



**INSIGHT REPORT**

# **Employee Engagement Benchmark Study, 2017**

**ANNUAL STUDY EXAMINES 5,000+ U.S. EMPLOYEES**

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## EXECUTIVE SUMMARY

For the sixth year in a row, Temkin Group used the *Temkin Employee Engagement Index* to analyze the engagement levels of more than 5,000 U.S. employees. We found that:

- Sixty-three percent of U.S. employees are “highly” or “moderately” engaged – the highest level we’ve seen in the six years we’ve conducted this study.
- Companies that outperform their competitors in both financial results and customer experience have more engaged workers.
- Compared to disengaged employees, highly engaged employees are almost five times more likely to recommend the company’s products and services, they are over four times more likely to do something that is good, yet unexpected, for the company, they are three times more likely to stay late at work if something need to be done, and they are over five times more likely to recommend an improvement at the company.
- Companies with 501 to 1,000 employees have the highest percentage of engaged employees, while companies with 10,000 or more employees have the lowest.
- On an individual level, our research shows that the most highly engaged employees tend to be those who regularly interact with customers, who are highly educated, who earn a high income, and who are executives.
- Given the significant value of engaged employees, we recommend that companies improve engagement levels by mastering our Five I’s of Employee Engagement: *Inform, Inspire, Instruct, Involve, and Incent.*

## EMPLOYEE ENGAGEMENT IS ON THE RISE

Temkin Group has published its employee engagement benchmark – which examines the level of engagement in the U.S. workforce – every year for the past six years. These measurements are important because employee engagement is a critical component of a customer-centric culture; hence why it’s one of the *Four Customer Experience Core Competencies*.<sup>1</sup>

In previous research, Temkin Group identified a set of employee attitudes that strongly correlate to engaged, productive employees.<sup>2</sup> We used these attitudes to develop the *Temkin Employee Engagement Index* (TEEI), which is calculated by the degree to which employees agreed with the following three statements (see Figure 1):

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<sup>1</sup> See Temkin Group Insight Report, “The Four Customer Experience Core Competencies” (January 2013).

<sup>2</sup> See Temkin Group Insight Report, “Employee Engagement Benchmark Study, 2013” (January 2013).

- *I understand the overall mission of my company*
- *My company asks for my feedback and acts upon my input*
- *My company provides me with the training and the tools that I need to be successful*

To understand the current state of employee engagement, we surveyed 5,626 U.S. employees who work at for-profit organizations and compared the results to our previous five employee engagement benchmark studies.<sup>3</sup> We found that:

- **Employee engagement levels jumped in the past year.** The percentage of respondents who report feeling either “moderately” or “highly” engaged increased sharply over the past year, going from 57% in 2016 to 63% this year. Sixty-three percent is also the highest level of engagement we’ve seen in the six years of conducting this study.
- **Better performing companies have more engaged employees.** Eighty-two percent of employees at companies with strong financial results are “highly” or “moderately” engaged, as opposed to only 68% at under-performing companies (see Figure 2).
- **Highly engaged employees are more productive.** Engaged employees demonstrate a higher commitment to their work across an array of different activities. Compared to disengaged employees, highly engaged employees are almost five times more likely to recommend the company’s products and services, they are over four times more likely to do something that is good, yet unexpected, for the company, they are three times more likely to stay late at work if something need to be done, and they are over five times more likely to recommend an improvement at the company. They are also almost nine times more likely to recommend that a friend apply for a job within their company.
- **Engaged employees try harder.** Sixty-eight percent of highly engaged employees “always” or “almost always” try their hardest at work, as opposed to only 30% of disengaged employees (see Figure 3).
- **Customer experience leaders have more engaged employees.** Seventy-nine percent of employees who work at companies with “significantly above average” customer experience in their industry are “highly” or “moderately” engaged, compared with only 49% at companies with “average” or “below average” customer experience (see Figure 4). This means that employees working for CX leaders are more committed to their jobs.
- **Construction has the highest percentage of engaged employees.** We examined the level of employee engagement across 15 industries and found that 81% of employees working in the construction sector are “highly” or “moderately” engaged, whereas only 54% of employees in the public administration sector feel the same (see Figure 5). Compared with last year, engagement levels in the construction sector increased the most (11 percentage-points), while levels in the retail sector declined the most (two percentage-points) (See Figure 6).
- **Employees are least engaged at large companies.** Only 53% of the employees who work at companies with more than 10,000 people report feeling “moderately” or “highly” engaged – the lowest level of any company size (see Figure 7). At the other

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<sup>3</sup> We surveyed U.S. consumers who were full-time employees during Q3 2016.

end of the spectrum, 70% of employees who work at companies with 501 to 1,000 employees report feeling “moderately” or “highly” engaged. All sizes of companies have higher levels of employee engagement this year than they did last year.

## WHICH EMPLOYEES ARE MOST ENGAGED?

We examined how different employee characteristics affect engagement levels, and we found that engaged employees are more likely to be:

- **Interacting with customers.** The most engaged employees are those who “often” interact with customers, followed by the ones who “always” interact with customers (see Figure 8).
- **Executives.** Eighty-six percent of executives are at least “moderately” engaged, compared with only 49% of individual contributors (see Figure 9).
- **25- to 44-year-olds.** We examined employee engagement in different age groups and found much higher levels of engagement in employees between the ages of 25 and 44 (see Figure 10). Once again, we’ve found that the least engaged group is 45- to 54-year-olds.
- **High-income earners.** Engagement levels increase as income increases (see Figure 11). At the high-end, 72% of employees earning more than \$75,000 are at least “moderately” engaged, while only 43% of employees who earn less than \$25,000 feel equally as engaged. Over the past year, the level of engagement increased the most with high-income employees.
- **Highly educated.** Seventy-three percent of employees with a post-graduate degree are “moderately” or “highly” engaged, as opposed to only 53% of those with just a high school degree (see Figure 12). Since last year, the engagement levels increased the most in workers with a post-graduate education, going up 12 percentage-points.

## MASTER THE FIVE I'S OF EMPLOYEE ENGAGEMENT

Although engagement levels are increasing, there’s still considerable room for improvement. Using Temkin Group’s *Employee Engagement Competency & Maturity Assessment*, we found that only 12% of large organizations have engagement efforts that fall into the top two levels of maturity (see Figure 13).<sup>4</sup> To improve your company’s employee engagement, we recommend building five competencies that we call the “Five I’s of Employee Engagement.”<sup>5</sup>

- **Inform:** Provide employees with the information they need to understand the organization’s vision and brand values, along with evidence of how customers feel about the organization.

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<sup>4</sup> See Temkin Group Insight Report, “Employee Engagement Competency & Maturity, 2015” (July 2016).

<sup>5</sup> See Temkin Group Insight Report, “The Five I’s of Employee Engagement” (November 2012).

- **Inspire:** Connect employees to the organization's vision and values, instilling within them a belief that these matter and encouraging them to take pride in their job and their organization.
- **Instruct:** Support employees with the training, coaching, and feedback they need to successfully deliver the organization's brand promises to customers.
- **Involve:** Take action with employees when designing their jobs, improving work processes, and solving the problems identified through customer or employee feedback.
- **Incent:** Deploy appropriate systems to measure, reward, and reinforce desired employee behaviors, while motivating employees to give their best.

