



**Connection**  
**2018 Global Culture Report**  
**O.C. Tanner Institute**



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2018 marks a significant shift in people strategy. The context in which organizations are operating continues to change at an increasing rate, making it challenging for leaders to respond to new disruptions. Leaders are turning their attention to creating workplace cultures that can withstand the uncertainty of changing business models, an increasingly diverse workforce, a flood of new technology, and the resulting disconnectedness. Great workplace cultures provide a crucial advantage for organizations, attracting talent, spurring innovation, building great leaders, and setting a pattern for ongoing success.

In 2017, the O.C. Tanner Institute released a Culture Framework to help organizations measure and improve workplace culture. The origins of this framework come from a simple, yet powerful reorientation in our thinking. For too long, HR leaders have been asking, “What can we do to drive engagement?” A much better question is, “What can we do to create a culture that people choose to engage with?”

Why a new framework? Historically, engagement models have been hopelessly complex. They focus heavily on organizational hierarchies and work processes. As a result, most engagement initiatives are company-centric, rather than focused on the employee experience. We took the opposite approach, looking first and foremost at what employees value most (and least) in a desirable workplace. This focus led to the discovery of six fundamental elements that are crucial to an employee’s decision to join, engage with, and remain at an organization. We call them Talent Magnets because they attract and connect people to the places they work. The six Talent Magnets live within a Culture Framework that has proven useful to help leaders evaluate, measure, and improve workplace culture. Research shows empirically that when companies excel in all six Talent Magnets, organizations and employees thrive.

We are excited to share with you what over 15,000 employees and leaders across six continents are saying about the current and future state of workplace culture. We have focused on identifying key insights and highlighting simple actions organizations can take to create meaningful employee experiences that dramatically improve workplace culture. By doing so, organizations can connect people to purpose, accomplishment, and one another.

Your culture is the heart and soul of your organization. It is the social operating system that influences what is valued, how people work, and how the organization interacts with its customers and extended community. An organizational culture is alive, continually influencing and being influenced by the shared values and behaviors of its people. No culture is static. It morphs, improves, or suffers from inside and outside forces. Though they are highly complex and changing, strong workplace cultures act and respond in predictable ways. Great workplace cultures create incredible advantages—they attract talent, mobilize innovation, develop strong leaders, and become the organization’s muscle memory for ongoing success.

The context in which organizations are operating continues to change, making it challenging for leaders to respond to new disruptions while continuing to bolster and improve their workplace cultures. In our extensive research for the 2018 Global Culture Report, we saw several factors impacting organizations around the globe. All research, unless otherwise cited, is from the 2018 Global Culture Study conducted by O.C. Tanner.

## **CULTURE DISRUPTORS**

### **1. A More Diverse Workforce**

Increased diversity is not only changing the cultural demographics of the workforce, but changing the expectations, complexity, and professional relationships in the workplace. While research has proven again and again that bringing together different perspectives, backgrounds, and ways of thinking leads to better decision-making and innovation, many organizations are still lagging in their ability to build inclusive cultures.

When businesses create workplace communities and leadership teams that reflect their diverse communities and customers, they can better address social issues, understand customer needs, and support their employees. Unfortunately, just 36% of business professionals say their company actively works to be more diverse.<sup>1</sup>

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**3.2x**

**Employees who feel their company fosters an inclusive culture are 3.2x more likely to feel empowered to perform their best work.<sup>2</sup>**

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**“Decision-making teams that include a wide range of younger and older employees significantly outperform more narrowly young or old teams. These multi-generation teams are more likely to identify better choices and deliver results that meet or exceed expectations.”<sup>3</sup>**

One of the significant challenges in cultivating a unified workplace culture is overcoming the fragmentation effects of a more diverse workforce. Leaders are now asking themselves how they can create a strong sense of one-ness within teams and across business units and geographic regions while preserving and honoring the differences they and others value. Culture builders must be even more thoughtful and passionate about finding and communicating a shared purpose and shared values around which all can unite. We love what one culture-building CHRO uses as her vision and mantra with her team and leaders, “Let’s create a great place to work for everyone, every day.”

## **It's a Generational Thing**

We are all experiencing the effects of having five generations in the workforce—each with their own distinct views and attitudes. It is no wonder that generational conflict at work is at an all-time high. This conflict should be no surprise as it is born out of very different life experiences, mindsets, and differing expectations about fairness, flexibility, work ethic, leadership styles, authority, etc. There has been a lot of press for years around Millennials, and now we see their influence increase as they become leaders and insist on making changes to their workplace cultures.

### **Millennials are now becoming leaders who expect change:<sup>4</sup>**

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**64% Want to make the world a better place**

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**79% Desire a coach or mentor rather than a traditional boss**

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**88% Seek collaborative work culture rather than a competitive one**

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**88% Hope to incorporate work-life “integration” (as opposed to work-life balance)**

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**74% Ask for flexible work schedules**

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The newest generation, Gen Z (or iGen), is quite different from previous generations. Born between 1995 and 2012, they are now beginning to enter the workforce. They're more practical but also more vocal when it comes to perceived injustice and inequality. They are highly connected technologically, but also lonelier and

more depressed than previous generations.<sup>5</sup> Because they grew up interfacing with technology every day, they are more likely to misunderstand or misconstrue social interactions. Gen Zers bring a whole new set of challenges to an already complex workplace. However, Gen Zers are also more optimistic, motivated, and tend to have a higher sense of purpose. They can be strong advocates for great workplace culture. They want to be part of something bigger than themselves. Perhaps more than any other generation, they want to feel connected.

Research shows that teams comprised of various generations (Millennials, Gen Xers, and Baby Boomers) make better decisions together. Multi-generation teams were 2x more likely to meet or exceed expectations compared to teams made up only of “young” or “older” employees.<sup>6</sup>

## **2. Increased Use of Technology and Artificial Intelligence (AI)**

Technology is now intricately woven into the fabric of our lives—including at work. We’ve already seen growth in technology available for recruitment, talent management, leadership development, engagement measurement, wellbeing, and corporate learning.

Yet Gartner<sup>7</sup> argues that HR leaders must do more than merely use technology. They must make the transition to being a digital business, with both processes and culture revolving around a new business model. For example, it’s not enough to move from using paper applications (and forms) to digital signatures. HR departments must transition to an entirely new way of attracting talent and communicating company benefits and programs via technology.

One of those ways is through Artificial Intelligence (AI). Futurist and author Martin Ford<sup>8</sup> believes AI is becoming more and more prevalent in our lives—impacting how we live, work, interact with

others, and even how we make choices. While some people worry that will dehumanize the workplace, nothing could be further from the truth. Yes, AI can work wonders for efficiency, but we still need human ingenuity and creativity to tap its true potential. Rather than AI, we can think of it as IA (intelligent assistant), because the technology really can help us learn more and do more.

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**It's not a matter of AI replacing jobs. It's a matter of understanding that some skillsets need to change in order to capitalize on the benefits of AI.**

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### **3. A Lack of Connection in an Increasingly Connected World**

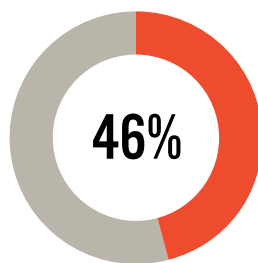
As humans, we have an innate need to connect. We want to be part of something bigger—to work together toward a common goal. Today, there are all kinds of technologies to help us connect, yet we're actually more disconnected than ever.

We text. We message. We connect on social media. We “talk” through communication apps. But only occasionally do we walk down the hall or pick up the phone to talk to someone. No wonder there's been a steady 30-year decline in Americans' satisfaction with peer-to-peer relationships at work.<sup>9</sup>

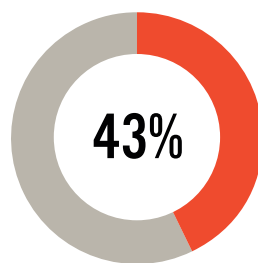
**“Loneliness isn’t the physical absence of other people. It’s the sense that you’re not sharing anything that matters with anyone else. You have to be in it together—and “it” can be anything that you both think has meaning and value.”**

**—JOHN CACIOPPO, NEUROSCIENCE RESEARCHER<sup>10</sup>**

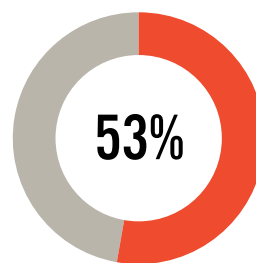
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**of adults report feeling lonely**



**feel that their relationships are not meaningful**



**have meaningful in-person social interactions on a daily basis<sup>11</sup>**

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**“There are more opportunities for people to hide behind technology—whether it’s text, instant messaging, Skype, or email—so that if there is some type of issue that never gets resolved, it’s left to fester.”**

**—PRODUCT VP, MANUFACTURING COMPANY**

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Despite the tsunami of digital connections, we’re not making the connections that matter. Data from our 2018 Global Culture Report shows that 42% of respondents do not have a close friend at work. Not surprisingly then, 46% percent of respondents reported feeling lonely.<sup>12</sup> And Gen Z is the loneliest generation of all.<sup>13</sup> Longer work hours, social media, and an increasingly mobile lifestyle all play a role in this increased loneliness.

A culture where people feel disconnected doesn’t just hurt employees. The Center for Prevention and Health estimates mental illness and substance abuse caused by poor emotional wellbeing costs employers \$79—\$105 billion every year through reduced productivity, absenteeism, and increased healthcare costs.<sup>14</sup> The lack of genuine connection prevents the collaboration, innovation, and shared purpose that drives business success. It also increases turnover rates.

## **A Call for Connection**

Culture disruptors are creating head-winds that are clearly challenging the way companies do business. Leaders are now looking at how to create workplace cultures that can withstand the

uncertainty of changing business models, an increasingly diverse workforce, a flood of new technology, and the disconnectedness that results.

A great workplace culture creates the connection we crave. But it has to be cultivated.

We all have our work cut out for us. Only 66% of respondents to the 2018 Global Culture Study are engaged. If offered a job at a different company with a similar role, pay, and benefits, a little over half of employees (55%) would accept the job.

When you have a shared purpose, accomplish great work together, and achieve team success, you build strong bonds—much more so than just going out to lunch or getting drinks together. Employees thrive when they feel part of something bigger than themselves, when they rise victorious over challenges and opportunities, and when they create meaningful relationships with coworkers. They thrive when they can feel connected to a successful organization through their own achievements and great work. Organizations thrive when they have a culture that fosters this connection. They are more resilient and adaptable to the external forces that disrupt workplace culture.

**Just 16% of employees said they felt “connected and engaged” by employers.<sup>15</sup>**

## **A MODERN CULTURE FRAMEWORK**

As culture-building leaders, how do we overcome these workplace stressors and build connection? How do we ensure our culture-building efforts are creating a great employee experience? How do we attract the best talent, inspire people to achieve, and engage them for the long haul?

Last year, in a landmark global research study on workplace culture,<sup>16</sup> we identified the six essential elements of a great workplace culture. These are the aspects of company culture that employees themselves identified as most meaningful to them. They are grounded in the employee experience and are the fundamental building blocks of a great culture. We call them Talent Magnets™ because they attract and connect people to the places they work. They are purpose, opportunity, success, appreciation, wellbeing, and leadership.

Talent Magnets attract the best people to your organization. They draw out an employee's inherent desire to do meaningful work that makes a difference. They retain employees who may have the opportunity to leave. Research shows top performing companies with thriving workplace cultures excel in all six Talent Magnet areas.

The Talent Magnet Culture Framework is a helpful construct for developing plans, evaluating culture initiatives, and measuring the impact of culture-building efforts.





**TALENT MAGNET GLOBAL INDEX SCORES**  
 MEASURED ON A 0-100 POINT SCALE

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**66%**  
 FEEL A SENSE  
 OF PURPOSE

**59%**  
 FEEL A SENSE  
 OF OPPORTUNITY

**60%**  
 FEEL A SENSE  
 OF SUCCESS

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**57%**  
 FEEL A SENSE  
 OF APPRECIATION

**53%**  
 FEEL A SENSE  
 OF WELLBEING

**57%**  
 FEEL A SENSE  
 OF LEADERSHIP

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This year's study shows how interconnected the Talent Magnets are. Having a meaningful purpose creates opportunity and improves chances for success. Appreciation strongly impacts employee perception of wellbeing and leadership. Providing opportunity creates a feeling of appreciation and bolsters leadership. Improve one magnet, and you will see a lift in the others. All six Talent Magnets work together to build the connections and employee experiences organizations need to retain, engage, and attract their people. As you'll see, recognition and wellbeing, when combined, have a unique, powerful effect on employee retention. If you want to build a thriving culture where people feel connected, focusing on these six areas can help.

## **Creating Peak Employee Experiences**

An employee's life at an organization is comprised of thousands of experiences: from their first interaction during the application or recruiting process until they walk out the door on their very last day. But the employee experience is about more than a timeline of beginnings, transitions, promotions, and endings. Tiny interactions with your company affect the entire employee experience. Daily emails and conversations with leaders and colleagues count. As do the work environment and the resources and technology people use. The recognition they do or don't receive. Job responsibilities and projects. The meetings they are involved in. All of these things combine to create an employee experience which, like it or not, affects how employees engage with your organization. A poor employee experience makes an employee feel disengaged, cynical, and disgruntled. A great employee experience is filled with meaningful interactions that help employees become connected, feel inspired, and thrive.

Each employee experience is comprised of thousands of moments, good, bad, and in-between. But rather than focusing primarily on fixing the negative, lackluster experiences employees may be having,



**Companies who perform well in each  
Talent Magnet see tremendous results:**

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**4x**

more likely to have highly engaged employees

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**4x**

more likely to have employees that are promoters on the standard Net Promoter Score (NPS) scale

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**74%**

more likely to have increased in revenue last year

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**7x**

more likely to have employees innovating and performing great work

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**11x**

less likely to have experienced layoffs in the past year

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**You can't drive employee engagement. But you can build a workplace culture that employees want to engage with, and connect with, through a great employee experience.**

Companies should pay more attention to creating peak experiences. Research indicates that positive experiences like celebrations of success, triumphs, and meaningful interactions, have the power to overshadow (or erase if you will) the poor or damaging experiences employees have.<sup>17</sup> Positive peak experiences help inoculate employees against the personality conflicts, frustrations, deadlines, and other disappointments that occur naturally at work.

Where to begin? In this report, we'll discuss simple, concrete ways to improve in all six Talent Magnets. You will see how each magnet plays a role in building connections. You'll learn about the extraordinary power of three core tools in creating peak experiences: Recognition, special projects, and continuous performance management. These three tools improve the six Talent Magnets by singling out, utilizing, and celebrating the unique value an employee brings to your organization.

By helping each individual contribute to your organization, and celebrating them for their great work, you'll not only create peak employee experiences, but you'll create a company culture where people feel connected and thrive.

You can start by aligning employees to a meaningful purpose.

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8. Martin Ford, “Rise of Robots: Technology and The Jobless Future”, 2016.
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# 1

# Purpose





**GLOBAL INDEX SCORE  
FOR EMPLOYEE SENSE OF  
PURPOSE**

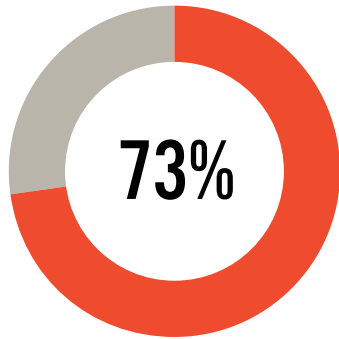


Our research found that senior leadership teams have recognized the importance of a clearly defined purpose. In 2018, organizations have allocated resources to articulate their purpose, and 4 in 5 employees report that their organization's purpose is clear. However, this is still missing the mark—in addition to being clear, purpose must be articulated in an inspiring way. We found that employees need to see, hear, and feel the influence of purpose often in their employee experience. They also need to understand how their specific work contributes to purpose. Organizations must ensure that their purpose is made clear in employee and customer value propositions. An organization's purpose should permeate and be evident in all of its actions.

People long to connect to something bigger and more important than themselves. An organizational purpose should fulfill this longing. Our research demonstrates that Purpose must have five specific elements in order to maximize its effect: clarity, positive effect, differentiation, inspiring toward a collective goal, and motivation. Yet, the data demonstrate that purpose is lagging worldwide; only 66 percent of employees worldwide feel a sense of purpose from their organization. As the ‘why’ of organizational existence, purpose should be continually communicated, seen, and heard by all members of the company.

