

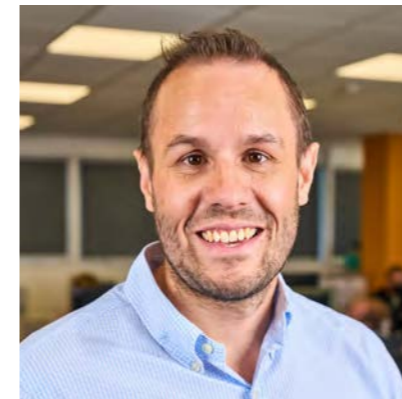
# The State of Employee Engagement 2023/24

Exploring HR professionals' top priorities and  
biggest challenges as we move into 2024



# Contents

Foreword from Steven Frost, WorkBuzz Founder and CEO	3
Ranking HR professionals' top priorities	4
Retention is becoming more important - and getting more difficult	6
Skills shortages are impacting recruitment efforts	8
Performance and productivity is now a major priority	10
Diversity is a focus - but leadership is a barrier	12
Employee engagement remains a significant challenge	14
AI and automation are making waves	15
Some organisations risk neglecting employee voice	16
Key takeaways	18
Methodology and about WorkBuzz	20



## Are you listening?

Thank you for downloading this year's State of Employee Engagement report from WorkBuzz, now in its fourth edition.

Since 2018, we've been asking HR professionals what makes them tick – and what keeps them up at night – to paint a picture of the things that are having the greatest impact on employee engagement.

For me, this year's most significant takeaway is that as organisations prioritise 'harder' measures like employee retention, productivity and performance. It's clear that organisations need to continue listening with greater frequency than just once a year to address these challenges.

We saw a brilliant response from companies of all shapes and sizes throughout the pandemic, as the majority recognised the importance of regularly asking their employees for feedback – and how that knowledge

could support and empower HR and leadership teams.

It felt like the old days of a general once-a-year employee satisfaction questionnaire were behind us, as organisations began to modernise with a shift to more regular pulse surveys and increased adoption of onboarding and exit surveys – but it appears that organisations are still listening at the same level on an annual basis with a reduction in frequency of employee surveys despite the aforementioned challenges having a huge financial, productivity and cultural impact.

Giving your employees a voice and improving employee experience aren't soft and fluffy – they're now a necessity for understanding how to drive business outcomes and will separate

the winners and losers in the next normal of employment.

And, with AI emerging as a major trend in most sectors, maintaining that regular moment of human interaction will be vital.

Your employees are your everyday heroes. They're the 'face' of your organisation and are of huge – often underrated – value, with direct, first-hand knowledge of the customer experience.

They can highlight potential risks and provide insights and ideas for innovation and improvement to propel your business forward.

But only if you listen to them.

**Steve Frost, Founder & CEO, WorkBuzz**

1<sup>st</sup>  
36%  
Retention

2<sup>nd</sup>  
29%  
Wellbeing

3<sup>rd</sup>  
28%  
Recruitment

## HR's top priorities

We asked respondents to identify their top HR priorities, and the stand-out across the board was retention. Since our 2022 report, retention has leapt to the top of the list – having previously been the third most important priority.

Reflecting a worsening macroeconomic backdrop and amid a cost-of-living crisis, employee wellbeing has risen significantly to second place with recruitment, another well-documented challenge, coming in third.

And 2023's fastest riser is performance and productivity which has shot up six places in our ranking. It's now on a par with staples of the HR function like culture and employee engagement and

experience – perhaps as organisations continue to tighten their belts and try to get more out of their existing employees with leaner and fitter initiatives.

Learning and development fell five places – the biggest drop versus last year – while reward and recognition and equality, diversity, inclusion, and belonging (EDIB) were also both ranked as less important by our respondents. These findings suggest 'softer' priorities that are more difficult to link to an organisation's bottom line are now being deprioritised.

Leadership capability – a new option we offered for the first time this year – comes in strong in the top half of our ranking and is clearly a concern for HR professionals. And for good

reason. Improving employee engagement is an uphill battle if your people don't believe in your leadership, and if your leaders don't exhibit the right behaviours.

When we look specifically at respondents working in deskless industries, retention and recruitment remain the top two priorities, while performance and productivity jumps up into third place. All three challenges were highlighted by a higher percentage of respondents than their desk-based counterparts – suggesting that, while the issues faced are similar, they're even more pressing for organisations with large, deskless workforces.

Over the coming pages, we'll take a deeper dive into four of the biggest priorities: retention, recruitment, performance and productivity, and diversity.

