



ARTICLE

11,000 People Tell Us What Really Matters at Work and Why We Should Care

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The relationship between employers and their employees has shifted fundamentally. BCG research of 11,000 employees reveals that roughly one in four employees are at risk, meaning that they are not planning to be in their current job a year from now. If leaders want to keep their best people, they need to deploy more sophisticated analytics to understand their employee needs and focus investment on priority actions to reduce attrition risk and increase satisfaction, motivation, and feelings of inclusion.

To understand what really matters, we asked over 11,000 employees across the US, Canada, the UK, France, Germany, Australia, Japan, and India from October 6-30, 2023 how they felt about various aspects of work.

The results are fascinating and important for leaders defining their workforce priorities.

Workers are still looking for better employment. In fact, when we asked them about their expected retention—whether they see themselves with their current employer within a year—28% said no, with a range of 19% to 36% depending on the country. That means whether they are actively or passively looking, if a better offer came around, they would take it.

With so much talent at risk of leaving, we need to think about our employees the way we do our customers. Employees are constantly making choices: they choose where to work and how much energy to put into their work every day. As we would with customers, we applied analytical consumer research methods to understand which factors are the biggest drivers of retention.

Meeting emotional needs really matters. We tested over 20 different needs according to how important they were to employees, and their level of satisfaction with each one. Roughly half of the needs were functional, such as pay, hours, career advancement opportunities—and the other half were emotional, such as feeling valued and supported, and doing work you enjoy.

We found that when you ask employees directly whether or not they would take a new job, their answers refer to functional needs. Pay is an overwhelming first choice, followed by benefits and perks, then hours and work/life balance, work I enjoy/care about, and better career learning opportunities. But again, this is what employees say they want. This means if you want to lure employees to apply for a new job you should offer materially better pay, benefits, and hours.

If you get a bit more sophisticated and ask employees to make choices between different aspects of work, you get a different answer. This is MaxDiff analysis—it forces a person to make tradeoffs between multiple options, allowing you to see what really matters from a long list of options. When you do this, the top two needs remain the functional benefits of pay and hours and work/life balance—basic requirements for each job. But some emotional needs rise to the top as well—feeling fairly treated and respected, feeling like I have job security, doing work I enjoy. This means for example, that if you want a prospective employee to accept a job offer, you need to make sure they see in the recruiting process a culture that can meet these emotional needs.

We took this analytical methodology a step further, correlating the 20+ needs with employees' stated expectation to stay at or leave their jobs within a year.

Here, the case for meeting emotional needs becomes strikingly clear. Emotional needs dominated all five top needs identified (when correlated with retention), while functional needs like pay plummeted to the bottom of the list.

The top five needs correlated with attrition globally emerged as:

- Feeling like I have job security
- Feeling fairly treated and respected
- Doing work that I enjoy
- Feeling valued and appreciated
- Feeling supported

If you want your employees to stay with your organization, you should strongly consider delivering against these emotional needs.

When asking employees why they would take a new job, functional needs are at the top

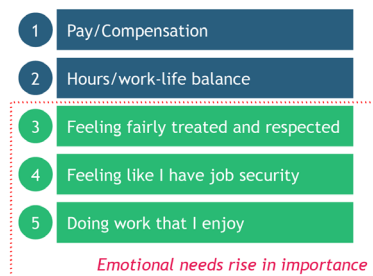
Top reasons workers would take a job at a new employer
% of participants that chose option



Functional Emotional

When employees have to make a choice, emotional needs rise in importance

Top preferences when forced to pick between options¹
Preference rank when participants chose option in trade-off



Emotional needs rise in importance

When you look at top needs correlated with attrition, emotional needs dominate

Needs correlated most to retention at one year²
R-Correlation value



Pay/compensation falls significantly

In a labor market with unemployment at record lows in many countries—for example, a steady 1.34 job openings per worker looking for a job in the US as of October 2023— and with, as we found, many workers open to leaving their job, the implications for employers are clear. They need to deliver the basic functional needs like pay, benefits, and hours, but more importantly, they increasingly need to meet their employees emotional needs of feeling secure in their job, feeling they are treated fairly and respected, enjoying the day-to-day work, and feeling valued, appreciated, and supported.

