



Espresa

Powering Great Workplaces®

2026 Employee Engagement Trends Report

Benchmarks, Predictions & Actionable Strategies for HR and People Leaders

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Employee Engagement is Entering a Defining Year

After years of economic turbulence, hybrid work experiments, and AI's rapid rise, engagement levels have dipped to their lowest point in a decade. In 2024, only 31% of U.S. employees were actively engaged at work, while 17% were actively disengaged.¹ Globally, engagement fell to 21%, marking a second consecutive year of decline.²

Yet amid the challenges, new opportunities are emerging. Forward-thinking HR and People teams are using data, behavioral science, and AI to reshape how they understand and sustain engagement. This report distills key trends shaping the employee experience in 2025 – with benchmarks, insights, and practical steps to turn engagement into a lasting competitive advantage.

Our analysis draws on public research (Gallup, McLean & Company, Korn Ferry), Espresa's aggregated program data and thought leadership on rewards, recognition, and wellbeing, and executive interviews with HR and People leaders across industries.



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Benchmark Insight

Espresa's 2026 Benchmark confirms that engagement is now engineered through design: LSAs, Recognition, and Wellbeing Systems drive 80%+ participation when integrated under one platform, showing engagement grows when flexibility and inclusion are built into infrastructure.



¹ Gallup Workplace Engagement Report, 2025 ² Gallup State of the Global Workplace, 2025

The State of Engagement in 2025

Engagement Is Flatlining: But Not Everywhere

Engagement has stagnated across most developed markets, but high-growth SaaS and digital-first companies are showing early signs of recovery. Flexible work, active listening, and transparent leadership correlate most strongly with resilience.

Global Benchmarks

Source	Year	% Engaged	Notes
Gallup (U.S.)	2024	31%	Lowest in a decade; U.S. benchmark for employee engagement
Gallup (Global)	2024	21%	Down 2 points YoY; reflects global workforce sentiment
McLean & Company (U.S.)	2025	63%	Broader definition of engagement across industries ³
Espresa Benchmark (Global)	2026	79%	Reflects programs with high utilization across all solutions - including Lifestyle Spending Accounts (LSA), LSA Plus™, Rewards & Recognition (RR), Wellbeing, Challenges, and Communities ⁴

Espresa’s data highlights that structured recognition, continuous wellbeing initiatives, and social connection through communities collectively drive higher participation and sustained engagement. These results align with Gallup’s global findings: when employees feel recognized, connected, and supported, they are significantly more likely to remain engaged and productive.

³ McLean & Company Employee Engagement Report. 2025 ⁴ Espresa 2026 Benchmark & Trends Report

Forces Shaping Engagement in 2026

1. Economic Pressure and Pay Compression

Seventy percent of employees say the cost of living is outpacing their pay.⁵ Compensation remains table stakes – it no longer drives discretionary effort. Organizations emphasizing career development, autonomy, and purpose are seeing higher engagement scores despite slower wage growth.

2. Hybrid and Distributed Work Is the New Normal

Hybrid models have stabilized: three days in-office, two remote is now the median pattern for knowledge workers. The challenge is no longer where people work, but how connected they feel. Employees crave alignment, clarity, and visibility – not constant video calls. High-engagement organizations are using intentional rituals, transparent communication, and inclusive feedback loops to bridge the distance gap.

3. Manager Burnout Threatens Culture

Managers remain the “X-factor” of engagement – yet their own engagement is slipping. Gallup data shows manager engagement falling faster than that of individual contributors.⁶ Flattened orgs and heavier spans of control have left many managers unsupported. The next wave of engagement strategies will invest in manager enablement – building coaching, empathy, and recognition skills as a lever for team performance.

Espresa’s research underscores that recognition is a critical management behavior: organizations with formal recognition programs report higher manager confidence in reinforcing values and stronger cross-team morale.

⁵ Korn Ferry Workforce Shifts, 2025

⁶ Gallup Workplace Engagement Report, 2025

⁷ Espresa Rewards & Recognition White Paper, 2025



4. Continuous Listening Replaces Annual Surveys

Annual engagement surveys are losing ground to real-time listening. In SaaS and HR tech, weekly or biweekly pulse surveys now drive higher participation and faster action. What matters is not how often you listen – but how fast you respond.

