
Engagement Index Germany 2023

Press Release

EMBARGOED RELEASE

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Gallup Engagement Index Germany 2023

Negative trend continues with more than 7.3 Million German employees 'actively disengaged'

- Only 14% of German employees engaged
- More employees than ever (45%) on the lookout for a job or open to new opportunities
- Four in 10 with less than 12 months' tenure already looking for a new job
- Less than half (40%) have full confidence in their employer's financial future
- Research Director Marco Nink: "Poor management is beginning to impact corporate success."

Years of operating in crisis mode, a shortage of skilled labour, and demographic change continue to have a significant impact on the German labour market. The number of actively disengaged employees has increased further to 19% of the German workforce – its highest level since 2012 (2022: 18%). The number of employees seeking to change jobs is also growing; now at 45% (2022: 42%), more employees than ever are actively looking or open for new opportunities. These are the key findings of the Gallup Engagement Index Germany 2023 published in Berlin on 24th March 2024. Conducted annually since 2001, the long-term study measures, among other things, the emotional engagement of employees and is one of the most important indicators of the quality of Germany's management and workplace culture.

The German employment market is becoming increasingly dynamic. While employee engagement remains at a low level following the high results of the pandemic years, a record number of employees are looking to change jobs.

Only 14% of respondents (2022: 13%) experience good management which in turn fosters employee engagement. Although the 2023 result has improved slightly compared to 2022, it is the second lowest value since 2011. Most German employees (67%, 2022: 69%) are not engaged: They do not feel emotionally connected to their employer and perform the minimum amount of work possible. The number of actively disengaged employees continues to rise and, at 19%, is at its highest point since 2012 (2021: 14 %, 2022: 18 %). However, active disengagement is not only a problem for employers, whose performance and competitiveness suffer as a result, but also for the German economy: In 2023, the estimated economic cost caused by active disengagement due to lost productivity amounted to between 132.6 billion and 167.2 billion euros*.

Nearly half seek to change jobs again within first year

All this results in just over half (53%, 2022: 55%) of employees still wanting to be with their current employer in a year's time. This continues a consistent downward trend we have seen over the last five years: In 2018, 78% of employees agreed with this statement. The medium-term trend is equally worrying: While 65% of people strongly agreed that they want to be working for their current employer in three years' time back in 2018, this number has fallen continuously over the years to 40% in 2023 (2022: 39%).

Employees seeking to change jobs seem to look more closely at the state of the job market than of the economy: Seven in 10 respondents (71%) consider it to be a good time to look for a new job, even if this positive perception has cooled somewhat since the record high in 2022 (81%). There is now slightly less "hunting" for job candidates too: only a quarter of respondents (25%) stated that they had received a job offer from a head-hunter in the past 12 months, down from 31% in 2021 and 27% in 2022.

"Poor management is beginning to impact corporate success. Despite the ongoing crisis, Germany's employees see good opportunities for themselves in a situation that remains favourable for them. Even if we keep reading more and more about the economic and transformation-related job cuts going on at some companies, we must not forget that we are already experiencing a labour shortage which will only intensify as baby boomers enter retirement age," says Marco Nink, Gallup Director of Research & Analytics, EMEA. "For companies, the current economic developments not only impact business results, they also create a lot of uncertainty. Managers often forget about people management in the face of cost and crisis management. One cannot function without the other."

Employee engagement pays off: Among engaged employees, 79% plan to be with their current employer in a year's time, compared with only 31% of actively disengaged employees. Further, only 5% of engaged employees are actively looking for a job, while 24% of actively disengaged employees are doing the same. And 63% of engaged employees say they would recommend their employer to friends or family members, with only 4% of actively disengaged employees doing so. These insights are particularly important when it comes to recruitment.

Company leadership inspires little employee confidence

In addition to engagement, employees' confidence in their company's prospects is also declining. Only 40% (2022: 41%) have full confidence in their company's financial future. In 2020 – the first year of the COVID-19 pandemic – employee confidence in their employer's future reached 55% – the highest level ever measured – but has since fallen below pre-pandemic levels (2019: 48%, 2018: 46%). In the same vein, employee confidence in leadership's resilience when faced with a crisis is also crumbling: Only a quarter (25%) are fully convinced that their company's leadership has what it takes to successfully manage emerging challenges. Since 2019, this number has plunged 16 percentage points – and is now below pre-pandemic levels.