How to deliver on the emotional needs your employees seek

We know that it's critical for employers to fulfill employees' emotional needs, but how do leaders best do that? In an urgent context with finite resources, which priorities and investments make the biggest difference for retention?

With an immense amount of data at our fingertips, we identified the levers most correlated with resolving these five emotional needs from among 300 workplace characteristics—ranging from upskilling opportunities to working model and leadership. We found four significant, highly correlated characteristics:

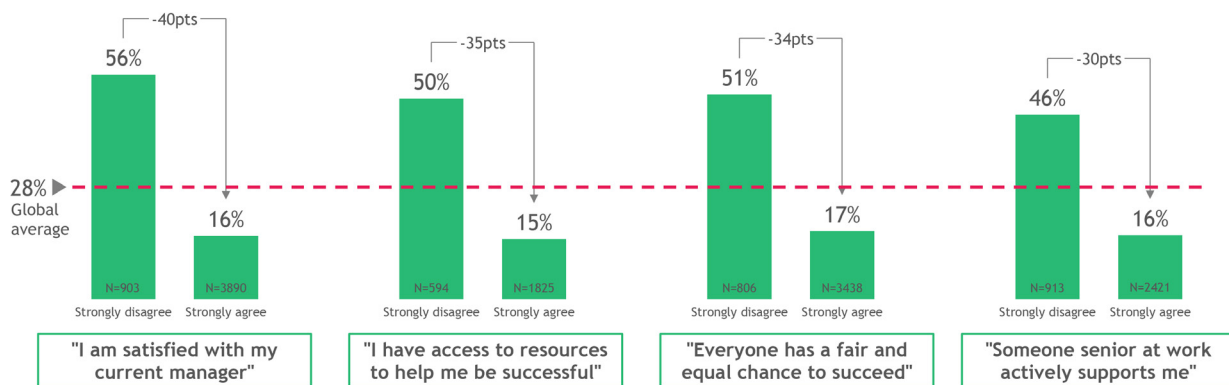
1. Great managers
2. Supportive leaders
3. Access to resources to be successful
4. Access to opportunity regardless of background



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Investing in upskilling to make all managers great is the best investment you can make to retain your best workers.

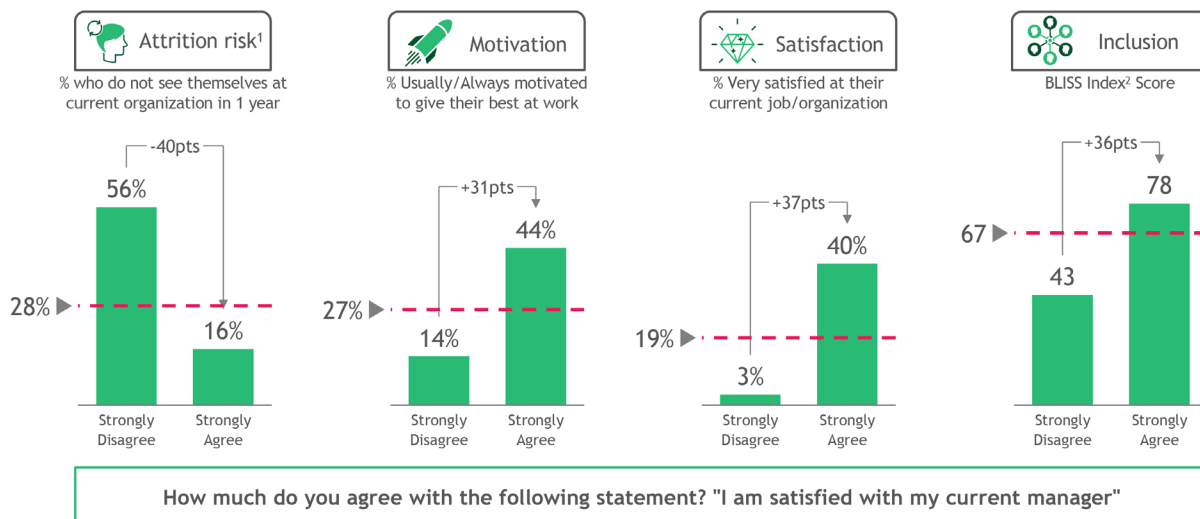
% who do not see themselves at current organization in 1 year



