Year	80%	87%	91%	84%	86%
Tenure 1–2 Years	59%	54%	64%	48%	53%

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The dramatic decline in cultural perception matters because when employees do believe in the clarity, inspirational appeal and authenticity of their organization's culture, they're more likely to be satisfied, more likely to recommend your company and more likely to believe your company wants to develop and retain them (Figure 11).

Figure 11: The Importance of Mission & Values to Employee Engagement

■ Employee Satisfaction ■ Employee Advocacy ■ Employee Belief Company Wants to Develop/Retain Them

CLARITY

MISSION & VALUES ARE CLEAR
- 86%
- 85%
- 86%

MISSION & VALUES ARE **NOT** CLEAR
- 35%
- 31%
- 45%

INSPIRATIONAL APPEAL

MISSION & VALUES ARE INSPIRATIONAL
- 86%
- 88%
- 88%

MISSION & VALUES ARE **NOT** INSPIRATIONAL
- 22%
- 15%
- 25%

AUTHENTICITY

MISSION & VALUES ARE AUTHENTIC
- 92%
- 92%
- 93%

MISSION & VALUES ARE **NOT** AUTHENTIC
- 21%
- 28%
- 31%

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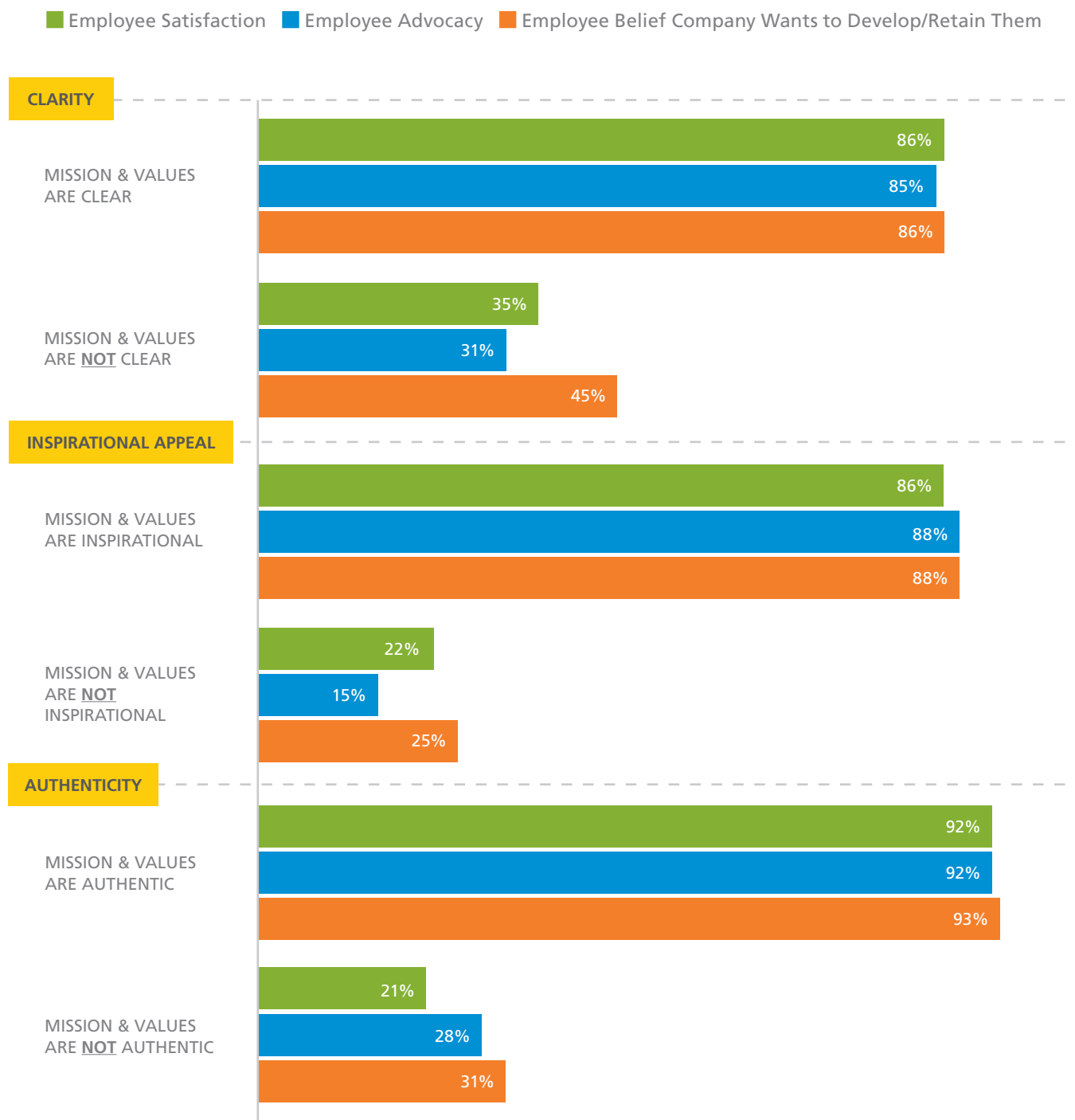
How to Improve Culture by Increasing the Appeal & Authenticity of Your Mission & Values