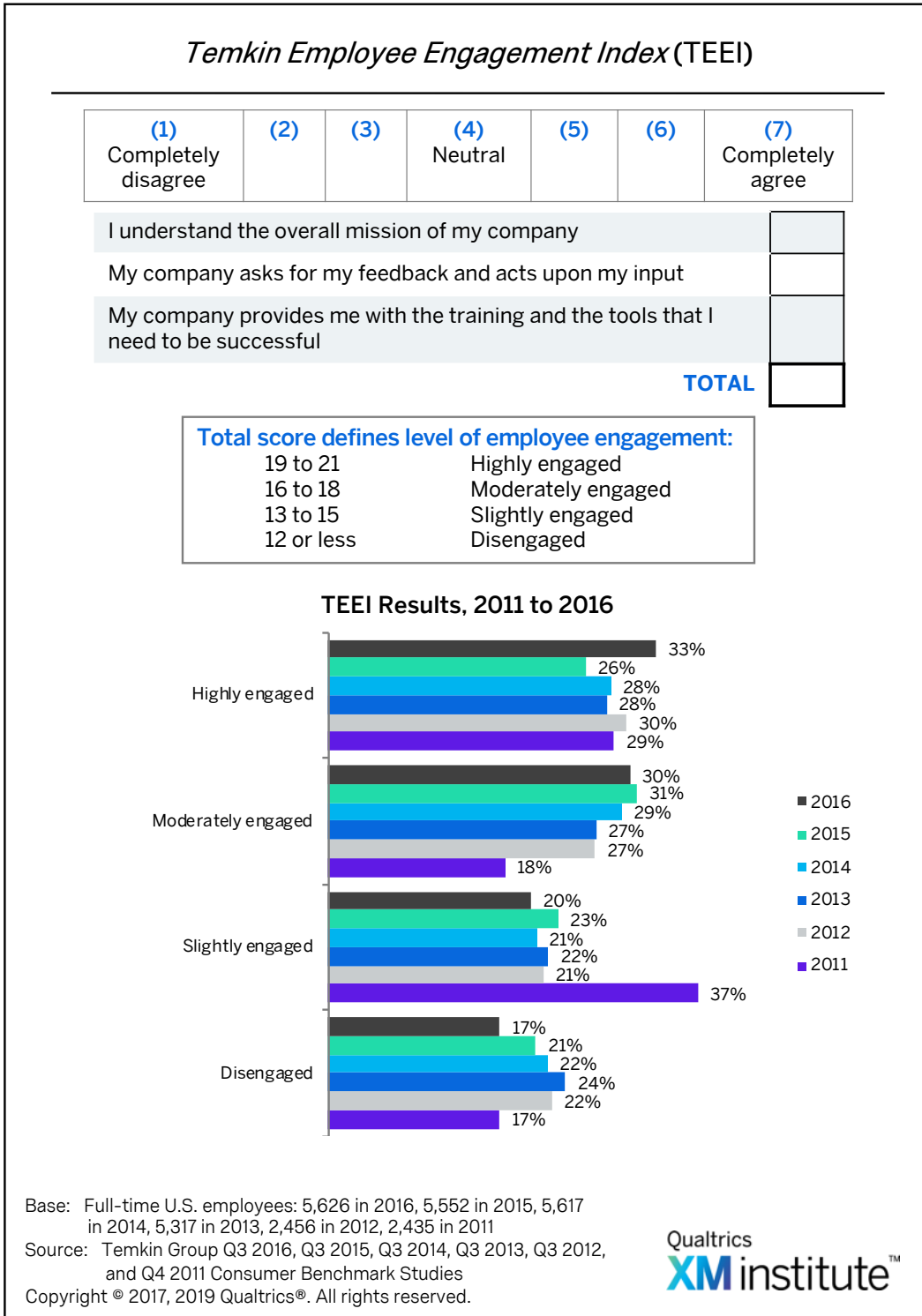


Figure 1

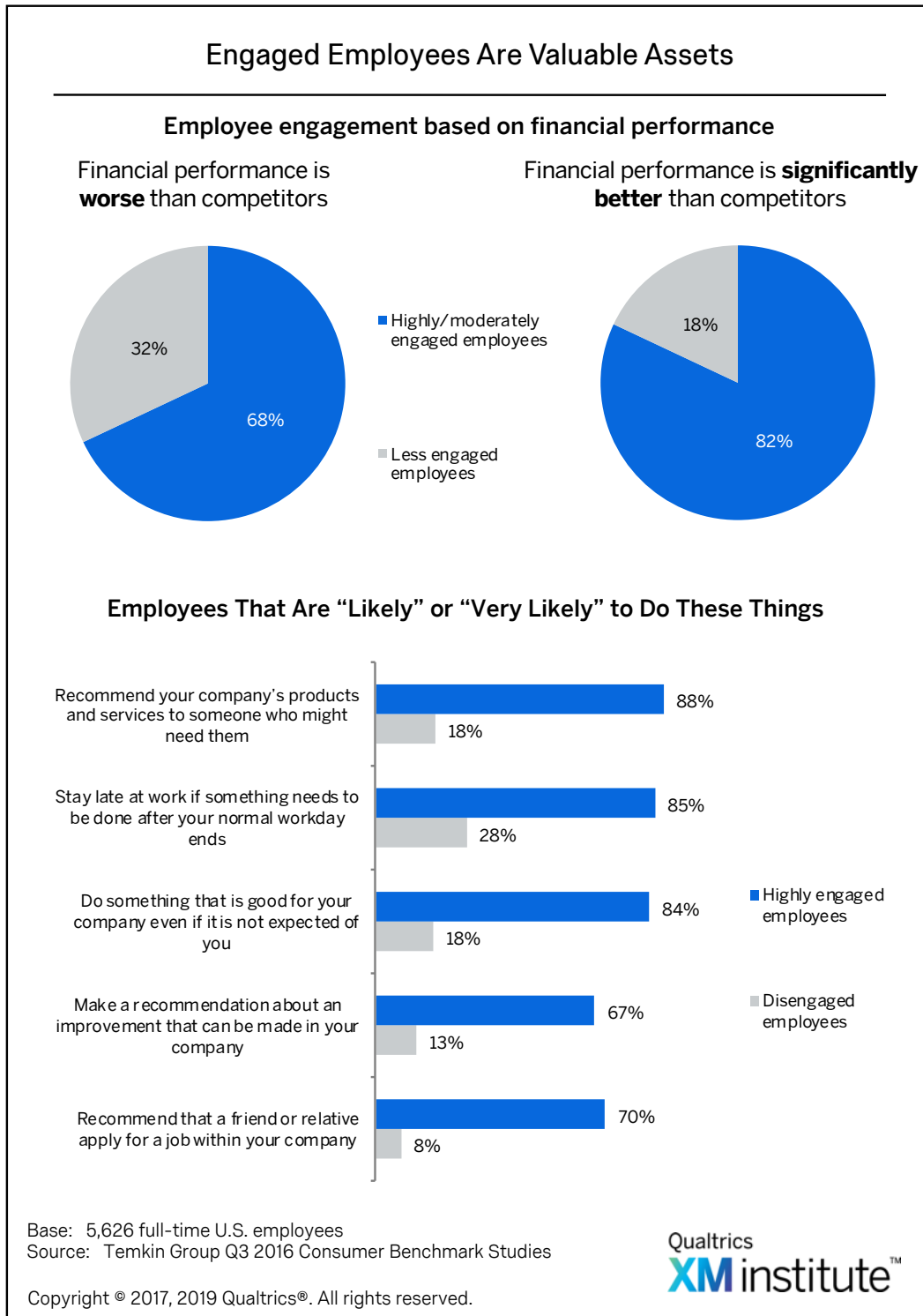


Figure 2

