

What talent wants from employers in 2024

A deep dive into the European workforce

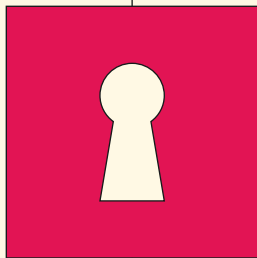
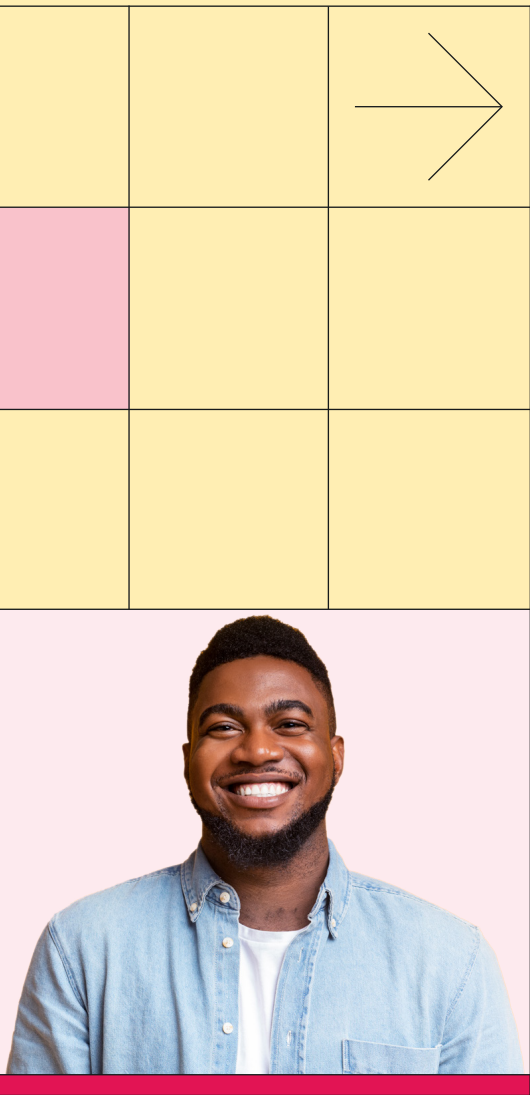


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The *new era* of talent management

Talent management is essential to improving your organization's ability to attract, retain, engage and develop talent; but it's become more challenging to meet employee expectations. This is especially true during periods of economic uncertainty, when the top priority seems like it should revolve around the company balance sheet.

Organizations who prioritize talent management will see greater engagement, a reduction in attrition and an enhancement of high performers. Culture Amp research has found when organizations focus on engagement, they can generate 25% higher share price than those who don't.

Get employee experience right, and your organization will fare better in an increasingly more competitive talent market. Companies are hiring across borders more than ever before, giving HR teams a good opportunity to identify differences in what talent needs in different regions. This helps inspire global strategies tailored to the candidates that companies are looking to attract and retain.

This report dives into what's needed from talent management to create a high performing and skilled workforce that is motivated, engaged, and aligned with the organization's objectives.



"To develop and attract talent in a distributed world, companies need to really understand what different employee groups need and want from the workplace. If you've created an environment where employees are thriving, it will show.

