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Employee Retention

How Companies Can Improve Employee Engagement Right Now

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Illustration by Simo Liu

Summary. A year and a half into the pandemic, employees' mental "surge capacity" is likely diminished. Managers must take proactive steps to increase employee engagement, or risk losing their workforce. Engaged employees perform better, experience less burnout, and... **more**

As the world stumbles toward a Covid-19 recovery, experts warn of a surge of voluntary employee departures, dubbed the "Great Resignation." For instance, one study estimates that 55% of people in the workforce in August 2021 intend to look for a new job in the next 12 months. To counteract the incoming wave of employee turnover, organizations — more than ever — need to focus on cultivating employee engagement.

The evidence is clear. Engaged employees perform better, experience less burnout, and stay in organizations longer. Given engagement's critical importance, we've created the Employee Engagement Checklist: a distilled, research-based resource that practitioners can execute on during this critical period of renewed uncertainty.

To develop the checklist, we reviewed the academic literature, compiled a list of the 20 most important drivers of engagement, collected original data about what makes employees engaged in the post-Covid era, compared that to what managers predicted would boost their employees' engagement, and formulated a series of evidence-based recommendations to promote it.

Our findings highlight that the three most important levers managers have at their disposal right now to boost their employees' engagement are to (a) help employees connect what they do to what they care about, (b) make the work itself less stressful and more enjoyable, and (c) reward employees with additional time off, in addition to financial incentives.

However, as we found in a follow-up study involving 302 managers, leaders are often not aware of what is most important for driving employee engagement. The levers leaders *think* are most important do not correspond to what is *actually* most important. The mismatch between what leaders think their employees need versus what they actually need is further evidence that practitioners require guidance on what will work most effectively to engage their employees.

Translating Science into Practice

In the academic literature, employee engagement includes four elements and can be thought of as the degree to which an employee:

- Feels committed to an organization
- Identifies with an organization
- Feels satisfied with their job
- Feels energized at work

These tend to be measured by asking employees to complete a self-report scale (e.g., “How committed are you to your organization?”). We have posted our measure of employee engagement in a public repository for interested readers to download and use.

Academic researchers have been investigating issues central to employee engagement for over half a century, including how it can be improved. In 2020 alone, more than 1,500 academic articles were published on the topic of engagement. For management practitioners and consultants keen on taking an evidence-based approach, this can be an overwhelming amount of knowledge to distill. How can all these insights be applied correctly?

To answer these questions, we recruited a sample of 395 U.S. professionals and measured our exhaustive list of engagement drivers and their level of reported engagement at two time points (one week apart) during April and May 2021. From the list of the 20 most influential engagement drivers identified by prior management theory, our results and checklist highlight the three most critical ones.

The Employee Engagement Checklist

1. Connect what employees do to what they care about.

Consider the following three actions:

Revise your organization’s mission statement to connect with employee values. Employees are more likely to feel they fit at an organization that stands for social change. Studies show that people are willing to give up financial benefits to work for an organization that practices corporate social and environmental responsibility.

If your organization’s mission is to become the industry leader and nothing more, then it will be difficult for employees’ goals and values — which are likely about the individual’s aspirations, not the organization’s — to fit in. On the other hand, if your organization’s mission is to have some societal impact (such as Airbnb’s “create a world where you can belong anywhere”), then it’s easier for employees to align their goals and values with the organization’s mission and thus feel that they fit in.

Show how an employee’s work is related to the organization’s purpose. A purposeful mission is not sufficient to establish feelings of value alignment. Employees have to see a connection between their day-to-day work and the organization’s greater purpose.

Job crafting, which entails using imagination to redesign one’s job without the involvement of management, is one technique that connects an employee’s everyday work activities with the organization’s purpose. For instance, a hospital cleaner may reframe their work as helping sick people instead of simply cleaning. Or an insurance agent might reframe their work as getting people back on track after an accident rather than processing paperwork.

To deliver job crafting at scale, consider revamping job descriptions to connect an employee’s work directly to the organization’s mission, generating meaning and purpose. Research by McKinsey also suggests that town hall meetings and immersive, small-group sessions are effective at helping employees align their day-to-day work with the organization’s broader mission.

Encourage and fund employee resource groups (ERGs) that represent diverse interests and goals. ERGs are voluntary communities that bring together individuals with similar backgrounds or interests. ERGs could center on diversity and inclusion, special interests, or even wellness (outdoors, exercise, etc.). For example, at KPMG, nearly half of partners and employees are members of at least one ERG, ranging from an African American Network to pride@kpmg. ERGs allow employees to connect with peers who share their values and goals, promoting feelings of value alignment.