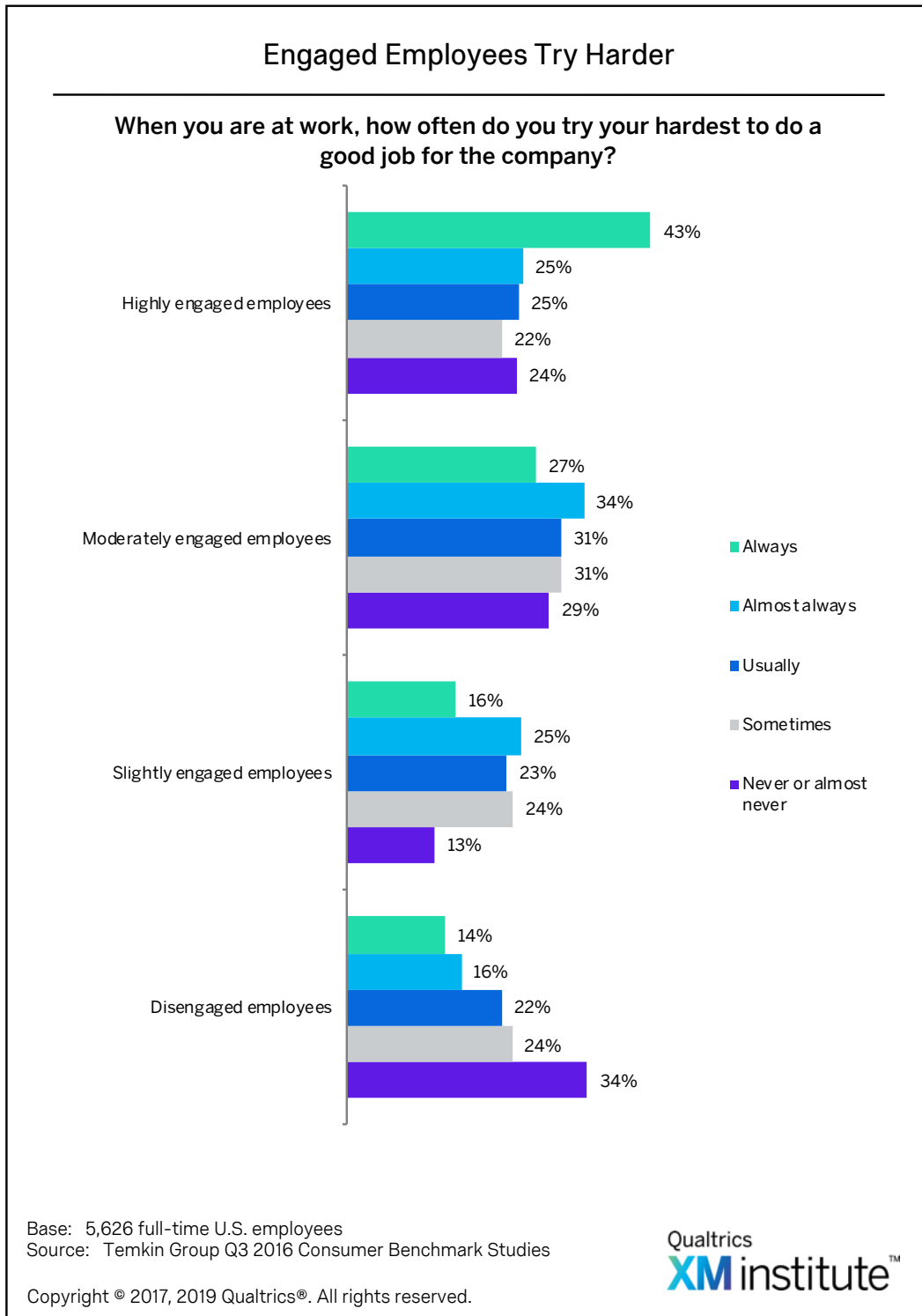


Figure 3



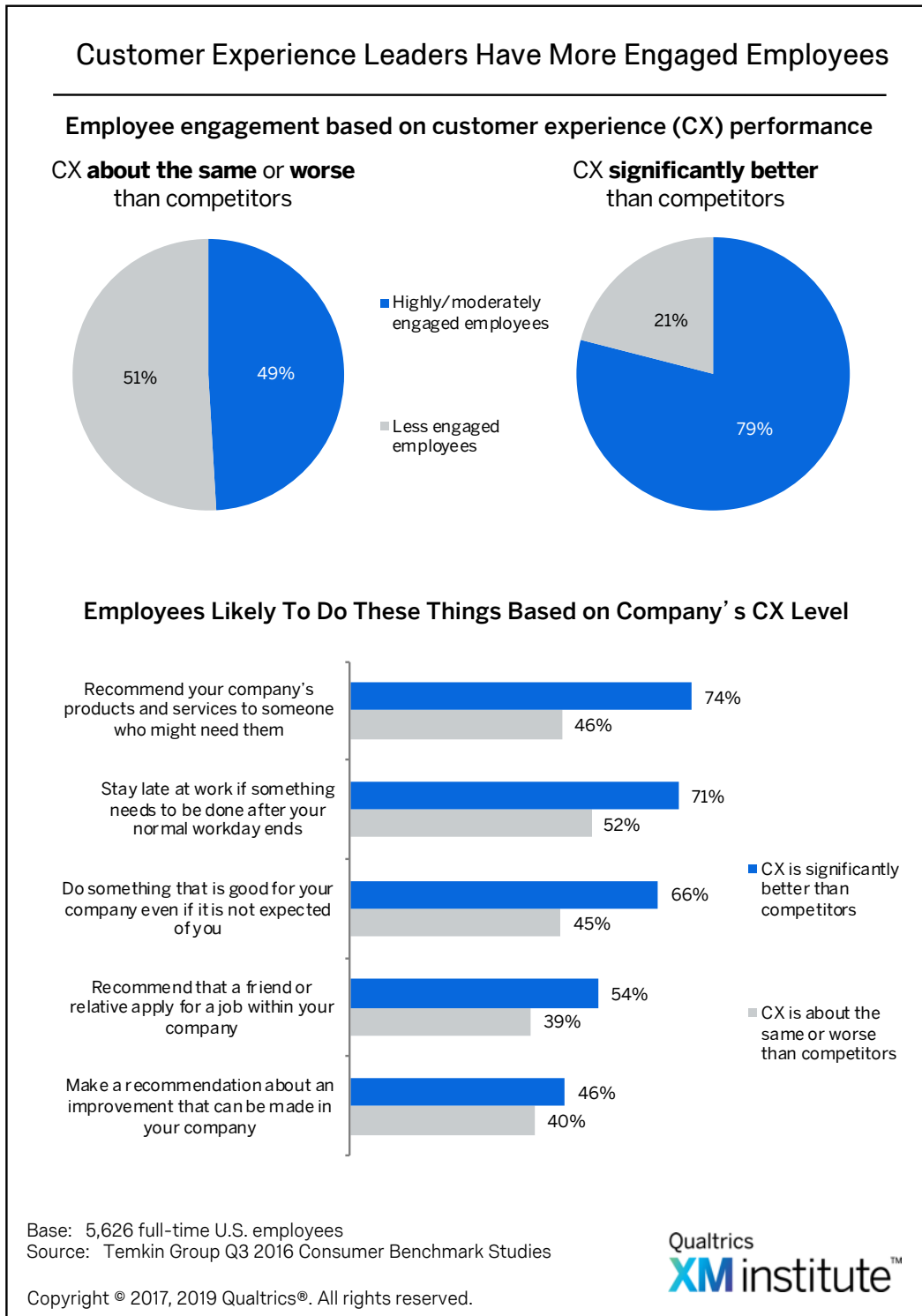


Figure 4

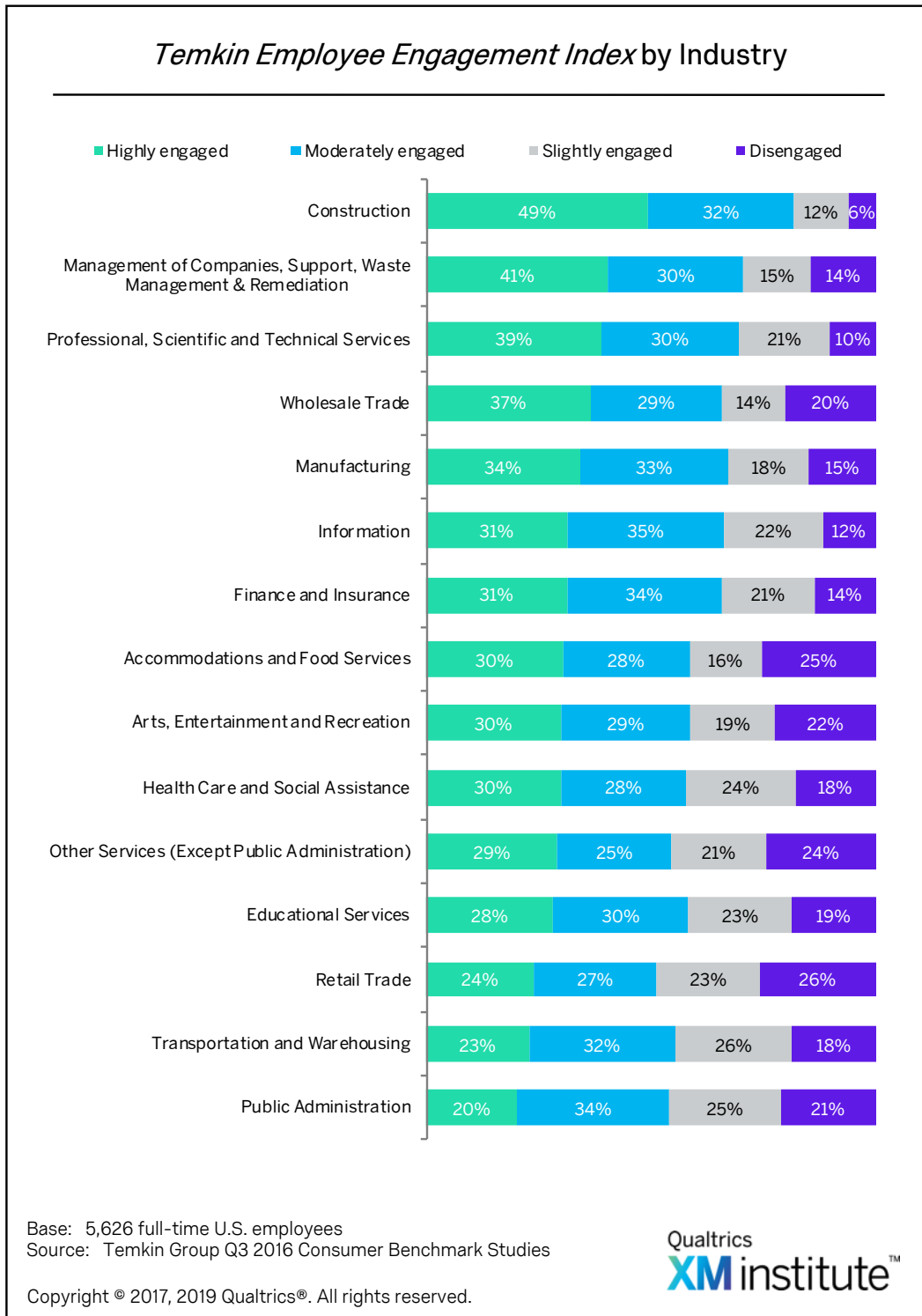


