What Drives Employee Engagement?

Connecting
Workplace Culture
with Employee
Well-Being

Ameritas
fulfilling life.

HUMAN CAPITAL MEDIA®

▶ Introduction

All employers have one thing in common – they want employees to be engaged. Whether they're enjoying the best of times or in the midst of a crisis, businesses large and small only stand to do better when more employees are enthusiastic about their work.

Employees' needs change based on advances in technology, new generations joining the workforce, global or cultural changes and trends, and many other factors. So employers need to do their homework when creating an engagement strategy that fits their workforce. The process is easier when employers understand what drives engagement for their employees, and when they have research and tools to help them succeed.

Ameritas partnered with Workforce.com in July 2020 to survey employers to better understand how they track employee engagement, and their best practices for increasing engagement within their workforce. Nearly 500 employers from both small and large companies responded to the Workforce Employee Engagement State of the Industry survey.

The most prevalent theme throughout the survey results is that employee engagement, well-being, and culture are all heavily dependent upon each other. For one of these to be positive and successful, the other two must be as well. In fact, the survey found that company culture is all at once the goal, the obstacle, and the outcome of increased engagement. And when employees feel their employer is genuinely interested in their overall well-being, they see their company culture as more positive.

▶ Key Findings

Most employers want to improve workplace culture and employee engagement.

Employee well-being is a critical contributor to workplace culture and employee engagement.

Employers support employee well-being, but need better tracking/measurement techniques.

Compensation and benefits have a direct impact on employee well-being.

▶ What an engaged employee looks like, and why we want more of them

Different types of businesses have different ways of fulfilling their employees' needs and assessing their level of satisfaction. But almost all companies surveyed agreed on what an engaged employee looks like. According to the Workforce survey, most employers believe an engaged employee:

• has a positive attitude toward the organization and its values (93%)
• takes positive action to further the organization's reputation and interests (94%)
• is fully absorbed by and enthusiastic about their work (92%)

To measure employee engagement, employers can perform surveys, analyze retention and productivity data, or just talk with employees face-to-face. A majority of survey respondents assess engagement annually through an employee survey (46%) or an annual review process (64%). Although some (27%) admit they do not assess engagement at all, only 10% of respondents said they have no need for improvement.

Figure 1: What is motivating your organization to improve employee engagement?

Workplace/organizational culture needsimprovement	55%
Low employee satisfaction	29%
Low employee retention	26%
Revenue decrease	19%
Low productivity	18%
Poor overall employee well-being	17%
High costs	17%
Poor recruitment	16%
Poor employee performance	15%
No need for improvement	10%

But the overwhelming majority of employers do want to increase engagement. Why? More than 55% of respondents say they want to improve workplace culture. The next most popular factor indicated was low employee satisfaction (29%), followed closely by low employee retention (26%). And, as you'll see throughout the results, satisfaction and retention are both closely tied to culture.
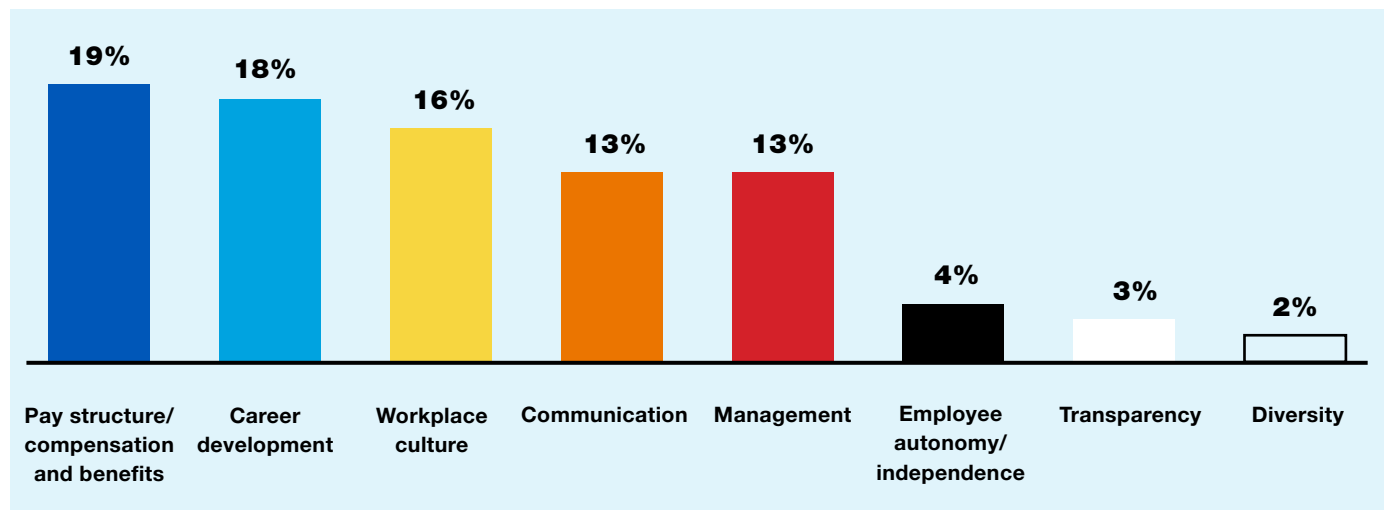
▶ Employers set the tone for culture