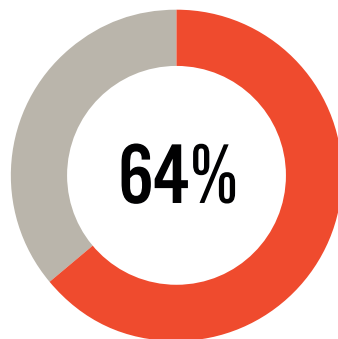
**CLARITY**

PURPOSE IS  
CLEAR AND EASY  
TO UNDERSTAND



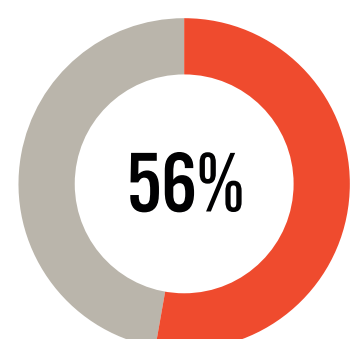
**POSITIVE EFFECT**

ORGANIZATION  
POSITIVELY AFFECTS  
OTHERS



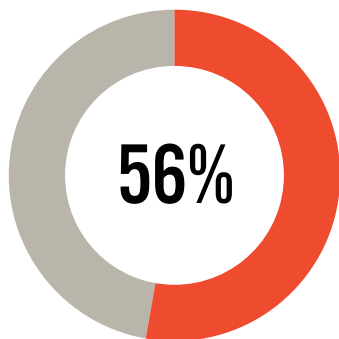
**DIFFERENTIATION**

ORGANIZATION HAS A  
DIFFERENT PURPOSE  
FROM ITS COMPETITION



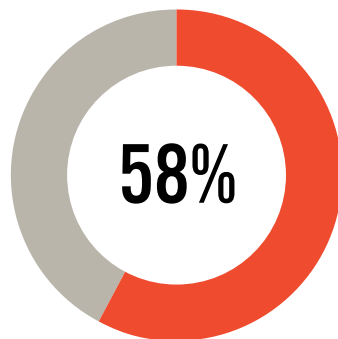
**COLLECTIVE GOAL**

EMPLOYEES  
WORK TOWARD A  
COLLECTIVE GOAL

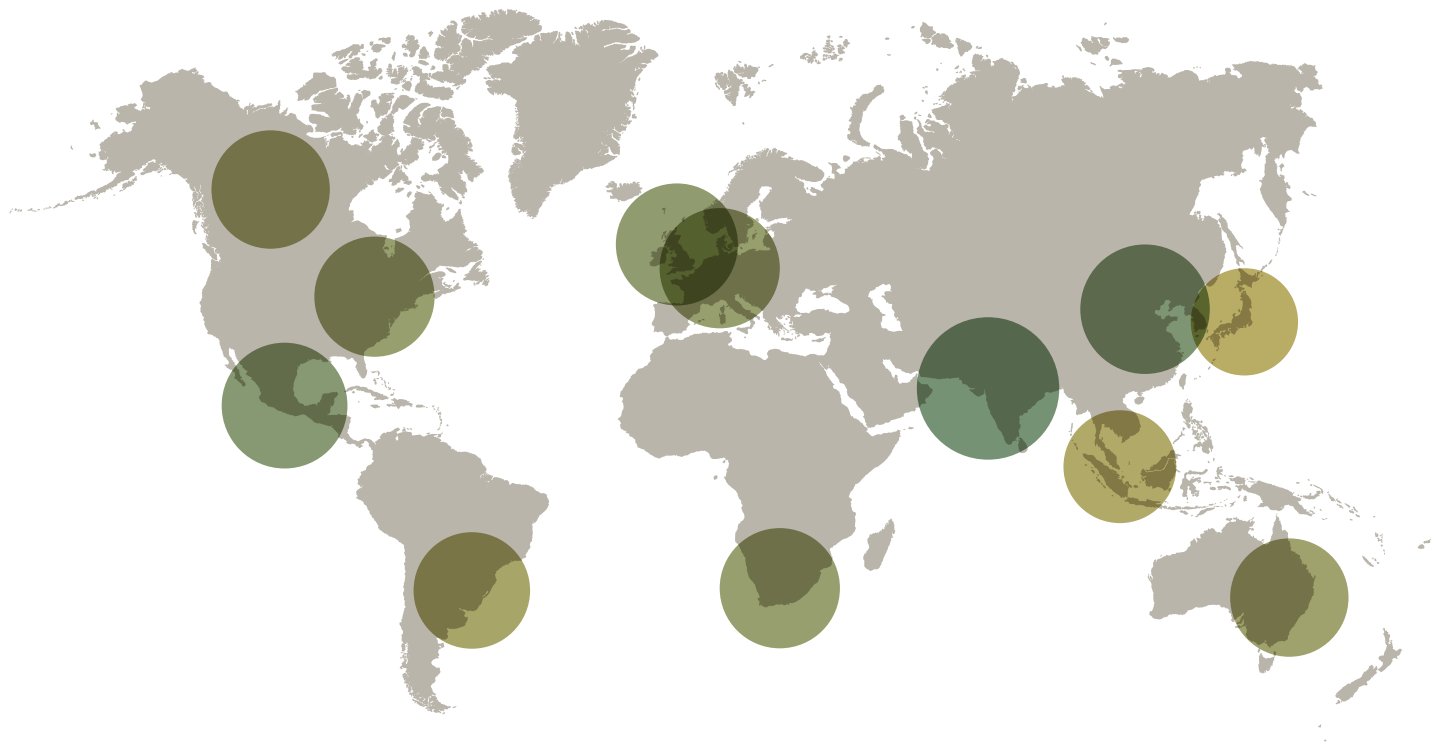


**MOTIVATIONAL**

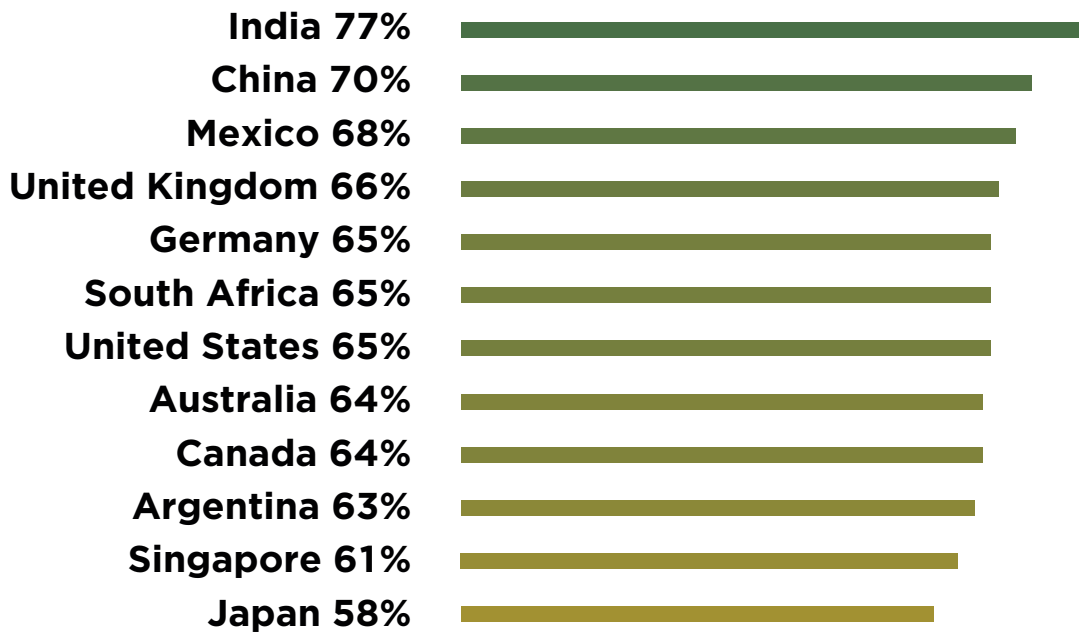
PURPOSE MOTIVATES  
EVERYONE TO PERFORM  
AT THEIR VERY BEST



EACH INDEX COMPONENT  
IS MEASURED ON A 0-100  
SCALE. THE PERCENTAGES  
ARE CALCULATED ACCORDING  
TO RESPONSE AGREEMENT  
WITH THE STATEMENT.



### Talent Magnet Purpose Index Measured Across the Globe



## INTRODUCTION

Purpose is your organization's reason for being. The difference you make in the world—why your company exists. Ask yourself this: What would go missing if my organization ceased to be?

Employees innately desire to connect to something bigger, something more important than themselves. Most don't come to work just for a paycheck. They don't work passionately towards a goal that is only about profit maximization. They come to make an impact, help others, and change the world.

**“Profit isn't a purpose.  
It's a result. To have purpose  
means the things we do are  
of real value to others.”**

—SIMON SINEK

Purpose drives profits and business success. Ninety-one percent of consumers would switch brands for a similar but purpose-driven brand.<sup>1</sup> Employees that find a meaningful purpose in their work are twice as satisfied with their jobs and 3X as likely to stay with their organization and contribute to its success. Plus, purpose-driven companies outperform their peers in stock price by 12X.<sup>2</sup>

Purpose is different from mission, strategy, or values. Mission is what you do. Strategy is how you will meet your goals. Values are behaviors you want your employees to live by. But purpose is why you do all of these things. Your mission, strategy, and values are all subservient to your purpose.

## INSIGHTS

### An uninspiring purpose

Our 2018 Global Culture Report finds only 53% of employees describe their company's purpose as inspiring and say it speaks to them. 31% feel their company's purpose is too generic and report that it is mocked. 33% feel their purpose is merely a reworked version of their competitors'.

This may be because employees are working for companies whose purpose does not align with their own personal values. But more than likely, it means organizations have work to do in refining, communicating, connecting, and reinforcing their purposes in inspiring ways.

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61%

of leaders feel a sense  
of purpose at their  
organization

48%

of individual contributors  
feel a sense of purpose  
at their organization

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46%

of employees hear  
about their organization's  
purpose at least weekly

58%

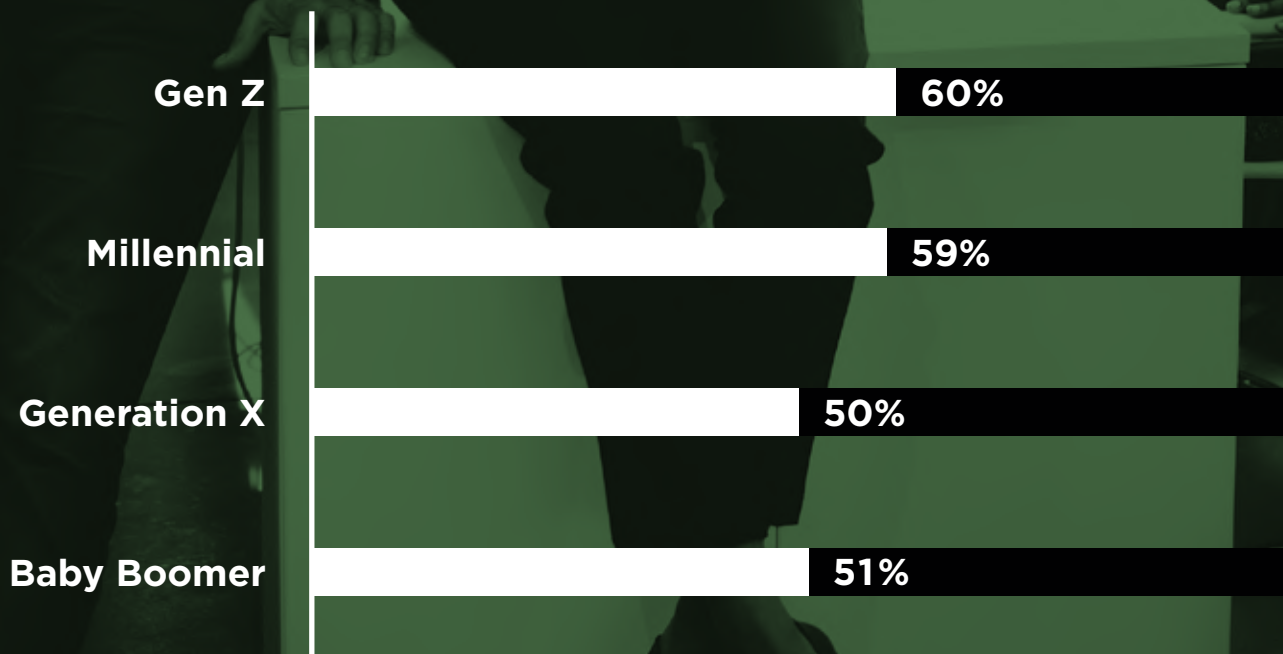
see reminders of their  
organizational purpose in  
their workplace

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2018 GLOBAL CULTURE STUDY, O.C. TANNER INSTITUTE

The Millennial and Gen Z generations, in particular, are drawn to organizations with a strong purpose. They are more likely to work for and stay with companies that have a clearly defined purpose and meaningful opportunities and are loyal to individual leaders with a strong sense of purpose. Sixty-eight percent of millennials say “changing the world” is a personal goal they’re working toward,<sup>3</sup> and only 20% of millennial employees plan to stay for more than 5 years in companies where they feel profit comes before purpose.<sup>4</sup>

Our data shows Gen Z and Millennials have a higher sense of purpose at work than Gen Xers and Baby Boomers:



## RECOMMENDATIONS & IMPACT

It's not enough to just have a meaningful purpose.

Employees must know what the purpose is, feel connected to it, and understand how their specific work and role contributes to that purpose—how they are individually making a difference.

You must incorporate purpose into every interaction and experience employees have at your organization. Our research found the four most effective ways to embed a meaningful purpose into workplace culture.



1

**Tie your purpose to your employee value proposition, customer value proposition, and social good.**

Create a concise, easy-to-follow employee value proposition, and customer value proposition, that are aligned with and fulfill your purpose. Employees want to feel strongly connected to their customers. They want to see that their work makes a difference for someone in a meaningful way.

Articulate the difference your organization makes and specify the unique aspect of humanity your organization serves to your employees, customers, and the world. If you are a manufacturer of farm tractor equipment, you can say you help feed the world. If you are a hospital, you can say your purpose is healing. If you refine gasoline, you can say you help people travel to see the people they love. And so on.

**We found when organizations tie their purpose to some sort of social good employees are:**

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**120% more likely to believe their organization positively affects the lives of others**

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**64% more likely to believe their organizational purpose is clear**


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**150% more likely to believe their customers would miss something if their organization did not exist**

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**54% more likely to report that their organizational purpose motivates them to do their best work**

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**When your purpose is harmonized with your employee value proposition, customer value proposition, and tied to social good, the research shows there is a:**

**935%**

**increase in the odds that an employee will have a sense of purpose**

**288%**

**increase in the odds that an employee will have a sense of opportunity**

**858%**

**increase in the odds that an employee will be engaged**

2

**Communicate it clearly and often.**

It's easier for employees to connect to your purpose when they experience it. Employees need to see and hear about your purpose often—during onboarding, in newsletters, town hall meetings, posters, emails, intranet, and from leaders. These communications become cultural focus points and opportunities for storytelling that reinforce your organization's reason for being. They also allow your purpose to be organically adopted by your employees, rather than just being pushed out by the company.

**Our data shows that only 43% of employees see or hear about their organization's purpose at least weekly. But we also saw when employees see reminders of their organization's purpose throughout the workplace, they are:**

---

**32% more likely to believe that their organization positively affects the lives of others**

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**44% more likely to agree that their organization has a clear purpose**

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**30% more likely to believe their organization inspires employees to work towards a common goal**

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**And when they hear about their organization's purpose, they are:**

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**26% more likely to believe that customers would miss something if their organization did not exist**

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**20% more likely to be motivated by their organization's purpose**

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### 3

#### **Tie your recognition efforts to your purpose.**

Your purpose should relate to your values, and your values should influence what you recognize employees for. Recognition needs to be specific and reference the outcome and impact of an employee's great work. When employee recognition is tied to purpose, employees are continually reminded that they're contributing to something bigger than themselves. Their work becomes more than just a job.

People also feel more connected to one another and the organization when they are working towards one shared purpose together. Recognition demonstrates to each employee how they've contributed to the team and made a tangible difference for the organization and its customers.

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121%

**Employees are 121% more motivated to do their best work when recognition is tied to their organization's purpose.**

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2018 GLOBAL CULTURE STUDY, O.C. TANNER INSTITUTE

### 4

#### **Connect the dots in one-on-ones.**

Employees want to know that their particular contributions matter, how they are uniquely adding value to the world, and that what they are working on supports what matters most. How do they connect with your purpose? Consistent and frequent conversations between leaders and employees can keep organizational purpose top of mind. Leaders should use one-on-ones to tie the individual's and team's work to the purpose of the company and the value it brings to your customers.

Our study shows when employees feel they are doing meaningful work, there is a:

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42% increase in feeling their leader supports them

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52% increase in feeling successful

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61 point increase in employee Net Promoter Score

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49% increase in feeling highly motivated to contribute to company success

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**“Connect the dots between individual roles and the goals of the organization. When people see that connection, they get a lot of energy out of work. They feel the importance, dignity and meaning in their job.”**

**—KEN BLANCHARD, AUTHOR, *ENGAGED LEADERSHIP: TRANSFORMING THROUGH FUTURE-ORIENTED DESIGN THINKING***

A person is climbing a rock face in a desert landscape. The person is wearing a light-colored t-shirt and dark pants. The background shows a desert with sparse vegetation and a clear sky. The entire image has a yellowish tint.

## CASE STUDY—PURPOSE AT REI

Already legendary for their employees' passion for the outdoors and recommending just the right gear for enjoying it, outdoor retailer REI took their purpose to a whole new level with the #OptOutside campaign that began in 2015. By closing all their stores on Black Friday, they showed just how much they stood for quality time in the outdoors over sales. They even promoted hiking trails and other outdoor activities instead of shopping on their website. And what happened? REI hit record sales, donated a good chunk of them to organizations that align perfectly with its purpose, and inspired millions to #OptOutside.<sup>5</sup>

## **CONCLUSION**

### **Don't just lay the bricks. Build a cathedral.**

Perhaps you've heard the story of two stonemasons. When the first is asked what he's working on and how he likes it, he expresses that he's laying bricks. When asked the same question, the second stonemason says he's building a cathedral.

Or take the common tale of when John F. Kennedy asked a janitor what his job was when visiting the newly built NASA headquarters. The janitor's answer? "I'm sending a man to the moon."

Build the cathedral. Connect every stonemason's brick to that purpose. Make sure your employees and your customers know what your purpose is. Why it matters. How your people uniquely contribute to it. And every time your employees experience something that communicates, reminds them of, and connects them to that purpose, they'll work even harder to fulfill it.

## **PURPOSE—KEY TAKEAWAYS**

**Align your employee and customer value proposition to your purpose.**

**Communicate it, loud and clear.**

**Tell employees how they uniquely contribute to your purpose.**

**Recognize those who live your purpose.purpose.**

### **Purpose Sources**

1. Hayley Leibson, "The Power of Purpose-Driven", Forbes, Jan 25, 2018.
2. Harvard Business Review, "The Business Case for Purpose."
3. Sebastian Buck, "As Millennials Demand More Meaning, Older Brands are Not Aging Well", Fast Company, Oct 5, 2017
4. Rosamond Hutt and Bilal Pervez, "Purpose or Profit: Which would give you more job satisfaction?", World Economic Forum, July 28, 2016
5. Amanda Pressner Kreuser, "After Hitting Massive Revenue Numbers, REI Gave Nearly 70 Percent of Its Profits to the Outdoor Community. Here's Why (and What You Can Learn)", Inc., Feb 23, 2018.



# 2

## Opportunity





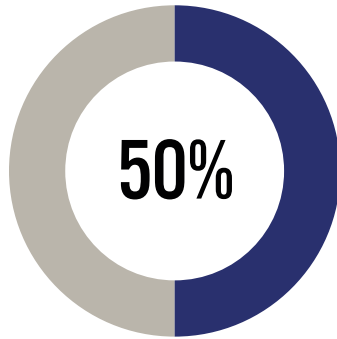
**GLOBAL INDEX SCORE  
FOR EMPLOYEE SENSE OF  
OPPORTUNITY**

In the past, opportunity was equated with a promotion or pay increase. In our interviews with organizational leaders, we found that many can no longer rely on these traditional methods of conveying opportunity. The reality is, organizations are running leaner, and promotions and raises are not always possible. However, our research indicates that while employees value promotions and pay raises, these are not the only forms of opportunity that employees desire. Employees want to feel heard and have a seat at the table. They want to do challenging work, to try new things, to work on special projects, and to be continuously learning. Opportunity for employees today means providing the ability to grow, develop, and to contribute. Remember, they want to change the world.

Opportunity is a multi-faceted concept; yet, it is often pigeon-holed by organizations as a promotion or pay increase. Our Talent Magnet Culture Framework relies on five measures of opportunity: potential for career advancement, continuous learning, the ability to work on special projects, shared influence, and a lack of perceived favoritism. Unsurprisingly, all but continuous learning fell at the halfway mark. This echoed our qualitative findings indicating leaders have a long way to go to create a sense of opportunity within their organizations.

