



2020

Employee Engagement & Modern Workplace Report

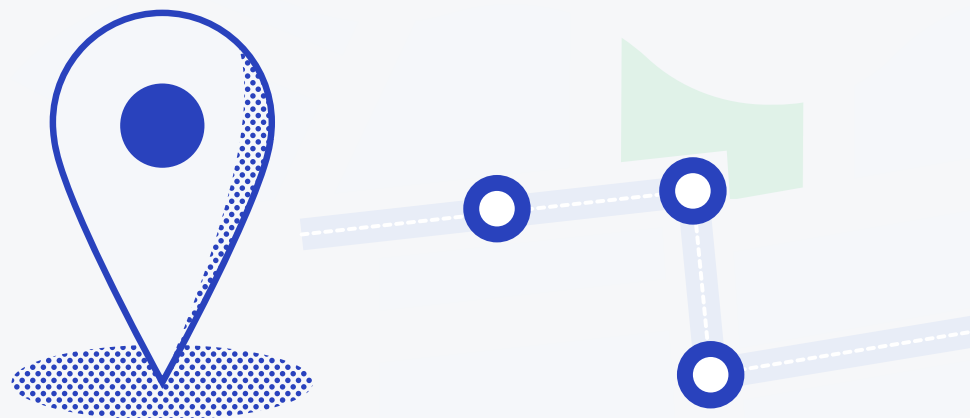
Evaluating the current state, influential factors, and important trends of employee engagement 🍀



Proudly made in Boulder, CO by Bonusly.

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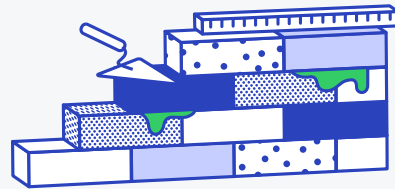
Executive Summary

Over the past year, workplaces have faced powerful, unforeseen factors: **a global pandemic, economic uncertainty, cultural reckoning, and more.** Organizations have had to balance ongoing operations with unique challenges while industries continue to evolve at a dizzying pace. Throughout (and perhaps because of) all this, employee engagement has become a top priority for leaders.

So, how has this past year impacted employee engagement levels? More importantly, how can leaders better understand and effectively engage their teams moving forward?

With those questions in mind, we assembled the Employee Engagement & Workplace Report. We analyzed key engagement data from employees to reveal the current state of employee engagement and discovered its most impactful factors across the following areas:

- General employee engagement
- Employee recognition + rewards
- Wellness
- Remote work
- Company culture
- COVID-19 response
- Leadership + motivation
- Demographics



By comparing results with our 2019 study, we were able to track important changes that shed light on what today's "modern workplace" really looks like – from the most difficult challenges affecting employees to critical engagement opportunities – and discover the factors that relate most closely with employee engagement.

What resulted were surprising insights that help uncover major workplace shifts over the past 12 months. In this report, we'll review how and why engagement has changed, with a special focus on timely factors like inclusion, mental wellness, and changes in the way we work.

While many organizations prioritize and even excel in engagement, there's still plenty of room for improvement. Less than a third of all employees are Highly Engaged, and many are Actively Disengaged. Our research points to fundamental reasons why that is, and we'll offer strategic recommendations to address engagement by fostering human connection, addressing anxiety, embracing peer recognition, and being both flexible and adaptable.

We hope you'll enjoy the following report on employee engagement and the modern workplace.

Key Takeaways



Foster human connection

We're living in uncertain times, and as social beings, we need to connect with each other in meaningful ways, including at work. Successful organizations will foster human connection through giving and receiving feedback, promoting innovation, cultivating a fun environment, and communicating the impact of their team's work.



Embrace peer recognition

Many workers are navigating uncharted waters and regularly going above and beyond. At the same time, engaged employees work where their contributions are acknowledged and appreciated in a timely manner. While recognition programs can facilitate more recognition, programs based on peer recognition are far more likely to positively impact engagement.



Address anxiety

Stress at work has skyrocketed. We're anxious at our jobs and overwhelmed by our workloads. Workplaces should focus on mental wellness to effectively engage employees. It starts with welcoming discussion around anxiety and addressing that anxiety with thoughtful wellness programs tailored to teams' needs.



Be flexible and adapt

Nearly every organization has been strongly affected by the global events of 2020. However, they can engage employees by adapting quickly and being flexible. That means adopting flexible schedules, offering remote workers a home office budget, and supporting employees during a pandemic.

General Engagement

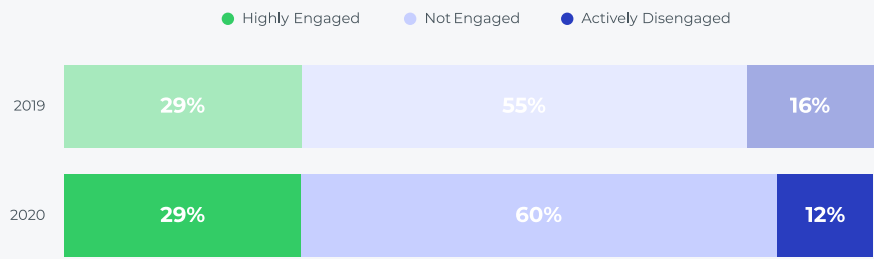


Defined as the emotional commitment an employee has to their work, their team's goals, and their company's mission, employee engagement is a top priority for most people leaders. In researching overall employee engagement levels, we found plenty of room for improvement and some noteworthy insights.