Listen to Your People's Feedback on Your Current Statements

As organizations determine their "new normal" because of the pandemic and transition into their own versions of the future of work, many are already reconsidering their mission and values. Due to the rapid period of evolution and disruption we've all been through, revising your statements is a worthwhile and necessary exercise for all organizations to explore. If it's not on your radar yet—it should be.

Culture is about the entire organization—not just one segment.

While employees with less tenure tend to have strong opinions on this topic, we recommend a broader organization-wide initiative versus an isolated focus on those newer hires.

During this feedback process, take time to listen to your employees to unearth consistencies in their responses to existential questions like:

> What drives them as individuals?
> What motivates the typical employee at your organization?
> What's truly unique about your organization?
> How does the work they do help them draw a personal and collective sense of purpose?

Use what you hear as a compass to evaluate your mission and values. If what you hear—and how you see your people behave— is consistent with your desired mission and values, that's great. But if gaps emerge, don't be hesitant to pursue something new.

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How to Improve Culture by Increasing the Appeal & Authenticity of Your Mission & Values (Cont.)

Promote Your Mission & Values Story Like a Marketer

Whether your mission and values change substantially or you simply want to re-promote what makes your company great, take the time to communicate the message in employee-centric ways. Here are a few tips:

> Remind them how valuable their feedback was in this process and that you're conveying the stories they told about working there, not manufacturing an aspirational ideal.

> Boil your messages down to the most basic. Rather than fluff, speak in the words they used to describe what's great about working at your organization in relevant, easy-to-comprehend language.

> Create internal culture ambassadors who tell stories on your behalf. Think of them like influencers. They're a critical link to cascade your messages across the organization and can explain personally relevant details to their peers that reinforce what your mission and values mean to different job functions, departments and even individuals.

Sustain Enthusiasm by Incorporating Cultural Messages in Your Employee Experience

When employees see your long-term commitment to living the mission and values you promote, you build trust, inspire desired actions and demonstrate credibility on behalf of your organization. Consider ways to integrate the messages or themes to support your cultural brand in everyday applications like:

> Establishing company-wide and individual goals aligned to your mission

> Reinforcing core values by incorporating them in your recognition initiatives

> Publicizing exemplary employees who can serve as models of desired behaviors for others

> Encouraging employees to internalize what living your values means in their individual role (and make it fun—add a contest or promotion to create excitement)

