

INSIGHTS EBOOK

Today's key workforce challenges and the role of employee connection

Executive Summary

Over the last couple of years, we've seen some significant shifts in the workforce. Change seems to be the only constant in the ever-evolving work landscape, and seismic shifts are underway. Many organizations struggle in this environment, finding it challenging to keep their workforce motivated and to stand out as an employer.

Luckily, insights from research, combined with good critical thinking, can help us understand the state of the workforce and equip organizations for turbulent times. How? In our analysis, one key topic stands out when unlocking an organization's full potential: cultivating more employee connection.

With that, let's dive in.

Contents



Executive Summary	2
Today's key workforce challenges – 7 trends	4
1. High workloads and lack of purpose cause stress	5
2. (Dis)engagement & the role of culture	6
3. Connections with co-workers improve engagement	7
4. Hybrid work is here to stay	8
5. It's not "one workforce", demographics matter	9
6. People want employers to have a positive impact	10
7. Recruiting and retention remain top workforce challenges	11
8. Key findings	12
Employee Connection	13
1. What is Employee Connection?	14
2. Why does Employee Connection have a real impact?	15
3. What are some effects of Employee Connection?	16
4. How can we foster Employee Connection?	17
About Goodthink	18
Sources	20

What are today's key workplace challenges? 7 Trends

High workloads & lack of purpose cause stress

Over the last few years, the trend of high-stress levels continued, with many traditional “well-being initiatives” being only minimally effective.

Based on an extensive survey encompassing over 100,000 participants¹, only 58% of employees perceive their stress levels at work as manageable. This highlights the pressing need to address stress and burnout issues in the workplace. Contributing factors to this alarming statistic include **heavy workloads, additional responsibilities, tasks burdening tenured employees, and a lack of support** throughout their tenure.

In addition, a **disconnect between purpose and work** exacerbates these challenges. Remarkably, **almost 90% of employees consider it essential that the work they engage in holds meaning.**² We know from year-long research in organizational psychology that person organization (P-O) and person job (P-J) fit significantly impact purpose.³ This research has shown that how employees **connect** with the values and culture of their organization matters, and so does the degree to which they feel their contribution matters.

(Dis)engagement and the role of culture

We all understand that people who are engaged give their best at work. However, new research shows how closely engagement is linked to organizational culture.

A recent study shows that globally, only **23% of employees are thriving at work, 59% are “quiet quitting,”** and 18% are “loudly quitting.” Those categorized under “quiet quitting,” almost 60% of the global workforce, are psychologically disengaged from their employer.⁴ They are “watching the clock” rather than finding fulfillment in their work. Those categorized as “loudly quitting” even actively undercut their company’s goals. Their relationship with their organizational leaders is often defined by mistrust.

As part of the same report⁴, employees were asked what they would change about their workplace to improve it. Remarkably, 85% of those who are not engaged, which comprises the majority of employees, gave reasons related to 3 main areas: **1. Engagement or culture (41%), 2. Pay and benefits (28%), and 3. Wellbeing-work/life balance (18%)** (p. 9).

When we looked closer at the answers, we found that people want to be recognized for their contributions and heard by their managers. Plus, many would like more learning opportunities that suit them and their career goals. Interestingly, **employers who recognize employees’ individual/demographical needs are much more likely to get it right regarding benefits and well-being.**

Connections with coworkers improve engagement

One area where we saw minor improvements in over the last few years is employees' relationships with co-workers, but there's still a lot to be done.

The Edelman–Trust barometer⁵ measures trust levels across various groups in organizations every year. Year after year, it has shown us that **employees most strongly trust their peers**. This is critical since peer relationships play a crucial role in employees' engagement and how they influence each other. Close connections with coworkers also significantly improve teamwork and decision-making.

Loneliness has slightly decreased over the last few years, but **over 40% of employees still experience loneliness at work**.⁶ Loneliness substantially negatively impacts productivity, stress management, and general well-being. An alarming 90% of "very lonely" employees looked for new jobs within the months they were surveyed. At the same time, many well-meant initiatives do not meet the real needs of employees: Perception gaps between organizational intentions and employee experiences are widespread.