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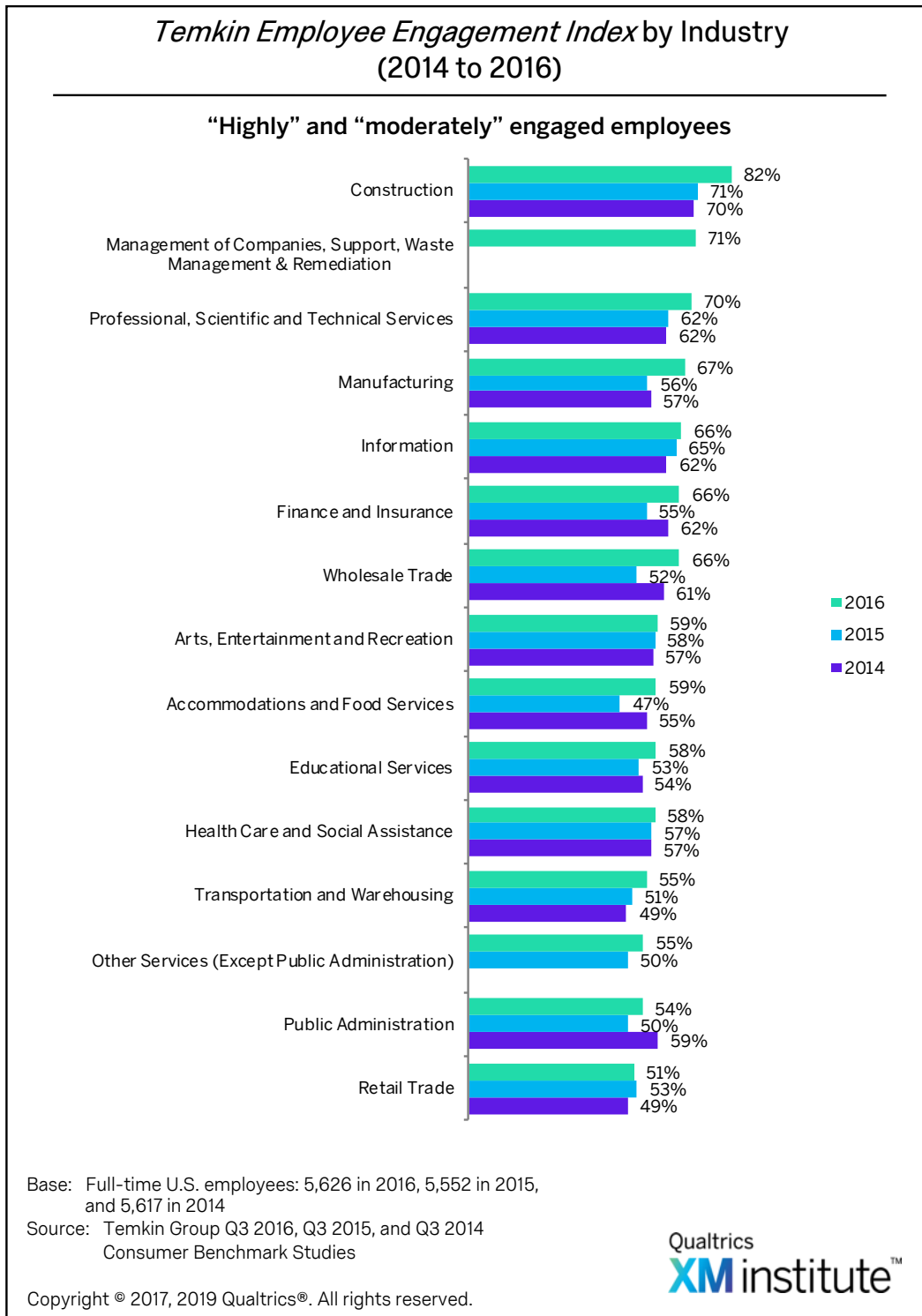