Doug English

Co-Founder and CTO, Culture Amp

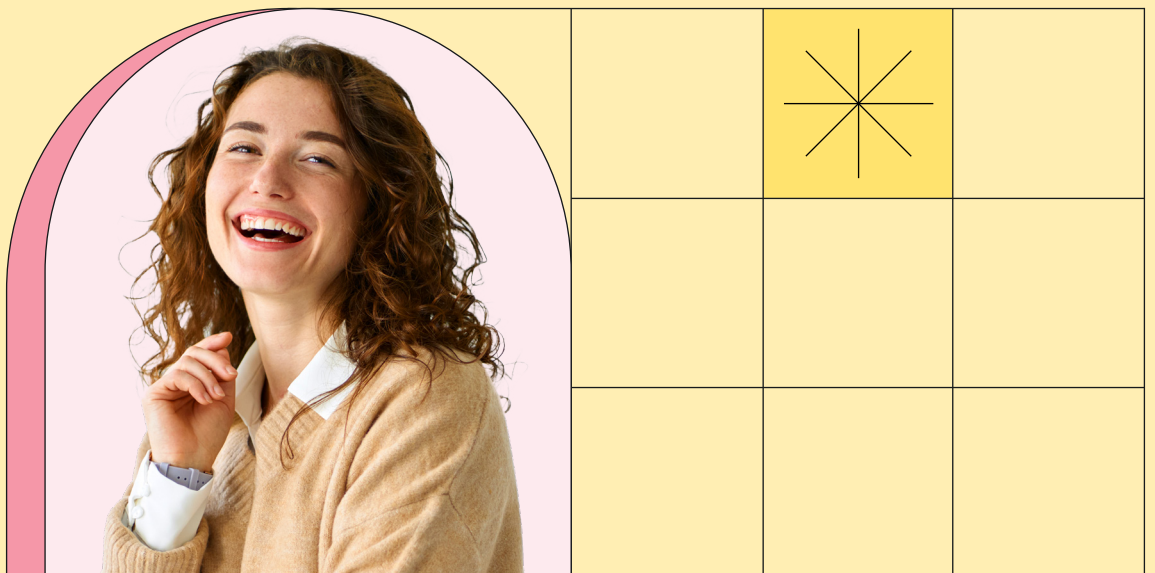
About the Research

Culture Amp works with over 6,000 organizations, giving us a wealth of data and insights to help guide HR's decision making in the year ahead. In this report, we reviewed insights from our data to define the key levers of talent management for competitive advantage, positioning Employee Value Proposition (EVP) at the center.

In this report, we will refer to employee engagement and engagement scores. At Culture Amp, we define employee engagement as the levels of enthusiasm and connection employees have with their organization. An employee engagement survey is the best way to understand if your employees are engaged or not, and what's driving engagement.

The Culture Amp employee engagement survey uses five questions to determine employee engagement. The questions encompass employees' level of pride, recommendation, motivation, present commitment, and future commitment.

Scores are reported as percentages showing the percentage of people who agreed/were neutral/disagreed to a question out of all people who answered. As it's possible for people to skip questions, we do not use the total count of participants when calculating scores. We only use the count of people who left a response to a question.



Regional differences: UK and Germany

People don't always have the same motivations or expectations, which we found when looking into our data of two of the biggest economies in Europe: the UK and Germany.

Both economies have a unique set of challenges.

UK

A widely reported skills shortage has meant the nation is falling behind its European peers when it comes to productivity, and many C-suite leaders are worried about the future of their organization if the right talent isn't available.

Firms are also cutting spending on staff training and learning and development. Furthermore, immigration controls post-Brexit mean the European talent pool is no longer as readily available, leading organizations to solve their talent problems in-house.

GERMANY

An aging population means skills are leaving organizations due to retirement and not enough younger workers are filling the gaps. This, on top of employers noting young people are not prepared well enough by the German school system for trainee programs, is creating a gaping hole in the country's skills offering.

Global employee engagement has declined minimally by just over 1%. However, this problem is more pronounced in Germany and the UK, where engagement has declined year on year by 3.3 and 2.4% respectively.

A good talent management strategy is key if businesses in these economies will continue to flourish, and this report will help you better define the problem and diagnose the solution.

Retention through engagement

You cannot prioritize everything when it comes to talent management. An organization's time, effort, and resources need to be channeled appropriately. Employee engagement is central to talent management. In fact, our research shows that highly engaged organizations are almost 20% more productive than organizations with lower engagement. But the solution for engagement is never a one-size fits all approach.

What made employees engaged across Europe in 2023?	
1	Confidence in leaders
2	Leaders demonstrate people are important
3	My company makes a contribution to my development
4	Leaders have communicated a vision that motivates me
5	My company effectively directs resources (funding, people and effort) towards company goals

What does this mean?