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Focus Area #2: Embrace Tenure-Driven Engagement Slumps To Circumvent the Consequences
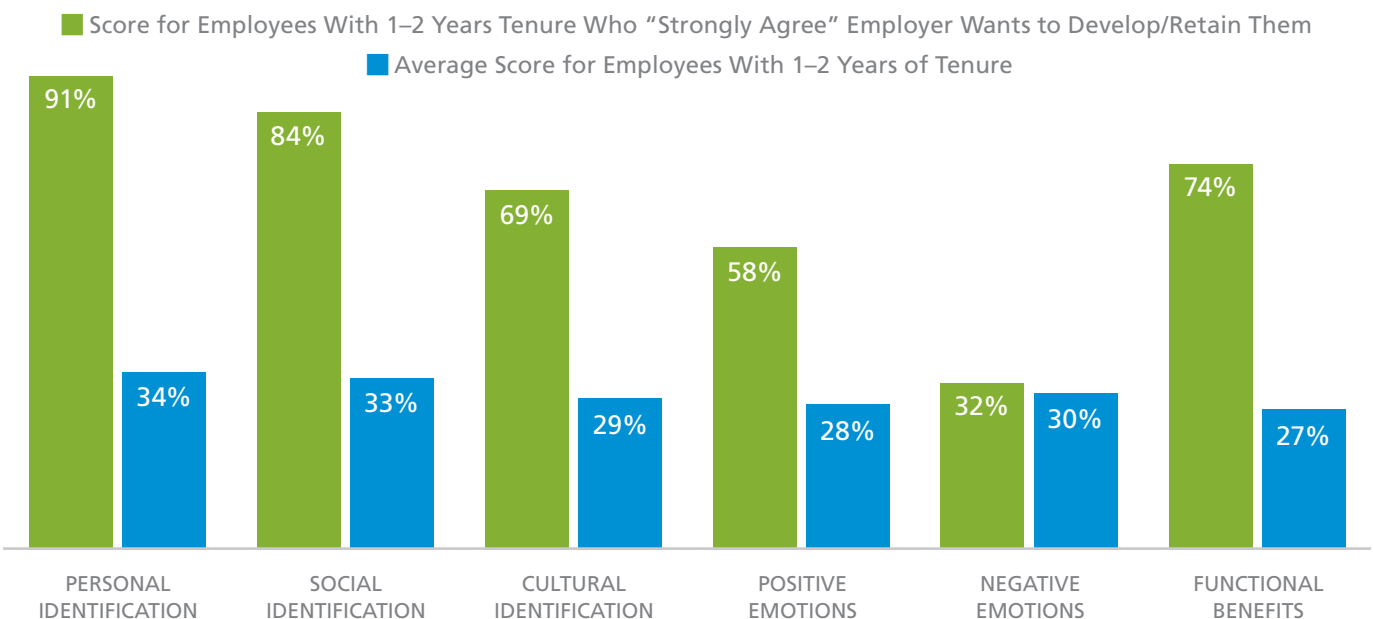
As noted earlier in this report, despite the positive developments identified in the new hire experience, "The Reality Slump" is still present and is more severe, driven in part by exceptionally high optimism among new hires. In addition, a previously unseen engagement valley has emerged among a subset of employees with 11–19 years of tenure. We're tackling each tenure-driven slump separately because they have different root causes.

1. Employees With 1–2 Years of Tenure ("The Reality Slump")

Given the prevalence and persistence of this trend, it's highly likely this portion of your workforce is struggling as well. Don't let this knowledge dishearten you, though: knowing what you need to defend against can be the most important part of your offense. When we first discussed "The Reality Slump" in 2018 it was met with fear and angst. But rather than viewing it as an inevitable downturn in engagement endemic to the workforce, we encourage you to look at it as knowledge to empower your talent management strategies.

When employees with 1–2 years of tenure at your organization see you genuinely want to develop and retain them, they are substantially more likely to stay engaged and less likely to leave (Figure 12).

Figure 12: The Importance of Reinforcing a Genuine Desire to Retain & Develop Talent With 1–2 Years of Tenure

■ Score for Employees With 1–2 Years Tenure Who "Strongly Agree" Employer Wants to Develop/Retain Them
■ Average Score for Employees With 1–2 Years of Tenure

	PERSONAL IDENTIFICATION	SOCIAL IDENTIFICATION	CULTURAL IDENTIFICATION	POSITIVE EMOTIONS	NEGATIVE EMOTIONS	FUNCTIONAL BENEFITS
Strongly Agree	91%	84%	69%	58%	32%	74%
Average	34%	33%	29%	28%	30%	27%

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How to Show Employees Early in Their Tenure You Want to Retain & Develop Them

Set Your Leaders Up for Success in Having Proactive Conversations

Overall comfort with direct manager drops 6 percentage points from those with <1 year to those with 1–2 years tenure, and there's an 8-percentage-point drop in respondents reporting they know what is expected of them. If employees don't understand what's expected from them and they're not comfortable talking to their leader, how can they envision a future for themselves, much less progress toward it?

Knowing this hesitation exists, make sure you train managers on how to:

> Have proactive "stay" conversations
> Discuss growth opportunities
> Connect team members with others who can create bridges to new opportunities for them
> Develop strong reporting relationships rooted in empathy and authenticity

Support Employees' Needs for Community & Connection (No Matter Where They Work)

Society has been through a lot. But our social disruption, while felt nearly universally, was especially exacerbated for employees in this tenure range as many were hired near the start of the pandemic. This is evidenced by a 15-percentage-point decline in responding employees feeling like part of a community and a 17-percentage-point decrease in their belief they have very good friends at work.

To help employees overcome their interpersonal struggles, be sure your organization is:

> Reinforcing the importance of demonstrating appreciation to validate the contributions of all individuals, but especially those individuals in this vulnerable segment (tactfully, of course)
> Nurturing desired behaviors that support social bonds like social gatherings, networking and mentorship
> Enlisting the support of senior leadership to "make it ok" for employees to spend time on social activities, not just work

How to Show Employees Early in Their Tenure You Want to Retain & Develop Them (Cont.)