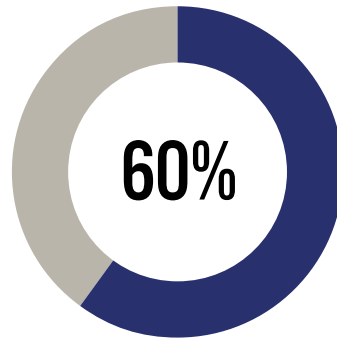
**CAREER  
ADVANCEMENT**

ORGANIZATIONS  
OFFER A VENUE FOR  
CAREER ADVANCEMENT



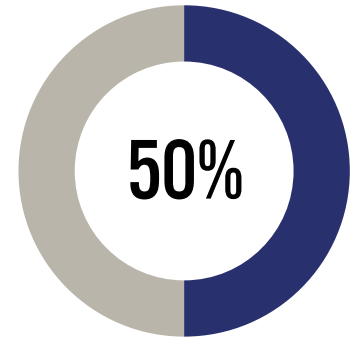
**CONTINUOUS  
LEARNING**

EMPLOYEES HAVE  
OPPORTUNITIES FOR  
CONTINUOUS LEARNING



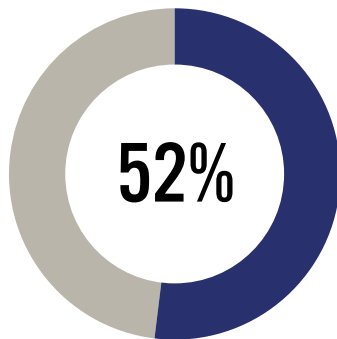
**SPECIAL PROJECTS**

EMPLOYEES CAN ENGAGE  
IN SPECIAL PROJECTS



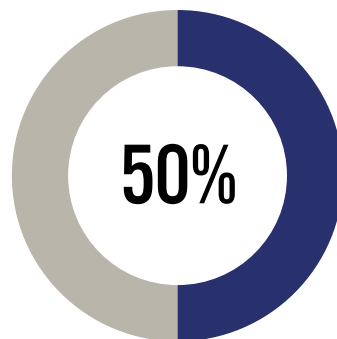
**INFLUENCE**

EMPLOYEES FEEL  
LIKE THEY HAVE A SEAT  
AT THE TABLE

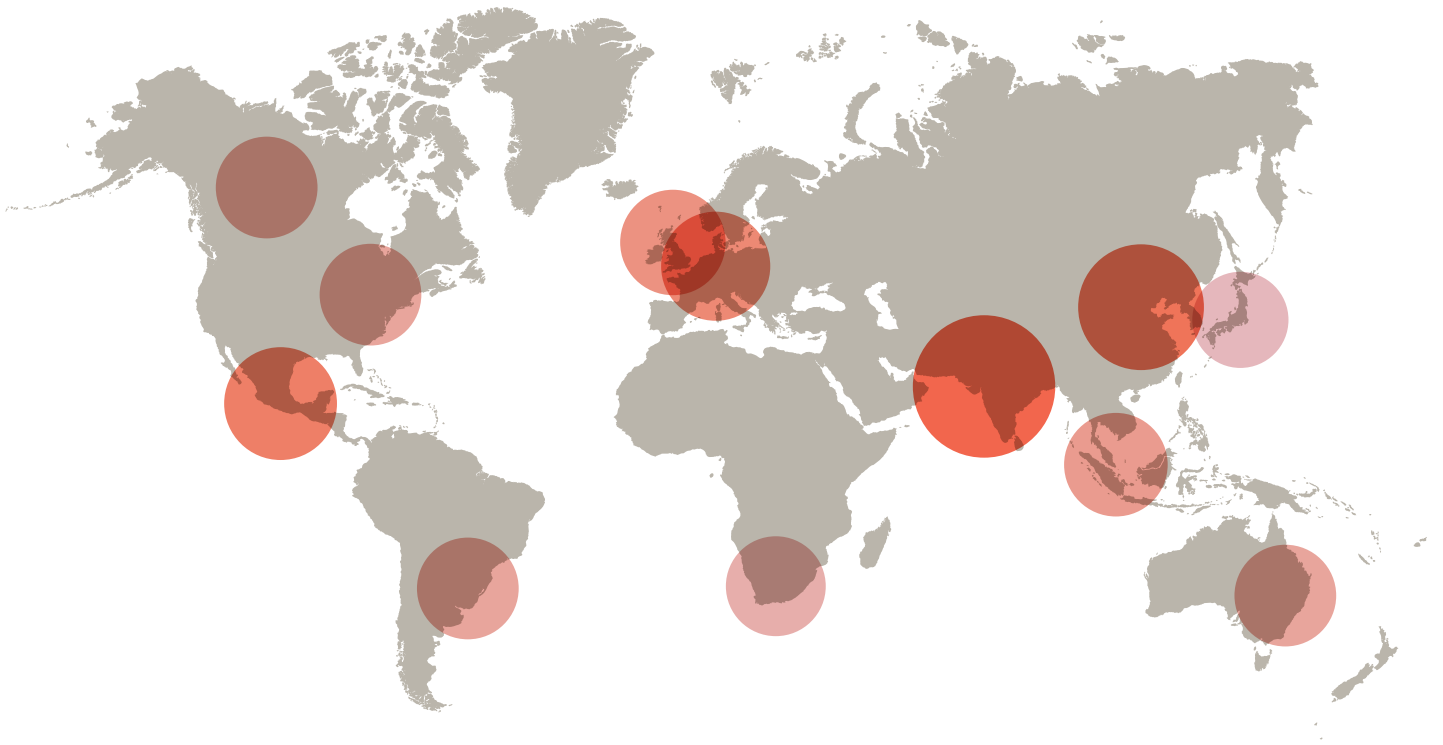


**LACK OF FAVORITISM**

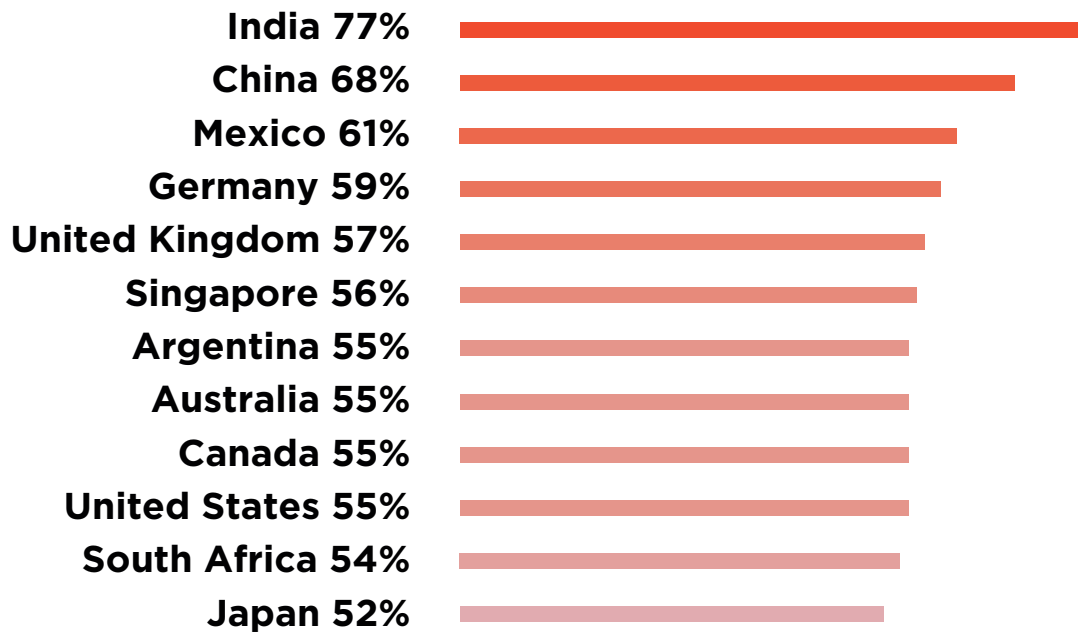
ORGANIZATIONS  
DEMONSTRATE  
FAIRNESS THROUGH A  
LACK OF FAVORITISM



EACH INDEX COMPONENT  
IS MEASURED ON A 0-100  
SCALE. THE PERCENTAGES  
ARE CALCULATED ACCORDING  
TO RESPONSE AGREEMENT  
WITH THE STATEMENT.



### Talent Magnet Opportunity Index Measured Across the Globe



## INTRODUCTION

A thriving culture requires that employees not only connect with purpose but also that the organization provides them with opportunities to fulfill that purpose.

Employees listed opportunity for professional growth as one of their top drivers of engagement, and exiting employees said a lack of opportunity was their second highest reason for quitting.<sup>1</sup> When researchers at Gallup asked employees how vital specific attributes were to them when applying for new jobs, opportunities to learn and grow came out at the top of the list.<sup>2</sup>

Opportunity helps employees feel they can make a difference in the organization. It empowers them to influence important decisions that contribute to the company and take ownership in its success. Employees now expect it from their workplaces. If your organization doesn't have a robust promotion track or significant raises, other forms of opportunity, like variety in work, special projects, and influence in important decisions become much more critical to providing a sense of opportunity. Special projects, in particular, can improve all six talent magnet areas.

**“Opportunity is a chance to explore what fulfills you and to try new things at work. It may not be a promotion, but when they allow me autonomy, that’s opportunity.”**

**—MALE FOCUS GROUP PARTICIPANT, USA**

## INSIGHTS

### A Chronic Lack of Opportunity

**While the need for opportunity is not new, our data indicate that opportunity is still not a universal experience for employees:**

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**Only about half of employees feel their organization provides opportunities for career advancement, learning, influence, or special projects**

---

**50% feel there is an element of favoritism in the workplace when it comes to opportunity**

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Even a perceived lack of opportunity impacts talent acquisition, engagement, and retention. When presented with opportunities to take on new challenges, our research found 83% of employees say they're more likely to stay with an organization<sup>3</sup> that offers new problems to solve and projects to work on than if they did not have those opportunities.

Many organizations don't have the budget or plans for rapid growth that allows employees to move up the ladder quickly. But there are other ways to provide employees with a sense of opportunity in place of pay raises and promotions.

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**68%**

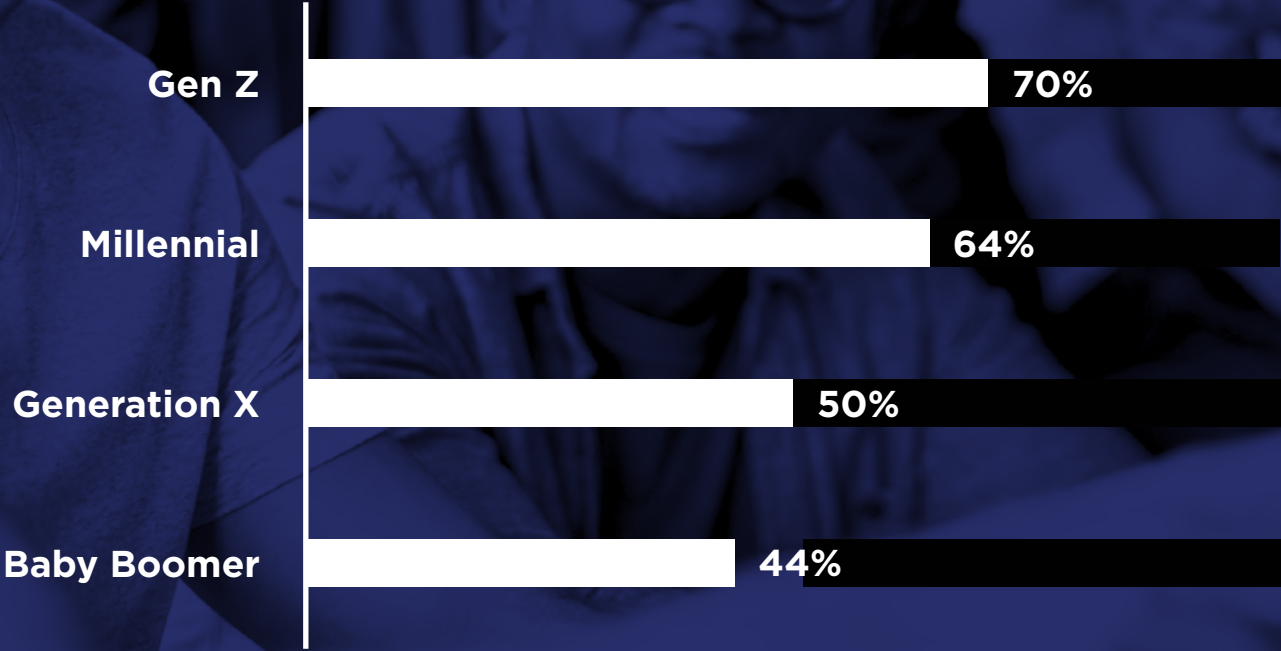
**68% of leaders agree their workplace provides opportunities, compared to only 44% of individual contributors.**

---

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**We saw significant differences between generations in perceived opportunity at their organization.**



**“I asked my supervisor if there were any additional responsibilities, or tasks I could take on to learn more or to explore deeper. Her response was, ‘If you want to further your career, you should do it at a different company.’ So, I quit.”**

**—FEMALE FOCUS GROUP PARTICIPANT, USA**

## RECOMMENDATIONS & IMPACT

Even if employees aren't earning a new title, they want to feel connected to something important in the organization and be involved in doing important work. Our research shows over half (52%) of Gen Z employees prefer variety in their day-to-day job over a promotion, and many employees see things like influencing decisions and being involved in special projects with key influencers as a critical component of opportunity.

## 1

### **Provide variety at work.**

Employees are looking for ways to work on new things and improve their skills in a variety of ways. They want variety in what they do, whom they work with, and how they work. Working on different projects allows the employee to get exposure to and interact with new areas of the company and network with a broader group of coworkers.

**We found when employees experience variety in their jobs, there is a:**

---

**56% increase in overall job satisfaction**

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**106% increase in the likelihood they will be motivated to contribute to the success of the organization**

---

**114% increase in the sense of opportunity available to them at their organization**

---

## 2

### **Give employees a voice in important decisions.**

The prospect of moving up the org chart is an important factor in an employee's experience at work, but in many cases, a promotion only becomes important because employees don't feel a sense of empowerment or a seat at the table. Employees want their voice to be heard, to give input on important decisions. They want to know their opinion is valued and that they can contribute in more substantial ways. When this is done well, our data show employees are 30% more likely to believe they influence important decisions at work.



**CASE STUDY—OPPORTUNITY AT GOOGLE**

Google's famous 20% time, created by founders Larry Page and Sergey Brin, allows employees one day per week to work on any Google project of their choosing. This opportunity to work on new things and special projects gave birth to AdSense, Gmail, Google Maps, Google Talk, and a host of other innovations that we can't live without today. It also helps establish Google as a role model for a great corporate culture.<sup>4</sup>

Having a voice helps employees feel more connected to the larger organization and have an increased sense of ownership in the company's success. They see the bigger picture. They understand the company strategy and how they and their team contribute to it. They learn how their work and their decisions affect the entire organization, which helps them to improve how they do their jobs.

### 3

#### **Special Projects—an underutilized tool.**

Employees report feeling a sense of opportunity when they learn new skills and connect with employees they may not regularly work with. Being chosen to participate in a special project tells employees they are valued and skilled enough for this particular piece of work. It gives them visibility with leaders they may not normally work with and peers in other departments, and provides exposure to other areas where they can learn new knowledge and skills.

Working on special projects helps employees see and connect with the broader organization, not just their immediate team and leader. It connects them to that bigger purpose they're looking for and builds a feeling of belonging. As they acquire new knowledge that helps improve their day-to-day responsibilities, they see how their daily work impacts other areas of the company. When we previously studied 10,000 examples of award-winning work, we found nearly 9 out of 10 instances of great work involved someone seeing for themselves how his or her work would impact others.<sup>5</sup>

The research indicated only 49% of employees worked on a special project at their organization, and for those employees who did not, only 30% felt empowered to. Yet the opportunity to work on a special project has a positive impact on how an employee feels about their job, their company culture, professional development opportunities, and engagement. As the table illustrates, there are significant differences if an employee has participated in a special project or not.

**Our latest research found when an employee participates in a special project, they:**

---

**are 50% more likely to believe they learn new and valuable things in their current role**

---

**have a 26% increased sense of opportunity**

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**have a 25% increased satisfaction with leadership**

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It's important to note that "special projects" affects all six talent magnets. Our research shows that participating in special projects improves an employee's sense of opportunity, but it also increases their feelings of purpose, success, appreciation, wellbeing, and their perceptions of leadership. Special projects help people fulfill the organization's purpose. Employees find success when their projects go well. They feel their unique skills are appreciated and their leaders value them enough to know their skills and seek to apply them. By simply inviting and involving employees in special projects, organizations can drastically improve the whole employee experience.

**“We help people reinvent themselves by giving them projects with enticing rewards attached. Even if they aren’t making promotional advancements, at least they feel they’re making some sort of career progress through growth and learning.”**

**—MANAGING DIRECTOR OF SALES, TRANSPORTATION AND LOGISTICS COMPANY**



## In the past 12 months, have you worked on a special project at work?

	YES	NO
Rate opportunities to grow and develop	67%	57%
Organization inspires employees toward a shared goal	69%	49%
Employees influence decisions	67%	37%
Organization innovates when obstacles arise	60%	38%
Leaders acknowledge great work	64%	42%
Have support from manager	69%	51%
Feel a sense of belonging at work	66%	45%
Highly motivated to contribute	72%	52%
Fully support organizational values	75%	55%
Understand how I contribute	81%	64%
Pride in organization	70%	49%
Willing to put in a great deal of effort	73%	53%
Want to stay at the organization	67%	51%

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**INFLUENCE OF SPECIAL PROJECTS ON THE TALENT MAGNET INDICES**  
 RAW INCREASE ON A 0-100 POINT SCALE

<p><b>16</b></p> <p>POINT INCREASE IN EMPLOYEES' SENSE OF PURPOSE</p>	<p><b>21</b></p> <p>POINT INCREASE IN EMPLOYEES' SENSE OF OPPORTUNITY</p>	<p><b>19</b></p> <p>POINT INCREASE IN EMPLOYEES' SENSE OF SUCCESS</p>
<p><b>15</b></p> <p>POINT INCREASE IN EMPLOYEES' SENSE OF APPRECIATION</p>	<p><b>5</b></p> <p>POINT INCREASE IN EMPLOYEES' SENSE OF WELLBEING</p>	<p><b>17</b></p> <p>POINT INCREASE IN EMPLOYEES' SENSE OF LEADERSHIP</p>

A word of caution: before layering on additional opportunities, make sure to account for an employee's existing workload. If opportunity is perceived as a disguise for a lack of resources, it could backfire and negatively impact the employee experience. As you will see in the following sections, special projects are one of the tools that can improve multiple talent magnets, like appreciation and leadership.

While providing opportunities to grow and develop in the workplace, it's important to remember the impact that recognition plays. Recognition is a critical component of special projects. Showing appreciation when an employee is involved in a special project, an important decision, or expands their work responsibilities multiplies the feeling of growth and development in their current role. Unfortunately, only 48% of employees reported receiving recognition for the contributions they made to special projects.

#### 4

#### **Provide networking and mentorship opportunities.**

Employees also find a sense of opportunity when given the chance to grow their personal social networks. Exposing employees to processes and ideas outside of their day-to-day tasks broadens their perspective on how they can and do contribute, which increases their sense of opportunity. Diversity in social ties—even if it's just acquaintances—also builds a sense of belonging and improves wellbeing.

Create opportunities to network and connect with cross-functional peers, influencers, and high-level leaders. Support cross-departmental projects. Recognize great work publicly to provide visibility outside of a single team or department.

Offer relationship-building activities during work hours to show the organization is committed to building these connections. Our research shows offering relationship-building activities and events after hours or during unpaid time actually negatively impacts hourly employees and creates a divide in the feeling of opportunity between hourly and exempt employees. By providing opportunities *at work* to build relationships and connect, we saw employees were 106% more likely to have a sense of opportunity for career advancement within their organization.

**Our research found employees who work at companies that provide mentorship opportunities to all employees, not just top performers, are:**

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**72% more likely to believe their organization allows all employees to grow, not just favorites**

---

**66% more likely to believe their organization provides an opportunity for career advancement**

---

**30% more likely to believe they help influence important decisions at work**

---

**56% more likely to report they learn new and valuable things in their current role**

---

**CASE STUDY—OPPORTUNITY AT DOW**

Dow Chemical provides a regular, informal gathering for their scientists to come together and discuss the projects and challenges they are working on. This cross-disciplinary dialogue has led to innovative thinking, gives exposure to new talent, and creates a sense of belonging that helps fend off competitive recruiting.



## CONCLUSION

### Opportunity Equals Empowerment

Organizations can foster a sense of opportunity for employees by empowering them to take the lead, make decisions, work on special projects, and connect with others. Employees want to be empowered to work on meaningful, engaging, and impactful projects that fulfill the organization's purpose. Enable your people to contribute to projects they can be proud of and find success.