2. Make the work itself less stressful and more enjoyable.

Consider the following three actions:

Offer employees the flexibility to try new work tasks so they can discover their intrinsic interests. Whether activities are intrinsically interesting likely depends on the individual employee — in other words, the same activity might spark intrinsic motivation for one employee but not for another.

To provide employees the opportunity to determine what sparks their intrinsic interest, consider a job rotation program in which employees move through several positions within a company in a relatively short period of time.

For instance, Dutch beer brewer Heineken has a job rotation program in which college graduates rotate through various departments including packaging, product development, brewing, quality assurance, and packaging development. After completing the program, employees can select and join the department that offers the most promise in igniting their intrinsic interest.

Grant employees more autonomy. Autonomy is critical to fostering intrinsic motivation.

As an example of autonomy in action, Netflix employees operate in an environment of "no rules," characterized by a high degree of employee freedom and responsibility. In terms of freedom, employees make strategic decisions "in Netflix's best interests" without managerial oversight, do not need to seek pre-approvals for reimbursements, and can take unlimited vacation, which is not tracked. The culture of no rules is sustained through high levels of responsibility, in which all employees are charged with "question[ing] actions [of others] inconsistent with our values." A culture of freedom and responsibility not only allows employees to pursue ideas they find enjoyable and fun — increasing intrinsic motivation — but is also viewed as essential to Netflix's ability to continue to innovate as the organization grows in size.

Beyond culture change, even individual contributors (without managerial action) can enhance their sense of autonomy by changing their routine workday. This may be as simple as blocking off time in their schedule to take a jog in the middle of the workday or asking a colleague to work on a new, exciting project.

Boost employees' sense of confidence. People tend to avoid work tasks they lack the confidence to complete; thus, confidence is important to encourage employees to initiate tasks that are intrinsically pleasing.

To enhance employees' confidence, consider a mentorship program. For instance, Google managers receive just-in-time emails the Sunday before a new employee starts, which remind them to match new employees with a peer buddy and build their social network. The emails contain academic citations and results from internal studies to persuade managers that peer mentors are critical for success. As a testament to the power of mentorship, Google found that managers who followed the onboarding checklist had team members become fully effective 25% faster than peers whose manager did not follow it.

3. Create time affluence.

Consider the following three actions:

Reward employees with time in addition to money. Working hours for college-educated professionals have been increasing for the last 30 years, representing a long-term decline in feelings of time affluence. Thus, rewarding employees with time (e.g., extra time off, paid vacations) on top of money (e.g., cash bonuses, equity) represents a direct route to increasing feelings of time affluence.

The need to reward employees with time is especially important now because the pandemic increased the length of the average workday (an increase of 48.5 minutes per day according to one study), reducing time for nonwork leisure activities. Moreover, another study revealed that the pandemic's negative effect on time affluence has been uneven between men and women, with women (especially mothers) reporting less time affluence than men.

One way to reward employees with time involves giving them extra mandatory time off. For instance, in response to pandemic-induced burnout this summer, some organizations like Bumble gave employees an extra week off. Rewarding employees with time is an especially effective way to increase feelings of time affluence and drive employee engagement.

Encourage employees to invest in time-saving purchases. Time-saving purchases (e.g., housecleaning, meal delivery services) enable employees to spend money on products in return for more leisure time, increasing their feelings of time affluence.

Organizations can make it convenient for third-party organizations to sell their products and services directly to their employees. For instance, organizations can partner with tax firms to offer tax preparation services to employees or meal kit delivery services to provide them with partially prepared, healthy food options. Or organizations can partner with concierge services that work with employees to organize services at home (e.g., housecleaning, laundry, errand outsourcing). By making it easier and more convenient for employees to invest in these time-saving purchases, employees can dig themselves out of time debt.

Implement tools that discourage after-hours emails. Employees often report that their email inbox is the largest time drain, so using a tool that allows people to pause the inflow of emails after hours can encourage employees to have more "off" time.

To do this, organizations can — by default — turn off email notifications after hours. If employees are facing something urgent, they can sign into their email if needed. For instance, car manufacturer Volkswagen stops routing emails 30 minutes before the workday ends and starts them again 30 minutes before the workday starts.

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In the early stages of the pandemic, managers often relied on emergency appeals to motivate their teams. For example, in March 2020, Amazon CEO Jeff Bezos wrote an open letter to employees telling them that "people are depending on [Amazon]" and now is the "most critical" time for employees to perform.

Now, 18 months later, employees' mental "surge capacity" is likely diminished. Managers to must take proactive steps to increase employee engagement, or risk losing their workforce. Given the many potential levers of employee engagement, the challenge for leaders is to combine theory and data to understand which levers should be prioritized in their workplace context.

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