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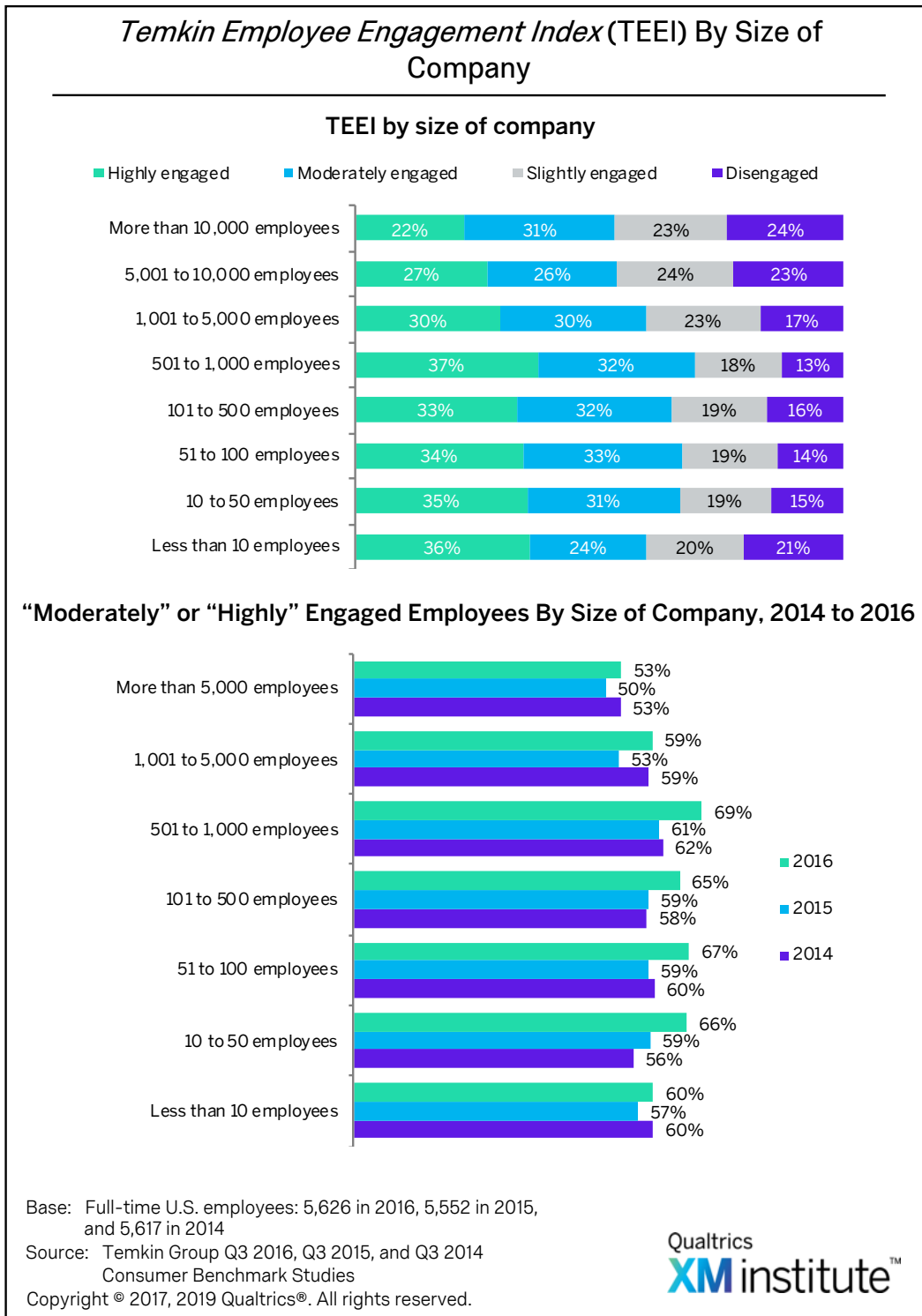
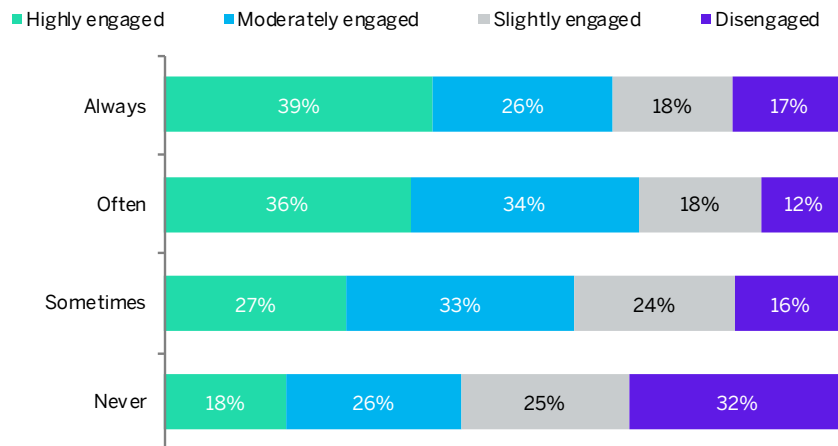