**“It’s really just about empowering people. Give them specific projects they wouldn’t normally experience. Or, stretch them a bit—give them leadership roles. These are some simple ways we attract and keep talent.”**

**—DIRECTOR OF PROGRAMS, AEROSPACE COMPANY**

**OPPORTUNITY—KEY TAKEAWAYS**

**Provide a variety of meaningful work.**

**Empower employees to influence decisions.**

**Assign special projects.**

**Support cross-functional networking and mentorship for all.**

### **Opportunity Sources**

1. Sarah Klongerbo, "Don't hold us back: Motivate employees with opportunities for growth at work", 9clouds, July 22, 2015.
2. Brandon Rigoni and Amy Adkins, "What Millennials Want from a New Job," Harvard Business Review, May 22, 2016.
3. "Office Perks: Millennial Expectations Change What Employers Offer," Report Linker, February 28, 2017.
4. Adam Robinson, "Want to Boost Your Bottom Line? Encourage Your Employees to Work on Side Projects", Inc., March 12, 2018.
5. David Sturt, Great Work: How to Make a Difference People Love, O.C. Tanner Institute, 2014



# 3

# Success





**GLOBAL INDEX SCORE  
FOR EMPLOYEE SENSE OF  
SUCCESS**

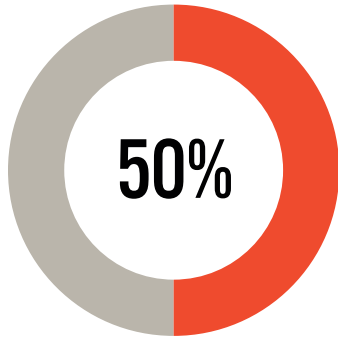
Even in companies that are experiencing success, many employees don't feel personally successful. Success needs to be defined for employees as more than just the absence of failure. Organizations are rethinking their annual performance reviews. Employees have too long endured annual reviews that feel unfair, arbitrary, and oblivious to their accomplishments. This has led some to declare the annual review is dead.

Our research says otherwise. Annual reviews are evolving into continuous performance management, with frequent one-on-ones tied to employee goals and desires, where managers provide mentoring and support to help employees succeed, and the organization succeeds as a result.

Success has a buzz that is palpable in thriving organizations. We measure Success using five dimensions: the “winning team” perception, organizational reputation, hearing and seeing accomplishment, innovation, and if the team is an example of success. Despite record profits and earnings, we found perception of personal success to be a weakness in companies throughout the world. This reinforces our crucial point: success is not merely about winning, it is about establishing a pattern of supported victories. Such a pattern happens when accomplishments are encouraged, achieved, and celebrated.

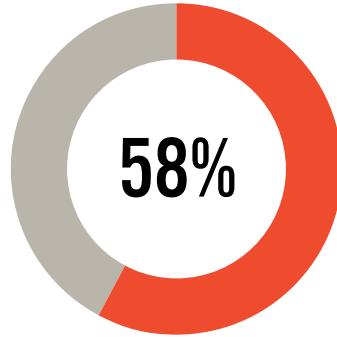
**WINNING TEAM**

ENGENDERS A FEELING OF "WINNING"



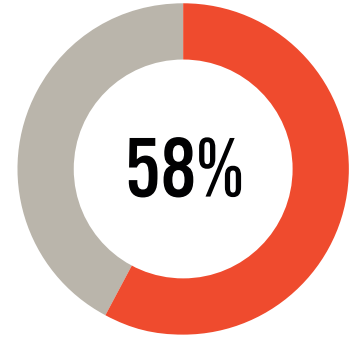
**STRONG REPUTATION**

ORGANIZATION HAS A REPUTATION FOR EMPLOYING GREAT PEOPLE WHO DO GREAT WORK



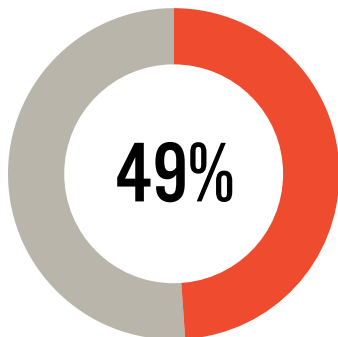
**TALKS ABOUT SUCCESS**

BROADCASTS ACCOMPLISHMENTS FOR EVERYONE TO SEE AND HEAR



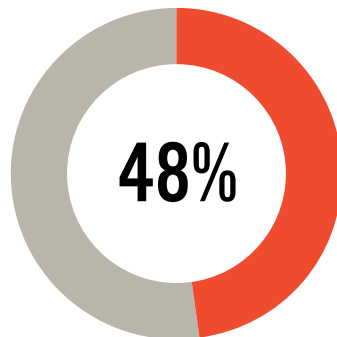
**INNOVATION**

ORGANIZATIONS INNOVATE WHEN FACED WITH AN OBSTACLE

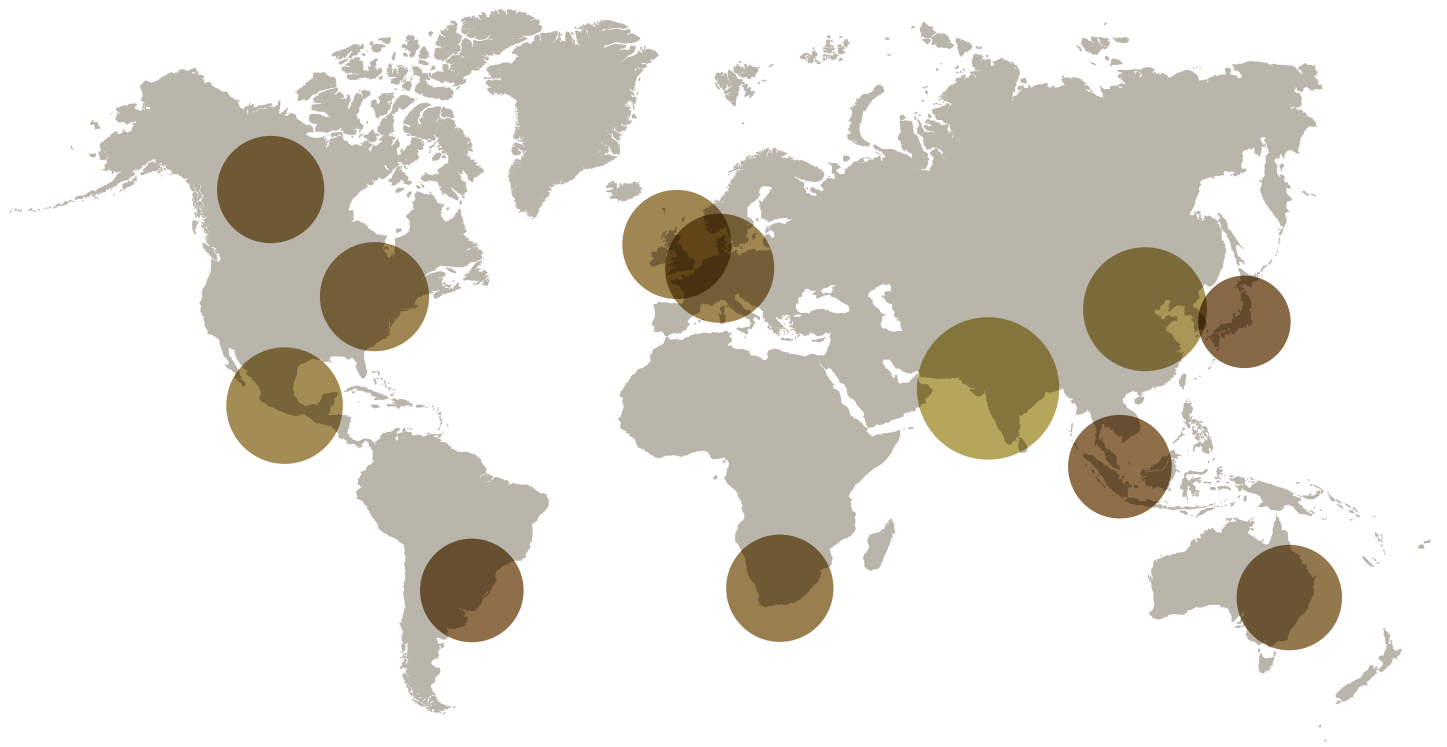


**TEAM SUCCESS**

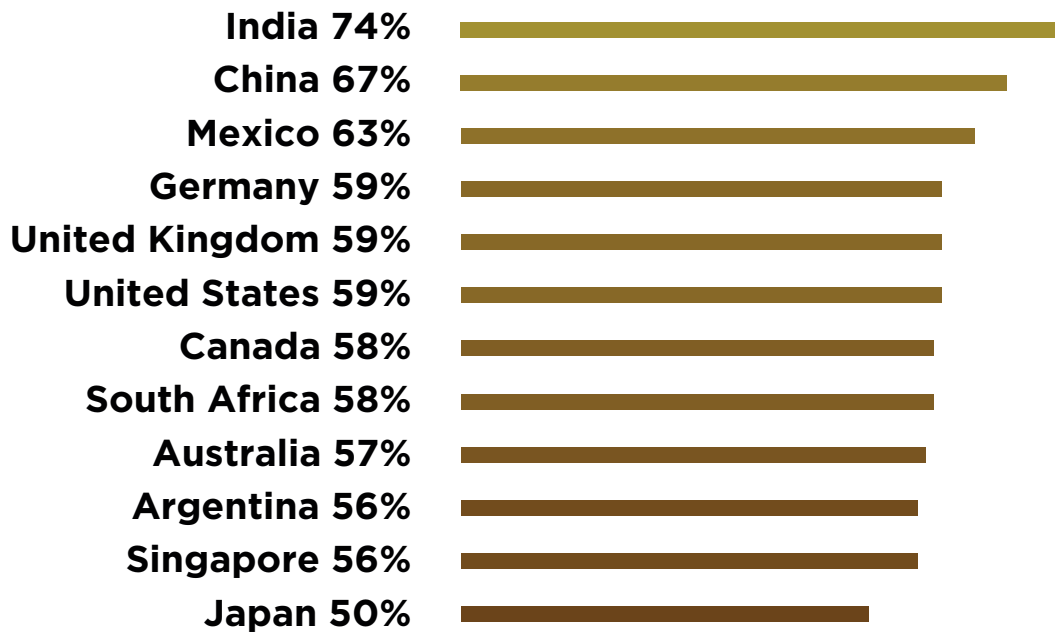
TEAMS ARE PERCEIVED INTERNALLY AS SUCCESSFUL



EACH INDEX COMPONENT IS MEASURED ON A 0-100 SCALE. THE PERCENTAGES ARE CALCULATED ACCORDING TO RESPONSE AGREEMENT WITH THE STATEMENT.



### Talent Magnet Success Index Measured Across the Globe



## **INTRODUCTION**

People love the feeling of accomplishment, of having contributed in meaningful ways to a positive outcome. Employees are fueled by the confidence that comes from being on a winning team. Old notions of success as a state of being are giving way to a deeper, more realistic understanding that success comes in bite-sized pieces in the form of ongoing accomplishments. Therefore, moments when someone makes a real difference need to be carefully cultivated, savored, and remembered. They are the peak experiences of work life—the stepping stones of personal and organizational progress. As employees draw an increasing sense of self-esteem, belonging, and identity from their employer, they won't choose to work for an organization that is not successful or leading in their industry. This has important implications for hiring—if you want the best and brightest talent, people need to see a pattern of success in both your organization and its people.

Facilitating success requires the discipline of removing barriers to greatness, allowing employees to innovate despite failures, and encouraging people to work above their resumes.

Employees need to know what success looks like, understand how to be successful, have the tools to be successful, and feel that their performance is actively coached, supported, and fairly assessed. In other words, employees need to see success happening, be empowered to achieve their own success, and feel the organization celebrates and broadcasts their successes when they happen.

## INSIGHTS

### Room for More Success

Our study found that a mere 54% of employees felt like they accomplished something they considered significant at work in the past 30 days. This differed between leaders and employees: 65% of leaders report feeling success at work, while only 45% of individual contributors said they felt personally successful.

#### Feelings of success differ based on job level:

---

**65% Of leaders feel a sense of success**

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**45% Of individuals feel a sense of success**

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Our research found that employees feel successful when they:

1. Have the tools they need
2. Receive fair performance assessments
3. Know how to achieve more in the organization
4. Understand what success looks like

If these four elements are present, 92% of employees say they feel successful. If these elements are missing, only 17% say they feel successful. That is a 441% difference!

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**441%**

**Difference in perception of success when the 4 above principles are applied.**

---



Significant differences exist between each generation and their overall sense of success at work. Our data show only 47% of Baby Boomers and 50% of Generation X feel success at work, while 61% of Gen Z and Millennial employees say they experience workplace success.



Regularly hearing about accomplishments and receiving frequent performance assessments are both critical elements when it comes to helping employees identify and quantify their personal success. Unfortunately, these discussions don't happen often enough or effectively. Only 60% of employees say their performance is fairly assessed at their organization, and over half wish they could have more conversations with their leader about their development. While most employees have some form of performance review (annual, quarterly, semi-annual, or monthly one-on-one meetings with a manager), only 15% said they participated in all three. We found that performance discussions are most effective when you have all three types (annual, quarterly, and regular one-on-one). On their own, none of these review types showed a distinct impact on an employee's sense of success.

#### **RECOMMENDATIONS & IMPACT**

Enabling employees to find success requires ongoing conversations, room for risks and failures, and making success visible throughout the organization. In other words, being successful together.

**“If you’re a high performer, you don’t really get a very helpful performance review. You’ll get the best rating, a 10% raise, and your full bonus. But not a deep review. They don’t highlight what you’re doing well. It’s missing a discussion about where you want to take your career and how your manager can help you get to the next level. A deeper review of my performance, motivates me and helps me learn.**

**—SENIOR DIRECTOR OF ALLIANCES, FINANCIAL COMPANY**

# 1

## **Provide feedback more than once a year.**

The annual review is not dead, but it shouldn't be the only time employees hear about their performance. Combined with continuous one-on-one's, quarterly reviews, and daily conversations, performance management should be a holistic and regular part of the employee experience.

We found when companies utilized two methods of performance management, they saw a 44% increase in employee perception of success. When all three methods were used, there was a 104% increase in perceived success. When organizations only use one method of feedback, there was a decrease in perceived success.


Many managers schedule one-on-ones with their direct reports but often forget, cancel, or are unprepared for them. One-on-ones are an essential part of performance management because they are continuous. The employee doesn't have to wait until the next quarter or the end of the year. They receive immediate feedback on how they are doing—their successes, how to improve, and where they stand with their manager and organization. One-on-ones also allow leaders to set goals, create coaching plans for employees who need them, check in on special projects, and identify if an employee encounters a challenge that affects his or her experience. They offer a chance to build a connection with employees regularly, throughout the year, and allow time for the leader to give recognition and appreciation in a timely manner for any great work being done. One-on-one's are the prime time to connect employees to purpose, success, and the organization.

As with special projects, continuous performance management has an impact on all six talent magnets. Regular one-on-one conversations with leaders and ongoing formal reviews provide opportunities to align employees' work to the organization's purpose. They give leaders a chance to talk about opportunities for



**INFLUENCE OF CONTINUOUS PERFORMANCE MANAGEMENT  
ON THE TALENT MAGNET INDICES**  
RAW INCREASE ON A 0-100 POINT SCALE

<p><b>14</b></p> <p>POINT INCREASE IN EMPLOYEES' SENSE OF PURPOSE</p>	<p><b>17</b></p> <p>POINT INCREASE IN EMPLOYEES' SENSE OF OPPORTUNITY</p>	<p><b>15</b></p> <p>POINT INCREASE IN EMPLOYEES' SENSE OF SUCCESS</p>
<p><b>13</b></p> <p>POINT INCREASE IN EMPLOYEES' SENSE OF APPRECIATION</p>	<p><b>5</b></p> <p>POINT INCREASE IN EMPLOYEES' SENSE OF WELLBEING</p>	<p><b>14</b></p> <p>POINT INCREASE IN EMPLOYEES' SENSE OF LEADERSHIP</p>



**Continuous performance management  
(a combination of annual and quarterly reviews and  
ongoing one-on-one's) leads to employees being:**

**20% more likely to feel successful**

---

**62% more likely to feel their performance  
is fairly assessed at their organization**

---

**48% more likely to feel connected to their leader**

---

**50% more likely to feel in control of their career**

---

**36% more likely to trust their leader**

---

**88% more likely to feel appreciated**

---

**120% more likely to feel their organization inspires  
employees to work toward a collective goal**

development and growth, teach what success looks like, and show appreciation for great work. They also are touchpoints for leaders to support overall employee wellbeing and strengthen the leader-employee relationship.

**“There are managers who keep rescheduling—and you feel a bit worthless or undervalued if you’ve had your catch-up or one-on-one canceled three times.”**

**—FEMALE FOCUS GROUP PARTICIPANT, AUSTRALIA**

2

### **Allow for safe failure**

Any discussion of success must also include a discussion of failure. Companies that allow employees to fail, then acknowledge and learn from that failure, drive innovation and growth. If people are scared to fail, they will be unlikely to take risks or be willing to tackle larger projects that have the ability to transform the organization. When failure is accepted as part of the innovation process, 60% more great work happens, plus 166% more innovation. When employees feel their company encourages creativity and innovation, 78% of them are committed to staying with that employer.<sup>1</sup>

The key to safe failure is failing, learning, and developing together. By tackling a challenge together with others, employees feel a sense of purpose and opportunity. Even if they fail to accomplish their objectives, they struggled to do something great together, which builds bonds stronger than any team-building activity.

A fail-safe environment is important to creating success. However, there must also be protections in place to safeguard existing value. In other words, failure shouldn't be a way to excuse lagging performance. Instead, fail-safe environments should focus on supporting failure that occurs when employees are taking calculated risks and testing limits to find innovative solutions.

The opportunity to fail has a positive impact on an employee's experience at work. There are significant differences in satisfaction and engagement when innovation—even if it means failure—is encouraged.

**When failure is an accepted part of the innovation process, there is:**

---

**60% more great work**

---

**166% higher likelihood that employees feel like their work represents significant innovations when compared to the norm**

---

**37% increase in individual employee output**

---

**133% increased chance that the company's revenue has increased**

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### 3

#### **Make success public.**

The most powerful level of success is centered around the individual employee, the great work they do, and the great work they witness others doing. By sharing stories of employee success and victories in town halls, employee communications, team meetings, and through social recognition, you spread the word about achievements your people have accomplished.

Our research shows that when news of success is spread across the organization, there is a 44% increase in feeling that the organization is successful, a 57% increase in feelings of appreciation, and employees are 82% more likely to have a strong understanding of what success looks like at their organization. By sharing successes throughout the organization, other employees can see what behaviors or actions are needed to achieve that same success. They are inspired and motivated by the work their peers have done. Public recognition also helps an individual employee connect with their peers, both on their immediate team and cross-functionally.

Be sure to share stories of success and show appreciation the right way. Be specific, and discuss what things the employee did to achieve that success. Connect the employee's unique accomplishments to your organization's purpose and what matters most. Be timely, and always genuine. Our past research on recognition shows recognizing victories inspires innovation, productivity, and performance. It also creates feelings of opportunity and visibility, boosts morale, and increases pride in the organization.<sup>2</sup>

## 4

### **Think outside the box.**

As described in our Opportunities chapter, special projects enable employees to take on new challenges and find success in areas outside of their regular job scope. Our research found when an employee participates in a special project and excels, they are:

---

**78% more likely to believe their job is preparing them for their future career**

---

**70% more likely to believe they have the freedom to try new things**

---

**34% more likely to believe they have the opportunity to do their best work**

---

**20% more likely to have an increased sense of success**

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## **CONCLUSION**

### **Success Builds Connections**

People want to add value. They want to make a difference. They want to be part of a winning team. They want to do great work.

Great work is about making a difference people love.<sup>3</sup> It's about asking the right question: what would people love? People who do great work see for themselves how their work will be used by the end user. They talk to people outside their normal circle to get new ideas. They improve the mix and deliver something new that makes an impact.