A company's culture encompasses many things: pay structure, benefits, communication, management, diversity, flexibility… All of these factors affect employees' perceptions of the companies they work for and, therefore, their behavior. If employees are not satisfied with their work conditions, benefits, or the work they do, it shows in their actions. And customers are the first to see the results.
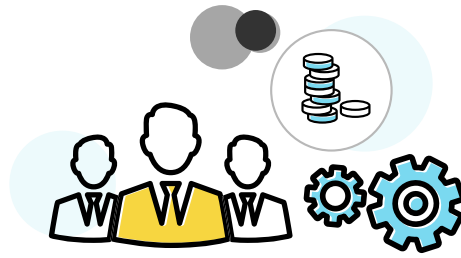
Culture develops over time and can't be changed overnight. But an employer's best first step in creating a more positive culture is showing genuine concern for employees' overall well-being. That includes financial, physical, career, social, and community well-being. A company that focuses on all of these aspects wins employees' trust and dedication.

When asked what factors negatively affect engagement at their organization, 16% of respondents said workplace culture. That was topped only by pay structure/compensation and benefits (19%) and career development (18%), which are both aspects of well-being that directly impact culture.

" **…an employer's best first step in creating a more positive culture is showing genuine concern for employees' overall well-being.** "

Figure 2: What is the primary factor negatively affecting employee engagement at your organization?

Pay structure/ compensation and benefits	Career development	Workplace culture	Communication	Management	Employee autonomy/ independence	Transparency	Diversity
19%	18%	16%	13%	13%	4%	3%	2%