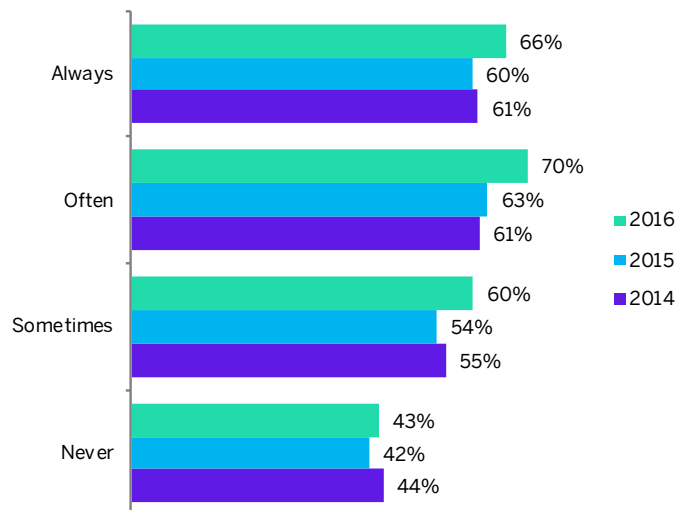
Figure 7

### Temkin Employee Engagement Index (TEEI) By Amount of Customer Contact and Role Within Organization

#### TEEI by how often employees interact directly with customers



#### “Highly” and “moderately” engaged employees based