### HR's top priorities

Position	Priority	Percentage	Index
1	Retention	36%	▲ 2 places
2	Employee wellbeing	29%	▲ 5 places
3	Recruitment	28%	▼ 1 place
4	Performance and productivity	26%	▲ 6 places
5	Employee engagement and experience	25%	▼ 3 places
6	Culture	23%	■ no change
7	Leadership capability	22%	★ new entry
8	Equality, diversity, inclusion, and belonging (EDIB)	21%	▼ 1 place
9 =	Organisational change	19%	▼ 1 place
9 =	Learning and development	19%	▼ 5 places
11	Recognition and reward	15%	▼ 2 places
12	Succession planning	12%	▼ 1 place
13	Employee relations	10%	■ no change
14	Internal communications	9%	★ new entry



## Retention is becoming more important – and getting more difficult

Retention has grown to become HR professionals' top priority, as we saw on the previous page. And, while the industry clearly understands the importance of keeping hold of your best people, it's not getting any easier.

The vast majority of our respondents (89%) said the retention conundrum was either getting more difficult, or not changing.

Just 11% said retention is getting easier. That's a huge percentage of organisations losing the knowledge and expertise that has been built up by employees who decide to leave.

Retention isn't only a people challenge, it's a financial one too. According to the Society for Human Resource Management, the average cost of replacing lost employees is equivalent to six to nine months of their salary.

Clearly, if you don't understand why your people are leaving – or why they're thinking about leaving – you're fighting a losing battle. Regular pulse surveys and thorough exit interviews are your secret weapon.

When it comes to the biggest challenges associated with retention, 45% cited their ability to offer competitive compensation – suggesting that it's very much still a

candidates' market, with a lot of choice and the option to move jobs for more money.

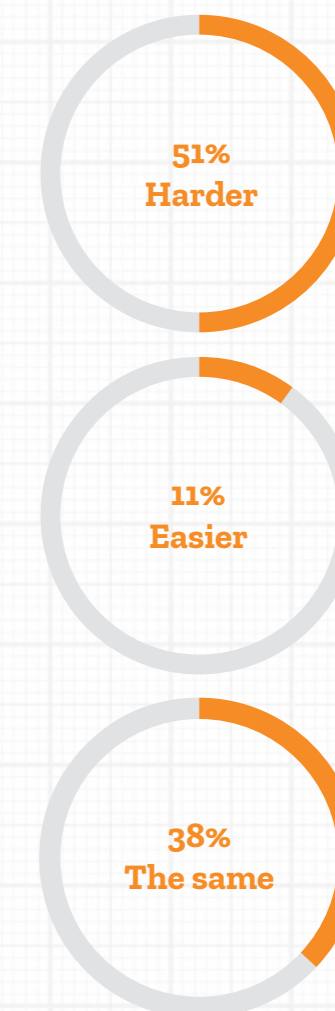
HR professionals also appear to be struggling to meet employees' career development needs and expectations, and people are leaving these organisations as a result.

This was a challenge highlighted by a quarter (27%) of respondents. Interestingly, flexible and hybrid working arrangements are a shrinking retention issue, with just 11% saying this is a current challenge – perhaps because most organisations that are able to do so have already nailed down their flexible and hybrid working policies.

### What are the biggest retention challenges?



### Is retention getting easier, harder, or staying the same?



**90%**

Said recruitment was not getting any easier



### What are the biggest recruitment challenges?



## Skills shortages are impacting recruitment efforts

Third in our ranking of HR professionals' top priorities was recruitment – and, once again, it's a challenge that's not getting any easier. In fact, the findings when we asked about recruitment were almost identical to those for retention – reinforcing just how closely linked these two issues are.

From our data, the vast majority (90%) said recruitment isn't getting any easier, while just 10% said it is.

When asked about the biggest recruitment challenges, the one cited by 40% of

respondents – almost twice as many as the next most popular choice – was a shortage of qualified candidates with the right skills.

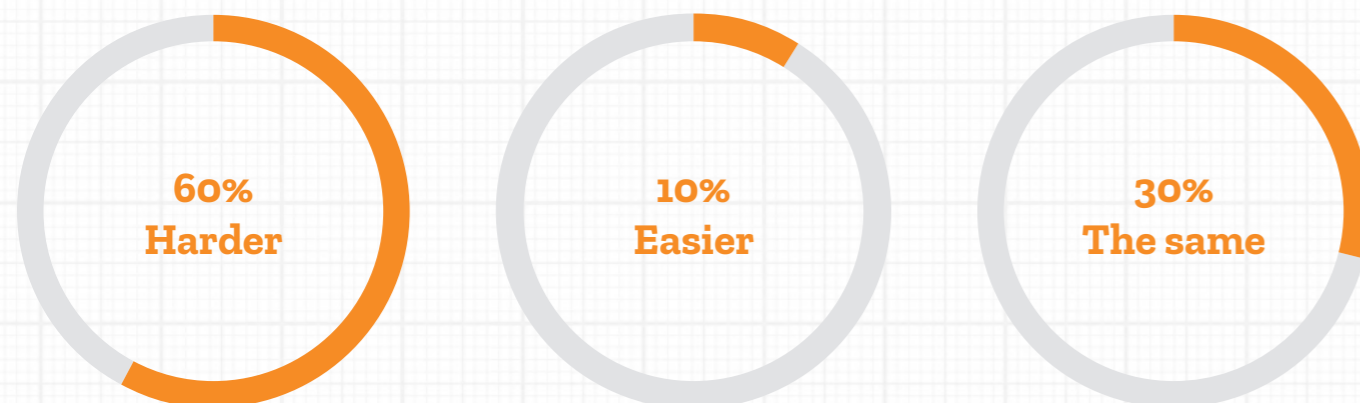
Driven in part by The Great Resignation, where hundreds of thousands of skilled employees left the working world for good, skills shortages are impacting industries of all kinds.