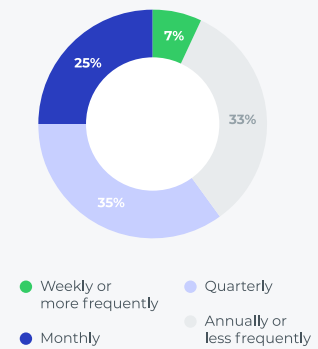
Compared to 2019, the proportion of Actively Disengaged employees in 2020 actually decreased from 16% to 12%. At the same time, the amount of Highly Engaged employees stayed about the same, with Not Engaged employees making up slightly more of the whole. While many teams have been able to adapt to changes in 2020 well enough to keep nearly of third of employees Highly Engaged, external factors have increased anxiety and taken away attention from work. Moreover, remote work has become more widely accepted, making work easier for some and harder for others.

When asked how often their organization measured employee engagement, about a third of respondents indicated monthly or more frequently, with another 35% indicating quarterly measurement. The remaining respondents were measured on engagement every year or less frequently. Not surprisingly, we also found a correlation between more frequent measurement of engagement and engagement level itself.

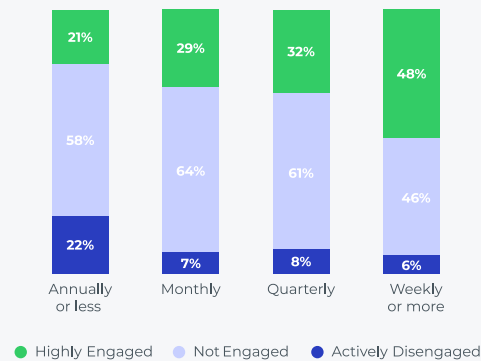
Overall Employee Engagement Levels



Frequency of Engagement Measurement



Engagement Levels by Frequency of Measurement



General Engagement

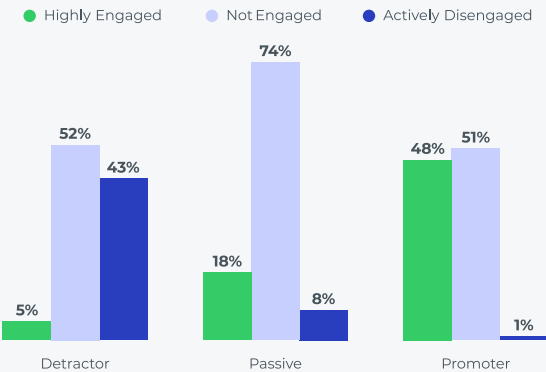


Interestingly, **Employee Net Promoter Score (eNPS)**, the likelihood of an employee recommending their place of work to a friend or colleague, was closely aligned with engagement levels. Although measuring different areas, these two metrics were affected by many, though not all, of the same factors.

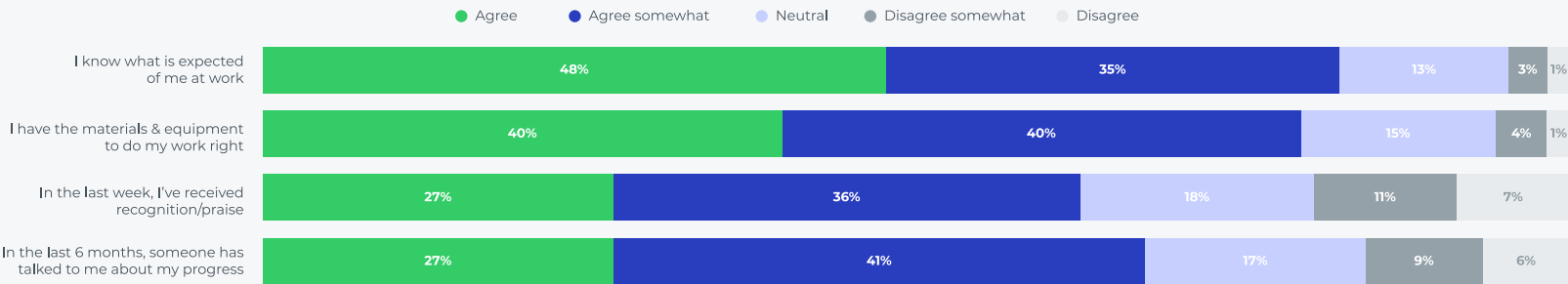
In evaluating the engagement level of respondents, we found a range of answers that give more context to the current state of employee engagement. Among these, factors like expectations and equipment were more consistently agreed upon by the vast majority of respondents as factors in their engagement level.