On the flip side, when respondents were asked what outcomes their company has experienced through their efforts to improve employee engagement, 49% said they saw both improvements in workplace culture and increased employee satisfaction. Thirty-eight percent also cited increased overall employee well-being as an outcome. And 40% reported improved employee performance, showing a direct correlation between efforts to improve engagement and what employers consider an engaged employee as noted earlier in our results: fully absorbed by and enthusiastic about their work.
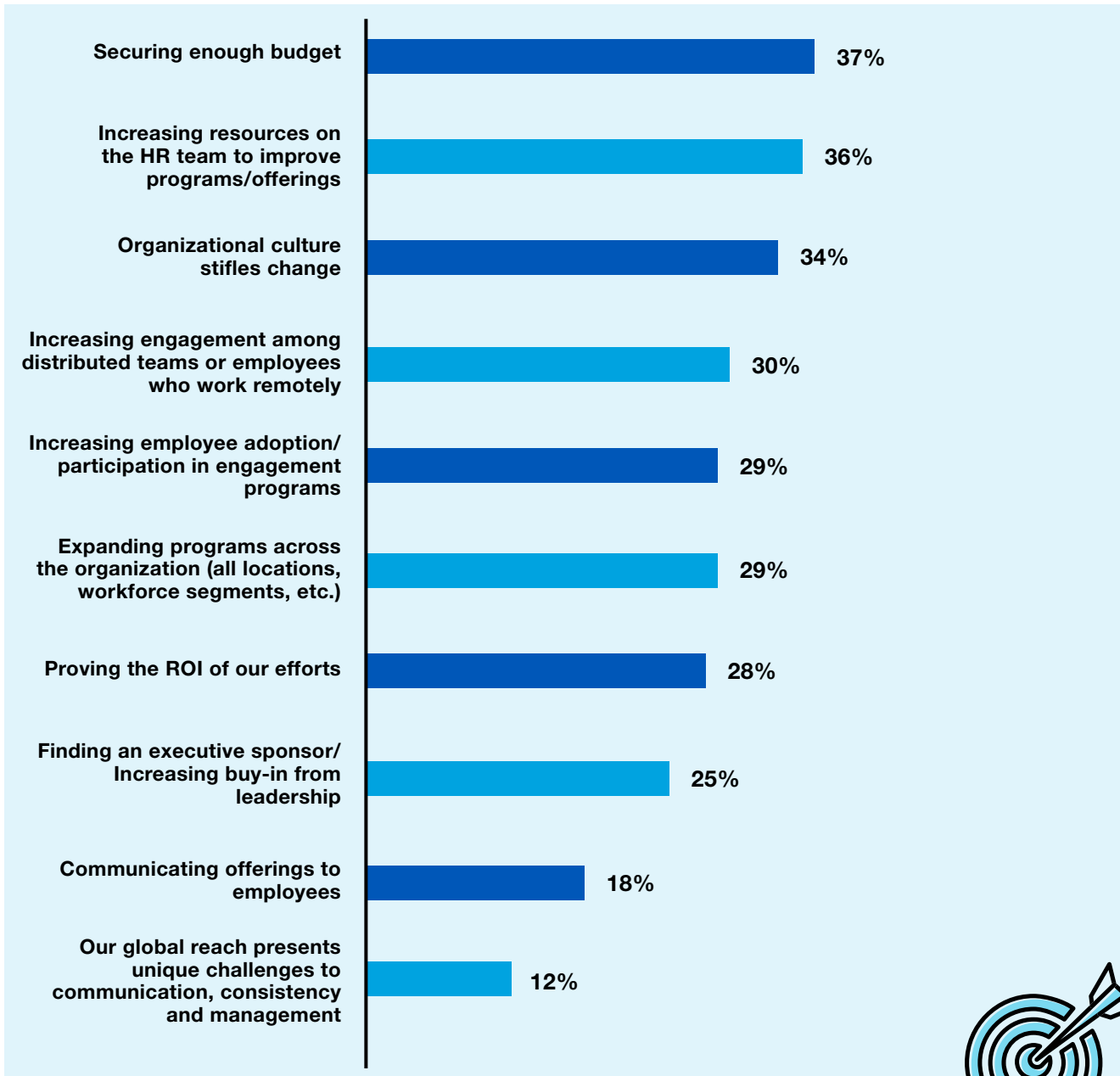
Figure 3: What outcomes has your organization experienced from your efforts to improve employee engagement?

Outcome	Percentage
Increased employee satisfaction	49%
Improvements in workplace/organizational culture	49%
Improved employee performance	40%
Increased overall employee well-being	38%
Increased employee retention	36%
Improved productivity	35%
Cost Savings	19%
Revenue growth	19%
Improved recruitment	18%
None	15%

▶ Confront challenges and roadblocks

When asked about the challenges and roadblocks to increasing engagement, respondents' answers were highly varied, and more evenly distributed than any other results within the survey. There are a number of common challenges employers face when attempting to change company culture and employee engagement. And most of them are connected, which creates a cycle of roadblocks.

Figure 4: What are the challenges/roadblocks to increasing employee engagement at your organization?

Challenge	Percentage
Securing enough budget	37%
Increasing resources on the HR team to improve programs/offerings	36%
Organizational culture stifles change	34%
Increasing engagement among distributed teams or employees who work remotely	30%
Increasing employee adoption/participation in engagement programs	29%
Expanding programs across the organization (all locations, workforce segments, etc.)	29%
Proving the ROI of our efforts	28%
Finding an executive sponsor/Increasing buy-in from leadership	25%
Communicating offerings to employees	18%
Our global reach presents unique challenges to communication, consistency and management	12%

Most employers rated resources (36%) and budget (37%) as the top challenges in increasing engagement. In fact, 51% of respondents said their budget for employee engagement stayed the same as the year before. Less than 17% said their budget increased, but more than 32% lost budget dollars for engagement efforts. It's important to note that nearly 42% of respondents who experienced a change in budget said it was because of the COVID-19 pandemic. The next most popular reason (23%) was the economy.