Managers matter—and have an outsized impact on retention

The most powerful lever for delivering these emotional needs is your day-to-day manager—which was also number one in seven out of eight countries we surveyed (it was number two in India, after ability to see a path to becoming an executive/leader). Managers have the power to make or break an employee's day—they're the ones who play the most influential role in shaping their team's day-to-day experience. They can recognize good work, have your back when something goes wrong, and understand what matters to you—or conversely, they can take credit for something you did, assign blame, or make you feel unseen.

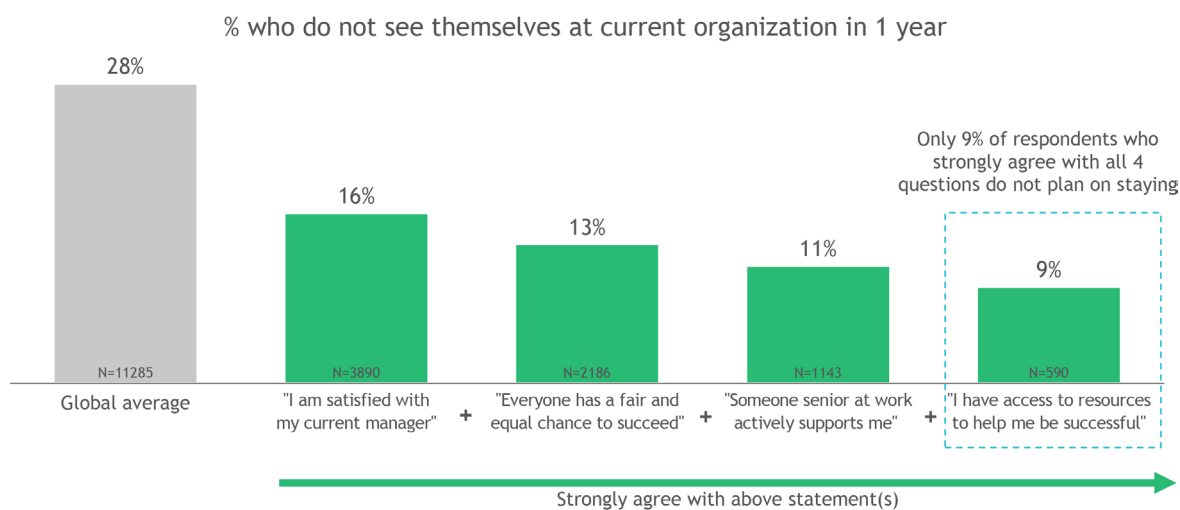
Investing in upskilling to make all managers great is the best investment you can make to retain your best workers. And even if you're not worried about retention—our research found that investing in managers is also linked to higher employee motivation, satisfaction, and feelings of inclusion.