On the other hand, **we found strong opportunities to improve recognition and increase discussion around progress at work**. Note these two areas require human connection at work, a theme we'll see throughout this report.

Engagement Levels by eNPS



Select Key Employee Engagement Level Questions



Recognition + Rewards

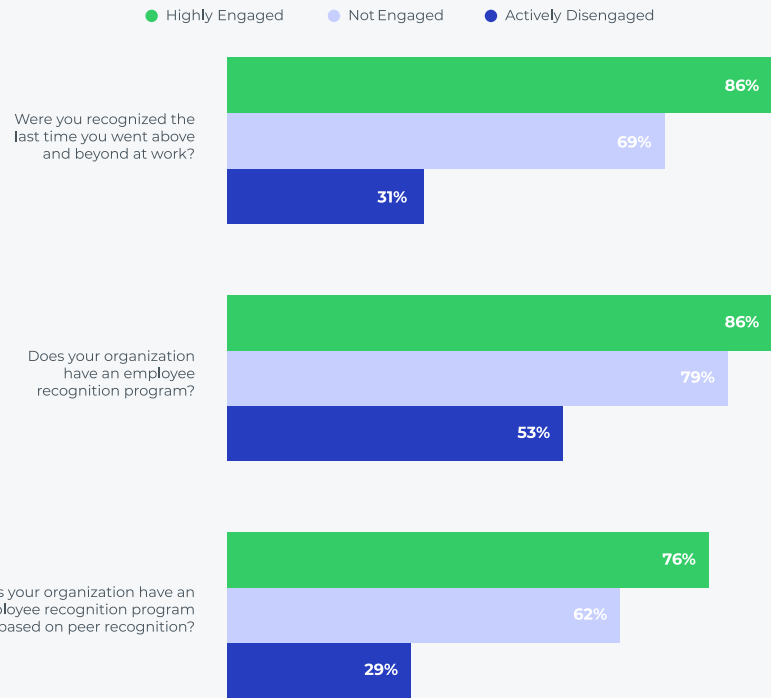


As mentioned earlier, we found a strong opportunity to improve employee recognition, defined as the open acknowledgment and expressed appreciation for employees' contributions to their organization. Throughout our research, we observed the strong correlation of recognition with employee engagement.

The most striking difference between engagement levels appeared when respondents were asked about recognition and extra effort. In fact, **Highly Engaged employees are 2.8 times more likely to be recognized the last time they went above and beyond at work than Actively Disengaged employees.** Effective recognition follows **best practices**, including timeliness. As unemployment remains high and workers are given more on their already full plates, recognition will continue to play an essential part in engagement, especially when that includes recognizing exceptional behavior.

We also investigated the impact of recognition programs on engagement levels. While having a recognition program proved to be a strong indicator of employee engagement, having an employee recognition program based on peer recognition was even more impactful. Highly Engaged employees are 2.6 times more likely to work at an organization with a peer recognition program than Actively Disengaged employees.

Employee Engagement Levels and Recognition



*% answering yes

Recognition + Rewards



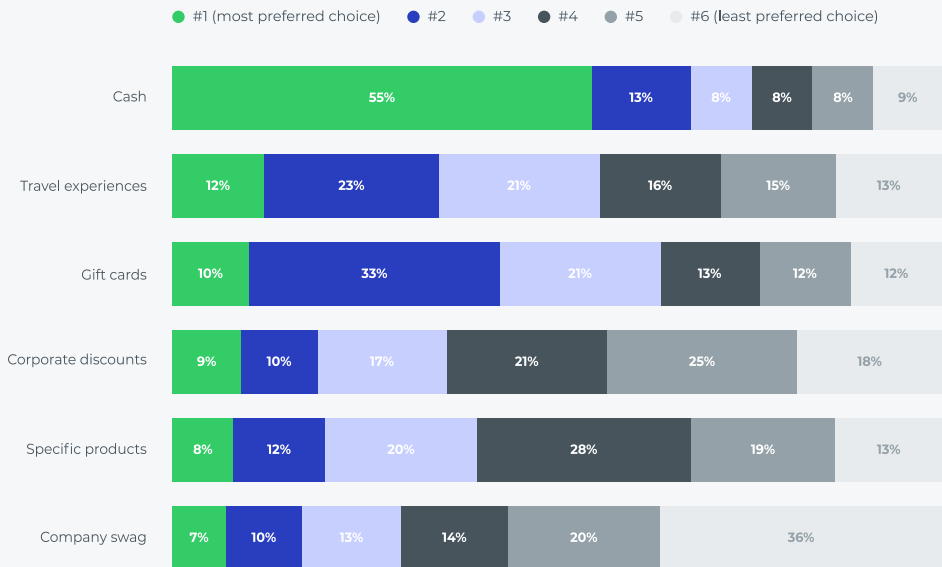
Recognition is an essential part of employee engagement, and in order to enjoy all the benefits of frequent recognition, employees should make recognition a habit. One way to incentivize ongoing recognition is through real-world rewards. By linking recognition to rewards, organizations can actually facilitate [more meaningful exchanges](#).