Recognition data can serve as a powerful “continuous listening” signal—providing real-time feedback loops that complement traditional surveys and strengthen cultural alignment.⁸ Leading organizations are embedding insights into daily workflows, ensuring every survey closes with action and accountability.

5. Burnout, Wellbeing, and Boundaries

Post-pandemic fatigue persists. Employees increasingly prioritize psychological safety, sustainable workloads, and clear boundaries over perks. Companies that embed wellbeing into performance and team norms – rather than treating it as a side program – are seeing measurable gains in retention and satisfaction. The most successful approaches blend personalized wellbeing check-ins, manager training, and analytics-driven workload balancing.

6. AI, Analytics, and Trust

AI is transforming HR – from predictive attrition models to real-time sentiment analysis. Yet trust remains fragile.

Employees want transparency about how data is collected, used, and shared. The future belongs to ethical, explainable AI that⁹ empowers employees rather than monitors them. Best-in-class platforms are adopting “human-in-the-loop” systems and publishing clear data governance standards.



⁸ Recognition Engagement Report Espresa, 2025 ⁹ SHRM Explainable AI, 2025

7. Belonging and Inclusion Take Center Stage

Belonging – the sense of being valued, seen, and accepted – has become a defining dimension of employee engagement. Employees who feel they belong are far more likely to be motivated, productive, and committed to their organizations. Research from Qualtrics finds that employees with a strong sense of belonging are 3.5 times more likely to be engaged at work than those who feel excluded.¹⁰

Inclusion is no longer a side initiative; it is a strategic driver of innovation and retention. When employees feel psychologically safe and respected, they contribute more ideas, stay longer, and help create healthier, higher-performing cultures.

Recent Harvard Business Review research¹¹ reinforces this connection. In “The Power of Small Acts of Inclusion”, authors highlight that even everyday gestures – recognizing contributions, soliciting input, or showing curiosity about different perspectives – measurably increase engagement and innovation. Another HBR analysis, “Sense-of-Belonging Detractors”,¹² shows that subtle behaviors such as exclusion in meetings or lack of representation in leadership are key factors eroding both inclusion and trust.

The future of engagement is inclusive by design. When employees believe they truly belong, they bring their full energy and creativity to work – turning inclusion from a compliance goal into a growth engine.

To operationalize belonging in 2025, leading organizations are taking deliberate steps:

- **Measure belonging** as its own engagement driver, not simply a cultural sentiment.
- **Align inclusivity and engagement strategies**, ensuring inclusion metrics appear alongside retention, engagement, and performance indicators.
- **Design targeted interventions** – mentorship programs, voice channels, employee-led communities – that foster connection and psychological safety.
- **Integrate analytics** to monitor how belonging correlates with outcomes such as innovation rate, voluntary turnover, and team performance.



3.5x

a strong sense of purpose creates a greater sense of engagement

¹⁰ Qualtrics, Employee Experience Trends Report

¹¹ Harvard Business Review, Small Acts of Inclusion

¹² Harvard Business Review, Data & Visuals

Engagement Benchmarks & Behavioral Insights

Drawing on aggregated data from SaaS and HR tech clients, 3 themes stand out:

Participation Patterns

Employee listening strategies continue to evolve, and participation rates often vary depending on work model and survey design.

Industry research suggests that hybrid organizations generally achieve higher engagement and survey participation rates than fully remote environments, due to greater in-person visibility,¹³ team cohesion, and manager follow-up opportunities. Meanwhile, fully remote teams may experience lower participation if feedback channels feel detached or if employees doubt follow-through on results.

Across multiple HR research sources, shorter pulse surveys – especially those with five questions or fewer – consistently produce the highest completion and action rates.¹⁴ When surveys are brief, focused, and tied to visible action, employees are far more likely to respond thoughtfully and consistently.

The lesson is clear: participation depends less on survey frequency and more on credibility and responsiveness – employees engage when they trust that their feedback will lead to meaningful change.



¹³ Gallup Workplace Engagement Report, 2025

¹⁴ Engagedly, Benefits of Pulse Surveys, 2025

Top Drivers of Engagement

1 Career Development and Growth

Expanding opportunities to learn and grow is among the most powerful engagement levers. Gallup's 2025 analysis¹⁵ found that doubling the share of employees who strongly agree they have opportunities to learn and grow is linked to +18% higher profit and +14% higher productivity.