## Innovation is encouraged, even if it means failure

	AGREE	DISAGREE
Overall satisfaction with current job	<b>78%</b>	<b>54%</b>
Satisfied with your organization's workplace culture	<b>76%</b>	<b>46%</b>
Rate opportunities to grow and develop	<b>73%</b>	<b>40%</b>
How successful your current organization is	<b>78%</b>	<b>55%</b>
Feel a sense of belonging	<b>77%</b>	<b>28%</b>
Highly motivated to contribute	<b>82%</b>	<b>35%</b>
Would recommend organization as a place to work	<b>80%</b>	<b>26%</b>
Pride in organization	<b>81%</b>	<b>31%</b>
Willing to put in a great deal of effort	<b>81%</b>	<b>41%</b>
Want to stay at the organization	<b>80%</b>	<b>30%</b>

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A photograph of two men sitting on a couch, overlaid with a semi-transparent orange filter. The man on the left is wearing a patterned sweater and looking towards the man on the right. The man on the right is wearing a dark t-shirt and is looking down at a smartphone he is holding. The background is slightly blurred, showing what appears to be an office or living space.

## CASE STUDY—SUCCESS AT DROPBOX

From the initial days of operation, Dropbox co-founders built a culture around a “You’re smart, figure it out” philosophy. Jon Ying, one of Dropbox’s first employees, shared an example of this approach in action.

One day, co-founder Arash Ferdowsi told Ying he didn’t want Dropbox’s “404 error” page to be so boring. “I remember you like to draw,” he said. Ferdowsi went to the drugstore downstairs, purchased a box of colored pencils for Ying, who then drew up what is now known as Dropbox’s “Psychobox 404.” The 404 error page is anything but boring—the version Ying created resembled something artist M.C. Escher might have created.

Ferdowsi didn’t stop there with the special projects for this new employee.

“If you know how to draw, you can do Web design,” he said. Ferdowsi got a copy of Photoshop for Ying who then began doing early Dropbox design work. From the very beginning, Dropbox took the principle of “You’re smart, figure it out” to heart.

From the beginning, the co-founders identified what people are good at and let them do it. They trusted their talent with important work. This approach continues to provide employees with great power and responsibility.<sup>4</sup>

The opportunity to fail has a positive impact on an employee’s experience at work. There are significant differences in satisfaction and engagement when innovation—even if it means failure—is encouraged.

To do great work, you inherently need connections. To your work. To your customer. To your peers. And to a motivating purpose. When organizations foster a culture of success the right way, employees are empowered to do great work and experience personal and shared victories. They feel more connected to each other and the organization. They feel a sense of shared accomplishment, and they want to stay.

#### **SUCCESS—KEY TAKEAWAYS**

**Provide tools for success.**

**Make performance reviews fair and frequent.**

**Help employees know how to achieve.**

**Teach employees what success looks like.**

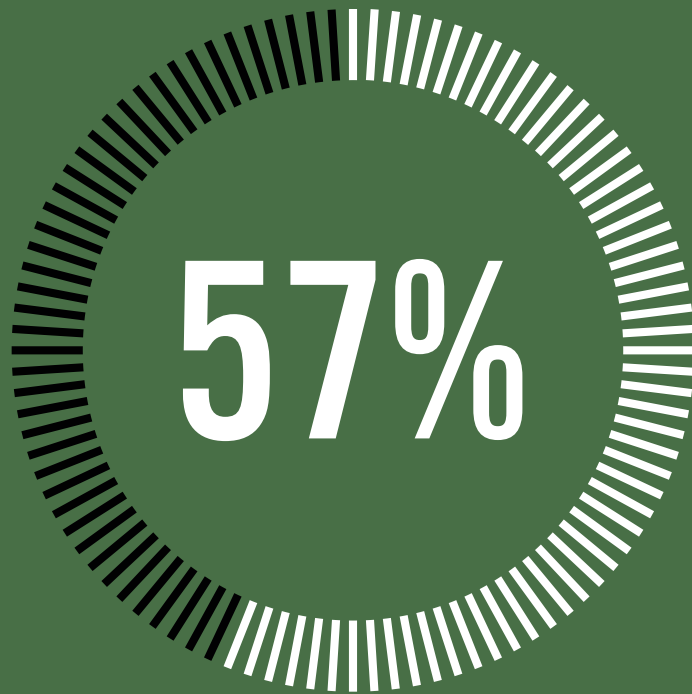
### **Success Sources**

1. “Office Perks: Millennial Expectations Change What Employers Offer,” Report Linker, February 28, 2017.
2. David Sturt, Todd Nordstrom, Kevin Ames, Gary Beckstrand, *Appreciate: Celebrating People Inspiring Greatness*, O.C. Tanner, 2017.
3. David Sturt, *Great Work. How to Make a Difference People Love*. O.C. Tanner, 2014.
4. Liz Gannes, “Inside Dropbox’s Reverse—Engineered Company Culture,” *All Things D*, August 15, 2012.

# 4

# Appreciation





**GLOBAL INDEX SCORE  
FOR EMPLOYEE SENSE OF  
APPRECIATION**

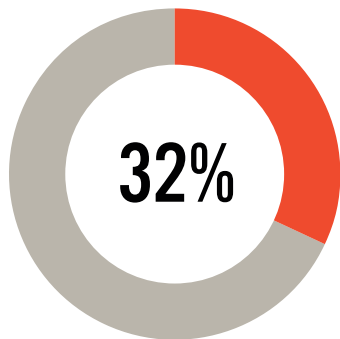


Many employees do not feel appreciated. Our findings confirm decades of prior research. Leaders continue to struggle to reward the great work employees do. Peers and leaders alike do not give recognition often enough. Recognition, a critical action that causes the feeling of appreciation, is often deprioritized. Budgets get spent elsewhere. Manager time goes to more administrative tasks. Even HR leaders devote more energy to policies and procedures than recognition. Town halls, newsletters, and other cultural focal points often leave recognition moments until the last moment. When recognition makes the bottom of the priority list, people feel like their work goes unnoticed. It's all too easy to believe managers, peers, and the organization don't care about them or the work they produce.

Appreciation is more than a mere ‘thank you’; it is an exchange between coworkers and leaders that connects great work with organizational purpose. Within our Talent Magnet Culture Framework, we discovered five critical dimensions of appreciation: frequency of recognition received, the sincerity and meaningfulness of the recognition, consistency of recognition for high performers, leader acknowledgment, and a habit of recognizing others. Appreciation is a powerful emotion, where the individual feels acknowledged and valued, not just for the work they do, but for who they are and the talents they possess.

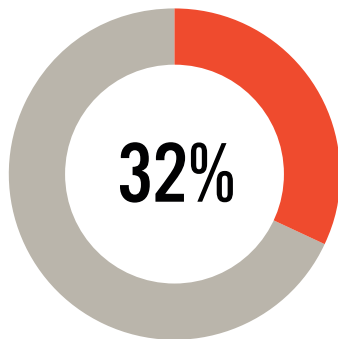
**PEER RECOGNITION**

EMPLOYEES FEEL LIKE THEY RECEIVE FREQUENT RECOGNITION FROM PEERS



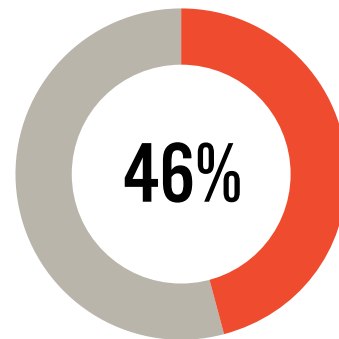
**SINCERITY**

RECOGNITION IS SINCERE AND MEANINGFUL



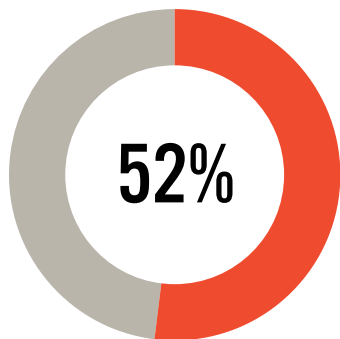
**CONSISTENCY**

HIGH PERFORMERS ARE CONSISTENTLY REWARDED



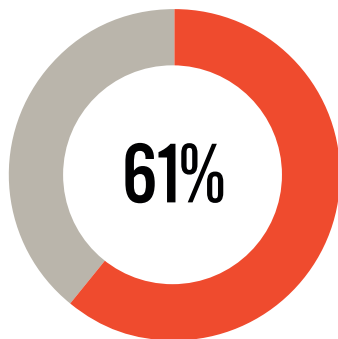
**LEADER RECOGNITION**

LEADERS ACKNOWLEDGE GREAT WORK

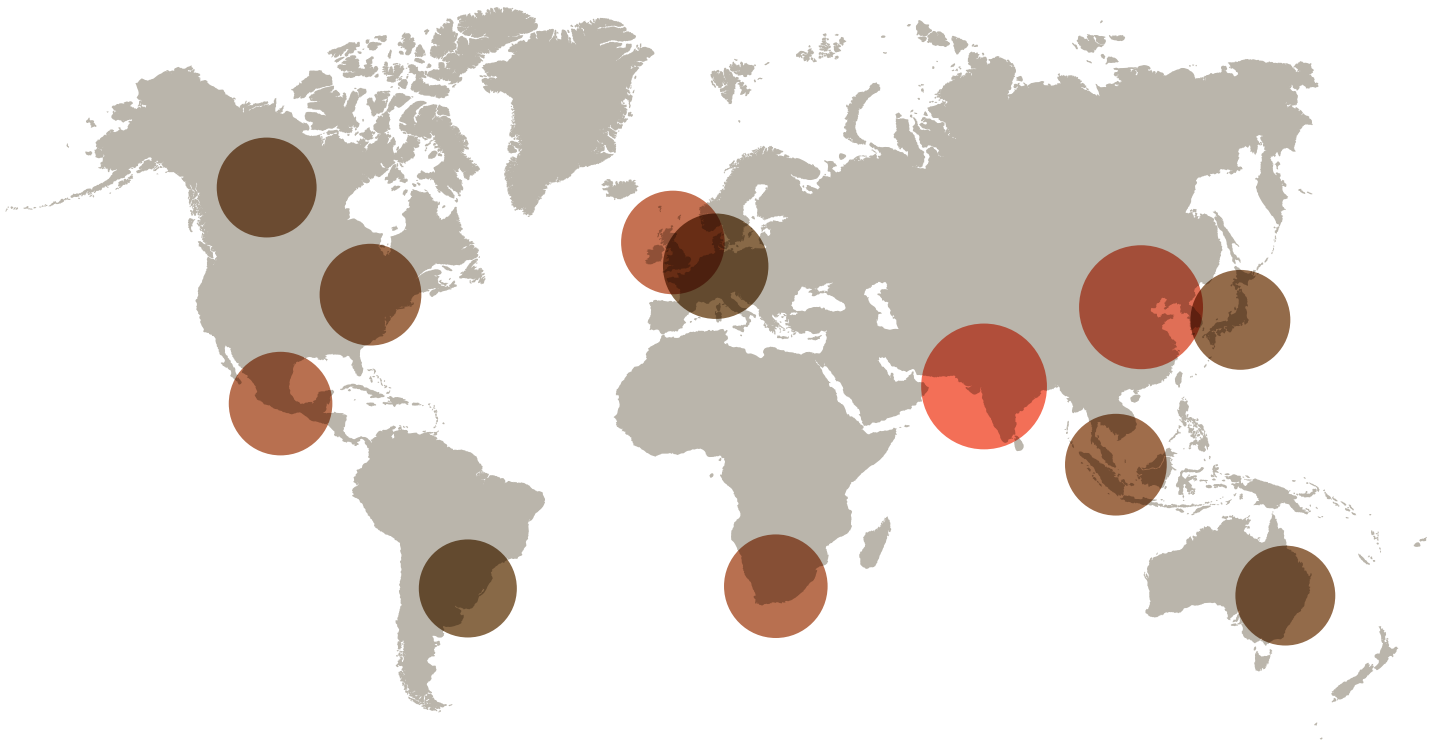


**GIVING RECOGNITION**

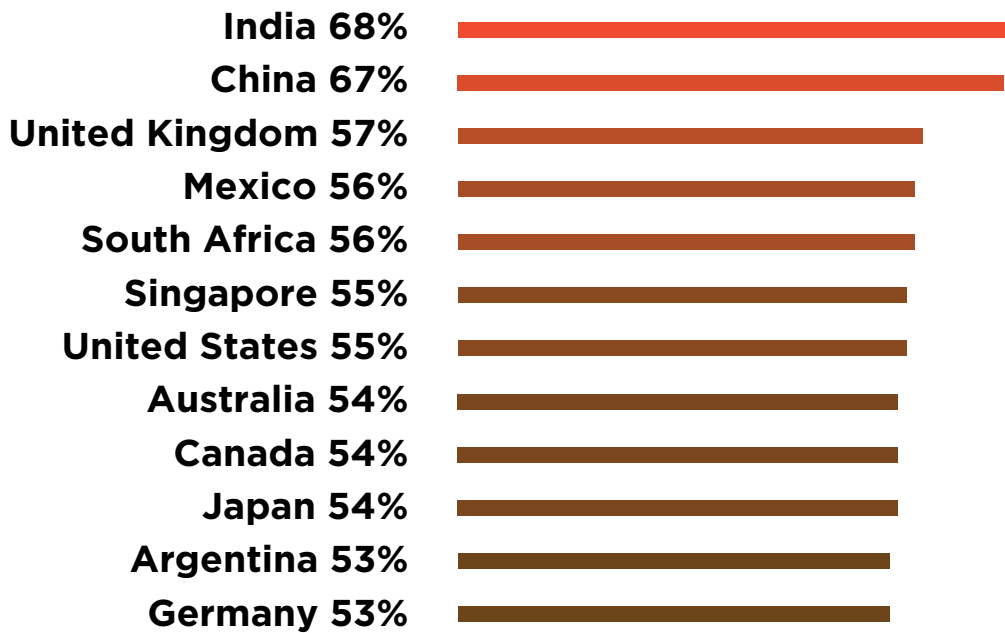
EMPLOYEES OFFER RECOGNITION TO OTHERS FOR GREAT WORK



EACH INDEX COMPONENT IS MEASURED ON A 0-100 SCALE. THE PERCENTAGES ARE CALCULATED ACCORDING TO RESPONSE AGREEMENT WITH THE STATEMENT.



**Talent Magnet Appreciation Index Measured Across the Globe**



## **INTRODUCTION**

Appreciation is essential. It's a feeling of being valued for one's unique point of view, attitude, talents, and contributions. While compensation and benefits can contribute to a feeling of appreciation, things like autonomy, trust, responsibility, interactions with others, and authentic and sincere recognition are even more impactful.

Appreciation can improve engagement, inspire innovation, and build loyalty. When asked "what is the most important thing your manager or company does (or could do) to cause you to produce great work", the number one response was "recognize me."<sup>1</sup> "Appreciation for my work" was the number one attribute that job seekers across the globe said was most important in their new job.<sup>2</sup>

### **Appreciation vs. Recognition**

Appreciation is defined as the "application of wisdom, sound judgment, and keen insight in recognizing the worth of someone." It is an emotion.<sup>3</sup>

Recognition is defined as "the action or process of recognizing or being recognized. It is the act of using words to express gratitude."<sup>4</sup> It fuels the feeling of being appreciated.

Employees' efforts and accomplishments must be appreciated through acts of recognition. Recognition has a significant impact on all six talent magnets. When asked to rate each talent magnet on a scale of 0-100, employees who felt recognized also felt more positive about purpose, opportunity, success, appreciation, wellbeing, and leadership.



**INFLUENCE OF RECOGNITION ON THE TALENT MAGNET INDICES**  
 RAW INCREASE ON A 0-100 POINT SCALE

<p><b>20</b></p> <p>POINT INCREASE IN EMPLOYEES' SENSE OF PURPOSE</p>	<p><b>24</b></p> <p>POINT INCREASE IN EMPLOYEES' SENSE OF OPPORTUNITY</p>	<p><b>22</b></p> <p>POINT INCREASE IN EMPLOYEES' SENSE OF SUCCESS</p>
<p><b>21</b></p> <p>POINT INCREASE IN EMPLOYEES' SENSE OF APPRECIATION</p>	<p><b>16</b></p> <p>POINT INCREASE IN EMPLOYEES' SENSE OF WELLBEING</p>	<p><b>23</b></p> <p>POINT INCREASE IN EMPLOYEES' SENSE OF LEADERSHIP</p>

## **INSIGHTS**

### **Recognition is Not a Priority**

Recognition is not happening as often as it should be, nor is it as well executed as it should be. We found only 61% of employees feel appreciated in the workplace, and when recognition is given, it is done incorrectly 1/3 of the time.

Meaningful and purposeful appreciation is a powerful tool in bridging cultural discord in your organization. No matter the generation, level, department, function, or region of the world, all employees want to be recognized and feel appreciated. Recognition builds connections across your organization: cross-functional connections through peer-to-peer recognition, connection with your purpose and company through leader-given recognition, and connection to an employee's individual achievements and success.

## **RECOMMENDATIONS & IMPACT**

Effective recognition requires thoughtful, genuine, public praise, especially from leaders. Peer-to-peer recognition has tremendous value. But to think of it as a replacement for praise from leaders is a mistake.

**Is recognition happening?  
In the past 30 days...**

**57% of employees received a  
“thank you” from a leader or peer**

**27% of employees received  
spontaneous praise for  
their work**

**26% of employees received formal  
recognition**

**20% of employees were assigned a  
special project**

**28% of employees did not receive  
ANY of the above**

**42% of employees told how  
they could improve while receiving  
recognition**

**2018 GLOBAL CULTURE STUDY, O.C. TANNER INSTITUTE**



1

**Give deliberate thanks, spontaneous praise, and formal recognition.**

Recognition cannot be an afterthought. It must be deliberate and given in a timely manner when employees display extra effort, accomplish something great, or achieve a career milestone.<sup>5</sup>

---

**71%**

**Decrease in feeling of appreciation when praise or recognition is not given after an employee gives extra effort or accomplishes something great**

---

Whether it's a simple thank you, spontaneous praise, or more formal recognition, showing appreciation deliberately has a profound impact on people. When a peer or leader can communicate in detail and with specificity how an employee's work contributes to organizational purpose, they feel part of something bigger. They feel a sense of belonging. A simple "thank you" can have a lasting impact, if done well and thoughtfully.

**Our research shows that appreciation can be engendered by:**

---

**A deliberate "thank you"—employees feel 116% more appreciated**

---

**Spontaneous praise—employees feel 172% more appreciated**

---

**Formal recognition—employees feel 355% more appreciated**

---

**Special projects—employees feel 74% more appreciated**

---

2

**Make recognition a priority.**

Demonstrate the importance of recognition by changing when it occurs in town hall meetings, company-wide newsletters, or other forms of communication. More employees will see and hear the recognition moment if it takes place at the beginning of a meeting, rather than at the end. The same is true of a newsletter; the portion on recognition will be read more if it is placed on the front page in a prominent spot. If recognition is left to the end, it can be forgotten, rushed through, or dropped off entirely if there is no time or room left. This negatively impacts the recognized employee.

A good rule of thumb: recognize first. Or schedule an entire meeting or quick check-in where the only agenda item is giving recognition. One in two employees told us that recognition was an afterthought at organizational meetings.

**When recognition is not seen as a priority for their organization, employees are:**

---

**38% less likely to feel appreciated**

---

**22% less likely to give others recognition**

---

**68% more likely to feel like the recognition they receive is an empty gesture**

---

**40% more likely to feel that they rarely receive recognition from peers**

---





**CASE STUDY—APPRECIATION AT NIAGARA CASINOS**

Niagara Casinos welcomes millions of visitors each year from around the world. In an effort to reward their 4,000 employees for demonstrating the company's new values, they gave their recognition program a much-needed facelift. Their new recognition program brought awareness, reinforced their new values, connected departments that don't frequently interact with each other, and improved camaraderie. Live streams of ecard and award descriptions are played on monitors in the employee cafeterias at all properties. These serve as an ongoing reminder of recognition happening across the organization. Today, 90% of employees understand how they contribute to the success of the company, and 93% say they are likely to stay.