The best way to secure resources and budget is to get buy-in from leadership – another challenge cited by employers (25%). And to get buy-in, you must show a return on investment, which 28% of employers said is an obstacle as well.

To complicate this vicious cycle, 34% of employers say their biggest challenge is that their culture stifles change. How can employers break the cycle and make the case for change?

▶ Start with well-being

When employers set out to change their culture, the task can seem daunting. Remember the connection between well-being, culture and engagement. Well-being is the most tangible piece of the puzzle, and it's a great place to begin making a difference.

Most companies offer employee benefits and have some kind of focus on employee wellness and well-being. Sixty-four percent of employers said they already invest in employee well-being as part of their engagement strategy. When asked which areas of well-being have the most impact on employee engagement, employers rated both work stress (79%) and personal stress (76%) the highest. Stress has a direct impact on physical health, which 57% selected as the area of highest impact. Financial worries (58%) also cause stress and affect physical health.

Figure 5: Which areas of well-being have the greatest impact on your organization's employee engagement?

Category	Percentage
Work stress	79%
Personal stress	76%
Feeling connected to the organization and vital to its success	62%
Financial concerns	58%
Physical health	57%
Sleep	54%
Personal relationships	44%
Work productivity	42%
Opportunities for career advancement	42%
Social connections at work	41%
Nutrition	30%
Physical activity level	29%
Opportunities for community involvement	18%

Engagement strategies for multiple locations

Employers surveyed said it's a challenge to engage employees across multiple locations (29%) and those who work remotely (30%). Since remote positions are becoming more the norm, it's essential to come up with well-being and engagement strategies that help connect a geographically disconnected workforce.

While a company has its own culture as a whole, separate office locations also have their own mini-cultures based on where they are located, how many are in the office, what perks they have available, and other factors. Being left out of perks offered at larger offices impacts morale at smaller locations. Employers must make sure that the same benefits and well-being opportunities are available to all employees no matter where they work. Those in smaller offices are looking for commonality and ways to feel connected to other workers.

To accommodate specific locations, employers should survey employees to find out how their needs differ based on where they work. For example, employees who work in urban areas may appreciate paid parking, while those in smaller cities don't have a need for that benefit.

Remote workers tend to feel isolated, especially when employees they interact with are together in an office setting. Not only do they need equal opportunities for physical and financial well-being, they might need more options for social interaction and community involvement. Instead of pulling the office team into a conference room for a meeting, have all employees participate in a video call so the remote employees aren't the only ones on the screen. That levels the playing field. And look for ways to contribute to a worthy cause virtually so even those who work at home can participate.

HR can host video calls for employees across all locations to highlight benefits and wellness program perks. That ensures that all employees have the same opportunity to ask or chat in questions. These simple steps to promote inclusion show that an employer is paying attention to all employees' needs. That can cause a shift in culture, and help to increase engagement.

Learn about the best benefits to offer to remote employees.
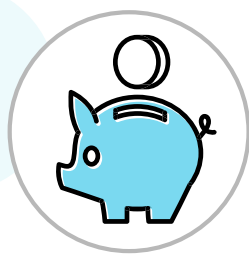
Communicating employee benefits. Benefits communication strategies can help connect employees with their employer's efforts to impact their physical and financial health. Regular communications that highlight health and financial benefits offered, and how employees can use them, will make employees feel valued and cared for.

Since budget and resources are concerns for most companies, human resources departments can leverage employee email, newsletters, websites, and social media as their employee benefits communication channels. The time taken to create and distribute simple and effective benefits communications will pay for itself in the results that follow.

Watch **this video** to learn more about the best tactics for communicating employee benefits.

> "Benefits communication strategies can help connect employees with their employer's efforts to impact their physical and financial health."

Investing in employee benefits communication. As employees begin to see the value of the benefits and perks currently offered, HR can track benefits usage and survey employees to gather feedback and see positive changes. HR can then use the data they've gathered to show leadership how to connect employee well-being with the employer's business goals such as increased engagement, retention, and a more positive culture. This provides great leverage to add new benefits, enhance wellness programs, or increase the employee benefits communication budget.