Candidates' salary expectations were reported by 22% as a big challenge, while 15% said competition

with other organisations were making recruitment more difficult.

At the other end of the scale was the cost of recruitment, cited by just 2% of respondents – suggesting that, while companies have money set aside to bring in new recruits, they're struggling to find the right people for the jobs available.

### Is recruitment getting easier, harder, or staying the same?





## Performance and productivity are now major priorities

Between 1974 and 2008 the UK's productivity – the amount of output you get per worker – grew at an annual rate of 2.3%. However, between 2008 and 2020, that number collapsed to around 0.5%.

And, when you consider how closely linked it is with employee engagement, it's no wonder productivity and performance has jumped up our ranking of HR professionals' top priorities. According to research by Gallup, organisations with a highly engaged workforce are 21% more profitable and 17% more productive than those with disengaged staff.

When we asked whether performance and productivity is getting any better, over three quarters (77%) of respondents said it's either getting worse or staying the same. That said, more than one in five (23%) said things were improving.

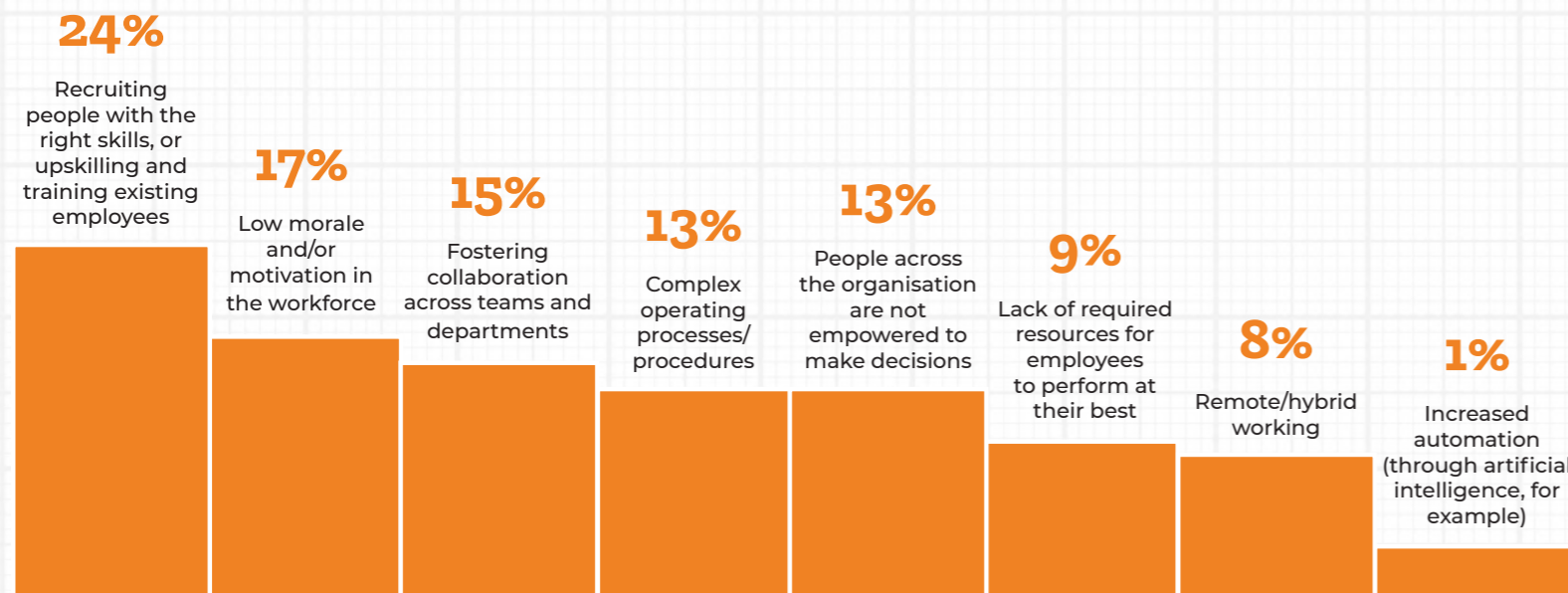
Once again, when it comes to the biggest challenge associated with performance and productivity, skills shortages lead the way – as chosen by 24% of our respondents. Other factors cited as having an impact include low morale and motivation (17%), difficulties with cross-departmental collaboration (15%), complex internal processes and lack of empowerment to make decisions (both 13%).