Boost Employee Sense of Self-Esteem & Purpose

If you want to keep people, show them their work matters at both the micro and macro level. While important for all employees, it's a particularly pressing issue for those in "The Reality Slump" who experienced:

> A 15-percentage-point drop in strongly agreeing they feel good about themselves for working where they do

> A 12-percentage-point drop in those who strongly agree they are proud to tell others where they work

> A 16-percentage-point drop in feeling like people listen and consider their opinions

> An 11-percentage-point drop in feeling they draw a sense of purpose from work they do

> An 11-percentage-point drop in believing the work they do matters

The most effective strategies to restore employees' self-esteem and sense of purpose include:

> Reaffirming the importance of their individual contributions through recognition in a variety of forms (peer, direct leader and, for something particularly meaningful, at the company level)

> Conveying a strong employer brand message to all employees that reinforces a collective, shared sense of purpose

> Motivating employees to internalize what that brand message and your core values mean to them in their specific role or job function
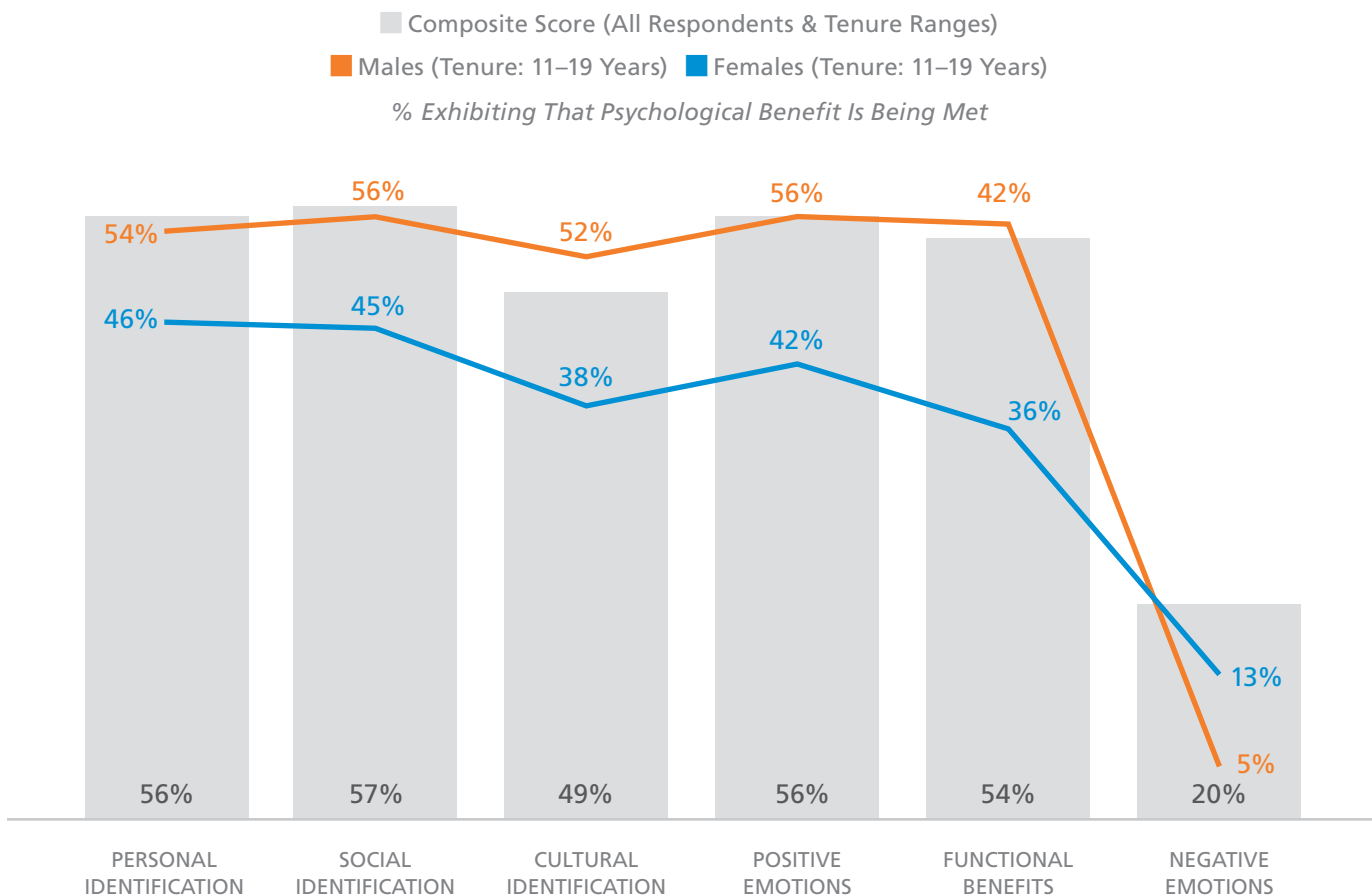
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2. Employees With 11–19 Years of Tenure ("The Second Slump")