Watch **this video** to learn more about how to help business leaders connect employee benefits with their business goals.
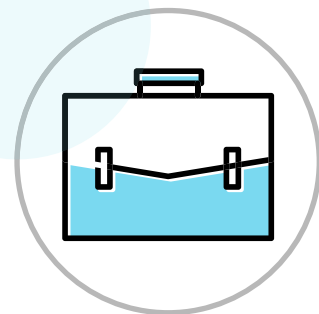
When leadership sees proven results in response to an increased focus on well-being, it's easier to get buy-in to expand the focus to other aspects of well-being, such as career development or social well-being.

And once employees see that well-being is not just a passing trend at work, the culture naturally begins to shift. Employees who are less stressed feel more connected and are mentally and physically present to focus on their and their company's goals. Sixty-two percent of survey respondents said feeling connected to the organization and vital to its success has the highest impact on engagement.

When it's time to reassess employee engagement levels, HR can track improvements and may even want to ask employees for feedback on the company's increased focus on well-being. Sharing positive employee feedback with all employees can increase overall buy-in with well-being programs and engagement. Just as the cycle of roadblocks seems to move in circles, one positive outcome can lead to another.

62%

of survey respondents said feeling connected to the organization and vital to its success has the highest impact on engagement."

Which employee benefits have the greatest impact on engagement

—

Employees expect employers to provide certain benefits, like medical plans and retirement savings. But to truly impact overall employee well-being, employers should offer a variety of the benefits their employees value most.

Benefits employees might not expect but really value depend on their age, location, personal needs, and other factors. Start by surveying or talking to employees to find out more about their needs.

Studies show that 73% of younger workers say having flexible benefits increases loyalty to their employer. Millennials not only expect employers to offer medical benefits, but also dental, vision and LASIK benefits.

Younger workers also look to employers for financial well-being programs that help them with budgeting and saving for future expenses. Many younger employees have little to no savings, and would have trouble paying an unexpected bill of $1,000 or more.

Student loan debt contributes to employees' inability to save money. Employers can offer student loan repayment programs. Look for one that lets employees use some of their 401(k) match funds to help pay off loans or save for college. That helps to lower the employer contribution as well.

Those who are close to retirement are not looking forward to losing their employee benefits. And many don't realize Medicare doesn't cover all the same services as their dental and vision plans. Make individual dental and vision plans available to your retiring employees. They enroll and pay premium independently, so employers don't have to deal with administration or premium costs.

Find out more about benefits that keep employees engaged.

How, and why, to measure the impact of well-being

Measuring the impact of well-being programs and benefits is just as important as implementing them. To make sure these programs are successful ongoing, employers should regularly assess their use and any changes that result from them.

In addition to measuring program participation rates (29%), most survey respondents said they measure the results of their well-being programs by tracking absenteeism (35%) and retention/attrition (33%) data. However, the third most popular response (30%) was that they do not measure the impact of employee well-being at all.