on how often they interact with customers, 2014 to 2016



Base: Full-time U.S. employees: 5,626 in 2016, 5,552 in 2015, and 5,617 in 2014

Source: Temkin Group Q3 2016, Q3 2015, and Q3 2014  
Consumer Benchmark Studies

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Figure 8

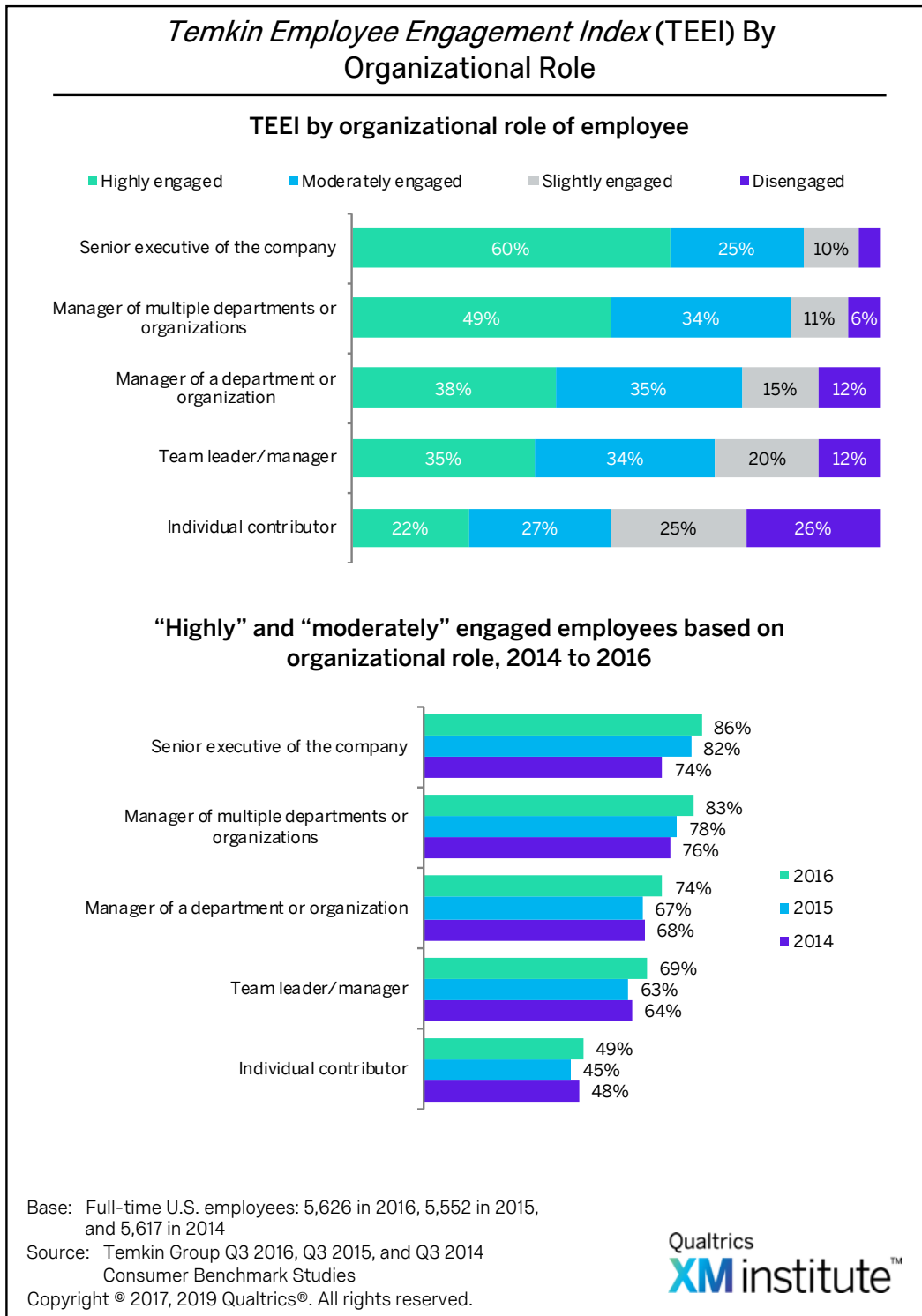


Figure 9

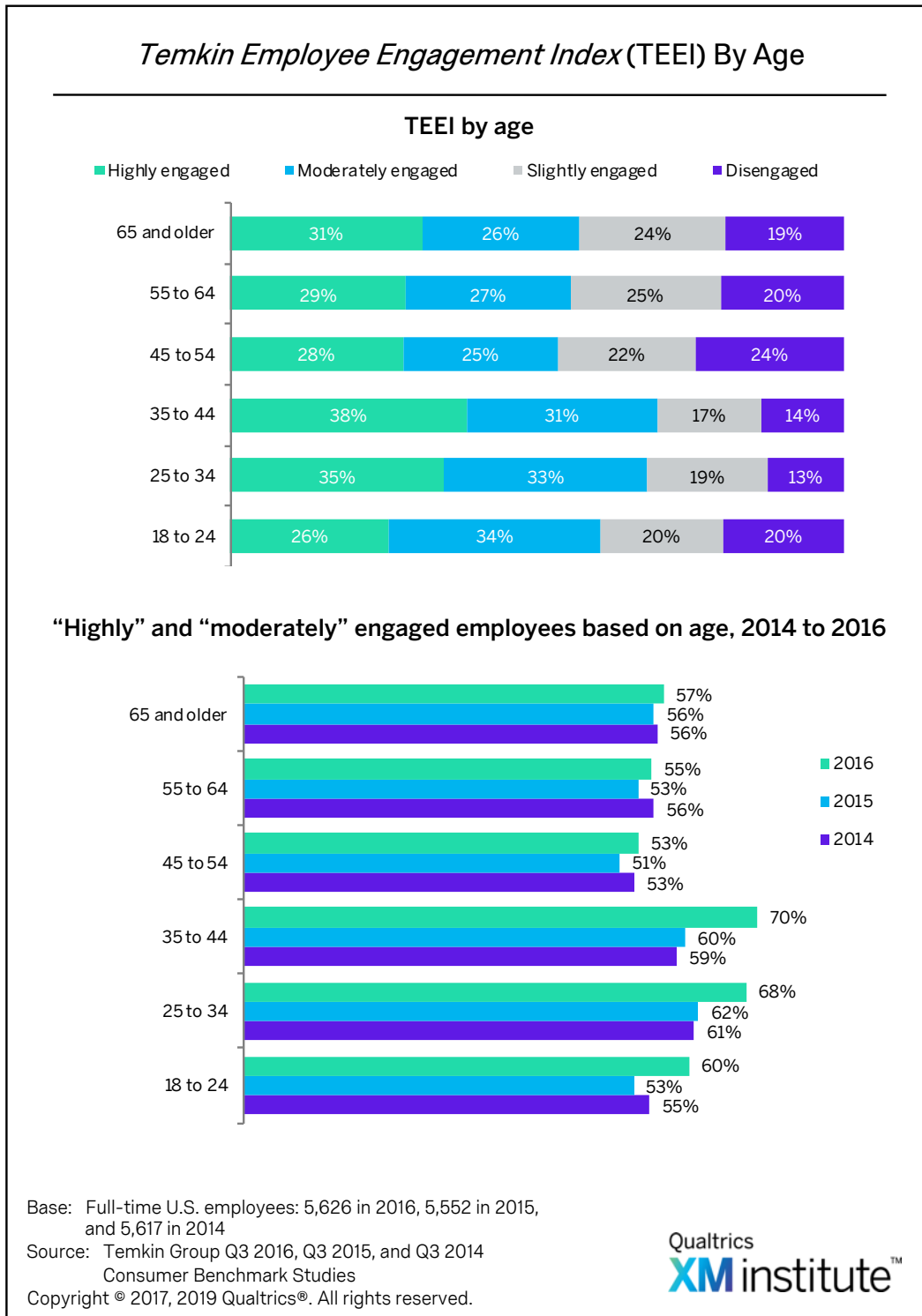


Figure 10

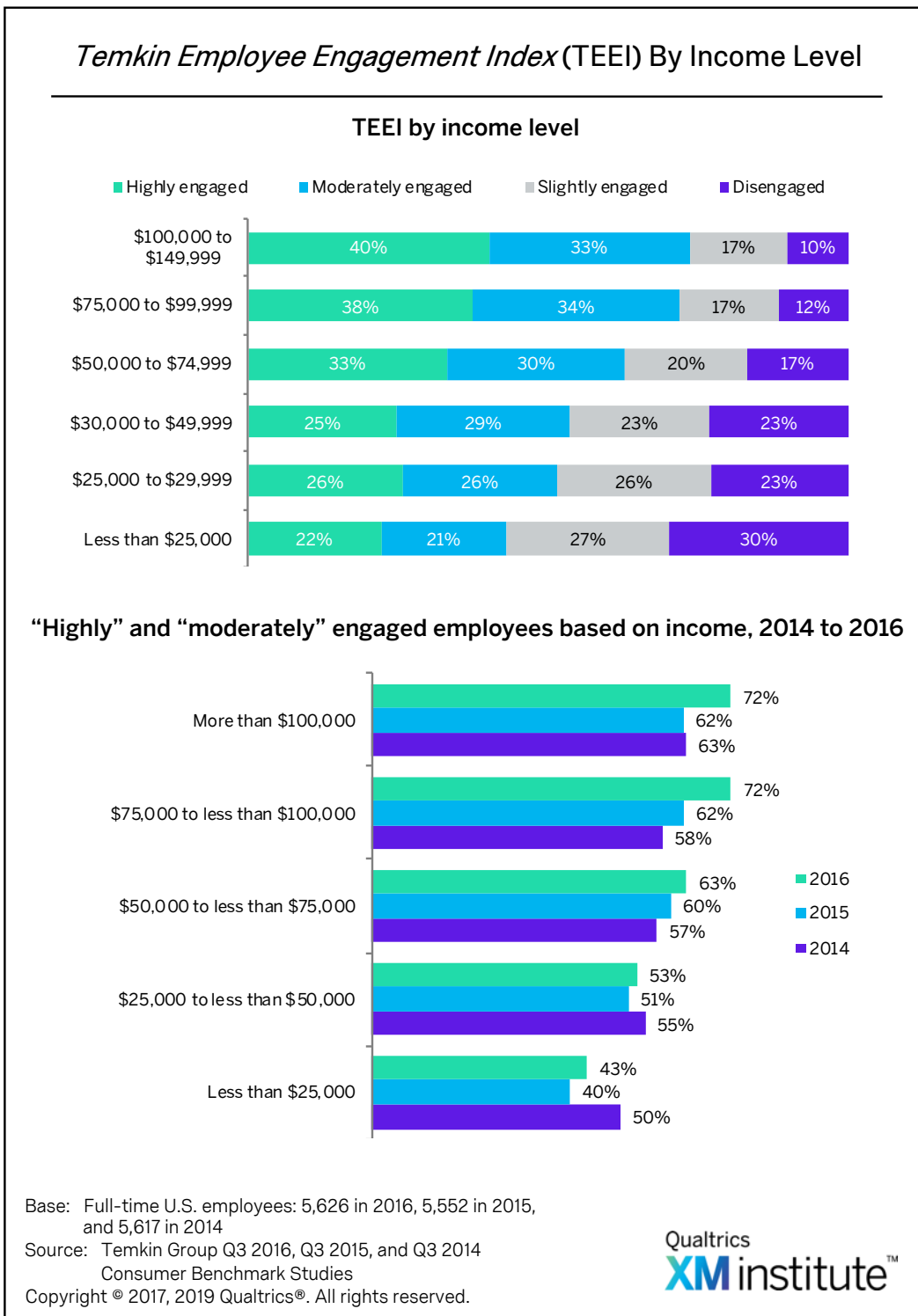


Figure 11



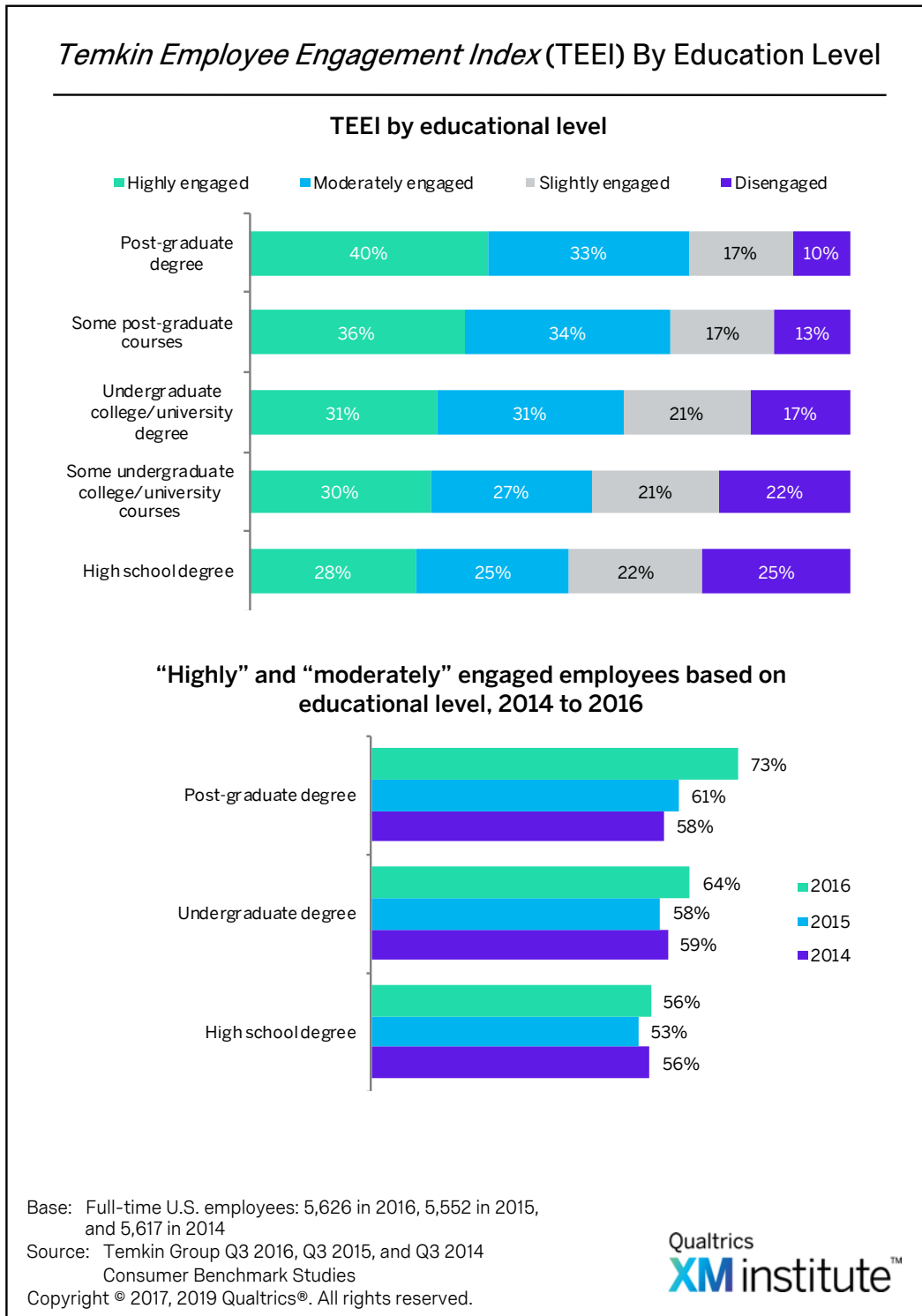


Figure 12

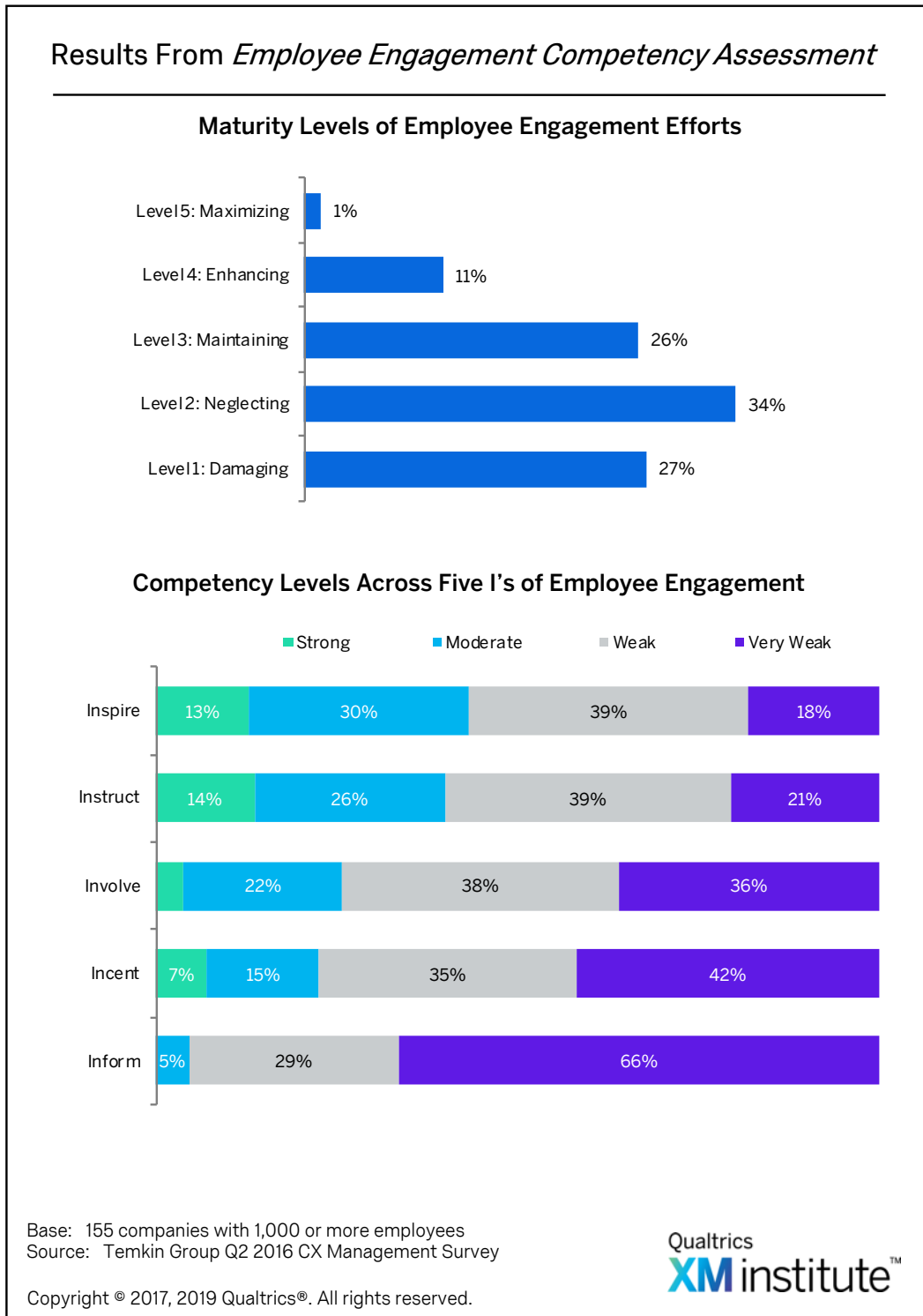


Figure 13