Seeing an additional engagement dip emerge at the 11–19-year tenure point in our new data took us by surprise. While there was evidence of slight plateau in 2018, nothing led us to believe we'd see a significant upset in the psychological state of this segment. Employees with this much tenure are generally viewed as the stable shepherds of the organizations. These people are likely exceptionally strong in their roles or field of expertise. But, more important, they know how to navigate your organization and making up for that lost knowledge can be difficult (if not impossible).

As we dug deeper, we came to an alarming conclusion: "The Second Slump" isn't blind to traditional demographics like "The Reality Slump". *It disproportionately impacts women.*

While psychological benefit performance for men with 11–19 years of tenure remained in line with or improved upon the composite for all respondents, women with 11–19 years of tenure experienced widespread, primarily negative psychological impacts versus their male counterparts (Figure 13).

Figure 13: "The Second Slump"—How Gender Impacts Psychological Needs

Composite Score (All Respondents & Tenure Ranges)
Males (Tenure: 11–19 Years)   Females (Tenure: 11–19 Years)
% Exhibiting That Psychological Benefit Is Being Met

	PERSONAL IDENTIFICATION	SOCIAL IDENTIFICATION	CULTURAL IDENTIFICATION	POSITIVE EMOTIONS	FUNCTIONAL BENEFITS	NEGATIVE EMOTIONS
Males	54%	56%	52%	56%	42%	5%
Females	46%	45%	38%	42%	36%	13%
Composite	56%	57%	49%	56%	54%	20%

Particularly notable ramifications of "The Second Slump" trend included the following impacts to women:

> 16% decline in personal identification, impacting self-esteem, sense of belonging and purpose
> 19% decline in social identification, impacting interpersonal relationships with peers and leaders
> 26% decline in cultural identification, impacting an employee's sense of connection and appeal of the company's mission, values and shared behaviors
> 35% decline in functional benefits, eroding belief in what the company is helping a person accomplish or do

Because of the impact to the identity benefits and functional benefits, females in this tenure range were affected deeply on an emotional level, including:

> 25% decline in positive emotions, meaning less time spent feeling energized, calm and good
> 167% increase in negative emotions, meaning more time spent feeling agitated, restless, weary, withdrawn and bad

How to Support Struggling, Highly Tenured Females in Your Workforce

Talk to Them About Their Functional Benefit Needs

Functional benefits are an inherently broad psychological benefit and include factors such as pay, flexibility, personal and professional development and growth opportunities. Given the vast number of potential offerings you can consider to alleviate the functional benefit strain, it's important to unearth individual needs to support your people efficiently and effectively. You may even find you're already offering what people need and they might be unaware or hesitant to ask for help.
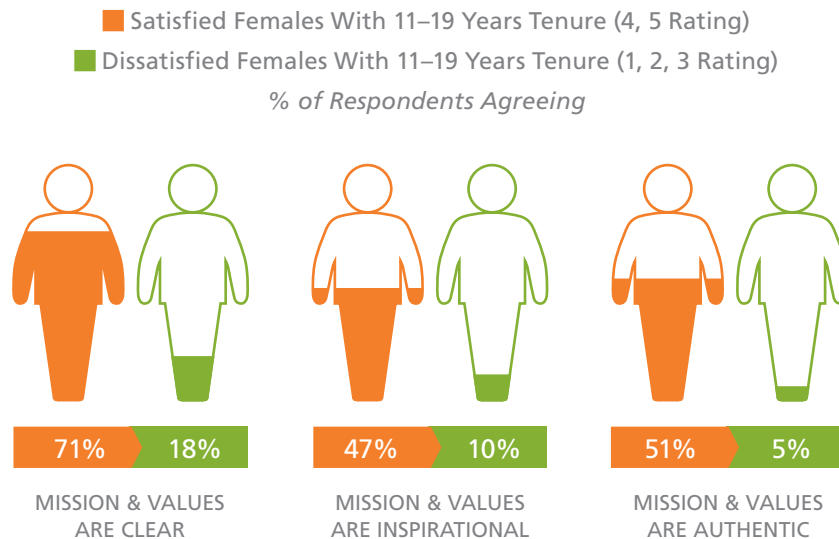
Whether it's targeted pulse surveying, engaging immediate leaders for feedback, focus groups or another form of listening, it's critical you find a way to hear the needs of this segment of your employee population.