---

**“You can't deliver a remarkable customer experience without employees that are committed and connected to the organization. We believe that recognizing employees that go above and beyond is a strategic imperative for our business because when done right, it pays dividends.”**

**— MARIA GRAHAM, VICE PRESIDENT OF HUMAN RESOURCES & ORGANIZATIONAL DEVELOPMENT, NIAGARA CASINOS<sup>6</sup>**



**When leaders do not effectively  
communicate accomplishments,  
employees are:**

---

**70% less likely to feel appreciated**

---

**74% less likely to stay at the  
organization**

---

**42% less likely to be engaged**

---

**46% less likely to promote their  
organization**

---

3

**Help leaders give recognition in a genuine, specific, and personal way.**

Organizations often assume leaders already know how to appreciate their people, and that often is not the case. Employees want to feel their leaders know them (and the work they do) in a specific, personal way. When leaders give generic thanks or appreciation to a group, rather than an individual, it can dilute the experience. Instead, leaders should be specific about who, what, and why they are appreciating.

---

40%

**Forty percent of employees feel that the recognition they receive at work feels like an empty gesture, according to our study.**

---

Recognition should connect with what matters most, and leaders should align their praise with the company's goals and values that come from the organization's purpose.

Establish champions who can train and teach recognition best practices to leaders and new employees. Create a feedback mechanism so leaders can know and stay up to date on the great work their people are doing. Whether it's fueled by data from your recognition program or performance management tools, public recognition from other peers, or regular one-on-ones with employees, leaders should have access to what their employees have been accomplishing. Recognition should be a part of your company's culture, not just another HR program.

## 4

### **Position employees as subject matter experts and connect them with others.**

When employees feel valued for their unique points of view, attitudes, talents, and contributions, they feel empowered to lead on their own. Develop employees into subject matter experts. Connect them with others in the organization so that people come to them for help and guidance. This helps to highlight an employee's specific strengths and connect those strengths to specific accomplishments. It shows how employees are uniquely contributing and valued. By establishing people as experts, you inspire them to lead on their own.

#### **When people at an employee's organization come to him or her for help, we see a:**

---

**40% increase in appreciation**

---

**59% increase in engagement**

---

**30% increase in job satisfaction**

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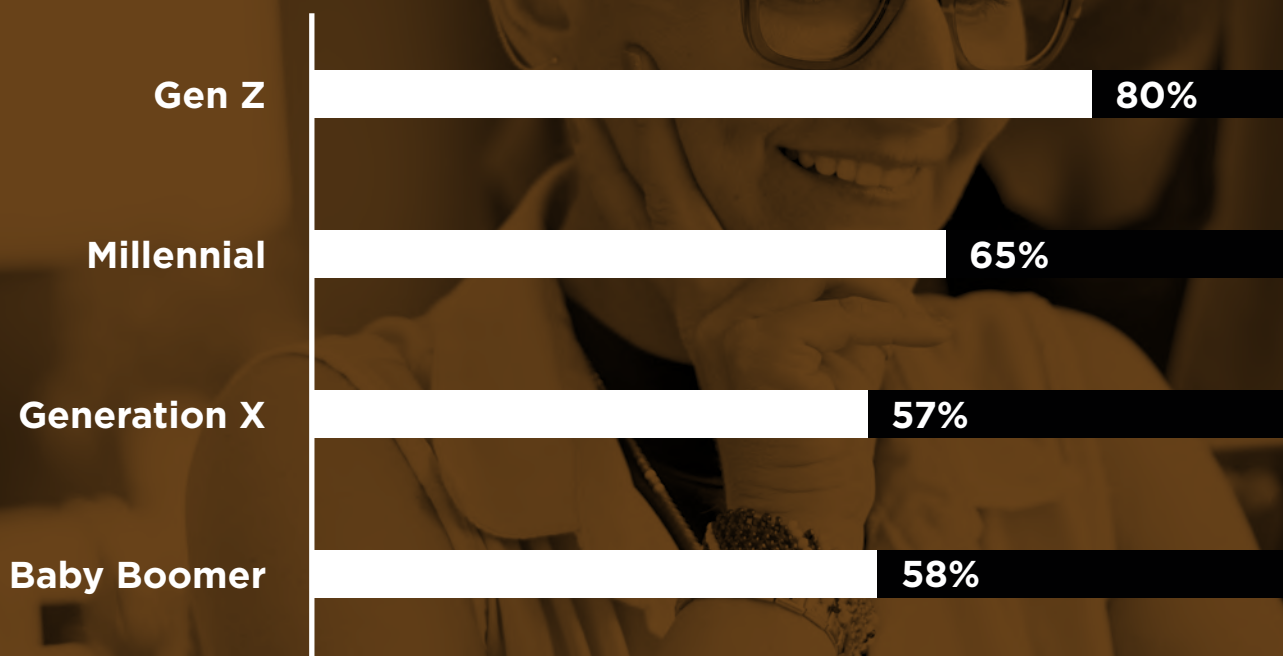
### **CONCLUSION**

#### **Recognition Builds Connection, Loyalty, and Unity**

Recognition is the ultimate connector. It connects people to the organization's purpose and their own successes. It can connect teams and employees to their leaders. It can single-handedly unify cultures during times of disruption and turmoil.

Appreciation also equals longevity. Consistent above and beyond performance recognition can add 3.5 years to an employee's tenure, and effective career celebrations extend employment by 2-4 years. A holistic appreciation strategy doesn't just make people feel good—it boosts retention.<sup>8</sup>

**We see significant generational differences for Appreciation. Generation Z scores highest, with 80% feeling appreciated. Millennial, Generation X, and Baby Boomer employees score considerably lower.**



## CASE STUDY—APPRECIATION AT VIRGIN TRAINS

Virgin Trains had the challenge of trying to unify an innovative, youthful brand culture with the established, historical, black and white railroad culture. There was a lot of work to do to create cultural change in a mobile, desk-less operation that runs 24-7. They implemented a new recognition program to unify their culture with common values, consistent use and experiences across all of their locations, and the ability for every employee to recognize each other. At Virgin Trains, the employee experience equals the customer experience. By focusing on employees first, Virgin Trains knows they'll treat their customers well.

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**“We ask a lot of our people. And we ask them to do it with heart. So there must be something we can do to appreciate our people and let them know what they do has a huge impact.”**

**—ZOE MILLS, RECOGNITION AND ENGAGEMENT MANAGER, VIRGIN TRAINS<sup>7</sup>**



In the end, while compensation and benefits may play into one's sense of appreciation, it's connection, interactions with others, and sincere and authentic recognition that makes employees feel genuinely valued. The simple act of recognition can transform a culture.

---

**5x**

**Employees who claim their managers regularly acknowledge them for good work are 5 times more likely to stay<sup>9</sup>**

**53%**

**of employees said they would stay at their jobs longer if their employers showed them more appreciation<sup>57</sup>**

---

#### **APPRECIATION—KEY TAKEAWAYS**

**Make recognition deliberate.**

**Make recognition a priority.**

**Make recognition personal.**

**Make employees feel irreplaceable.**

#### **Appreciation Sources**

1. O.C. Tanner, "Cutting the Cost of Disengagement", Infographic.
2. Rainer Strack, "The Workforce Crisis of 2030" Boston Consulting Group, 2014
- 3, 4, 5. David Sturt, Todd Nordstrom, Kevin Ames, Gary Beckstrand. Appreciate. O.C. Tanner 2017.
6. Niagara Casinos Case Study, O.C. Tanner.
7. Virgin Trains Case Study, O.C. Tanner.
8. Effect of Years of Service Recognition, O.C. Tanner.
9. "US Employee Pulse Survey," Qualtrics, November 2017.
10. "More Than Half of Employees Would Stay Longer at Their Company If Bosses Showed More Appreciation, Glassdoor Survey," Glassdoor, November 13, 2013.

# 5

## Wellbeing





**GLOBAL INDEX SCORE  
FOR EMPLOYEE SENSE OF  
WELLBEING**

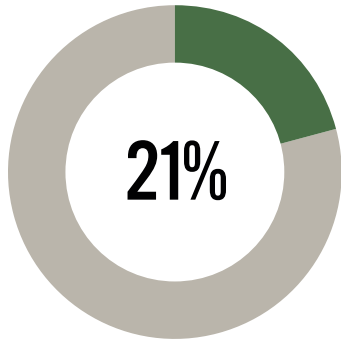
Traditional approaches to wellbeing focus on the physical aspect of wellbeing—often integrating wellbeing programs with health plans and biometric screenings. Most organizations want employees to feel better physically and reduce insurance costs.

We agree—physical wellbeing is important. However, organizations have an opportunity to make a substantial impact on workplace culture by expanding programs to address emotional and social wellness. What many employees are missing are connections to other people. Facilitating strong bonds with other employees not only benefits the organization in increased engagement and information sharing, but it also benefits the employees. It helps them to belong, feel uplifted, and become more likely to make an impact.

Organizations can no longer define wellbeing as simply the physical or financial status of an employee. Initiatives must encompass social and emotional dimensions to truly prioritize individual wellness. We measure Wellbeing using five critical components: employees feel prioritized within the organization, there is a balance between work life and personal life, work does not negatively impact one's physical health, a sense of belonging, and that work does not hurt an employee's ability to be happy in their life.

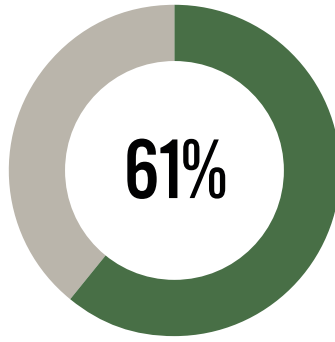
**PEOPLE PRIORITIZED**

ORGANIZATIONS  
CONSIDER PEOPLE  
A PRIORITY



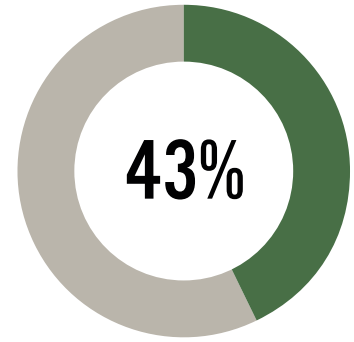
**WORK/LIFE BALANCE**

EMPLOYEES HAVE A  
BALANCE BETWEEN  
WORK LIFE AND  
PERSONAL LIFE



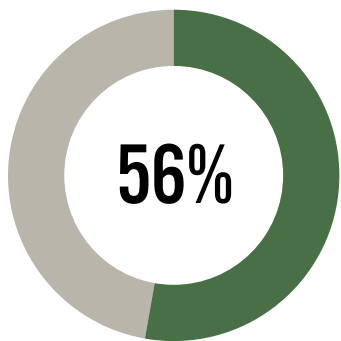
**EFFECT ON HEALTH**

WORK DOES NOT HAVE  
A NEGATIVE EFFECT ON  
PHYSICAL HEALTH



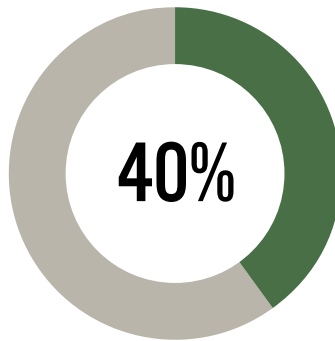
**BELONGING**

EMPLOYEES FEEL A  
SENSE OF BELONGING  
AND INCLUSION

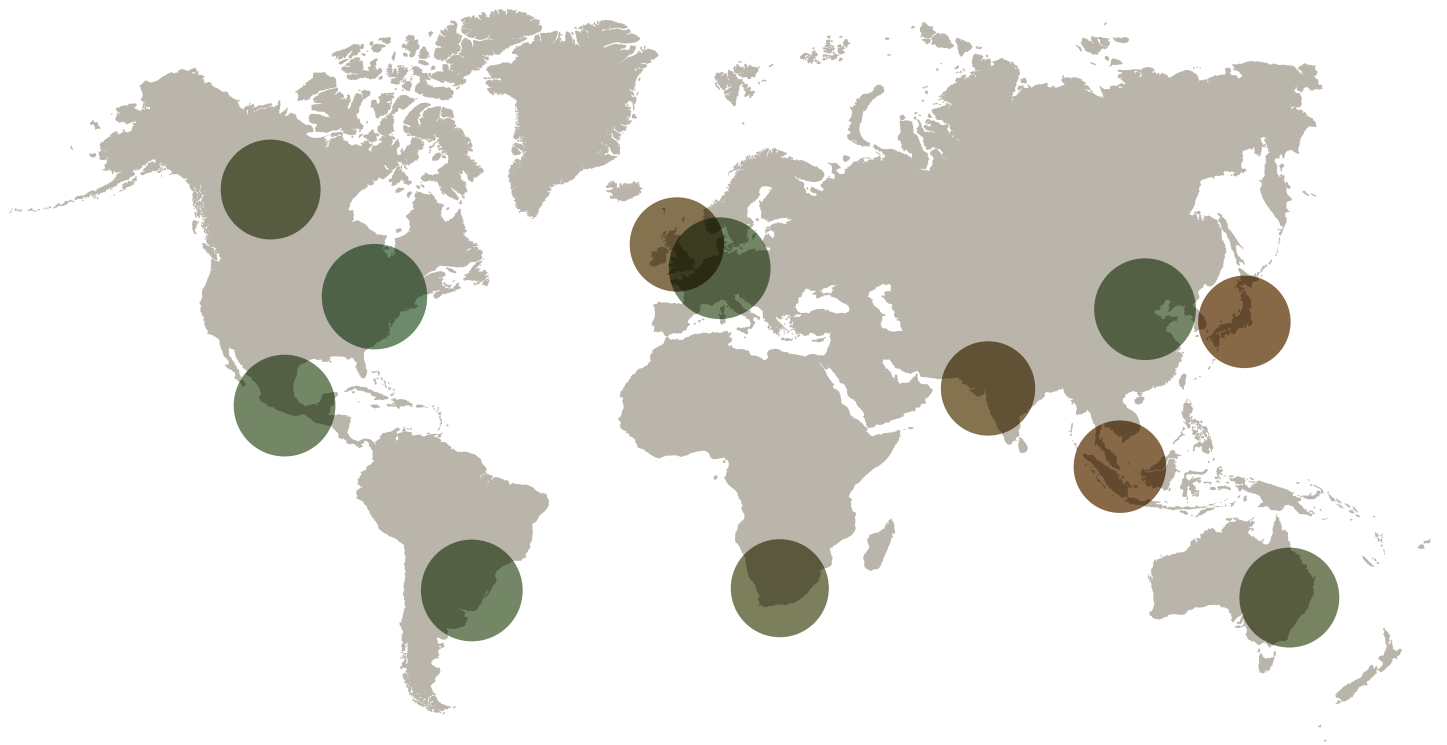


**FOSTER HAPPINESS**

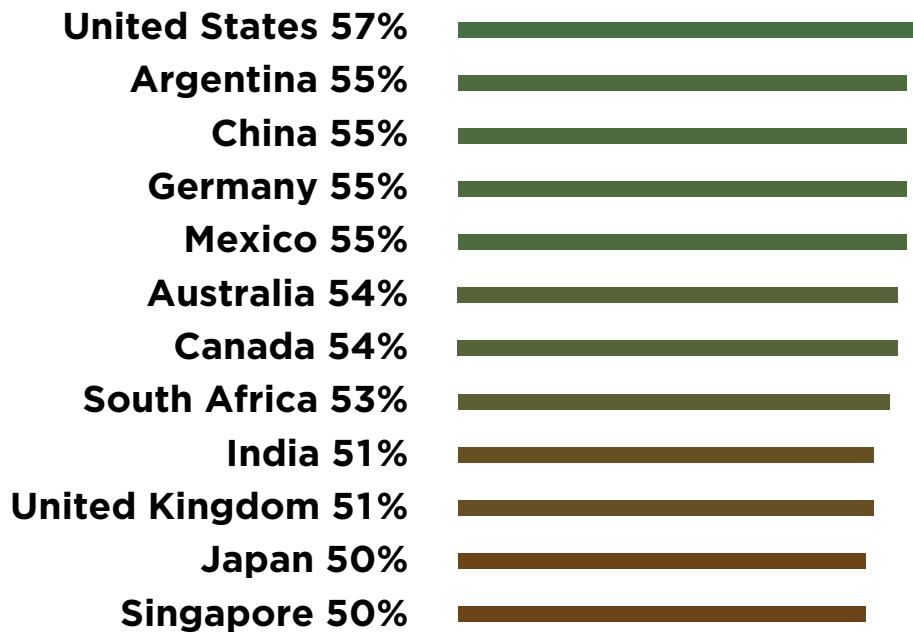
ORGANIZATIONS FOSTER  
HAPPINESS, BOTH IN AND  
OUTSIDE OF WORK



EACH INDEX COMPONENT  
IS MEASURED ON A 0-100  
SCALE. THE PERCENTAGES  
ARE CALCULATED ACCORDING  
TO RESPONSE AGREEMENT  
WITH THE STATEMENT.



### Talent Magnet Wellbeing Index Measured Across the Globe





## **INTRODUCTION**

The World Health Organization calls stress “the health epidemic of our time.” Virgin Pulse reports that more than 80% of workers report feeling stressed, adding up to \$300 billion annually in lost productivity. People who are stressed at work are 26% more likely to leave and 8.2% less productive.<sup>1</sup>

Workplace stress also leads to 50% greater healthcare costs, 50% more voluntary turnover, and 60% more errors at work. In addition 60-80% of workplace accidents are attributed to stress, as well as more than 80% of doctor visits. Fifty million workdays are lost each year due to stress on the job.<sup>2</sup> Current workplace culture is hurting employees’ ability to be engaged, be their authentic selves, and be happy and fulfilled in other areas of their lives.

While employees appreciate company support for their physical wellness, our study found only 14% believe their workplace prioritizes emotional wellbeing and only 9% of employees believe their organization cares about their social wellbeing. Holistic wellbeing means caring for the employee as a whole—their physical but also social and emotional wellbeing. Virgin Pulse finds that 65% of companies with strategic, holistic wellbeing programs saw improvements in their company cultures.<sup>3</sup>

## **The Rise of Tech and Fall of Connection**

We now know that the rise of technology initially created to connect us has, in fact, made us more disconnected. This has resulted in higher levels of loneliness and isolation, and contributes to alarming levels of depression, stress, and negativity.<sup>4</sup> Loneliness isn’t just unpleasant, but can also lead to decreased motor functions, coronary artery disease, and even an untimely death.<sup>5</sup> True wellbeing requires positive human connections, at home and in the workplace.

And it's not just about physical connection. Wellbeing is also about feeling connected to your peers and the organization. Feeling like you belong. Only 54% of respondents to our study say their organization has an inclusive culture. Yet an inclusive culture brings out the most authentic, passionate, best version of your employees. According to our research, 72% of employees in an inclusive culture believe they can be their authentic selves, and only 46% of employees in a non-inclusive culture believe the same.

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53%

of employees are forced to respond to work inquiries during personal time, and 38% can't stop thinking about work when they're not at work.