Additionally, communication between different departments requires attention, with 86% of employees and executives citing lack of collaboration or ineffective communication as reasons for workplace failures.⁷ This fosters siloed mentalities, exacerbating internal competition and political tensions.



Hybrid work is here to stay

Another critical challenge for organizations is the new dynamics that come with accommodating and motivating a hybrid workforce.

In 2023, 12.7% of full-time employees worked from home in the USA, while 28.2% worked a hybrid model⁸, showing how normalized remote and hybrid work has become over the last few years. Importantly, it seems to be here to stay, with 98% of workers wanting to work remotely at least some of the time. **Estimates show that the trend of hybrid and remote work will increase**, with an estimated 32.6 million Americans working remotely in 2025, equating to about 22% of the workforce.

Since 57% of workers would look for a new job if their company didn't allow remote work, attractive employers must offer hybrid work arrangements. However, some **challenges come with remote and hybrid work**, just as opportunities exist. For example, employers need to find solutions to counteract the increased risk of burnout with digital communication tools amongst remote workers.

It's vital for companies in 2024 and beyond to ensure that everyone feels included and connected to the company. We have more insights into how organizations can build a strong culture for a hybrid workforce, focusing on meaningful interactions. Lastly, the shift to hybrid work is a chance to learn from the advantages of both remote work and office work and to rethink how we collaborate and accomplish company goals.

It's not "one workforce", demographics matter

Research confirms that different demographics perceive their organizations differently and have distinct employee experiences. Companies that account for varying needs perform best in creating diverse and inclusive work environments.

Significant disparities persist in diversity, equity, inclusion, and belonging (DEIB), particularly concerning career progression, with white men disproportionately represented in C-suite positions compared to women, especially women of color. Most importantly, the **daily experience differs depending on demographic factors such as age, gender, and ethnicity**. For instance, minority groups often struggle with belonging; women report higher stress levels than men, and neuro-diverse people regularly feel overlooked in their needs and qualities. Being seen and recognized authentically can make a huge difference. For example, black and Hispanic employees are 7x more likely to feel like they belong at their organization when they receive authentic recognition (compared to 4x more for white employees).⁹

While companies have made some progress in accounting for varying employee experiences, many DEIB initiatives are perceived as ineffective. For example, in a 2023 study, very few respondents (6%) rated their DEIB initiatives as effective (eight or above on a ten-point scale).⁹ Many organizations have only begun to tap into understanding employee experiences in their complexity and to see the value of employee listening. Many programs still rely on assumptions and suffer from perception gaps.

People want employers to have a positive impact

More people want to work for companies that align with their values and that do something good for the community. Organizations adopt and try to find out what works best for them.

In a survey of 2,000 employees in the U.S., **76% of respondents said they want to work for a company that tries to impact the world positively.** Almost two-thirds said that current efforts by businesses to tackle environmental and societal challenges do not go far enough.¹⁰ A study commissioned by former Unilever CEO Paul Polman also showed that more than 50% of employees would consider leaving their company if the company's values wouldn't match their own – and 35% already did for that reason (ibid.).

This shift is reflected both in the legal landscape and in voluntary actions by employers who want to attract better talent. Particularly in Europe, **“2024 presents a turning point in the ESG regulatory landscape, with various laws, including reporting requirements, coming into effect”.**¹¹ The US follows this direction, with frameworks like Environmental, Social, and Governance (ESG) and Corporate Social Responsibility (CSR) gaining importance. Service and test providers recommend analyzing emissions and social practices throughout the supply chain, leading organizations to look closely at their suppliers' and vendors' practices in this field. Thus, several organizations invite their partners to follow their lead. Yet, many organizations have only just begun understanding how to change sustainable practices concerning labor factors and environmental and procurement practices.