In order to identify the most preferred rewards among employees, we asked respondents to rank their choices among six options. Unsurprisingly, there were a wide range of responses. Employees inherently view rewards differently, though there were some interesting patterns. Most people's first choice for rewards was cash. More than than half of employees indicated that they preferred to receive cash as a reward for their work, aside from their salary or annual bonus.

The most popular second choice by far was gift cards. While providing a cash spot bonus might be appealing as a reward, gift cards have been [proven to be more impactful](#). Gift cards are also highly versatile rewards that give receivers a high degree of choice.

Because preference varies, organizations should consider building flexibility into the rewards they offer. By allowing employees to choose rewards that excite them and creating a rewards catalog around those choices, recognition incentives can be more powerful.

Aside from your salary or annual bonus, if you were to receive a reward for your work, what would be your preferred choice?



Wellness

Healthy organizations need healthy employees, especially in 2020. When teams prioritize physical and mental employee well-being, it's reflected in higher employee engagement. In our research, we examined the relationship between engagement and wellness factors including wellness programs, flexibility, stress, and more.

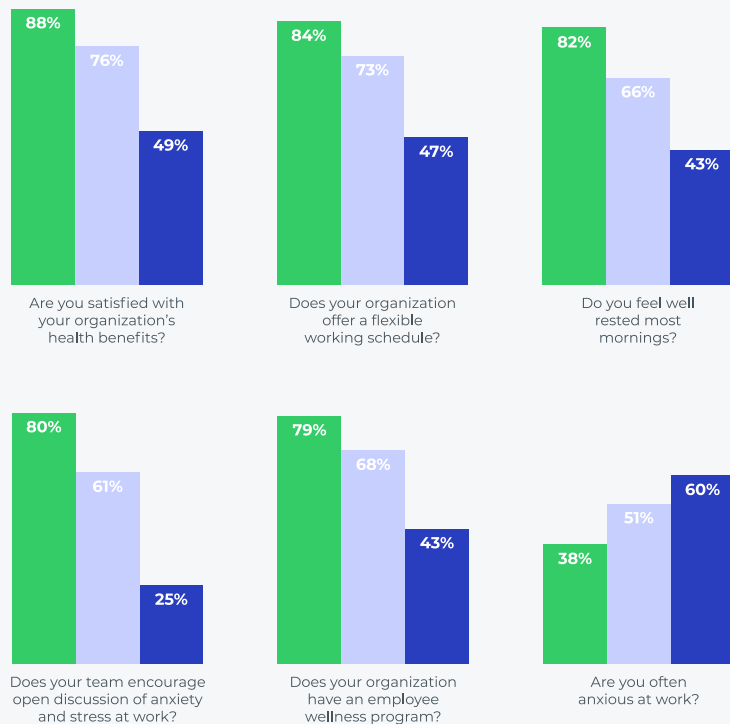
Results from our research indicate that having an employee wellness program correlates with high employee engagement. While wellness programs might not always be on the mind of organizations, encouraging a healthy lifestyle appears to reap big dividends when it comes to engagement. Similarly, offering satisfactory health benefits and flexible work scheduling are important aspects of any modern workplace.

Physical fitness, including exercise and diet appear to have a positive correlation to employee engagement, but mental wellness seems to have a much stronger relationship. For example, we found **the most powerful indicator of engagement was being on a team that encourages open discussion of anxiety and stress at work, which was 3.2 times more likely for Highly Engaged employees than Actively Disengaged ones.** For employees working through difficult challenges, being able to voice their struggles can be helpful. Not only that, it may help build empathy and human connection across teams. Even something as simple as being well-rested can be important to engaging with work. We also found a strong negative correlation between anxiety at work and engagement levels.



Employee Levels and Wellness

● Highly Engaged ● Not Engaged ● Actively Disengaged



*% answering yes

Wellness

A clear trend emerges when looking at wellness compared to the previous year: employees are stressed.

As uncertainty increases globally, it's not shocking to see the kind of wellness trends emerging in the workplace. Unfortunately, **the proportion of employees who indicate feeling overwhelmed with their work and feel anxious at work have increased substantially (+34% and +20%, respectively)**. Likely exacerbated by layoffs and factors outside of work, many employees are at risk of burnout.

However, organizations are reacting quickly. As employees come under more pressure than previous years, companies are rolling out additional wellness programs. Similarly, satisfaction with health benefits has increased, perhaps signalling a positive reaction to companies' handling of COVID-19. To accommodate new working situations, work schedule flexibility is becoming more acceptable.

Modern businesses require effective wellness initiatives and holistic ways to approach employee health, both physical and mental. And since employees are motivated by different factors depending on their needs, more basic needs like health and safety should be met first before taking on higher level needs.