Figure 6: How does your organization currently measure the impact of employee well-being?
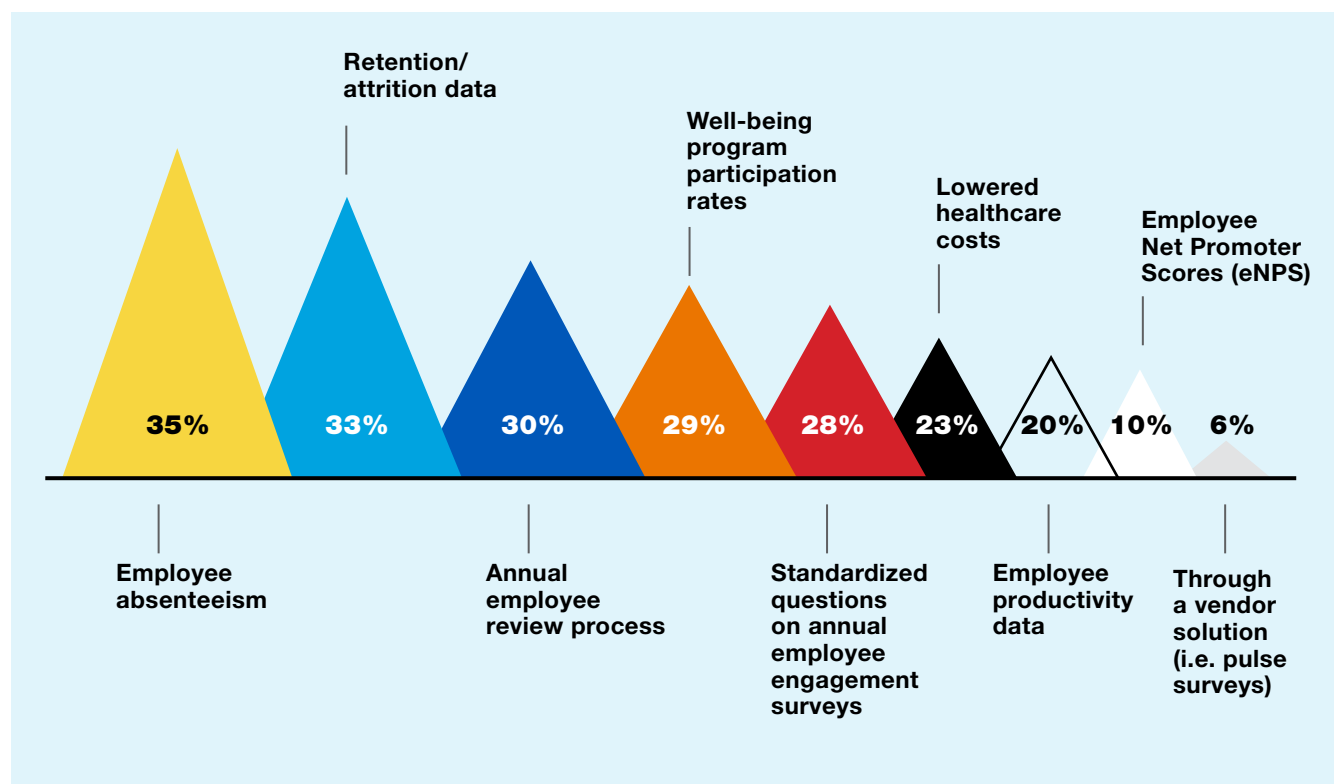
The easiest way to measure well-being program results is to build that process into existing processes. For example, many employers already request claims reports from their medical and dental plan providers. Review claims data before and after well-being programs to look for trends that can be tied to well-being efforts. A reduction in health claims can results in more stable premium rates over time. Both employers and employees can benefit from that.

Businesses that perform annual engagement surveys can add questions to the survey to assess employees' satisfaction with well-being programs. List program components and ask employees to rate them. Find out what percentage of employees are participating. Have employees choose from a list of program outcomes that resonate with them. Ask how they most like to receive information and updates about the program. And give them the opportunity to comment on what changes they would like to see. Their answers will provide a goldmine of information to help adjust and expand programs. And the effort shows employees that employers genuinely want to satisfy their needs, which creates a more positive culture.