Interestingly, just 8% said remote and hybrid working was a barrier to performance and productivity. With some larger organisations mandating a return to regular time in the office, are they risking a backlash? And, as different generations demand different levels of flexibility from their employers, will we see a future generational battle for talent?

### Is performance and productivity getting better, worse, or staying the same?



### What are the biggest performance and productivity challenges?





## Diversity is still a focus – but leadership is a barrier

While equality, diversity, inclusion and belonging (EDIB) may have fallen two places to eighth in our ranking of HR priorities, it was actually highlighted as a priority by a larger percentage of respondents than in 2022 (21% this year versus 17% last year).

That makes it clear that EDIB is still an important area of focus for most HR professionals, so we asked whether the organisations they work for are getting more or less diverse, and what the barriers are to creating and maintaining a diverse workforce.

Nearly half (46%) said their organisation had become more diverse over the past year, while 49% said the make-up of their workforce had remained largely the same. Just 5% said their organisation was less diverse than it was a year prior.

When asked about the biggest barriers to diversity initiatives, respondents cited two challenges: attracting diverse people to the organisation in the first place (33%), and that senior leadership isn't representative of a diverse workforce (28%).

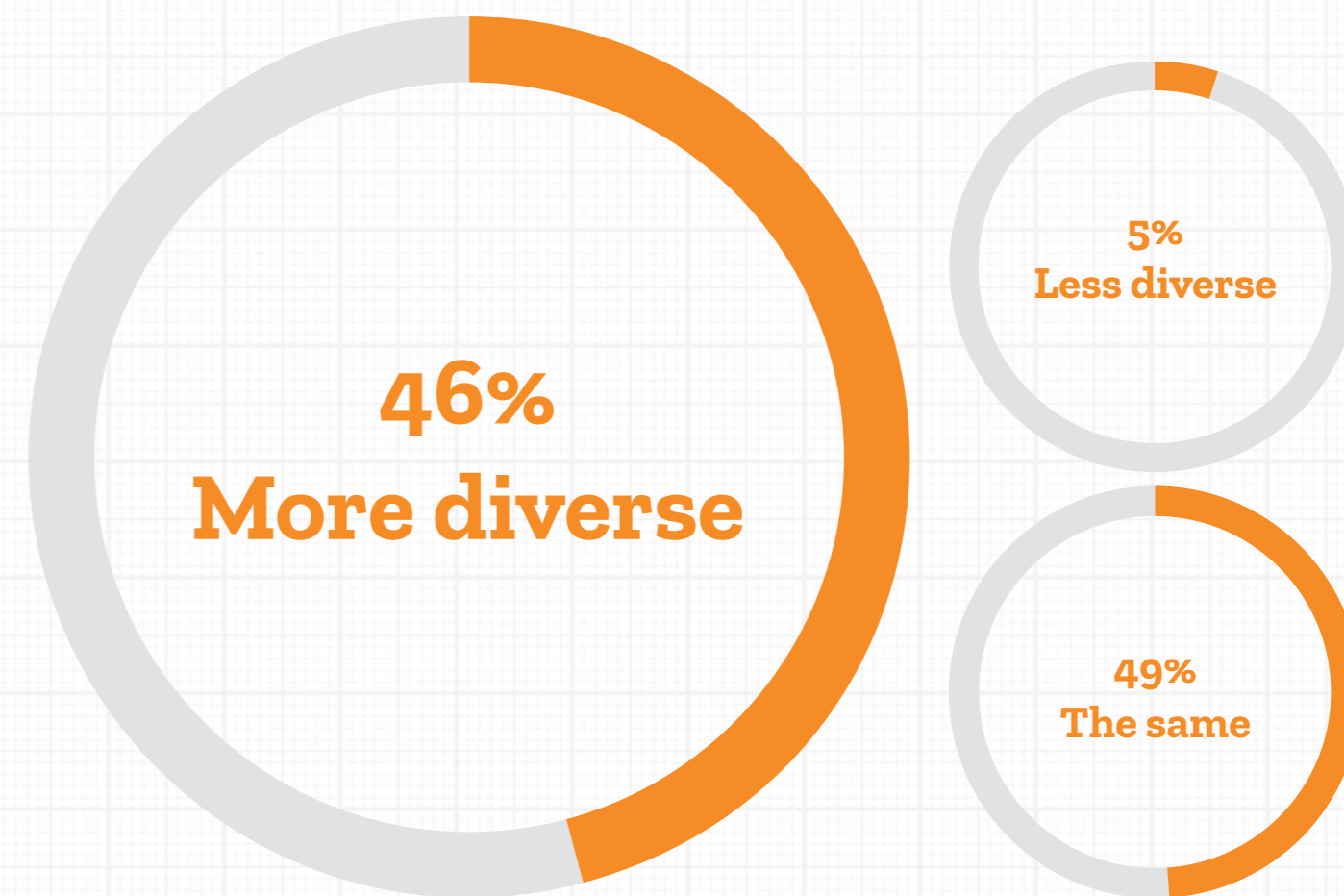
Worryingly, one in nine also said they didn't feel senior leadership was committed to diversity and inclusion.