Employee Wellness Trends



*% answering yes

Remote Work

The surge in remote work during 2020 has had an undeniable impact on modern workplaces and the engagement of their employees. As a necessity, many organizations have been forced to work on fully or partially-distributed teams, a 127% increase compared to the previous year.

Remote work is here to stay, and it's quickly changing the way business is done. Many employers have responded by not only increasing flexible work scheduling, but offering a home office budget. To that end, we found that **Highly Engaged employees are 2.6 times more likely to work for an organization that offers a home office budget than Actively Disengaged employees.**

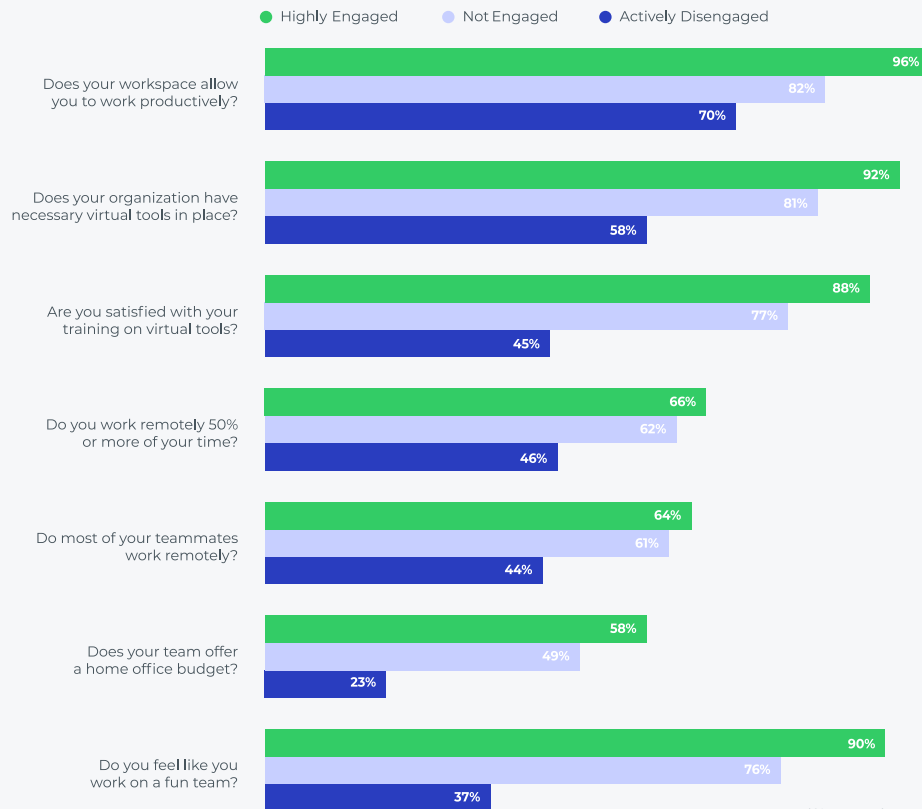
Despite the change in environment, productivity appears to remain relatively stable. Compared to the previous year, the percentage of respondents who believe their workspace allows them to work productively remained steady. It appears that many organizations have successfully added the necessary virtual tools and training to engage their teams.

Do you work remotely 50% or more of your time?

27% → **61%**
2019 2020



Employee Engagement Levels and Remote Work



*% answering yes

Company Culture



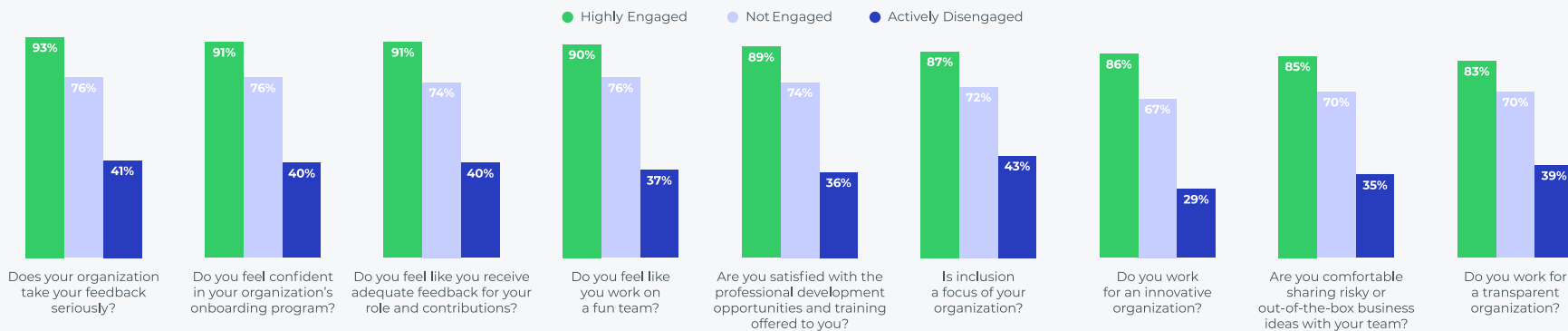
Company culture is informed by team values and driven by behavior. This past year has tested company values and markedly changed behavior, redefining what a modern workplace is really capable of.