Across Europe, in previous years, it was an employee's personal career development that ranked highest for what drives employee engagement, but in 2023, it was replaced by confidence in leaders.

Employees also need to feel valued by their leaders through compensation, reward, or recognition and fairness. However, organizations are not responding to this shift.

Employee feedback in many of Culture Amp's 2023 surveys revealed some companies are tightening their finances, reducing roles, or not replacing and minimizing opportunities and rewards. It's clear HR has work to do in 2024.

Senior leaders aren't meeting employee expectations

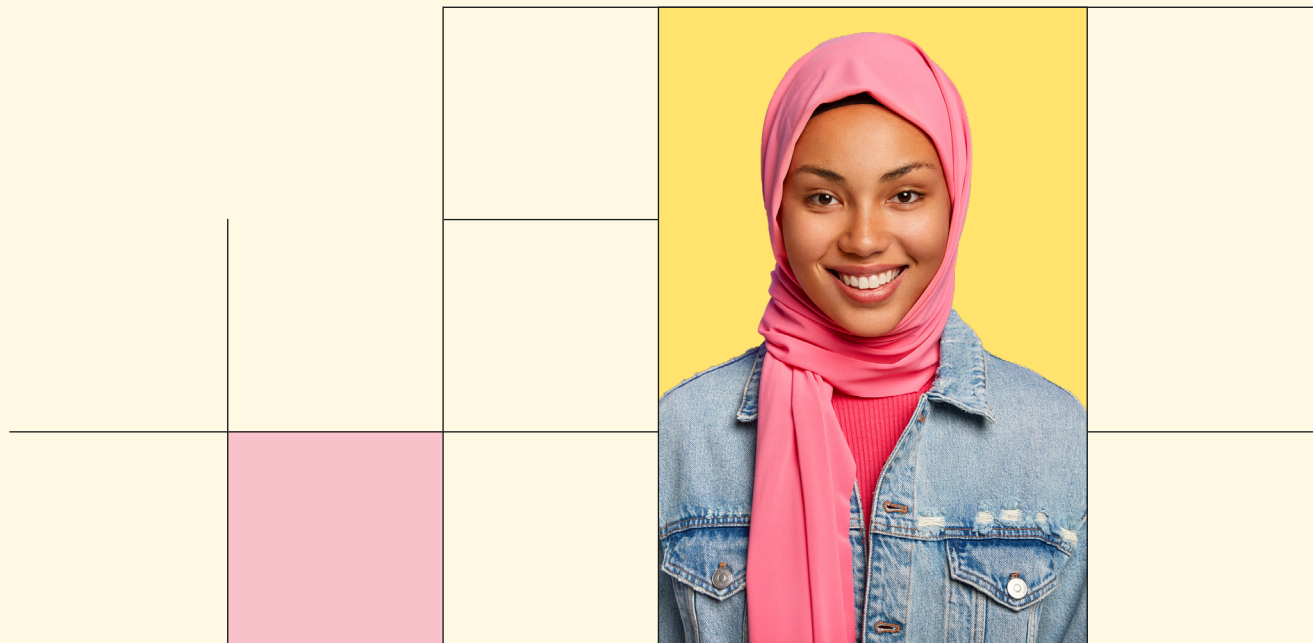
Confidence in leadership remained the number one driver for engagement in Europe, but whether employees have confidence in their leaders is a different story.

Employee scores for company confidence and leadership have dropped the most in the last year.

We usually see scores for confidence in senior leadership and the company confidence scores go down in periods of change and uncertainty. So while leadership is even more important, at the moment UK and German employees don't have enough faith in their leaders.

Employees also think senior leadership falls back to more authoritative patterns when faced with a crisis. Culture Amp has observed that through historically challenging times, employees are likely to experience less transparency, more micromanagement, and less involvement in decision making.

Employees will therefore be looking for companies where they feel confident that their senior leaders can deliver in 2024.