Is there a connection between leadership composition and attracting diverse talent, or is something else at play? We think it starts with leadership, in terms of both commitment and representation.

Indeed, creating a working environment where all voices feel heard was cited by 15% of our respondents as the biggest diversity challenge they're facing.

But the increasing diversity of employee groups across industries highlights the importance of being able to reach all your people, to give every single employee a voice. How else can you truly understand the impact of your leaders?

During the past year, how has the diversity of your workforce changed?



What's the biggest challenge when it comes to diversity?



# Employee engagement remains a significant challenge

We asked respondents whether employee engagement in their organisation over the past year had got better or worse. More than a third (36%) said engagement levels had improved, while 40% said they were roughly the same – however, almost one in four (24%) said engagement declined.

**That's more than half (64%) of the HR professionals we spoke to**

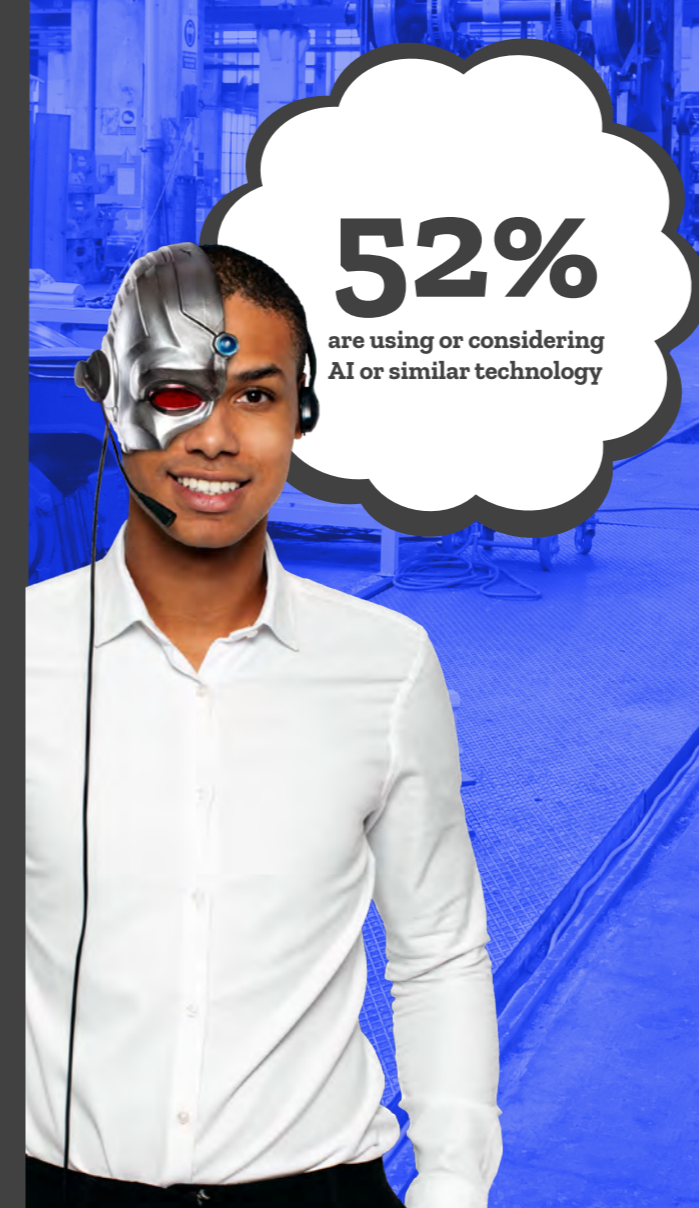
**saying employee engagement levels have either remained stagnant or worsened over the course of the past 12 months.**

That's a concern – especially when you combine it with last year's data. In our 2022 research 18% said employee engagement was on the decline, so this year's numbers signal a worrying continuation – suggesting

many practitioners are struggling to turn this long-term trend around.

But, when we consider that so many organisations are failing to run employee listening surveys, should lower levels of engagement be a surprise?