When it comes to employee engagement, there are a range of culture-related factors the correlate strongly. Of those, the strongest was innovation. **Highly Engaged employees are 2.9 times more likely to report working for an innovative organization than Actively Disengaged employees.** And while **innovation** isn't always easy to nail down, fostering a fun culture where individuals feel comfortable sharing risky or out-of-the-box ideas is similarly tied to engagement.

Other important cultural factors include those around communication and belonging. For example, both giving and receiving feedback are important factors that relate to engagement. Organizations looking to engage their employees should prioritize healthy communication – fostering a culture that encourages feedback and rewards transparency – and cultivate an inclusive environment for all team members.

Different areas of the employee experience also play an important role, meaning organizations should focus on offering the right professional development opportunities and onboarding experience.

Engagement Levels and Culture



*% answering yes

Company Culture

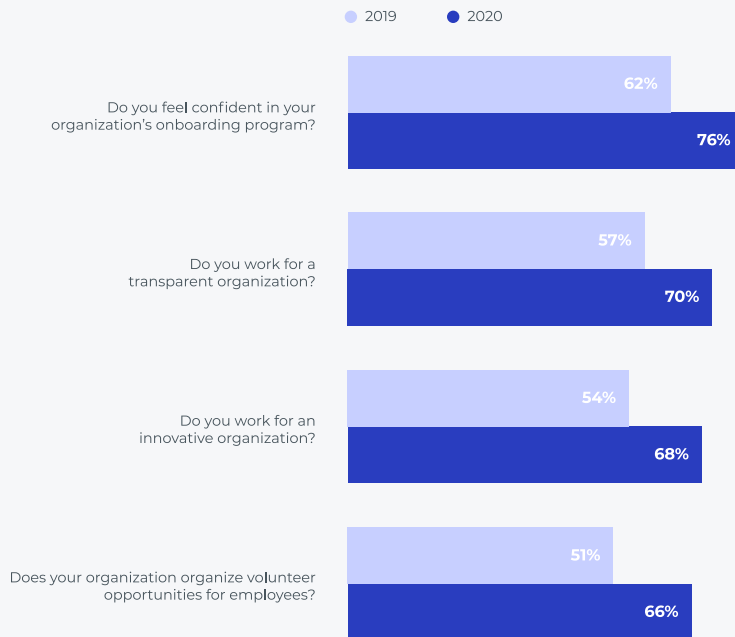


Among cultural trends, one of the biggest shifts occurred around employees giving back. Compared to the previous year, **30% more employees indicated that their organization organizes volunteer opportunities for their teams in 2020**. Even in times of hardship, perhaps because of that hardship, generosity seems to have increased substantially. We found a similar behavioral shift in employee charitable giving in [comparing rewards redemption data](#) before and after COVID-19.

Onboarding is an integral time for new employees to connect with a company's culture and people. When organizations help new employees feel welcome early on, deep emotional connections develop. Over the past year, more employees have felt confident in their organization's onboarding program. This is especially surprising considering that many teams are facing unique challenges as they onboard employees remotely.

As mentioned earlier, innovation and transparency are powerful indicators of employee engagement in modern workplaces. Employees believing they work for companies with these attributes also rose in the past year, indicating positive change at many organizations and perhaps how restraints from the pandemic and changes in societal perspectives have impacted transparency and innovation across organizations.

Company Culture Trends



*% answering yes

COVID-19

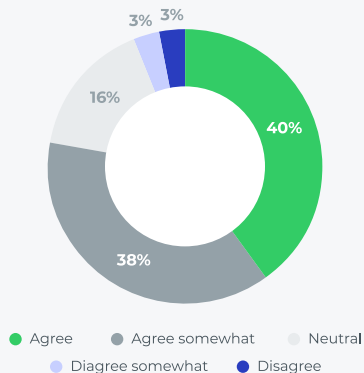
2020 has been a watershed year for many reasons, but the COVID-19 pandemic has impacted nearly every modern workplace. Its effects will be felt for decades, from the shift to remote work to the rethinking of office space. But how has it impacted employees?

We analyzed sentiment around the pandemic as well as expectations of returning to places of work. Overall, it appears that most teams have handled the pandemic well. **Only 6% of employees felt unconfident in their organization's handling of COVID-19.** Many companies were quick to act in the early part of this year, and it appears most were