Regional differences in 2023

UK

There were substantial engagement score drops in company confidence, leadership, feedback, recognition, and development. Recommending the company to others and pride in the workplace has dropped by -3 and -4 respectively.

This is particularly concerning since confidence in leadership and leaders demonstrating that people are important to the company's success have increased as top engagement drivers in 2023. There was a larger decline in pride in the UK than across the rest of Europe.

GERMANY

In Germany, engagement scores with the highest drops were in company confidence, social connection, actions as a result of the survey and leadership. This contrasts with German employee's key drivers of engagement- the top being the company contributes to my development and confidence in leadership.

The drop in social connection is particularly concerning, as German employees indicated that making a positive difference at work grew by +7 in 2023 as a driver of engagement, yet, companies are scoring worse in this area than they have in previous years.



Key takeaway

Employees expect leaders to communicate an inspiring vision and illuminate how their people contribute to that mission. Leadership is also expected to make strategic decisions that effectively allocate resources and recognize and drive high-quality service and products.

Performance and *productivity*

In challenging times, it is the willingness of employees to do what is required in the situation—rather than just fulfill specific job descriptions—that makes a difference.

Leaders need to focus on motivation just as much as business outcomes to create a better understanding of productivity in their organization. It's therefore vital for HR to understand what motivates their employees.

What motivates employees across Europe?

	A great company which contributes to employee development
	Leaders communicating a vision that motivates employees
	Confidence in leaders
	Leaders demonstrate that people are important to the company's success
	The right people are rewarded and recognized

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High performing employees

High performing employees represent the genuinely exceptional members of your organization.

While some employees will currently be wary of taking a risk by moving to another role, high performing employees are best positioned to jump ship, and an overreliance on their skills gives the best talent more motivation than ever to take on a new role.

There are two fundamental parts of creating a better workplace for high performing employees: good performance management and recognition of work.

How do we *define* what makes someone a high performer?

What qualifies someone as a high performer ranges from company to company, but most definitions recognize these employees' high level of effort and disproportionate positive impact.

High performing employees are:

- Uniquely motivated by constructive feedback
- Most likely to advocate for their company if they agree with and approve of performance management practices
- More likely to commit for the long run if they have resources for dealing with stress and feel supported

Under-performing employees

It may be tempting to focus on high performers when it comes to productivity, but a good talent management strategy covers all types of performance.

Depending on the organization, underperforming employees typically make up between 0 — 20% of an organization, and employees in Germany, UK and Europe overall largely do not feel like underperformance is handled in an effective way.

Our data indicates many organizations overlook the employees who would most benefit from more support. Employees who weren't rated as "high performers" are not given the resources and manager support that would ultimately help them become high performers.

What *contributes* to underperformance in organizations?

Employees across Europe are skeptical of how effective their companies are at handling underperformance.

"I don't have a strategy for achieving goals"

There is a uniquely high correlation between motivation and strategy for under performers, meaning they need a shared strategy to feel motivated.

"I feel like I'm in the wrong role and therefore don't feel committed"

Many under performers leave because their current role is different to what was described to them. In fact, this comes above looking for a job at another company in terms of reasons for leaving an organization.

"I don't feel supported by my manager"

Under performers have the least favorable opinions of their managers—especially when it comes to managers setting a clear strategy, giving useful feedback, knowing the challenges of the team and making employees feel valued.

Connecting performance with recognition

Differences in feedback and recognition perceptions by region

Statement	Europe	Germany	UK
I receive appropriate recognition for good work at my organization.	69%	67%	68%
My job performance is evaluated fairly.	71%	70%	71%
When it is clear that someone is not delivering in their role, we do something about it.	48%	50%	50%
Generally, the right people are rewarded and recognized at my organization.	58%	50%	57%

What does this mean?

Reward and recognition continue to be a sore point for organizations across Europe. However, in Germany, the belief that the right people are rewarded and recognized is much lower than the average rate across Europe and the UK. People teams in Germany need to focus on who is recognized—and why—to improve productivity rates in the region.

HR needs to make expectations clear and provide development opportunities and manager attention to ensure the right people are rewarded.