Recruiting and retention remain top workforce challenges

With employees, and especially top talent, looking for employers that best fit their own values and expectations, recruiting and retention remain key challenges in 2024 and beyond.

This is highlighted by the fact that **37% of employees actively seek new job opportunities or plan to do so within the next 12 months.** This wave may not surprise executives and organizations that had to respond to the dynamics of significant job shifts that took place in the 2021 Great Resignation Era. Remarkably, **3 in 5 employees would consider leaving their jobs if they didn't feel connected at work.**¹²

Many companies need help with effective recruiting and retention strategies. The uncertainty around which skills are needed now and in the future doesn't make things easier. **90% of recently surveyed companies claim they have skill gaps or will have them within the next two years.**¹³ Organizations must quickly understand their workforce's learning and psychological needs to recruit and retain the right talent.

What does it all mean?

High-stress levels, a shift in employee expectations, varying employee experiences – you may have noticed that the key trends are connected. What if this can help us make sense of it all?

We think that's the case. Most of today's workforce challenges can be summarized under one umbrella term: **employee connection.**

Employee Connection

A group of five diverse professionals (three women and two men) are sitting around a white table in a modern office setting. They are all smiling and appear to be in a collaborative meeting. The woman on the left is wearing a denim jacket and glasses. The man next to her is wearing a dark sweater. The man in the center is wearing a brown jacket. The woman on the right is wearing a teal top. The man on the far right is wearing a denim shirt and glasses. The background shows a white wall with a framed picture and a window with curtains.

What is Employee Connection?

When discussing Employee Connection, we refer to how employees feel connected to their organization.

It could also be described as a sense of belonging in the workplace that fosters pride in working for the organization. Employee Connection is grounded in several aspects of the employee experience that can be grouped into three areas¹⁴:

Connection to *work*

Having a sense of satisfaction and purpose day-to-day.

Connection to *people*

Developing relationships with peers, teams, managers, and leaders.

Connection to *culture*

Feeling that personal values align with the organization's culture, mission, values, and norms.



Why does Employee Connection have a real impact?

Employee Connection has a real impact because it answers people's deep psychological needs.

We may take on corporate roles, but we are all human.

We all require competence, the need to feel capable and effective in our pursuits. We all need relatedness and feeling connected and supported by others in meaningful relationships. And we all need purpose, a sense of direction, and meaning in life.¹⁵

These needs are **fundamental to human well-being and motivation**, influencing behaviors and overall psychological functioning outside and inside the organization. When we create employee connections, we answer people's critical psychological needs, benefiting employees and the organization.



What are some effects of Employee Connection?

Studies reveal that when employees feel connected to their work, they are significantly more engaged, with up to five times greater engagement levels, and are up to three times more likely to stay with the company.

Studies also found that when employees work alongside people they connect with, they're more committed to their jobs and communicate better within the team. Feelings of social connection lower the likelihood of anxiety and depression and improve decision-making, output, and overall satisfaction. Furthermore, the correlation between Employee Connection and company culture cannot be overstated, as evidenced by the fact that employees consistently name culture as a key satisfaction driver.¹ Thus, investing in Employee Connection is crucial for organizations as it directly impacts engagement, productivity, and employees' commitment to the company.



What's next?

Organizations must analyze and change employees' relationships with their work, other people, and the overall organizational culture.

The Concept of Employee Connection can guide the creation of exceptional, all-encompassing Employee Experiences that address the challenges organizations face in 2024 and beyond.

Here are three tips for approaching your Employee Connection Strategy:

1. **Listen to what's going on in your organization.** Don't rely on examples from other organizations. Get in-depth insights from your organization's employees and take the data seriously.
2. **Bring people on board.** Don't rely on one-sided communication. Studies have shown that employees care less about the overall organizational message than many leaders think—they care about their impact and experience.
3. **Invest in culture.** Culture is far more than the "soft elements" of work; it is how work gets done and how employees, leaders, and teams experience their company.



We're invested in your connection.