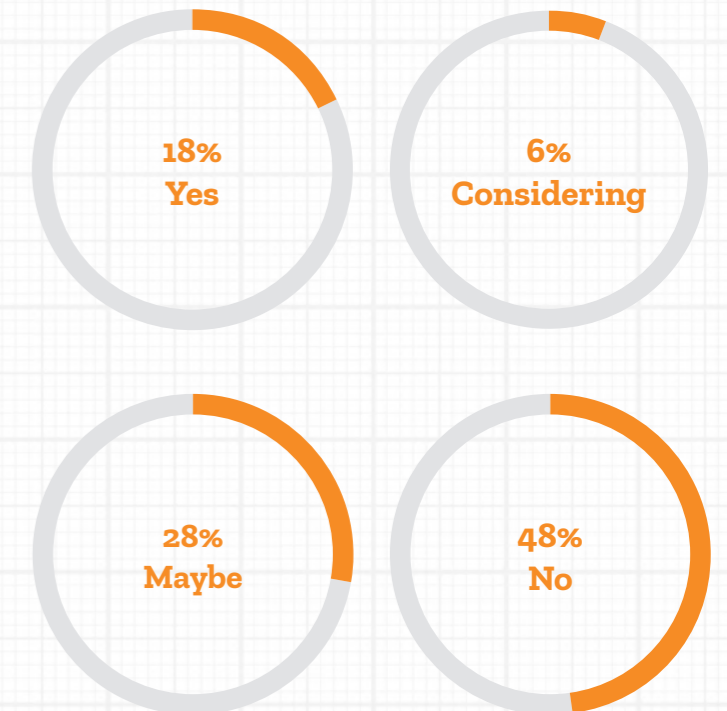
And, more to the point, how can those who are no longer regularly listening to their employees really know the true answer?



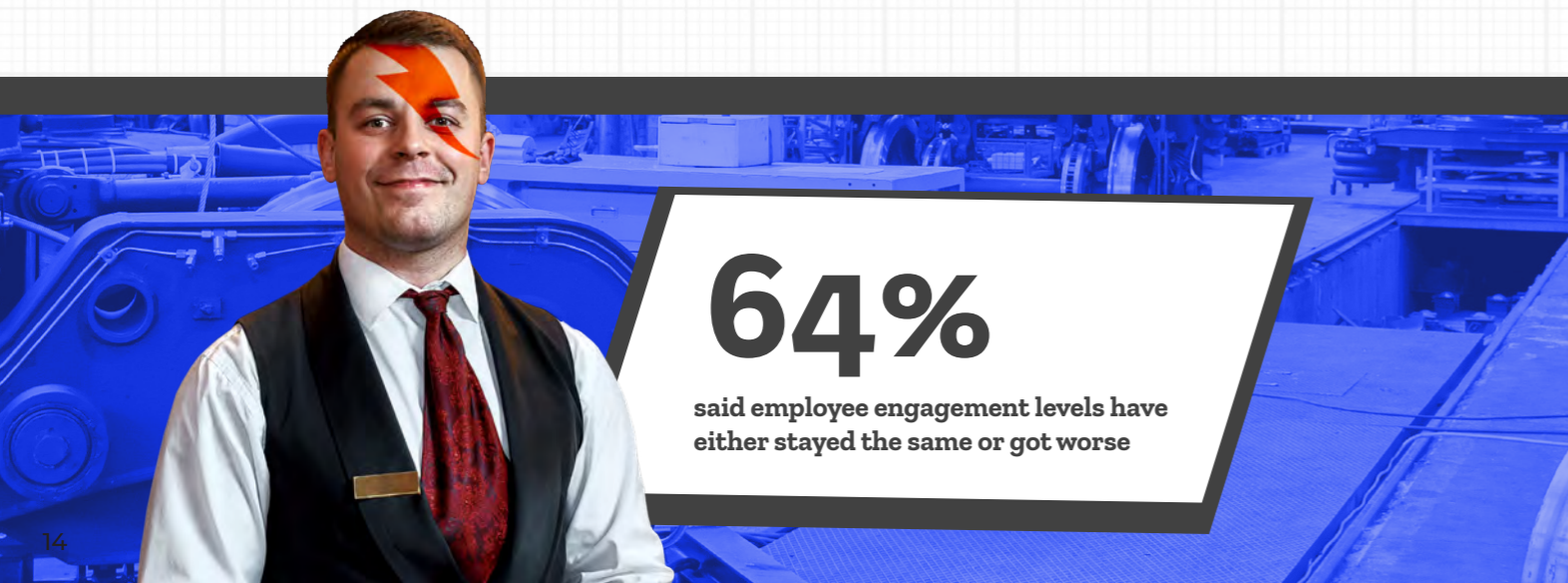
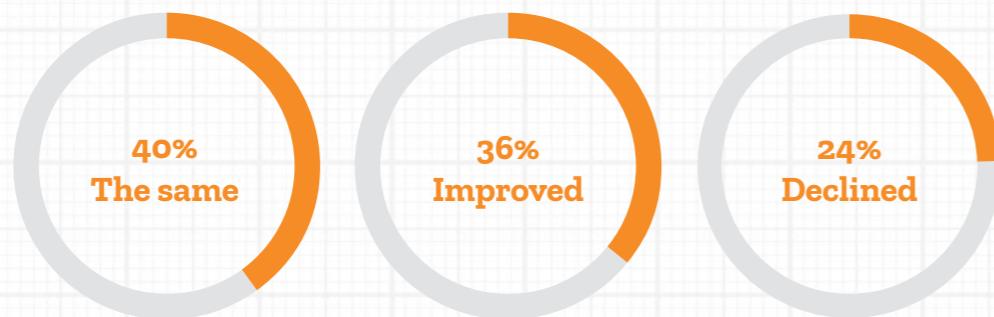
**52%**