Key takeaway

All employees have the potential to improve their performance with the right support, just as every employee's performance can also wane without it. What gets measured gets done, so monitoring performance through surveys and feedback will allow HR to recognize what drives performance and who should be rewarded for their efforts.

Attrition

Attrition has been an ongoing issue for organizations over the last few years and has had a monumental impact on business success. It's even more of an issue for highly specialized roles in high competition in the market, where hiring to replace can be long and difficult.

The issue of scarcity for talent is exacerbated by attrition, particularly for the German market. There's no use in building an effective recruitment program only for talent to leave. This is where a focus on good talent management practices can help.

The top driver of attrition in 2023 globally remains the lack of career opportunities, which Culture Amp found is also reflected in the top attrition drivers for different markets. However, when we look at specific regions, there are important nuances which create a varied picture, as noted in the following regional breakdown.

Regional differences in 2023

GERMANY

In Germany, the main cause of attrition remains that employees don't think their current role is what was described to them. This suggests there needs to be more realistic job previews in the region to prevent churn of talent. What is most interesting about this data is that a lack of career opportunities was ranked at 25 in 2022, but has leapt to one of the top five reasons for attrition in 2023, showing that a lack of professional development opportunities is a growing issue in the German market.

Top drivers for attrition	2023 Rank	2022 Rank	Change
I am happy with my current role relative to what was described to me.	1	1	None
My organization is a great organization for me to make a contribution to my development.	2	8	+6
The leaders at my organization demonstrate that people are important to the company's success.	3	5	+2
The leaders at my organization have communicated a vision that motivates me.	4	2	-2
I believe there are good career opportunities for me at my organization.	5	25	+20

Here we see that what most drives attrition in the UK closely matches the top drivers of engagement across Europe. The increased emphasis on leadership is of particular importance.

Top drivers for attrition	2023 Rank	2022 Rank	Change
I have confidence in the leaders at my organization.	1	1	None
The leaders at my organization demonstrate that people are important to the company's success.	2	6	+4
Day-to-day decisions demonstrate that quality and improvement are top priorities.	3	8	+5
My organization effectively directs resources (funding, people and effort) towards company goals.	4	5	+1
The leaders at my organization communicated a vision that motivates me.	5	3	-2

What does this mean?

There is a strong connection between what is driving attrition and the key drivers of engagement in both Germany and the UK, most notably confidence in leadership and a recognition by leaders of employees being important to company success.

If HR connects the dots between what employees need to be engaged and their current offering, attrition will inevitably become less of an issue.

Connecting employee development and attrition

Managers are having to deal with challenging market conditions, on top of making sure employees feel they have opportunities to develop in their role.

Senior leadership teams are therefore facing the never-ending cycle of reskilling and recruiting their teams. This is costly to a business, and the psychological impact and stress on business leaders, people managers, and remaining employees should also be considered.

It's important that an organization's learning and development opportunities are fair and clearly understood by staff as early as possible in their employment.

Personalized development plans can help reassure employees that their organization cares about them, and supports the idea that learning is a lifelong activity.

Employees using personalized development plans see a 30% average performance rating increase. This can also futureproof organizations with whatever skills and talent challenges they may have in the future.

Creating development plans can also instill confidence in employees that their organization has a vision for the future, which we have already seen is important to the employee experience and engagement.



Key takeaway

There will always be levels of acceptable attrition in terms of costs to the business, but there are some roles or functions which will be harder to recruit and therefore more of a concern. But it's in HR's power to develop understanding on the nuance of attrition rates, rather than the headline figures which may not tell the whole story. Surveying employees can help prevent an employee from feeling like they have no choice but to jump ship.