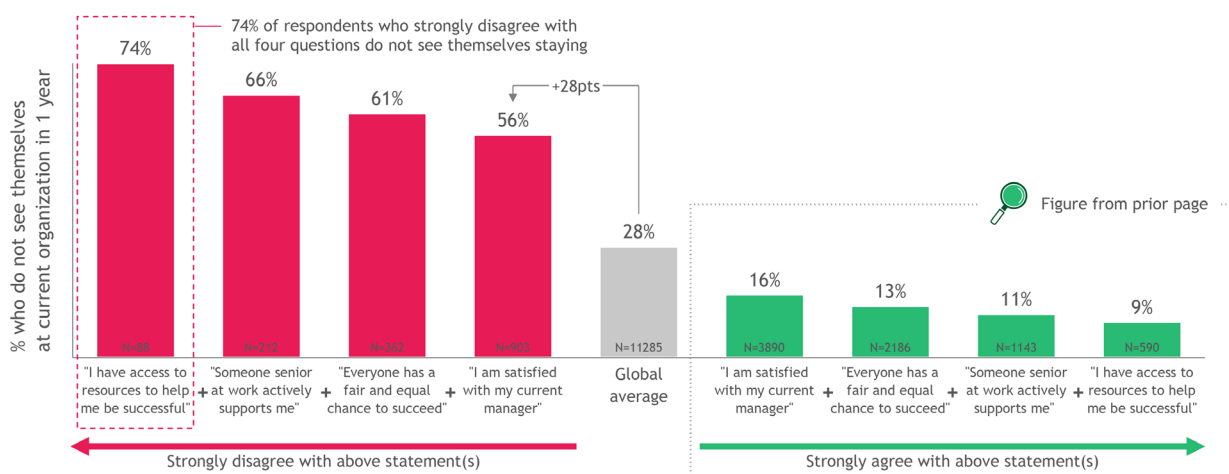
We found that great managers—those whom employees said they strongly agree that they are satisfied with—are associated with a 40-point decrease in attrition risk, a 31-point increase in employee motivation, and a 37-point increase in satisfaction compared with those who were strongly dissatisfied on a five-point scale from strongly disagree to strongly agree on an array of statements. Feelings of inclusion also rose by 36 points on the BCG BLISS index (Bias-Free, Leadership, Inclusion, Safety, and Support), which is a comprehensive, statistically rigorous tool measuring factors that influence feelings of inclusion in the workplace.

The other three levers—supportive leaders, access to resources to be successful, and access to opportunity regardless of background had very similar impacts globally when taken in isolation.

When satisfaction with manager, the single biggest retention lever, is improved, we found it correlated with a 12-percentage point reduction in attrition risk over the global average. Each additional lever you pull is associated with a 2 to 3 percentage point reduction in potential attrition. Pulling all four levers reduces attrition risk from the baseline global average by about two-thirds, from 28% to 9%.



What happens if these levers get worse? We looked at the impact on retention risk. Our analysis reveals that strong dissatisfaction with managers was linked to doubling of retention risk. Attrition risk for employees whose manager satisfaction falls goes from 28% to a whopping 56% attrition risk.



While leaders don't knowingly hire poor managers, or try to make their managers worse, certain circumstances can put manager quality at risk in a significant way. For example, implementing new technologies and strategies could stress managers depending on their existing capabilities. High manager turnover requiring newly promoted employees and new hires can also impact manager quality. It's important to pay attention to manager quality, and reported stress and burnout across managers, particularly in these situations.

Where to start

Now that we know investing in managers is the most critical lever for promoting strong retention outcomes, how should organizations think about hiring and developing excellent managers? What makes a good manager so good that their employees will overwhelmingly want to stick around?

One thing you can do is upskill managers on many dimensions of their leadership—from domain expertise to delegation skills to delivering clear feedback. Looking again at the quantitative findings from our 11,000-employee survey for insight into which characteristics correlated most highly with employee's reported satisfaction with their managers, we found the top characteristics encompassed interrelated themes, each of which can be addressed by senior leaders.