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## RECOMMENDATIONS & IMPACT

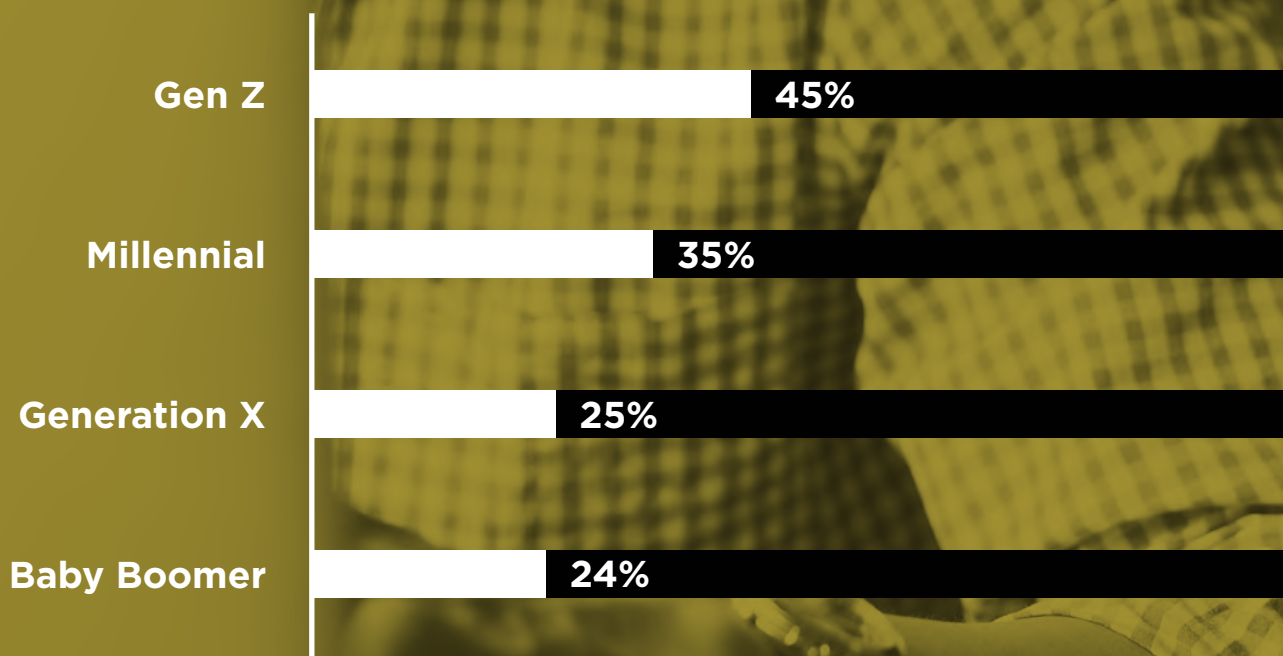
### A Healthier State of Wellbeing

Harvard Business Review found<sup>6</sup> that a positive culture is what affects wellbeing at work the most. Their study showed four factors could build the kind of positivity that supports workplace wellness: fostering social connections, showing empathy, going out of your way to help, and encouraging people to talk to you. In other words, creating a culture that has real, meaningful connection.

**“Wellbeing comes from one place, and one place only: a positive culture.”**

—EMMA SEPPALA AND KIM CAMERON, HARVARD BUSINESS REVIEW

**Loneliness seems to be generational. While older generations are in no way immune to feeling isolated, Gen Z and Millennials are feeling considerably more isolated than Baby Boomers and Generation X.**



A photograph of three men smiling, overlaid with a green tint. The man on the left has a beard and glasses. The man in the center has a beard and is wearing a dark t-shirt. The man on the right is wearing a striped sweater. They are all looking towards the camera.

CASE STUDY—WELLBEING AT CHEVRON

Chevron's employees love their company culture because of the Chevron Way, a culture dedicated to safety and encouraging team members to look out for each other. While Chevron does provide on-site health and fitness centers, they also insist employees take regular breaks and communicate regularly how much they care about the wellbeing of their employees.<sup>7</sup>

1

Focus on the bigger picture of wellbeing

We recommend moving beyond just physical fitness to improve employees' emotional and social wellbeing. Employees have a strong desire to better connect with themselves, the people around them, and the world as a whole. Encourage volunteerism to connect with the community. Foster friendships and fun at work.

Focusing on a holistic version of wellbeing and creating greater social connections helps employees bring their best selves to work. They will be more prepared to handle the challenges of their jobs and find new ways of doing things. They will feel healthier and happier at work, contributing to the positive culture companies are trying to build.

When social and emotional wellbeing are prioritized:

---

**Companies have**  
**278%**  
**increased odds of**  
**scoring above the global**  
**wellbeing benchmark**

**Employees are**  
**52%**  
**more likely**  
**to feel less stress**  
**than average**

---

2018 GLOBAL CULTURE STUDY, O.C. TANNER INSTITUTE

Work-life balance is an important contributor towards overall wellbeing. Our research shows for every increase in feeling they “frequently miss important things because of work”, employees are 26% less likely to feel their organization prioritizes social wellbeing.

## 2

### **Inclusivity matters**

Inclusion doesn't just mean diversity. It's also more than a policy. Inclusion is helping employees feel they can be their authentic selves. It's taking steps to positively affect day-to-day employee experiences. It's making people feel like they belong and are a valuable part of your organization. Inclusion goes beyond tactical programs to a general sense of social connectedness and emotional wellness, regardless of a person's race, gender, age, or background.

Inclusive workplace cultures allow employees from all walks of life to feel socially and emotionally well. They allow employees to create deep social connections with one another, be themselves at work, and bring their best to work. So organizations must foster a workplace culture where employees can thrive.

#### **Our research shows that when an organization's culture is inclusive, employees are:**

---

**68% more likely to believe they can be their authentic self at work**

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**85% more likely to agree their team knows the "real me"**

---

**68% more likely to take time to get to know colleagues personally**

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**141% more likely to feel a sense of belonging**

---

**117% more likely to feel enriched by the people they work with**

---

## 3

### **Prioritize connection and work/life integration**

Make your workplace one that's filled with camaraderie and friendship. Encourage in-person communication and interactions.

Provide opportunities for employees to get together during office hours. Employees who have a best friend at work are more engaged and happy.

Organizations should allow flexibility in when, where and how employees do their work. Providing technology and establishing policies that allow the employee to decide to what degree they want to integrate their work and personal lives can lead to a feeling of wellbeing and control over their lives. This is especially true for younger generations and working parents.

**We found when employees feel forced to respond to work-related issues while away from work, they are:**

---

**34% more likely to leave the organization**

---

**112% more likely to believe their job has an adverse effect on their physical health**

---

**115% more likely to believe their situation at work is hurting their ability to be happy in other aspects of their life.**

---

**When employees have control over integration between their work and personal lives, we see:**

---

**53% increase in satisfaction with employee wellbeing at their organization**

---

**30% less stress at work**

---

**Over 3 times less likely to believe they frequently miss important things because of work obligations**

---

## 4

### Reimagine your space

Workspaces that allow for a variety of work styles help employees be productive depending on their current work—and can be significant drivers of creativity, collaboration, and innovation. Offer spaces with tools like whiteboards and shared screens to collaborate. Provide communal spaces to build camaraderie and impromptu conversations before and after meetings. Give employees personal space if they need to focus or want to have one-on-one conversations. Overall, provide a workplace environment where employees can share, build relationships, and connect.

#### When an organization's workspace enables interaction with colleagues, our research shows employees are:

---

**84% more likely to have a close friend at work**

---

**92% more likely to feel optimistic about the future**

---

**42% more likely to trust team members**

---

**109% more likely to have a sense of fulfillment from their work**

---

**28% increase in a sense of wellbeing**

---

### CONCLUSION

#### The Appreciation/Wellbeing Connection

It's worth noting there is a unique relationship between wellbeing and appreciation when it comes to employee retention. We found in our study organizations that have leaders who foster a sense of wellbeing and appreciation also have employees who were 38% less likely to leave.





**CASE STUDY—WELLBEING AT AIRBNB**

Airbnb created a working environment inspired by their actual listings. Conference rooms are designed to look like actual Airbnb homes, whether it's a log cabin, a modern dining room, or an Airstream trailer. Employees can work wherever they want, and employees are encouraged to change their desks every day so they can meet new people and collaborate. They hang pictures of actual customers and homeowners in the halls, and feature work by rotating local artists. The company has no official Presidents, so anyone can use the restored 1918 President's office. It's a workspace that fosters collaboration, innovation, and wellbeing and helps employees live the company's purpose—to help people belong anywhere.<sup>8</sup>

**“The people I’ve met at work have become like my friends and family. That’s my social network and my social strength. If I have a bad night or something happens in my life, I’m usually talking to my coworkers about it. That means a lot to me.”**

**—FEMALE FOCUS GROUP PARTICIPANT, TORONTO**

By combining wellbeing and recognition efforts, companies create more positive, peak employee experiences. They build a culture that focuses on employees' overall sense of self. They show the organization cares about its people, not just as a means of production, but as a valued member of the world, which makes employees want to stay for the long haul. A place where employees can be authentic is a place where they can genuinely thrive at work.

**When employees experience recognition, either by receiving or giving recognition, they felt an 8.8% increase in their wellbeing.<sup>9</sup> Effective recognition also yields a:**

---

**29% increase in the feeling of work/life balance**

---

**33% increase in a sense of belonging**

---

**27% increase in overall self-rated health**

---

#### **WELLBEING—KEY TAKEAWAYS**

**Focus on the bigger picture.**

**Make wellbeing inclusive.**

**Build connections and work/life integration.**

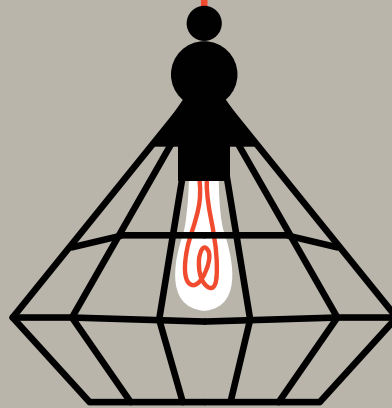
**Reimagine your space.**

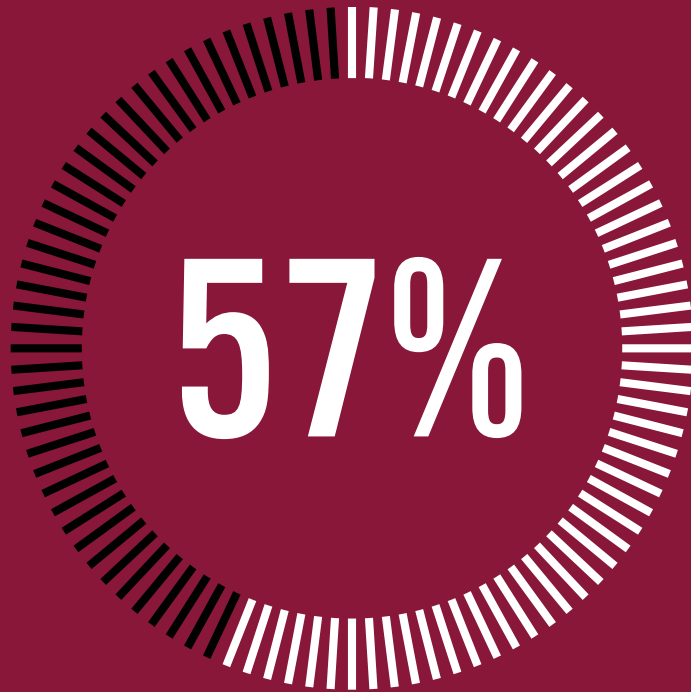
### **Wellbeing Sources**

1. "Taking Action against Workplace Stress", Virgin Pulse.
2. Jason Rentfrow, "Happiness and Physical Activity", University of Cambridge, Jan 13, 2017.
3. State of the Industry, Virgin Pulse, 2017.
4. Jean Twenge, "Have Smartphones Destroyed a Generation?", The Atlantic, Sept 2017.
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7. Sujan Patel, "10 Examples of Companies with Fantastic Cultures", Entrepreneur, Aug 6, 2015.
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9. "Creating a holistic workplace culture through wellbeing and recognition", O.C. Tanner, Aug 2018.

# 6

## Leadership





**GLOBAL INDEX SCORE  
FOR EMPLOYEE SENSE OF  
LEADERSHIP**

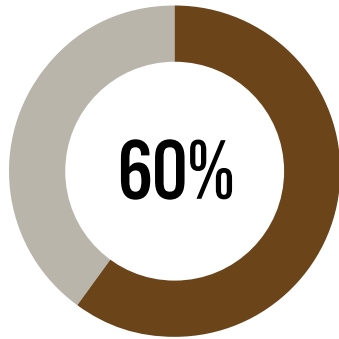
Our research demonstrates that leadership is the foundation for a meaningful employee experience. The relationship between a leader and an employee is a critical connection—if the link is weak or negative, our research shows that employees will be disconnected from other aspects of culture as well. We found that when leaders are mentors, actively advocate for employee development, and proactively connect their employees with meaningful opportunities, employees and leaders feel more successful, become more deeply connected to one another, and contribute to a stronger workplace culture.

Leaders are often promoted to leadership because they are good at a certain skill, not because they are particularly skilled at leading others. It takes time, experience, and practice to learn to inspire and motivate others to be their best. Our Leadership Index measures leadership using five criteria: feeling a sense of support, trust for leadership, inspiring the employee to focus on things outside of themselves, feeling motivated to do great work, and garnering loyalty. According to our measurement criteria, great leaders are more than just gatekeepers; they are mentors and catalysts for greatness.



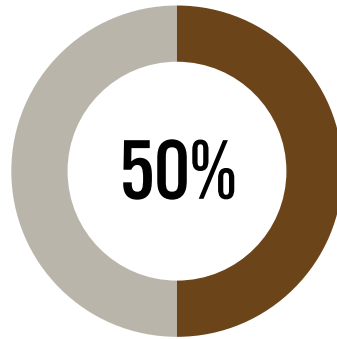
**MANAGER SUPPORT**

EMPLOYEES FEEL SUPPORTED BY THEIR DIRECT MANAGER



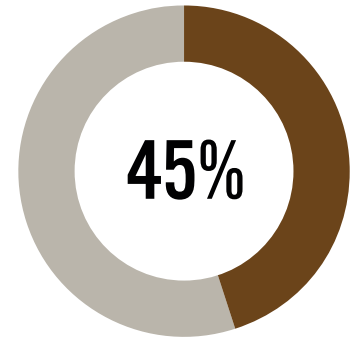
**TRUST**

EMPLOYEES WHO TRUST THEIR LEADER



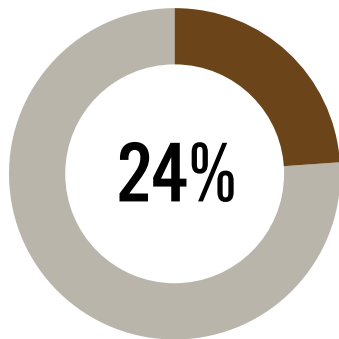
**FOCUS OUTSIDE OF SELF**

LEADERS THAT ENCOURAGE THEIR EMPLOYEES TO THINK BIG



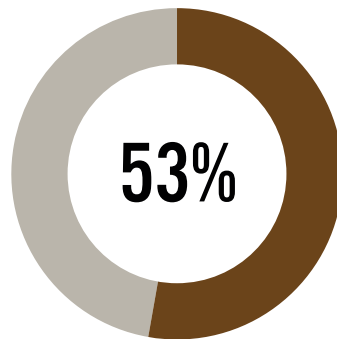
**LOYALTY TO MANAGER**

LEADERS THAT INSPIRE LOYALTY

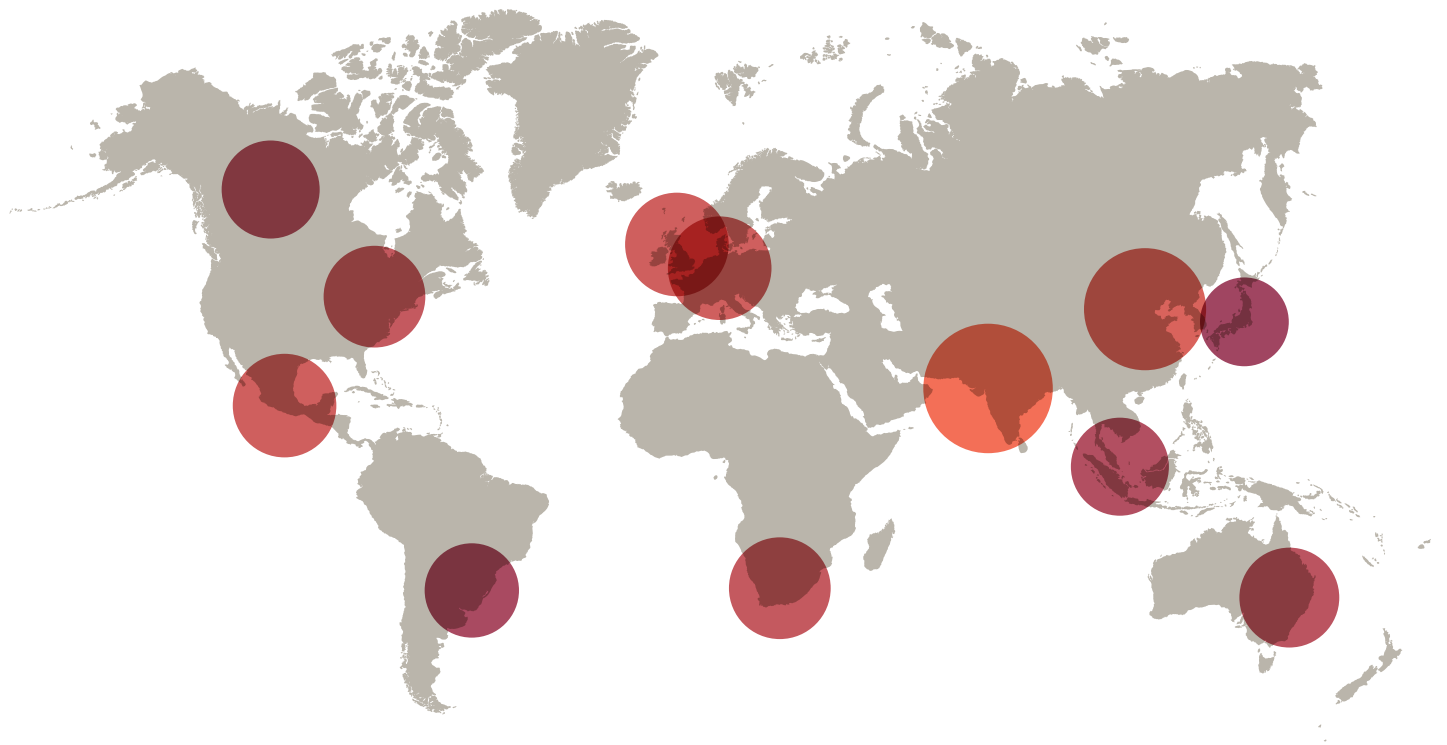


**MOTIVATION**

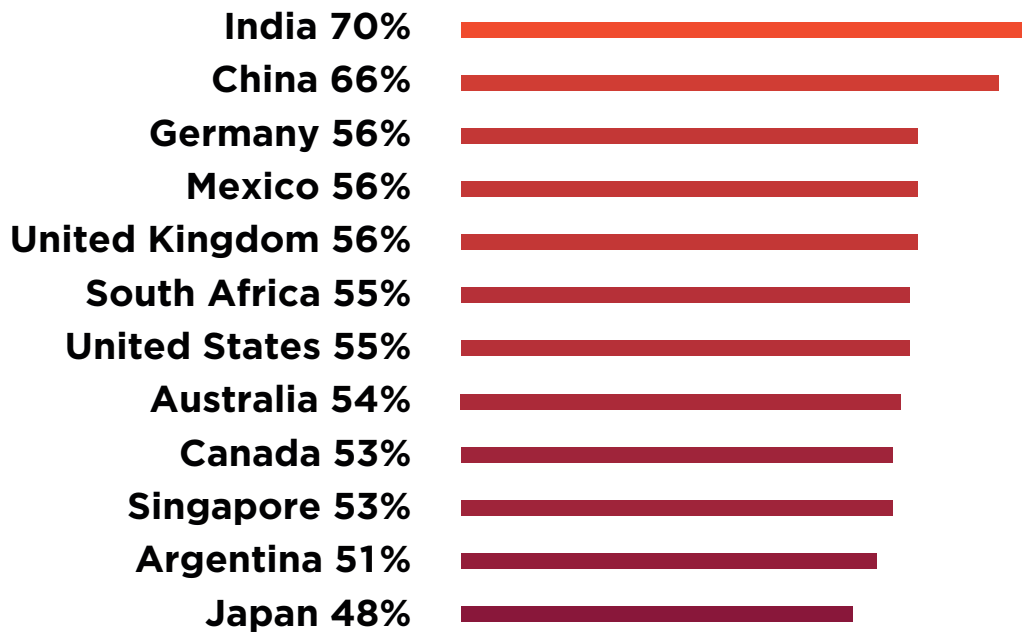
LEADERS THAT MOTIVATE THEIR TEAMS TO DO THEIR BEST WORK



EACH INDEX COMPONENT IS MEASURED ON A 0-100 SCALE. THE PERCENTAGES ARE CALCULATED ACCORDING TO RESPONSE AGREEMENT WITH THE STATEMENT.