Developing *talent*

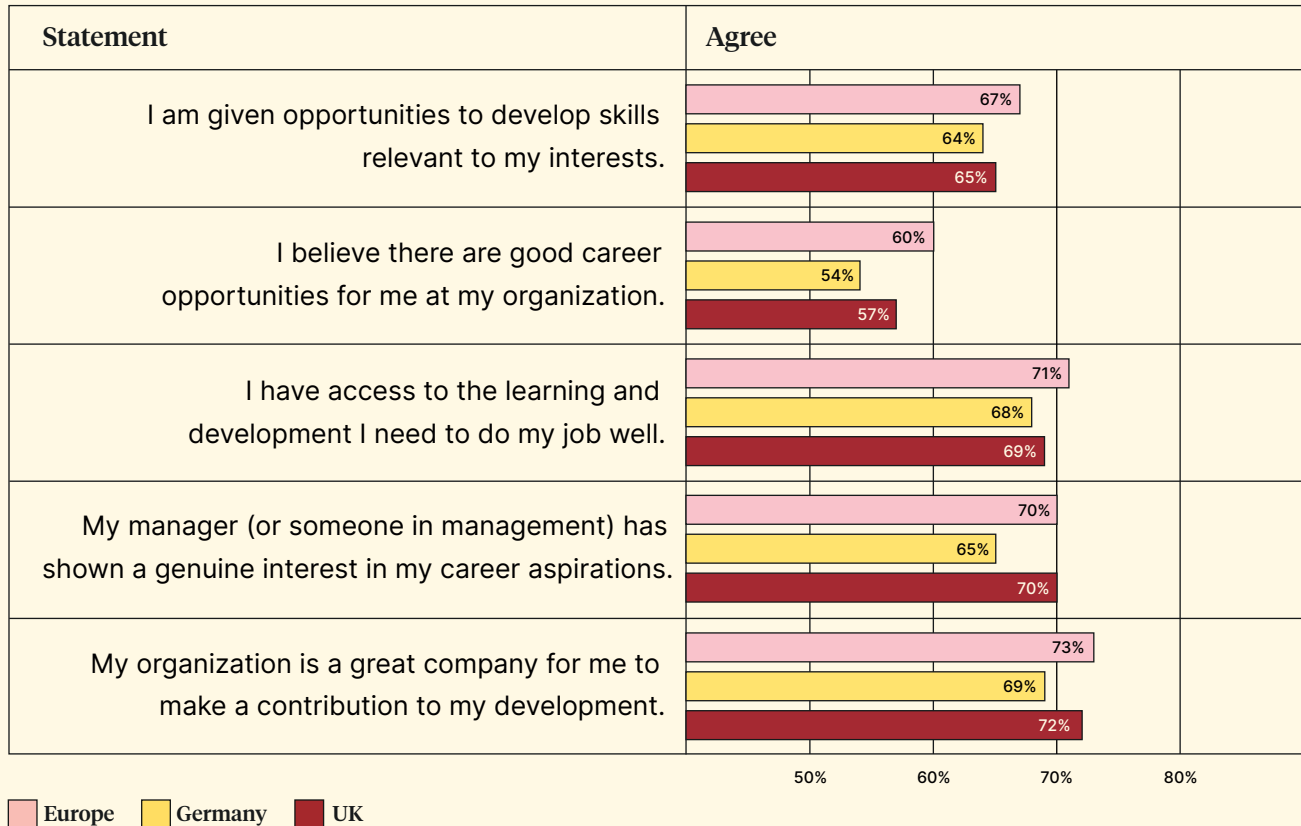
Talent will go where they can grow, and continuous development can be a game changer for performance and productivity.

Employees who disagree with the question “my company is a great company for me to make a contribution to my development” are **2x more likely to leave** than average. If they strongly disagree, then they are **2.5x more likely to leave**.

Skills and talent crunches are starting to bite, especially when combined with seismic changes in the technology landscape. Developing existing talent to stay competitive is often more of an imperative than a strategic choice, as some leaders still consider talent management an expense rather than an investment.

Culture Amp data found companies who have created a culture of development grow their headcount on average 24.3% points more than those who don't. Approximately 80% of organizations using personalized development plans also see a 30% average performance rating increase.

Regional differences in 2023



What does this mean?

The UK and Germany are lagging behind when it comes to the top survey questions regarding learning and development. There's a low score for career opportunities across Europe, but this is particularly poor for the UK and Germany.