are using or considering AI or similar technology

Are you planning to use AI or any other automation technology or software within your organisation over the next 12 months?



During the past year, at your organisation, how has employee engagement changed?



**64%**

said employee engagement levels have either stayed the same or got worse

# AI and automation are making waves

With AI and machine learning exploding in popularity since tools like ChatGPT began making headlines at the start of the year, we asked HR professionals whether such tech was on their radar.

Almost one in four (24%) said AI or automation technology was already being used within their organisation or would be implemented within the next 12 months – and a further 28% said they're considering using it.

**That's 52% in total who are either using AI or similar technology right now, or who are thinking about doing so in the near future.**

Considering how rapidly such technology is being adopted, how different will the HR professional's role look a year from now?

On the flip side, 48% said they're not planning to

introduce AI or automation technology any time soon.

And, when we look at respondents from traditionally 'deskless' industries such as manufacturing, construction and leisure and hospitality, that number rises to just over half of respondents (51%) – suggesting AI and automation is less of an emerging trend for HR teams in these and similar sectors.





## Some organisations risk neglecting employee voice

In recent years, we've reported the gradual decline in companies relying on an annual survey to listen to their people, this appears to have remained static at 32% in 2023 (the same as 2020). The pandemic accelerated the adoption of regular pulse surveys, with HR professionals and business leaders realising that getting feedback once a year couldn't keep up with the pace of change and leveraging employee voice to help shape hybrid working practices.

Against the background of the cost-of-living crisis and focus on 'harder' business outcomes like retention, performance and productivity, our 2023 study highlighted a step backwards – 17% of organisations are not formally listening to their people and of those that do, slightly fewer are relying on more regular pulse surveys.

Given the plethora of studies showing the link between employee engagement

and business outcomes, like engaged employees are 87% less likely to leave their job (source: Corporate Leadership Council) this is surprising.

HR professionals can do more to position employee listening as a way of driving retention and business performance.

### Here are our top tips:

1. In your employee survey, ask employees about their future plans and whether they plan to stay working at your organisation, and the reasons why. By understanding the root causes, you can take action before your best talent walks out the door.
2. It's often said that people don't leave companies, they leave managers. Ask for specific feedback on what their manager is doing well and how they can improve. Use this to pinpoint managers that need more

support and coaching.

3. Embed an onboarding survey. 31% of people leave a new job in their first six months (Bamboo HR) so by ensuring every new starter has a great employee experience, you'll reduce your new starter turnover
4. Use employee feedback to crowd source new ideas and leverage objective data to help you prioritise where to focus your limited resources
5. Over time, link your employee engagement results to business metrics like customer experience, absence levels and retention. Demonstrating the return on investment, using your own data, is a sure fire way to win over your CFO and ensure employee voice is a priority.