How to Support Struggling, Highly Tenured Females in Your Workforce (Cont.)

Inspire Them to Authentically Re-Engage in Your Culture

We continued to see the importance of mission and values emphasized in our analysis of "The Second Slump," particularly as it related to overall organization satisfaction. The delta between satisfied and dissatisfied employees in this segment was particularly pronounced when it came to clarity, inspirational power and authenticity of their organization's mission and values. The authenticity factor is key. Engagement levels are negatively impacted if an employee believes in the company mission and values but doesn't believe those things are coming to fruition (Figure 14).

Figure 14: The Critical Role of Mission & Values
In Overcoming "The Second Slump"

■ Satisfied Females With 11–19 Years Tenure (4, 5 Rating)
■ Dissatisfied Females With 11–19 Years Tenure (1, 2, 3 Rating)
% of Respondents Agreeing

| 71% | 18% | 47% | 10% | 51% | 5% |

| MISSION & VALUES ARE CLEAR | MISSION & VALUES ARE INSPIRATIONAL | MISSION & VALUES ARE AUTHENTIC |

To support the need for higher engagement, consider the suggestions outlined previously regarding boosting culture by increasing the appeal and authenticity of your mission and values.

Show Them Your Appreciation & Gratitude

No matter what underlying causes you identify, know that this segment has been through a lot. Professionally, personally, and emotionally.

That's why it bears repeating that, just like our recommendation for those in "The Reality Slump," this segment would benefit from extra personal and professional validation aimed to restore their self-esteem and sense of belonging. Recognition, empathetic leadership, offers of mentorship, advocacy groups and more—there are countless options to consider, just be sure not to overlook your stable shepherds.

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Focus Area #3: Keep Enhancing Current Engagement Initiatives—They Matter More Than You Likely Know

One key finding from the 2018 research project was identification of the six most important types of initiatives a company should offer to nurture the psychological benefits.

These include:

1. Internal company communications and awareness-building strategies
2. Company-sponsored events and activities
3. Recognition programs
4. Incentive programs
5. Skills development programs
6. Wellness programs (physical + emotional + financial)

The types of initiatives weren't a surprise—we knew these initiatives were common in many organizations. But what was surprising was how low employee satisfaction was with each of these initiatives at the time. That was when the pieces clicked into place.

The issue wasn't that companies were offering the wrong initiatives; it was that the initiatives weren't designed and executed well enough to improve employee engagement.

The new data showed relatively little had changed in the prevalence of these key engagement initiatives (Figure 15).

Figure 15:
Prevalence of Engagement Initiatives

■ 2018 ■ 2021

% of Respondents Whose Organization Offers Initiatives

89% | 91%
COMPANY COMMUNICATIONS

78% | 80%
COMPANY-SPONSORED EVENTS

67% | 75%
INCENTIVE PROGRAMS

72% | 79%
PROFESSIONAL DEVELOPMENT PROGRAMS

81% | 83%
RECOGNITION PROGRAMS

71% | 75%
WELLNESS PROGRAMS

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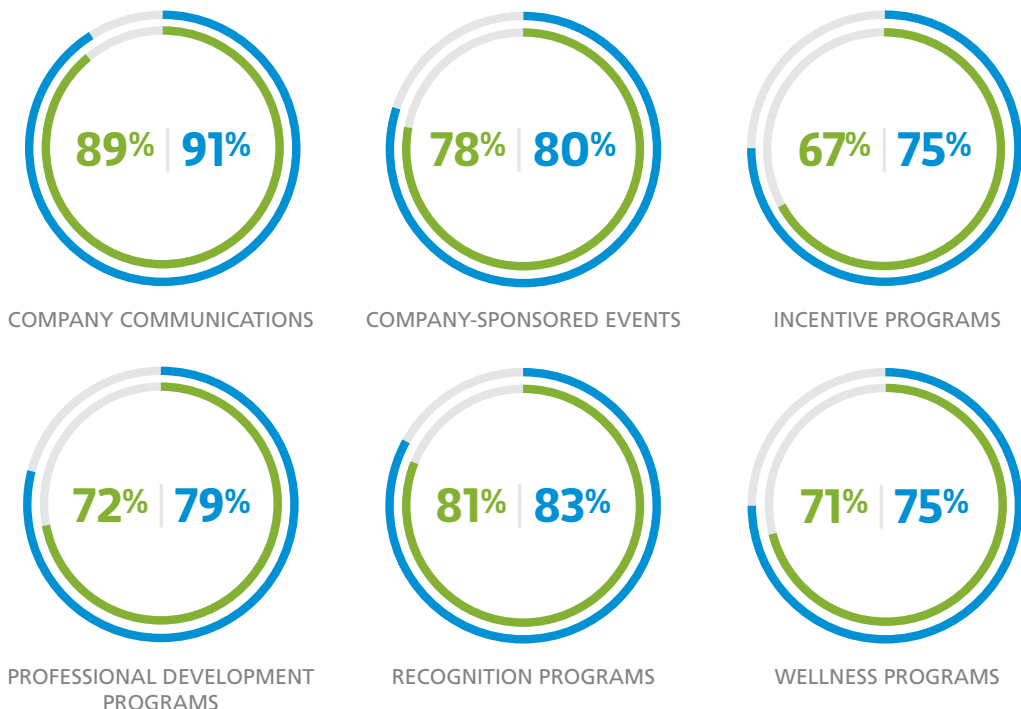
The largest increases were in incentive programs (8 percentage points) and professional development programs (7 percentage points) while all other initiatives increased at more moderate rates of 2–4 percentage points.