### Talent Magnet Leadership Index Measured Across the Globe



## INTRODUCTION

Leadership may represent the most important of the six essential Talent Magnets. Leaders influence and provide support for purpose, opportunity, success, appreciation, and a sense of wellbeing.

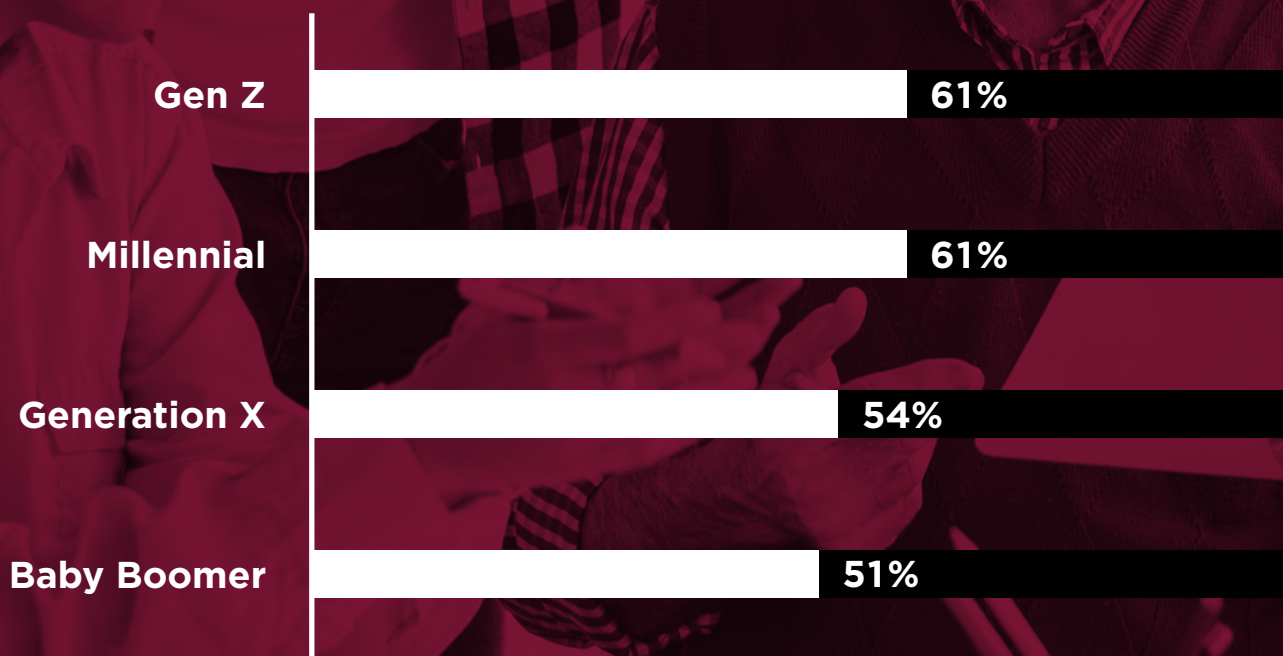
Leadership begins at the top. But leaders at all levels must be aligned with the corporate purpose and know how to build trust. We found that when a leader blames “management” for decisions, the odds of an employee staying at that organization decrease by 64%.

Leaders should lead, not just be “bosses.” Good leaders do much more than tell employees what to work on. They provide vision and purpose, inspiration and mentorship. They give opportunities for shared influence and input into decisions. They build a sense of camaraderie, success, and appreciation when goals are accomplished. They directly impact the employee experience.

**Employees with a high confidence level in their company’s senior leadership are 5 times more likely to remain with their employer more than 2 years compared to employees with no confidence.**

—US EMPLOYEE PULSE, QUALTRICS<sup>1</sup>

**We see generational differences in the perception of leadership. Generation Z and Millennials favorably assess their leadership 61% of the time, with Generation X and Baby Boomer employees at 54% and 51% respectively.**



## **INSIGHTS**

### **Leaders are Falling Short**

We found leadership to be one of the most divisive magnet topics. Almost every employee in focus groups shared both positive and negative examples of leadership. They shared stories and feelings about mentorship, trust, shared responsibility, collaboration, giving credit, camaraderie, and advocacy. They agreed that managers could do better.

Overall, employees strongly differentiated between managers who tell them what to do and leaders who help them accomplish something great. In many instances, the manager-employee relationship represented how the employee felt about the organization. One focus group attendee noted, “I do my best work when the company delivers on its promises because I feel like I should deliver on mine. The tone flows down.”

Negative behaviors also flow down. Unfortunately, many employees have lost trust (and motivation) due to their poor relationships with direct supervisors and senior leaders.

## RECOMMENDATIONS & IMPACT

There's a difference in leaders who lead by telling people what to do, and leaders who lead by influence. Influencers invite those they lead to make an impact.<sup>2</sup>

①

### **Teach leaders to be mentors and development advocates.**

One of the most useful things a leader can do is focus on developing the people who report to them. Leaders are in the unique position to advocate for and mentor their teams. Organizations should teach managers how to cheerlead their employees instead of just being the gatekeeper to their internal careers.

### **When a leader is an active mentor, our research shows employees feel a:**

---

**76% increase in feeling like part of a larger purpose**

---

**72% increase of connecting strongly with leaders**

---

**102% increase in feeling motivated**

---

**320% increase in a favorable perception of their leader**


---



## CASE STUDY—LEADERSHIP AT ADOBE

Adobe is a company known for its creative tools and solutions. To avoid hindering the creative abilities and energy of employees, the company felt that stack rankings were not the best way to judge employees' work and accomplishments. Instead, Adobe assigned employees challenging projects, and managers provided the mentoring and support to help them succeed. Instead of micromanaging and telling employees how they are doing through a rating, they're asking how they can help members of their team reach their goals.

The result is that subjective critiques and ratings were replaced by creativity and coaching. It's a process of mentoring where leaders inspire employees—and then get out of the way. Instead of providing feedback, managers are providing much more: motivation, support, learning, free-spirited innovation, and creativity. In turn, these employees become the mentors, and the cycle continues.<sup>3</sup>



**When leaders are perceived as mentors,  
as strong advocates for employee development,  
and connect employees with special projects,  
the results are incredible.**

**1,019% increased odds of a favorable  
leadership perception**

---

**582% increased odds of feeling appreciated**

---

**600% increased odds of feeling like they have  
opportunity at their organization**

---

**647% increased odds of feeling successful, at an  
individual, team, and company level**

---

**433% increased odds of feeling like their  
organization and work has purpose**

---

**837% increased odds of being engaged**



2

**Be transparent and stop blaming “management.”**

Leaders have a direct influence on the employee experience. Employees who have direct access to their leaders feel more ownership in their work and a stronger connection to organizational purpose.

**Be open and honest with employees. Stop blaming management.**

**Our data show organizations that fail to do so can see:**

---

**174% increased odds of not trusting their direct leader**

---

**64% decreased odds of staying at their organization**

---

**20% decreased odds of an employee promoting their organization as a great place to work**

---

**34% decreased odds in an employee feeling appreciated**

---

Shared leadership is a way for leaders to be transparent and more aligned with their employees. Shared leadership enables employees to develop skills with a more seasoned leader who can act as a mentor. It gives employees exposure to a variety of leadership styles and also provides them with additional avenues for connection, opportunity, and development.

**When leadership is shared, employees are:**

---

**225% more likely to believe their leader considers the needs of the team**

---

**55% more satisfied with the company culture**

---

### 3

#### **Get to know your employees on a personal level.**

This elevates the employee experience. Employees feel more appreciated and supported, feel like they belong in the organization, and know their leaders are advocating for them. Take a look at the difference in leaders in 2 stories from our focus groups below:

**Leader 1:** “The program manager came in to meet an assistant store manager that had been with [our company] for 19 years. He didn’t even stop to shake her hand. He just shook her hand while he was walking by. I thought, ‘Wow, that’s the respect you give somebody that’s been with the company that long?’”

**Leader 2:** “Our CEO was in my office yesterday. I had a conversation with him and he was listening to what I had to say. He can probably tell you the names of half the people that work here. And it’s like that with all of our senior leaders, so I’m very appreciative of that because I feel like they care.”

---

**Half of employees said they would turn down a 10% wage increase to remain with a great manager.**

**—ULTIMATE SOFTWARE<sup>4</sup>**

---

The CEO in the second example is not only getting to know his employees, but he’s also making sure his senior leaders are doing the same. Employees know their leaders are rooting for them and helping them make real contributions to the organization. Take a look at the drastic difference in employee perceptions when their leader takes the time to get to know them on a personal level.

## My leader takes time to get to know employees on a personal level

■ DISAGREE ■ AGREE

---

### My leader appreciates me



---

### I feel a sense of belonging at the organization where I currently work



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### My leader supports me



---

### My leader is a strong advocate for my development



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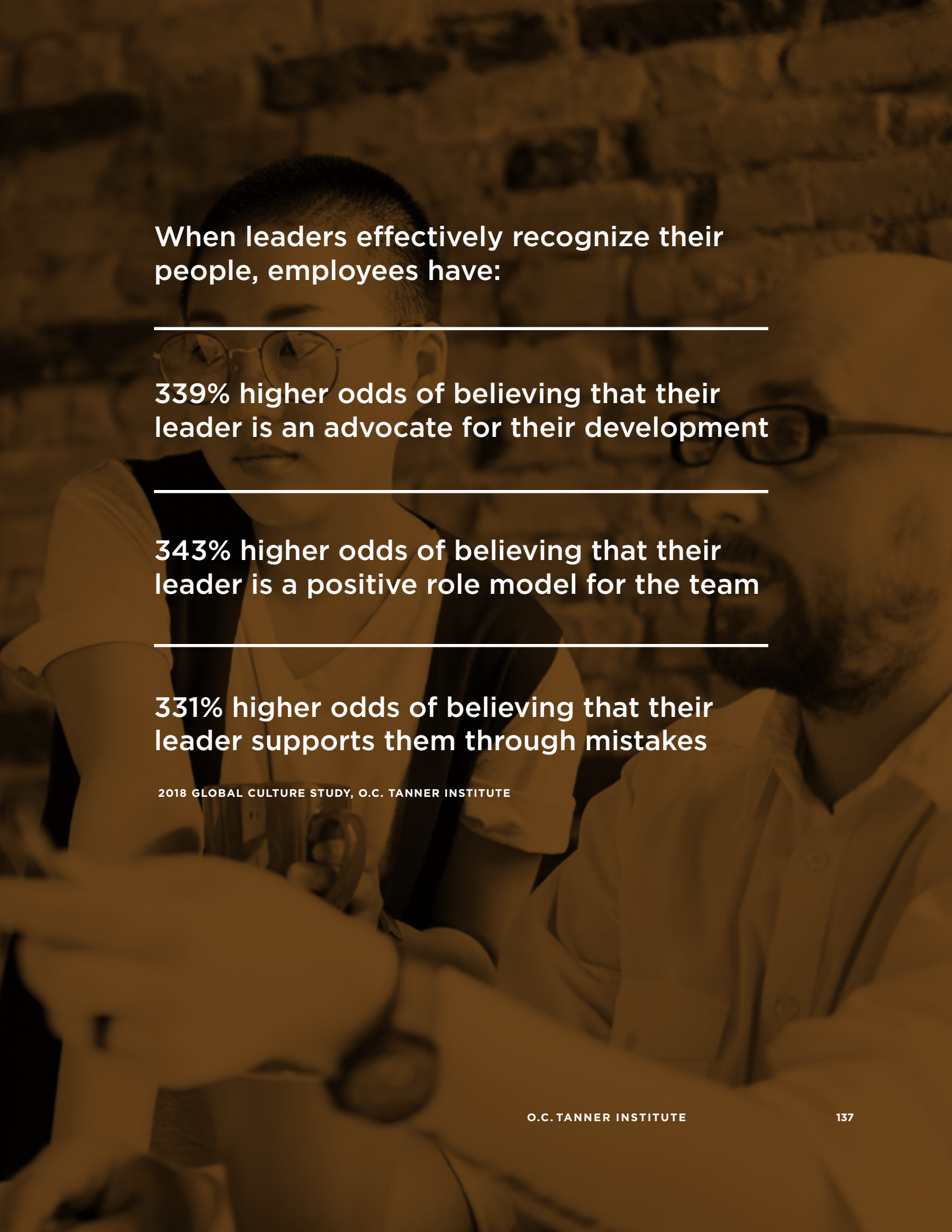
**“You have to break bread with them, sit at lunch and have lunches with them, cry with them, laugh with them. You’ve got to be down there constantly shaking hands, talking to them, asking them questions. There’s no finish line.”**

**—GENERAL MANAGER, TECHNOLOGY COMPANY**

4

**Recognize employees and build connections.**

Recognition is a powerful way for leaders to develop relationships. Employees want their leader to notice and appreciate them and their great work. Recognition provides an opportunity for leaders to improve relationships with their own team members, as it proves their leader sees their effort and values their great work. Recognition also allows the leader to connect an employees’ work with the organization’s purpose and foster peer-to-peer connections by recognizing employees publicly and encouraging cross-functional appreciation. Both peer-to-peer recognition and recognition from leaders are crucial—but there is something uniquely powerful about receiving recognition from your manager.



When leaders effectively recognize their people, employees have:

---

**339% higher odds of believing that their leader is an advocate for their development**

---

**343% higher odds of believing that their leader is a positive role model for the team**

---

**331% higher odds of believing that their leader supports them through mistakes**

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**“I wish my leader fostered teamwork and collaboration. I don’t just mean like the buzzwords, but really, making people feel part of something, part of an organization, whether it’s the large organization or smaller team. My team is not cohesive at all, and I think that affects all of our work. There’s so much my leader could do to help us work better together if she really fostered that feeling of a team.”**

**—FEMALE FOCUS GROUP PARTICIPANT, USA**

## **CONCLUSION**

### **Leaders Build Culture and Connection**

Leaders have the incredible potential to build a strong, positive culture filled with trust, connection, innovation, and loyalty. It all starts with them. But leaders must be influencers, not just doers, of great work. The leaders who truly succeed are the ones who create opportunities for connection and growth. They point to the organization's purpose. They provide meaningful work. They show how an employee makes a difference. And that is what building a great culture is all about.

### **LEADERSHIP—KEY TAKEAWAYS**

**Teach leaders to be mentors and advocates for development.**

**Help leaders be transparent and aligned.**

**Encourage leaders to get to know their employees personally.**

**Use recognition to build relationships.**

#### **Leadership Sources**

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3. Melissa Tsang, "Built, Not Bought," Referral Candy, May 6, 2017.
4. "New National Study Conducted by Ultimate Software Reveals Need for Greater Focus on Manager—Employee Relationships," Ultimate Software, December 4, 2017.



# One Last Word



## CONCLUSION

The 2018 Global Culture Report comes at a pivotal time, with the rapid pace of technological advances in business, major changes in workplace dynamics, and an increasing sense of disconnection in society. The workplace cultures organizations need in the future must be cultivated today. Companies should start by taking a hard look at how their employee experience is impacting their culture and begin connecting people to purpose, accomplishments, and one another.

Connection is essential to workplace culture. It changes mindsets, and bridges the differences caused by a diverse and digitalized workforce. It helps companies adapt and thrive in the sea of change and culture disruptors. It builds community when people feel increasingly disconnected. And it creates a workplace where people come together and work toward a common purpose.

At the conclusion of each of our focus groups, we asked participants to provide their thoughts on the importance of connection in the workplace. Why is connection with their peers and leaders so important? We heard 3 main themes:

**1. People want to connect with their “second family.”** Employees are working harder and spending more time in the workplace. Most employees spend more time at work than they do at home with their families on a given day. Connections and relationships at work create a more positive work experience. That’s important when people work 8-12 hours a day, 5 days a week.

**2. Connections promote a sense of belonging.** Humans are social creatures. We innately want to interact with other people. Employees want to fit in and belong in their organization. They want to feel part of a team. A lack of connection leads to loneliness and uncertainty of whether or not the employee belongs at the organization.

**3. Connections create a feeling of making a difference.** We hear over and over again that employees aren’t there just for the job. They want to feel a part of something bigger, contribute to a meaningful purpose, make a difference in the world. They want to strive for a common goal together, tackle challenges together, and find success together.



**“Our culture is the bedrock  
on which our brand and  
our company is built. Our  
culture is our ultimate  
differentiator.”**

**—RAJESH SUBRAMANIA,  
FEDEX VICE PRESIDENT AND GM**

---

5.3x

**Employees who feel a sense of belonging at work are 5.3 times more likely to feel empowered to perform their best work.**

---

Creating peak employee experiences in each of the six Talent Magnets builds connections to purpose, accomplishment, and to one another. These connections will produce a workplace culture where employees thrive.

Start with measuring your culture. Find out how you are doing in each of the Talent Magnets. How do your people feel about the employee experience? See where your peak employee experiences are. See where you need to improve. And then start improving.

Simple things like recognition, special projects, and continuous performance management are effective in improving all six talent magnets. Good leadership has the strongest influence on all the other magnets. If you are looking for solutions that give you the most impact, start with these.

Great workplaces empower employees and influence greatness. They make people feel connected and inspired. They are places employees want to engage *with*—not places where engagement is forced upon them. And that makes all the difference.

## **METHODOLOGY**

Survey data collected and analyzed by the O.C. Tanner Institute.

Qualitative findings are derived from 16 focus groups and 65 leaders among employees of larger companies and organizations, separated by gender. The groups were held in two phases: December 2017 and April 2018. Groups were conducted in Denver, CO; Minneapolis, MN; Toronto, CA; London, UK; and Sydney, AU. Each group represented a range of types of employers, including private companies, public companies, and government entities.

Quantitative findings are derived from online survey interviews administered to employees across Argentina, Australia, Canada, China, Germany, India, Japan, Mexico, Singapore, South Africa, United Kingdom, and the United States. The total sample size was 14,081 adults working at companies with 500+ employees. Fieldwork was undertaken between June 18-29, 2018.

This sample is sufficient to generate meaningful conclusions about the workplace culture of companies in included countries. However, as we do not have population data, results are subject to statistical errors customarily associated with sample-based information.

All figures, unless otherwise stated, are from the O.C. Tanner Institute.

O.C. Tanner is the global leader in software and services that improve workplace culture through meaningful employee experiences. Our Culture Cloud is a suite of apps and solutions, including recognition, service awards, wellbeing, leadership, and events that help people thrive at work. We proudly connect people to purpose, accomplishment, and one another at thousands of the most respected companies on earth.

The O.C. Tanner Institute conducts research and publishes insights that help organizations attract, engage, and retain top talent. This provides a global forum for exchanging ideas about workplace cultures that inspire greatness.

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