Similarly, LinkedIn's 2024 Workplace Learning Report.¹⁶ showed that organizations leading on internal mobility see 53% longer employee tenure, and employees who make an internal move are 40% more likely to stay at least three years.

2 Manager Support, Feedback, and Recognition

Frequent, high-quality feedback has a powerful correlation with employee engagement. Gallup data shows that 80% of employees who say they received meaningful feedback in the past week are "fully engaged."¹⁷

Moreover, combining feedback with recognition amplifies the impact: among employees who report receiving both feedback and recognition from their manager at least once a week, 61% are engaged – compared to only 38% for those receiving feedback alone.

Recognition also supports retention: longitudinal Gallup data from 2022–2024 indicates that employees who receive high-quality recognition are 45% less likely to leave over a two-year span.

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¹⁵ Gallup Workplace Engagement Report, 2025

¹⁶ LinkedIn, Workplace Learning Report, 2025

¹⁷ Gallup State of the Global Workplace, 2025



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Job autonomy directly enhances engagement and mediates the link between psychological capital and performance.

3 Autonomy and Flexibility

Autonomy and flexibility consistently predict higher engagement across hybrid and remote environments. According to SHRM,¹⁸ having autonomy over how and where work is performed leads to greater engagement and wellbeing.

Peer-reviewed research also reinforces that job autonomy directly enhances engagement and mediates the link between psychological capital and performance.¹⁹

4 Connection to Mission and Purpose

Employees who see a clear link between their work and their company's mission are significantly more engaged. Gallup's 2025 State of the Workplace report found that only 32% of employees strongly agree they feel connected to their organization's mission or purpose, identifying it as a major opportunity for leaders to strengthen engagement and meaning at work.

¹⁸ SHRM Explainable AI, 2025

¹⁹ National Library of Medicine, 2023

Predictions & Emerging Trends

✓ Engagement-as-a-Service

Organizations will increasingly adopt embedded engagement platforms that automate listening, nudge behavior, and surface insights directly into work tools like Slack or Teams.

✓ Microlearning and Nudges

Short, behaviorally designed micro-interventions – such as reflection prompts or recognition reminders – will replace traditional quarterly programs.

✓ Embedded Wellbeing Analytics

Real-time stress and workload indicators will become standard in engagement dashboards, giving HR leaders early visibility into burnout risk.

✓ Prescriptive Analytics

Engagement data will evolve from descriptive (“what’s happening”) to prescriptive (“what to do next”), guiding managers with evidence-based recommendations.



✓ Ethical AI and Data Governance

Transparency and fairness in HR analytics will move from compliance to competitive differentiator status.

✓ Personalization at Scale

Engagement initiatives will be segmented by role, tenure, and sentiment – delivering personalized experiences rather than one-size-fits-all surveys.

Recommendations & Playbook

Move from Insight to Action

- Every listening initiative should end with a visible action plan. Communicate “you said, we did” within two weeks of survey close to reinforce trust.

Invest in Managers

- Train and equip managers to hold meaningful conversations about engagement, development, and wellbeing. Make this part of their performance goals.

Adopt Iterative Listening

- Blend annual engagement surveys with quarterly pulses and always-on feedback channels to maintain a real-time view of culture health.

Embed Wellbeing into Workflow

- Integrate wellbeing practices – such as micro-breaks, workload planning, and boundary-setting – into everyday team rhythms, not as HR add-ons.

Link Engagement to Business Outcomes

- Use analytics to correlate engagement with retention, productivity, and customer satisfaction. Frame engagement as a strategic business driver, not a soft metric.

Govern Engagement Data Ethically

- Develop clear policies on data usage, AI transparency, and employee privacy. Build trust by showing employees how their feedback is protected and acted upon.



The Outlook for 2026

2026 will test whether organizations can translate listening into action. Companies that treat engagement as an operational discipline – integrated with analytics, wellbeing, and leadership development – will pull ahead in retention, innovation, and employer brand.

Engagement is no longer an HR metric. It is a strategic capability.

The organizations that thrive in 2026 will be those that build cultures of trust, empower their people with autonomy and purpose, and make engagement everyone's responsibility.

Visit our website today to learn more.

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