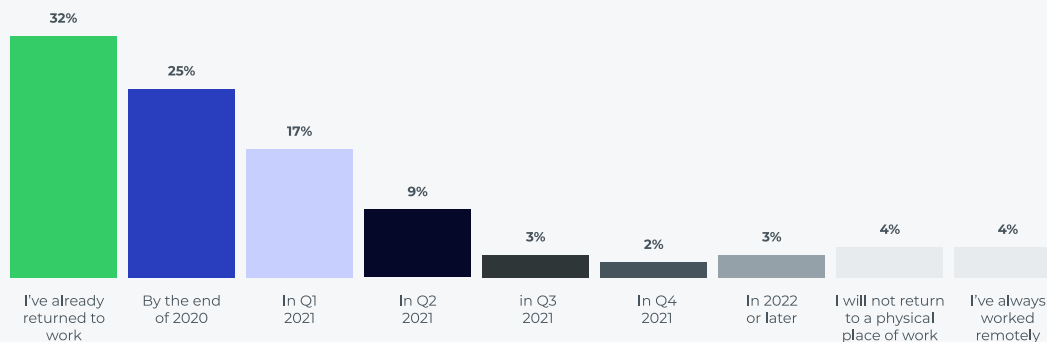
successful in the eyes of their employees. Handling of the pandemic also appears to have a strong relationship with employee engagement. Highly Engaged employees are 2.5 times more likely to agree or agree somewhat that they feel confident in their organization's handling of COVID-19.

When it comes to returning to a physical office, most employees indicated that they're either already at work or will return by the end of the year. However, 9% of respondents said they won't return or have always worked remotely.

I feel confident in my organization's handling of COVID



When do you expect to return to your physical place of work?



Leadership + Motivation

Organizational leadership and meaning have a huge impact on employee engagement.

When it comes to people management, an employee's relationship with their boss is extremely important. **95% of Highly Engaged employees feel their direct manager listens to the ideas they have for their organization compared to 39% of Actively Disengaged employees.** Related, employees who feel like their manager cares about them as people are much more likely to be engaged than their peers. Our research shows an exciting opportunity to better engage employees through coaching managers and keeping those same managers accountable. And it's not just direct managers that have a strong impact on engagement.

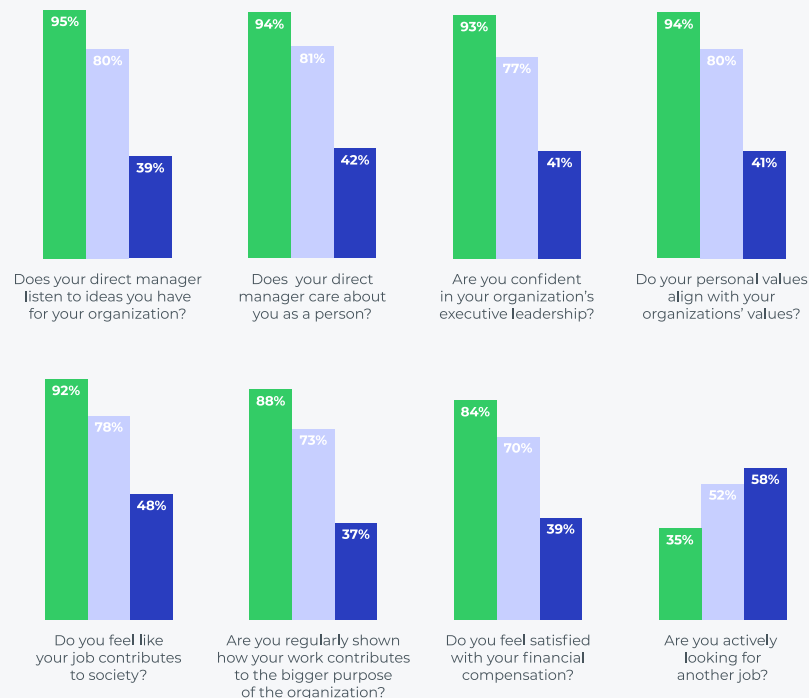
In a similar vein, **Highly Engaged employees are 2.3 times more likely to feel confident in their company's executive leadership than Actively Disengaged ones.** It's essential for executive leadership to communicate effectively across their organizations. Even more important in 2020, organizational leaders should be able to successfully share their vision while showing teams they're cared for.

Not surprisingly, Highly Engaged employees were less likely to be actively looking for another job and more likely to feel satisfied with their financial compensation. However, engaging employees for the long term requires more than money. People are looking for fulfilling roles where they can have a real impact on others and make human connections. To engage people in the modern workplace, organizations need to consistently connect work to a larger purpose. Modern workplaces can't afford to lose their purpose, especially when tough challenges arise.