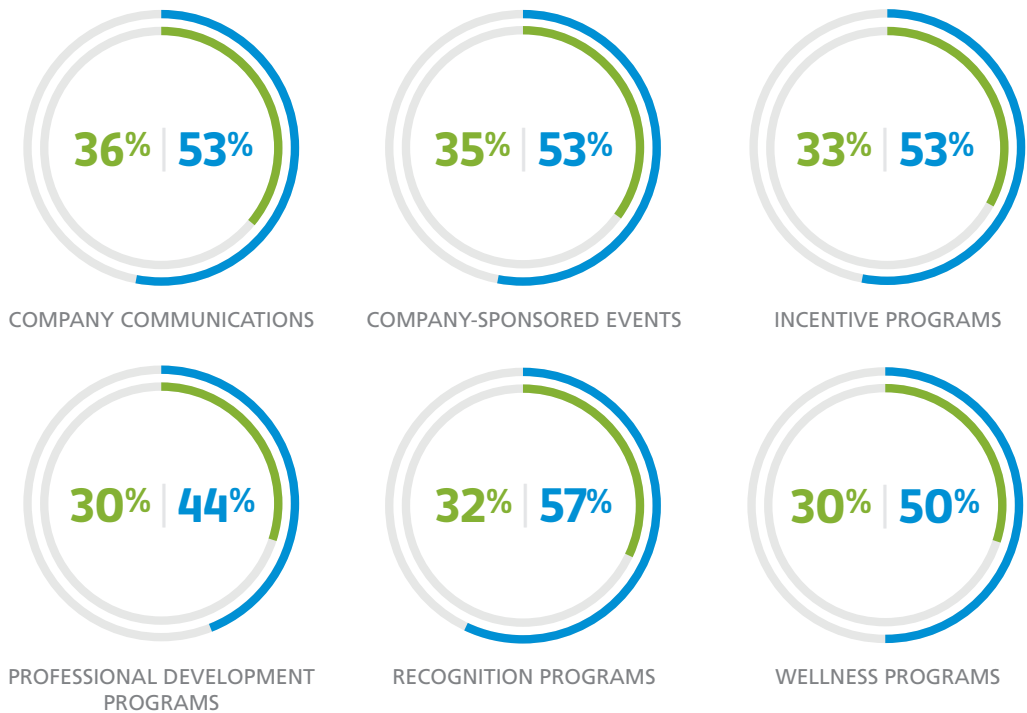Many niche programs roll into the incentive and professional development categories, but examples of these include performance-related programs, behavior-based incentives, skills development completion and other professional advancement opportunities.

While initiative prevalence didn't substantially change, employee satisfaction with the engagement initiatives they're offered improved significantly (Figure 16).

Figure 16:

Increased Satisfaction With Engagement Initiatives

■ 2018 ■ 2021

% of Respondents Who Are Highly Satisfied With Initiative

36% | 53% COMPANY COMMUNICATIONS	**35% | 53%** COMPANY-SPONSORED EVENTS	**33% | 53%** INCENTIVE PROGRAMS
30% | 44% PROFESSIONAL DEVELOPMENT PROGRAMS	**32% | 57%** RECOGNITION PROGRAMS	**30% | 50%** WELLNESS PROGRAMS

This shift is an exciting development and is a testament to the enhanced focus on employee experience and overall wellbeing—and the investments made to implement stronger programs.