**14%**  
At least once every six months

**17%**  
We do not regularly run employee surveys

**13%**  
At least once a quarter

## How often do you survey your employees?

**32%**  
At least once every year

**11%**  
Less frequently than once a year

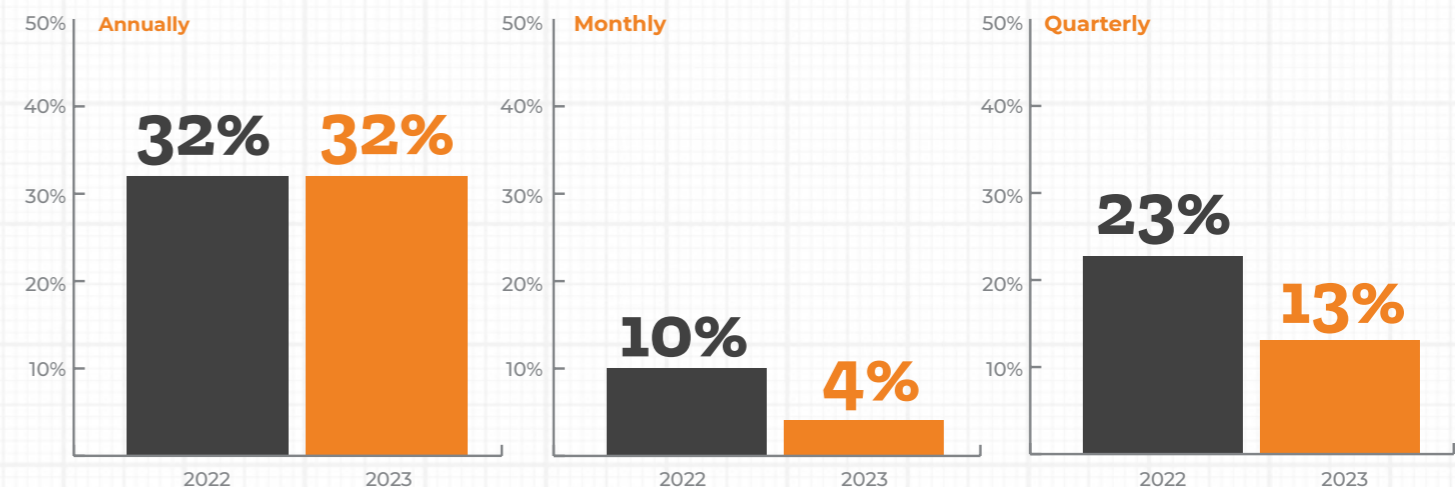
**1%**  
At least once a week

**4%**  
At least once a month

**8%**  
Other/I don't know

Annual surveys are not happening more frequently

Regular temperature checks are also being neglected



## Key takeaways: 5 things to remember for 2024

We've covered a lot this year, so here are the five things you should build into your employee listening strategy for the year ahead.

### 1. Employee listening is not a 'nice to have'

It's a vital, powerful tool in your arsenal – and the only way you can really know the truth of what's happening throughout your whole organisation. By understanding your people, what they're thinking and how they're feeling – and acting on their feedback – you can make a tangible difference to everything from recruitment and retention to performance and productivity.

### 2. Retention is a top priority – and it's harder than ever

It's clear that retention is a challenge that isn't getting any easier, but employee listening can play a crucial role. By regularly gathering feedback from your people, you can learn about the things that are keeping them around – and those making them consider leaving. Take their feedback, make changes to meet their needs, and watch your turnover rate drop.

### 3. Recruiting the right people, with the right skills, is a challenge across all industries

Skills shortages are having a significant impact in every industry from construction to hospitality, and the best candidates are being snapped up quickly. Use employee listening to understand what's most attractive about your organisation – and what's putting people off – and have your pick of the top talent on offer.

### 4. Performance and productivity has become an HR team responsibility

Once an issue primarily for frontline managers, performance and productivity has landed on HR's plate – thanks to its close links with employee engagement levels. By listening to your people, understanding their wants and needs, and making changes to improve employee engagement, HR professionals can make a measurable difference here.

### 5. Organisations are getting more diverse

A melting pot of lifestyles, beliefs, cultures and opinions will only make organisations stronger – but increased diversity represents a challenge when it comes to employee listening. How can you reach everyone, in a way they can understand and that encourages them to take part in surveys? You need an accessible, flexible employee listening solution built for hard-to-reach employee groups, that can handle multiple languages and touchpoints.



## Methodology

This report draws on insights derived from research conducted with 456 HR professionals in the UK and US, who completed an online survey about their organisations' people-related challenges, priorities and experiences between July and August 2023. Respondents represented organisations of varying sizes, across a wide spectrum of industries – including both those with primarily 'deskless' workforces and those with desk-based employees.

We have excluded responses of "I don't know" and "other" on a question-by-question basis in the charts and figures throughout this report, to keep to a '100%' data set, while retaining the integrity of the data.

## About WorkBuzz

Employee engagement surveys to reach your everyday heroes.

WorkBuzz helps you gather real-time feedback from your people, improve employee engagement and build a culture your team are proud to be part of – wherever they are, and whatever they do.

Listen to your employees at a frequency to suit your business – with annual surveys, pulse surveys and on-demand polls available as standard.

Understand key staff challenges around employee wellbeing, health and safety, diversity and inclusion, recruitment, retention, and much more. Use our best-practice question libraries or work with our team to create your own.

Act on feedback and implement positive change. Work with our team to understand what your data is telling you, and which actions you need to take. Benefit from an engaged, more productive workforce, and see an improvement in employee wellbeing, performance, and retention.

Give your everyday heroes a voice. Get started with a demo of the WorkBuzz platform.



## Give your Everyday Heroes a voice

**Your employees are Everyday Heroes.  
They're your difference-makers.**

**There's an urgent imperative for a fast and effective way to understand your heroes better, so you can:**



**And become an Everyday Hero employer.**

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