Employers that do not currently survey employees can easily do so using free online survey tools. It's easy to create and distribute short, informal surveys to gather and analyze employee feedback. And it's worth the minimal effort it requires.
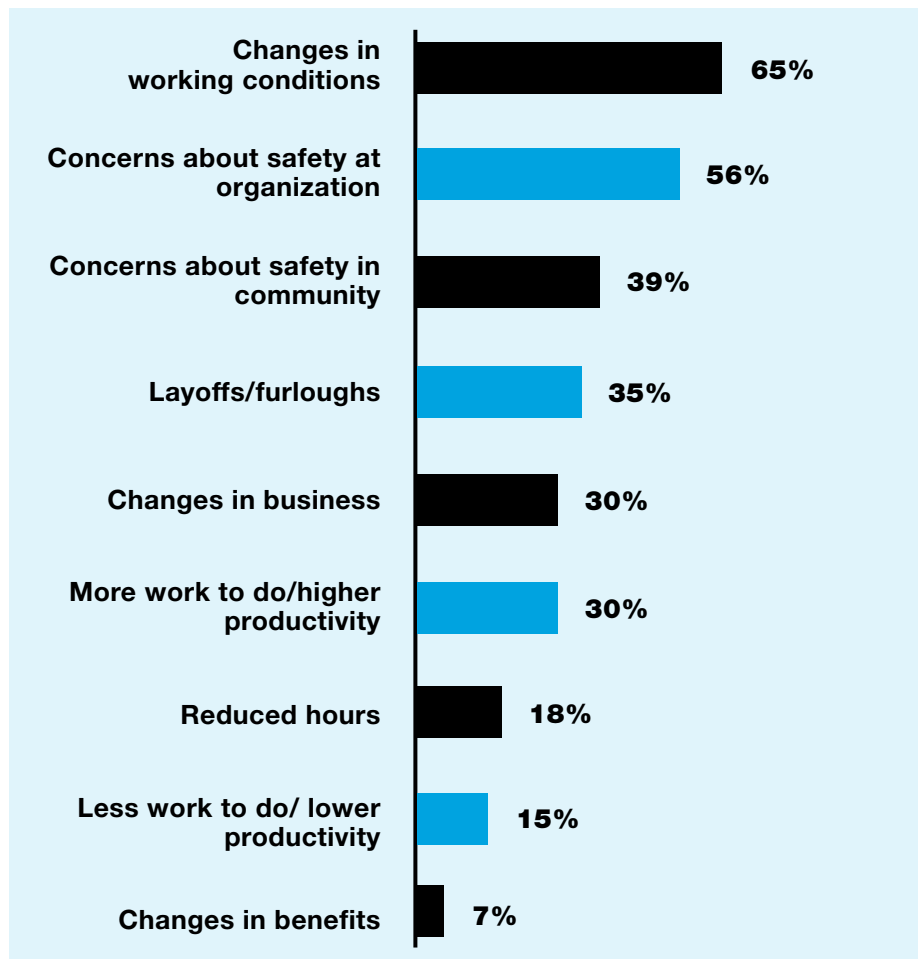
> **The easiest way to measure well-being program results is to build that process into existing processes."**

# The COVID-19 pandemic's impact on engagement

Most employers (77%) have been tasked with addressing the impact of the COVID-19 pandemic on employee engagement. According to employers surveyed, a change in work environment due to the pandemic has had the highest impact (65%) on employee engagement. Almost equally concerning have been worries about safety at work (56%) and in the community (39%).

Figure 7: Select the top 3 factors related to the COVID-19 pandemic that have affected employee engagement at your organization.

Changes in working conditions	65%
Concerns about safety at organization	56%
Concerns about safety in community	39%
Layoffs/furloughs	35%
Changes in business	30%
More work to do/higher productivity	30%
Reduced hours	18%
Less work to do/ lower productivity	15%
Changes in benefits	7%

It makes sense that employees must feel safe physically in order to feel engaged. A recent employee study from McKinsey & Company stated employees who say their organizations have responded particularly well to the pandemic are four times more likely to be engaged and six times more likely to report a positive state of well-being.

More than 90% of Workforce employer survey respondents have implemented safety protocols at office locations. And 89% have offered flexible schedules and locations to help employees feel safe. Since things can change quickly, 81% of employers have increased employee communications regarding business and economic changes.
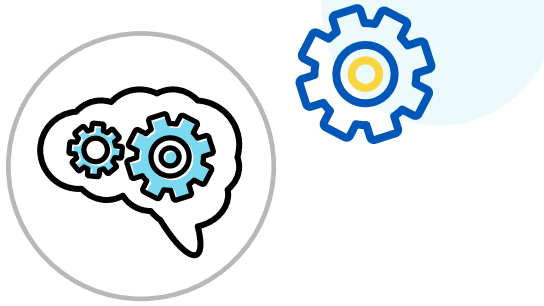
But other aspects of well-being also have suffered during the pandemic, including mental and social well-being. Sixty-six percent of the Workforce survey respondents said that, even in the best of times, mental health employee benefits have moderate to high impact on employee engagement.

A recent study from the Society for Human Resource Management (SHRM) stated that one-third of employers have experienced a noticeable increase in requests for information about employee assistance programs during the pandemic. More than half of the Workforce survey respondents (58%) are or soon will be offering resources for social support.

Find out more about **benefits that keep employees engaged**, and **benefits for essential workers**.

# ▶ How to make a change: connect employee well-being to culture and engagement

Most employers agree that increased engagement is always an objective. But it may seem difficult to figure out where to begin when creating a strategy. Remember these key components:

- **Start with well-being:** Find out what employees' well-being needs are and research ways to fulfill those needs.

- **Offer benefits employees want:** Go beyond medical and retirement benefits to help employees feel they've been heard and that their needs matter.