The reason this improvement is important is because when employees are more satisfied with engagement initiatives, they are also more satisfied with their organization overall.

Employees who are satisfied with these initiatives are

22% TO 30% MORE SATISFIED WITH THEIR ORGANIZATION OVERALL

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For example, we saw strong improvement in satisfaction with recognition programs. And when employees felt more appreciated, they exhibited higher engagement than those who did not feel adequately appreciated (Figure 17).

Figure 17: The Impact of Strong Recognition Programs on Engagement

■ Employee Is Highly Satisfied With Recognition Offered ■ Employee Is Not Satisfied With Recognition Offered

Average Ranking on Overall Satisfaction With Organization (1-5, 5 = Highly Satisfied)

4.6	4.57	4.47
3.65	3.69	3.41
SATISFACTION WITH ORGANIZATION	LIKELIHOOD TO RECOMMEND ORGANIZATION	BELIEF THAT EMPLOYER IS VERY INTERESTED IN RETAINING THEM

How to Boost the Effectiveness of Engagement Initiatives for Your People

Increases in satisfaction like we see in this data don't just happen on their own. The increases validate the work so many HR and organizational leaders have put in to improving employee experiences. It also validates that improving engagement isn't a lost cause, even in the era of "The Great Resignation."

Keep Improving the Initiatives You Offer

The pandemic has been unfathomably challenging in many ways, but it also provided a much-needed nudge for many leaders to modernize sub-standard legacy programs.

> Keep looking for opportunities to improve upon the programs you're offering your people
> Use feedback from your people to guide decisions
> Continually evaluate whether initiatives are having the desired impact you're looking for to ensure positive momentum comes from increased employee engagement

If You Aren't Improving Upon the Programs You Have—Get Started

Use this research report to validate the need for evolving your programs into something employees actually like, leading to improved satisfaction, increased willingness to promote your brand and an enhanced belief your company cares about them.

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Closing Thoughts

The goal with this research report was to identify the potential and the possible with employee engagement despite a challenging labor market and the pandemic. Along the way, we found a healthy dose of positivity.

We've been inspired to see employee engagement is broadly improving because:

> Employee needs are more effectively met

> Pandemic-era new hires are eager and passionate about supporting their company's mission and values

> Investments of time and money for initiatives and programs that support overall employee wellbeing are paying off via employee satisfaction and advocacy

As you look to the future, embrace the positive trends and leverage the opportunities we've identified to better meet employee needs, including how:

> When and where work gets done affects employees and that's manifesting through emotional volatility

> Tenure-driven engagement slumps are likely to affect an organization's ability to retain talent

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There have been amazing strides in employee engagement despite a time of unprecedented disruption. Don't be swept into the fear mongering or feelings of hopelessness taking over the world of talent management.

Use the strategies and tactics you've found helpful and dive into new trends to build an organization that people love to work for.

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About the Research: Methodology, Demographics & Representation

A sample of 1,000 employees, 18+ and employed full time, were surveyed August 10–23, 2021. Chadwick Martin Bailey, a wholly owned subsidiary of ITA Group, Inc., administered the survey. Census balancing ensured a representative sample (for age and gender). Respondents represented a diverse range of industries and roles.

Gender
- .2%
- 44.2%
- 55.6%

- Male
- Female
- Other

Type of Work Performed
- 22.2%
- 77.8%

- Desk-Based Work (i.e., spend most of workday at a desk)
- Deskless Work

Generation
- 4.8%
- 21.0%
- 42.6%
- 31.6%

- 57+ (Baby Boomers + Matures)
- 41-56 (Gen X)
- 25-40 (Millennials)
- 18-24 (Gen Z – Working Adults Only)

Employer Size (Global Employee Count)
- 18.5%
- 38.6%
- 15.6%
- 27.3%

- 500-2,499
- 2,500-9,999
- 10,000-49,999
- 50,000+

Employee Level In Organization
- 21.6%
- 35.9%
- 14.8%
- 25.8%

- Entry-level Or Individual Contributor
- Mid-Level (e.g., Supervisor, Manager, Sr. Manager)
- Senior-Level (e.g., Director, VP)
- Executive Level (e.g., SVP, C-Suite)

Personal Annual Income
- 2.1%
- 13.8%
- 16.1%
- 22.0%
- 17.6%
- 15.4%
- 13.0%

- Less Than $20,000
- $20,000–$39,999
- $40,000–$59,999
- $60,000–$79,999
- $80,000–$99,999
- $100,000–$149,000
- $150,000+

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