While the qualities addressed in this survey do not represent an exhaustive list of all possible qualities a manager could or should possess, they do provide a valuable place for senior leaders to begin seeking improvements from managers at all levels while they work to understand—with deep employee discovery tools—the needs (stated and unstated) of their own employee population and sub-segments within. The top three correlated manager characteristics we found in this part of the study included:

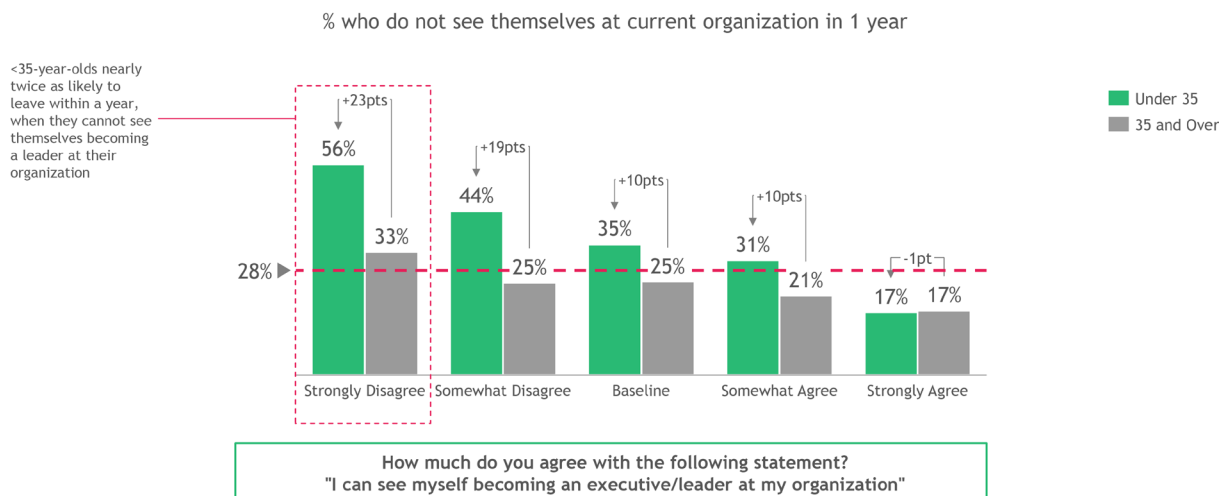
- ***My direct manager creates a safe working environment.*** Hazard-free and safe working environments are important for morale, productivity, and general employee wellbeing. Providing the appropriate resources and oversight to ensure workers have a safe place to work is imperative.
- ***I feel comfortable sharing my views with my manager when I disagree.*** Workers must feel safe voicing their opinions and making reasonable mistakes without fearing retribution. Process improvements often originate from frontline workers who should be empowered by their managers. Giving workers freedom and opportunities to collaborate and challenge established methodologies is a good first step.
- ***My direct manager is committed to diversity, equity, and inclusion.*** The benefits of a diverse workforce are well documented. Managers who not only work to build diverse teams, but demonstrate continued commitment to these ideals, enable workers to feel more comfortable and thrive in their workplaces.

Like customers, employees are all different

While addressing these four workplace characteristics is a great starting place, and a no-regrets move, specific populations have different needs. By segmenting our population of employees, we were able to identify some trends that provide insight.

For example, when segmenting the population for employees under 35, there are three key needs that hold paramount importance: continuous learning and personal growth, engaging in enjoyable work, and the prospect of career advancement. These elements are intricately interconnected and make this subgroup more inclined to envision themselves becoming

an executive/leader in their organization. In general, those under 35 are more likely to leave within the next year (35%, versus 25% for their over 35-year-old counterparts). But when employees under 35 cannot see themselves becoming an executive, they're over 70% more likely to leave compared with employees over 35 who do not see themselves becoming an executive/leader.



While there are overarching patterns at the workforce level that can help identify common needs, each organization is different. The distinctiveness is primarily shaped by the particular composition of its workforce, so it is imperative to gain a deep understanding of the organization's unique employee segmentation and distribution to best identify tailored strategies for intervention and improvement.

The bottom line

Our research highlights the current dynamic between employer and employee. Many employees are on the lookout for something better. It is therefore time to start thinking about your employees as customers. In any scenario, emotional needs dominate, and it is a no-regrets move to significantly invest in building better managers who can deliver the connection, support, appreciation, and motivation all employees—and frankly, all humans—crave.

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