Engagement Levels and Leadership + Motivation

● Highly Engaged ● Not Engaged ● Actively Disengaged



*% answering yes

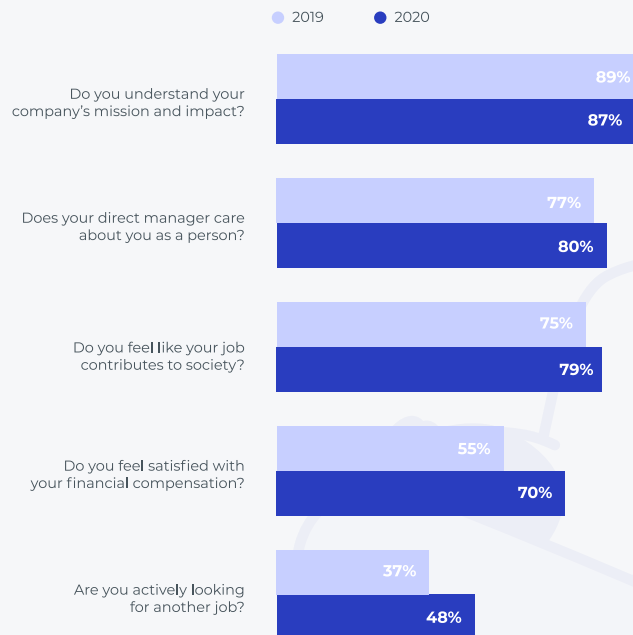
Leadership + Motivation



We encountered some interesting results when comparing satisfaction with compensation as well as those actively looking for another job. While it might seem counterintuitive given the economic uncertainty, **employees are 29% more more likely to be satisfied with their financial compensation than a year ago**. There may be elements of survivorship bias at play considering the current unemployment rate, but another notable shift may help add more context around this.

At the same time, many more employees are actively looking for another job compared to last year. Considering this year's volatile economy, that may be surprising to hear, but it points to a few key opportunities. First, it may be a sign that there's too much stress in job roles. Leaders should work with their teams to prioritize wellness and create a **psychologically safe environment**. Second, if more people are satisfied with their compensation, but are still looking for other jobs, extrinsic motivation can clearly only go so far. **Successful leaders must reinforce organizational values and connect their teams' work with the impact it creates**, not only within the company but to all stakeholders.

Leadership + Motivation Trends



*% answering yes

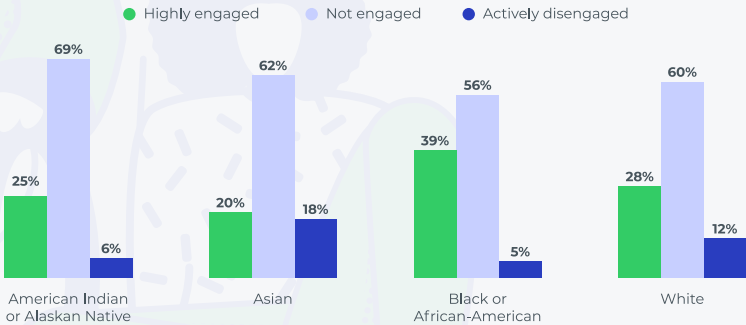
Demographic Data



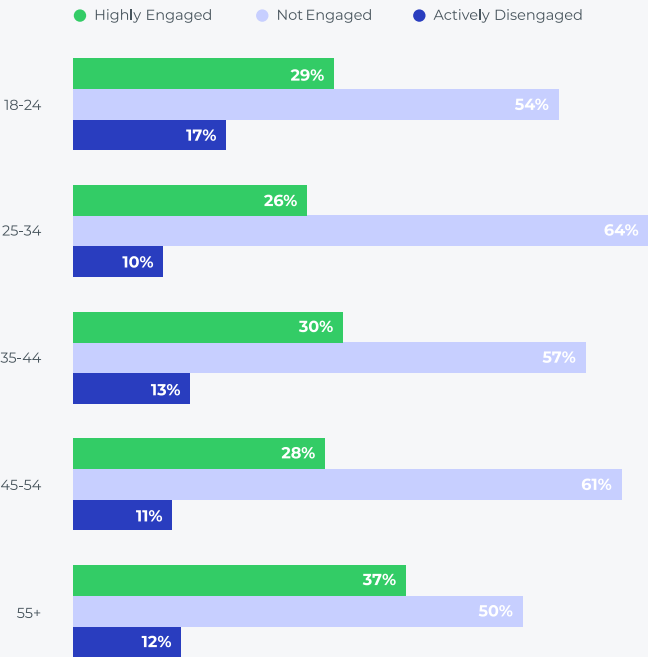
Among racial and ethnic groups, employee engagement appeared highest in those who identified as Black or African American. This group was also more likely to believe inclusion is a focus of their organization and regularly work with coworkers who have a different manager. However, they were also more likely to feel overwhelmed at work. Employees with Hispanic or Latino origin were also less likely to be Actively Disengaged than others.

Across ages, we also found a range of engagement levels. Younger adults ages 18-24 were most likely to be Actively Disengaged, while those 55 and older were more likely to be Highly Engaged.

Engagement Levels by Ethnicity



Engagement Levels by Age



**% answering yes*

About This Report

This study is based on a survey of US and Canadian-based respondents (n=1,261). All respondents were employed at the time of the survey's administration, either part time or full time.

The survey data was collected in September of 2020 and consisted of 99 individual questions focused on professional experience, employee experience, and demographics.

For more information about Bonusly's research and content, visit:

- [Our blog](#)
- [Our resources page](#)
- [Our solution](#)



Bonusly's recognition and rewards solution is the fun and easy way to engage all of your employees, build a connected culture, and improve retention and productivity at every level of your organization. Our solution helps people connect with their work and each other in meaningful ways.

Learn more about employee recognition and rewards at bonus.ly.