At Goodthink, we can help you on your Employee Engagement Journey from start to finish. Our work is guided by good thinking and in-depth insights rather than off-the-shelf solutions.

If employees feel disconnected from their everyday work, we can help you identify the challenges and create possible learning routes, development opportunities, or recognition designs that motivate your talent. We can also work on specific products or services with you, tapping into various aspects of the employee experience. If your talent feels disconnected from team members or the relationship between leadership and employees needs to be improved, we are here for you. We can uncover the dynamics at play and guide you through the changes.

Even if all you know is a general disconnection between employees and the organization, we can work with you to determine the root causes. We are here to make lasting changes, from process improvements to organizational culture transformations.

In our commitment to revolutionizing employee connection, we work with organizations to rethink what Employee Connection means in their workplace.

Let's talk.

At Goodthink, our in-depth knowledge of organizational psychology and experience design equip us to change organizations in the best way possible with you. We give you and your organization the attention you deserve and create solutions that work for you.

Our mission is to unlock your organization's potential.

Contact us today at hello@goodthink.com.

SOURCES:

1. McLean & Company (2023): HR Employee Engagement Trends Report.
2. PwC (2023): Turn up the volume on quiet quitting through employee listening. Capture your employees' unique engagement styles to boost productivity.
3. Ronshu, O. K. (2004): Person-Organization-Fit and Person-Job-Fit in Employee Selection, A Review of the literature, Vol 54. No. 6.
4. Gallup, Inc. (2023): State of the Global Workplace 2023 Report. It is the voice of the world's employees.
5. Edelman Trust Institute (2024): Edelman Trust Barometer , Global Report.
6. Killham, E. (2023): Loneliness as an Organizational Crisis: A Persona-Based Approach to Navigating Through the Silence, in Perceptyx.
7. BITAT (2019): 21 Collaboration Statistics that show the power of teamwork, in: bit.ai/collaboration-statistics/
8. Haan, K. (2023), Remote work statistics and trends in 2024, in: Forbes: www.forbes.com/advisor/business/remote-work-statistics/.
9. Gallup, Inc. (2023): From appreciation to equity: How Recognition reinforces DEI in the Workplace.
10. Cox, J. (2023) : Despite Economic Headwinds, employees still want to work for companies that care, in Forbes: www.forbes.com/sites/josiecox/2023/02/15/despite-economic-headwinds-employees-still-want-to-work-for-companies-that-care/?sh=7c577b2a6d20
11. Davies, P. A., Fortt, S.E., Huber, B.M. (2024): ESG Insights: 10 Things that should be top of mind in 2024, in: LW, Vol. 38, No. 4.
12. Blueboard (2022): The State of Workplace Connection Report examines the role of connection in driving Employee happiness and retention.
13. NSLS (2022): Explaining the skills gap crisis and how to fix it, in: The Science of Leadership, www.nsls.org/blog/how-to-fix-the-skills-gap-crisis.
14. Eaglehill (2024): Fostering Employee Connection beyond relationships delivers big business results.
15. Lopez-Garrido, G. (2023): Self-Determination Theory: How it explains the motivation, in SimplyPsychology: <https://www.simplypsychology.org/self-determination-theory.html>.

NOTICE:

THESE MATERIALS CONTAIN INFORMATION THAT IS CONFIDENTIAL AND PROPRIETARY OR PROTECTED BY U.S. INTELLECTUAL PROPERTY LAWS

By participating in this presentation and reviewing the following materials, you agree to be bound by the following: All of this information and materials are confidential and proprietary and shall remain the sole property of Unbridled and you shall have no rights to or in such information. You shall hold such information in strict confidence. You shall not make any disclosure of such information (including methods or concepts utilized therein) to anyone without the express written consent of Goodthink, LLC. All information herein is protected by applicable U.S. intellectual property laws and is owned by Goodthink, LLC or other third parties. No licenses or rights under any patent, copyright, or trademark are granted or are to be implied by Goodthink's disclosures of these materials to you.