There is room for improvement in Germany when it comes to managers showing interest in career aspirations. This could be connected to German employees' perceptions that their managers take less time for 1-on-1 conversations.

Organizations need to focus on more than just growth and development. There also needs to be real and tangible opportunities for vertical advancements, otherwise your employees will find development by moving to another organization.

Feedback from managers is crucial to development

When managers provide higher quality feedback in performance reviews, it can lead to a better employee experience for their direct reports. Taking the time to provide comprehensive and thoughtful feedback leaves employees feeling like they are recognized for the work they do and that there are good career and development opportunities for them.

Commitment and motivation decreases by 20% if managers don't show an interest in their direct reports' career aspirations.



Key takeaway

Development is directly connected to engagement, productivity, and attrition rates. It's vital that HR prioritize development as a key part of its talent management strategy. Development helps keep employees engaged, encourages them to be invested in their organization's success, and offers new skill sets to guarantee future organizational success. Our research found companies who focus on providing growth opportunities have employees that are 14.6% points more engaged.

Talent acquisition

Competing for talent is a challenge organizations will continue to face in 2024.

Potential employees are using all the resources available to them to understand whether their potential employer will be the right cultural fit for them. Often, they visit review sites, such as Glassdoor, to gather information before making a decision.

There is a connection between employee engagement levels and the score an organization receives on a review website. In fact, people in engaged companies are **20% more likely** to recommend their company to a friend on Glassdoor than people in less engaged companies.

This demonstrates the importance of communicating your EVP and setting realistic job previews for candidates. Surveying and monitoring engagement benefits both your current and prospective employees too. Measuring employee satisfaction gives organizations a clearer perspective on how it compares against its competitors.

A bad Glassdoor rating can affect whether a company can hire their desired talent, representing a good opportunity for HR to be in the driver's seat when it comes to how the company fares both internally and externally.

But where disgruntled employees may turn to review sites to express their frustrations, the website only offers a small snapshot on real engagement. HR should be collecting this data before it goes to Glassdoor to prevent unnecessary talent loss and keep productivity levels high.

Being an attractive employer to new recruits is just one part of the equation—organizations also need to make sure their talent stays. Alignment will be a key element of talent management in the year ahead.



Top five drivers of engagement for new joiners

1	I still feel like this is a great organization for me.
2	I still feel like this is a great role for me.
3	My experience of the organization has matched my expectations.
4	I have a good idea about what I can do to have a successful career here.
5	I understand how my role contributes to organizational goals.

What does this mean?

Organizations should focus on job alignment to ensure their new recruits aren't lost. HR needs to specifically focus on whether the organization and role matches employee expectations, and if it's clear how an employee's work will align with the organization's long-term goals. This is especially crucial for Germany given the mismatch of expectations is one of the biggest drivers of attrition.

It's also important to have conversations about long-term development from the get-go to ensure employees have confidence in their role, organization and their own progression goals.



Key takeaway

To improve recruiting and retention, companies need to create an attractive EVP. Despite job vacancies dropping in 2023 across Europe, the talent shortage remains. By ensuring candidates are committed to their organizations through alignment across cultural values and job descriptions, HR can create better engaged employees leading to greater organizational success.

Next Steps

The future of work belongs to organizations who promote good talent management. People are your best asset, and developing them in the right way can ensure you retain them longer. Employees are looking to company leaders more than ever before to make sure their efforts are recognized and they communicate a positive vision for the future of the organization.

Talent management is the secret weapon every HR professional can rely on to produce genuine results. The organizations that truly see, hear, and value their employees will be able to better attract, retain, and develop their employees and ensure continued business success in 2024 and beyond.

If you're wondering what to do next, check out our handy guide [5 best practices for finding and retaining talent](#) for practical tips from our people scientists and customer stories on how better talent management delivers better people and business results.



Looking for a science-based performance process, rooted in human insight, that your employees will love?

Ask for a demo of Performance by Culture Amp.

Contact us