- **Measure the impact of well-being programs:** Track the results of benefits and well-being programs each year to find out what's working and what needs to change.

- **Communicate positive changes:** Request feedback on well-being programs and share the impact with employees; a consistent commitment to employees' needs and positive change will shift culture.

- **Measure engagement:** Commit to measuring engagement annually to let employees know their well-being matters.

▶ Conclusion

The connection between employee well-being, culture, and engagement is real. While most employers invest in employee well-being programs of some kind, very few measure the results. This important step is the key to making critical changes that impact culture and engagement. A minimal investment in budget and resources can make a significant difference in an employer's ability to meet employees' needs.

Employers who are focused on, and committed to, securing all aspects of employee well-being will find it's easier to meet their organization's objectives. They spend less time addressing culture and engagement concerns. And employees who feel their employer genuinely cares for their well-being are more likely to be enthusiastic about their work and take positive action to meet their own and their company's goals.
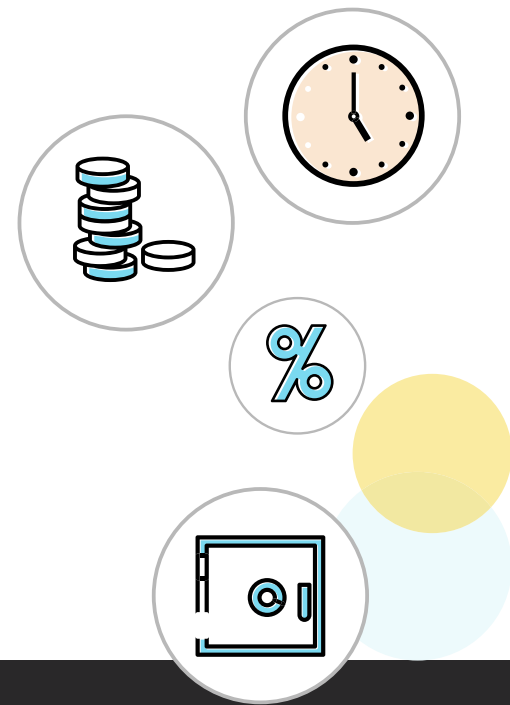
How to get the most out of employee surveys

Surveying employees is a great way to gather feedback that helps build and enhance well-being programs and engagement. Here are a few tips to make sure your surveys are successful.

- Keep surveys relatively short.

- Make sure questions are specific and easy to understand.

- Make it clear ideas offered will be considered, not necessarily implemented.

- Let employees know why you're asking for feedback.

- Follow up with employees after the survey to say thanks and give an update.

- Put someone in charge of the survey to make sure there's follow-through.

- Consult a resource like SHRM for more detailed advice and suggestions for online survey tools.

▶ Appendix

Demographics in full

Survey name
2020 Workforce Employee Engagement
State of the Industry

Survey dates
July-August 2020

Respondents
512

Company size
Small (less than 1,000 employees): 53%
Large (more than 1,000 employees): 47%

Geographic distribution
One country, one location: 48%
One country, multiple locations: 35%
Highly distributed: 17%

About

Ameritas

The group division of Ameritas Life Insurance Corp. has served customers since 1959, and today issues and administers dental, vision, LASIK, and hearing insurance and student loan repayment plans for more than 8 million customers and more than 65,200 employer groups nationwide. Claims contact center associates have earned BenchmarkPortal's Center of Excellence award since 2006. Learn more about Ameritas and Ameritas Life Insurance Corp. of New York at ameritas.com/dental. Explore employee benefits and well-being topics at ameritasinsight.com.

Human Capital Media
The Human Capital Media (HCM) Research and Advisory Group is the research division of Chief Learning Officer. The Research and Advisory Group specializes in partnered custom content solutions — customizable deliverables that integrate seamlessly with existing marketing programs. By leveraging access to senior-level decision-makers and identifying industry trends, the HCM Research and Advisory Group can deliver keen insight into all areas of L&D, talent and HR.

To learn more contact: Grey Litaker, Director of Research, at glitaker@humancapitalmedia.com

Other Sources: McKinsey & Company Employee Survey, 2020

COVID-19 Research: How the Pandemic is Challenging and Changing Employers – Society for Human Resource Management, 2020