"Leadership must set a clear direction, convey a spirit of optimism, and think in terms of opportunities rather than in crisis mode in order to boost confidence and inspire employees to follow the company's strategy. After all, you can only get through difficult times successfully if you take everyone with you and have your employees support needed change," says Pa Sinyan, Gallup Managing Partner, EMEA.

Recruitment is a growing challenge

In Germany's current labour shortage, recruitment is becoming increasingly complex and costly. Four in 10 employees (38%) strongly agree with the statement "My company has great difficulties in meeting the demand for suitable skilled workers". Ten years ago, this figure was half that at only two in 10. And a mere 16% of employees are convinced that their company can attract the best talent.

German companies also appear to have limited success in retaining the new hires they have worked so hard to attract. The study's findings show that 40% of employees who have been with their employer for less than 12 months are ready to move on: Of this figure, 15% are actively looking for a new job, while a further 25% are open to new opportunities. Among new hires, fewer than half (48%) fully intend to be with their current employer in a year's time, and only 29% would recommend them unconditionally to friends or family members. Inadequate onboarding can be a contributing factor to this sobering result: Only 22% of employees rate their employer's induction process as "excellent".

"Good onboarding not only reduces the time until new employees are productive, it also allows them to create an emotional bond with the organisation right from the start. As a result, new hires will stay longer and recommend the company as an employer to others more often. Unfortunately, many managers don't get involved sufficiently in this important process", says Nink.

Good management boosts employee motivation

The deciding factor for employees' willingness to change jobs is their experience with management. Only 22% of employees are fully satisfied with their direct manager (2022: 25%). Furthermore, employees do not feel that managers recognise and value their strengths. Only 27% state that their manager focuses on strengths in their day-to-day work. Of these, 29% are engaged and only 5% actively disengaged. In contrast, only 3% of employees reporting that their manager does not focus on their strengths are engaged, while 40% are actively disengaged.

Another material consequence of low engagement is absenteeism. While actively disengaged employees took an average of 9.1 sick days in 2023, the number of sick days for engaged employees was nearly half this figure, at 4.8 days.

Employee engagement is also a key component for the success of transformation initiatives taking place in many organisations at the moment. For example, 68% of engaged employees – but only 20% of actively disengaged employees – strongly agree with the statement "In general I support upcoming changes in my company".

"Good management is never more important than in difficult times," emphasises Nink. "Instead of avoiding responsibility, managers have to prioritize good management, because it impacts their employees' engagement, which in turn is linked to business outcomes like productivity or customer focus and loyalty. No company can afford to lose good employees because of poor management."

Additional important key figures

Impact of engagement on company performance:

- 18% to 43% lower turnover (43% for low-turnover organizations, 18% for high-turnover organizations)
- 81% lower absenteeism
- 64% fewer safety incidents (accidents)
- 41% fewer quality defects
- 10% higher customer loyalty/engagement
- 14% higher productivity

Source: Gallup meta-analysis of 276 companies, as of October 2020

Detailed information and further data points can be found in the Gallup Engagement Index Germany 2023 report: www.gallup.com/workspace

About the Gallup Germany Engagement Index

Each year since 2001, Gallup has compiled the Engagement Index for Germany based on twelve survey items pertaining to the workplace and work environment: the Gallup Q¹²®. The study measures the degree of employees' emotional attachment to their workplace and their level of engagement and motivation at work.

For the most recent study, a total of 1,500 randomly selected employees aged 18 and over in Germany were interviewed in German by telephone between November 20 and December 22, 2023 (dual frame: landline and mobile phone sample; random selection of telephone numbers, random selection of the target person in the household using the birthday method for more than one relevant target person per household). The results are representative of the workforce in Germany aged 18 and over.

About Gallup

Gallup is a research-based consulting firm at the intersection of economics and psychology. Through ongoing research in over 150 countries and more than 85 years of experience in behavioural economics, Gallup has extensive knowledge of the attitudes and behaviours of employees, customers, and suppliers.

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