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Some employees are destroying value. Others are building it. Do you know the difference?

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More than half of employees report being relatively unproductive at work. New research into six types of employees shows how companies can re-engage workers while amplifying the impact of star performers.

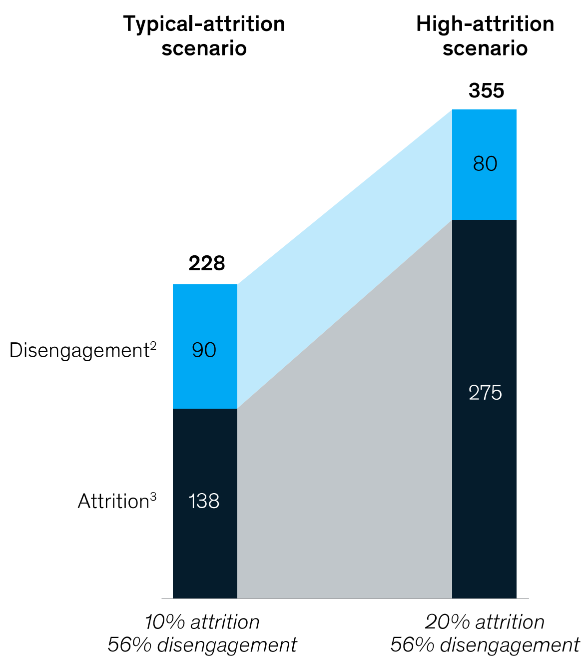
The pandemic has forced major changes in how, when, and where people work. It has also bedeviled employers. Due in part to new hybrid and remote-working models, companies are struggling to find objective ways to gauge employee effectiveness—a critical challenge as labor costs have increased and worker productivity has declined.[1]

According to new McKinsey research, employee disengagement and attrition could cost a median-size S&P 500 company between $228 million and $355 million a year in lost productivity (see sidebar, "Methodology"). Over five years, that's at least $1.1 billion in lost value per company (Exhibit 1).

Exhibit 1

For a median-size S&P 500 company, the estimated cost of employee disengagement and attrition is $228 million a year—and can be much higher.

Annual cost split by disengagement and attrition,[1] $ million



Note: Within the total organizational population, employees who are leaving and those who are disengaged are treated as separate sets of workers to avoid double counting of productivity loss. As such, at higher attrition rates, there are fewer employees remaining in the organization, and those who are disengaged comprise a smaller absolute number, despite still representing 56% of the total organization. This results in a lower absolute cost of disengagement at higher attrition rates.
[1]Median of 19,900 employees with a median annual salary of $71,936. Currently employed workers' (n = 14,272) self-reported performance and well-being were normalized to reduce the issues with skewed high ratings.
[2]Disengagement costs are calculated as the loss of perceived productivity resulting from the proportion of workers reporting low and moderate levels of satisfaction.
[3]Attrition costs are calculated as the sum of hard costs and estimated productivity loss costs associated with having the role unfilled and hiring and onboarding replacements.

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These are big numbers that strike at the heart of value creation. To address the problem, corporate leaders first have to grasp that their workforces are not monolithic when it comes to employee experience and that the tactics to increase performance require a more segmented approach. Leaders can then apply differentiated strategies to groups of employees that boost levels of satisfaction and commitment, performance, well-being, and, ultimately, retention and engagement.

Our latest research identifies six distinct employee groups, or archetypes, across a spectrum of satisfaction, engagement, performance, and well-being. These workers range from the highly dissatisfied and actively disengaged—who comprise more than 10 percent of an average organization and who we believe are destroying value—to a group at the other end of the spectrum that we call "thriving stars." At about 4 percent of an average organization, these super-engaged workers not only perform at high levels themselves but also appear to spread their positive engagement and commitment to others. In between these two poles is a vast middle of workers who experience varying levels of engagement and satisfaction that affect their performance and sense of well-being.

For leaders engaging with these new survey findings, it's important to note that respondents' self-reported performance is a useful and revealing way to measure performance, but it's not the only one. With hybrid patterns here to stay,[2] executives should seek to provide the best possible experience regardless of working model, including offering structure and support around activities best done in person or remotely. This includes helping managers measure performance based on outputs and objectives completed rather than on input factors such as time spent or location.

The central challenge for organizations is to move as many workers as possible away from the highly dissatisfied group (which is probably larger and more destructive than most C-suites realize) and toward greater engagement and commitment. Such a strategy would give workers the opportunity to develop their skills, reducing dissatisfaction and attrition rates and bringing clear financial and organizational benefits over the long term.

In this article, we describe the six worker archetypes that we believe are present in every organization and how big a slice of the workforce pie each archetype represents. We then analyze how the factors that shape a company's employee value proposition (EVP) and employee experience affect satisfaction, commitment, and performance. And we suggest actions companies can take to augment these levels across their workforces.

Employee archetypes and the satisfaction spectrum

In our prior research on talent trends since the Great Resignation began, we focused on factors that drove people out of work and how companies could retain them amid a uniquely challenging global economic environment.[3] Here, we expand our inquiry to look at the engagement factors that enhance employees' satisfaction, performance, and well-being, which are crucial components for sustained organizational performance.

Our latest survey data revealed that the higher the level of satisfaction and commitment experienced by employees, the higher their self-reported performance and well-being.[4] The opposite is also true. The lower the level of satisfaction and commitment, the lower an employee's self-reported performance and well-being.

We looked at 12 factors that affect employees' satisfaction and commitment levels and found that nearly two-thirds of the total cost to companies from disengagement is captured by the top six factors (Exhibit 2). For most companies, a significant number of employees are experiencing at least one of these factors, driving dissatisfaction and disengagement and, ultimately, lower self-reported performance. Put simply, these engagement factors have become disengagement factors for a large portion of the workforce.

Exhibit 2

Organizations can capture nearly two-thirds of the $90 million value at stake from disengagement by prioritizing six key employee factors.

Drivers of disengagement and their relative contribution to disengagement cost,[1] %

Note: Scenario assumes 10% attrition and 56% disengagement annually. Estimate based on median S&P 500 size (19,900 employees) and salary ($71,936). Figures do not sum to 100%, because of rounding.
[1]Disengagement costs are calculated as the loss of perceived productivity resulting from the proportion of workers reporting low and moderate levels of satisfaction. The relative contribution of the factors to disengagement costs are based on ratings from currently employed workers who report planning to stay at their jobs (n = 9,305).

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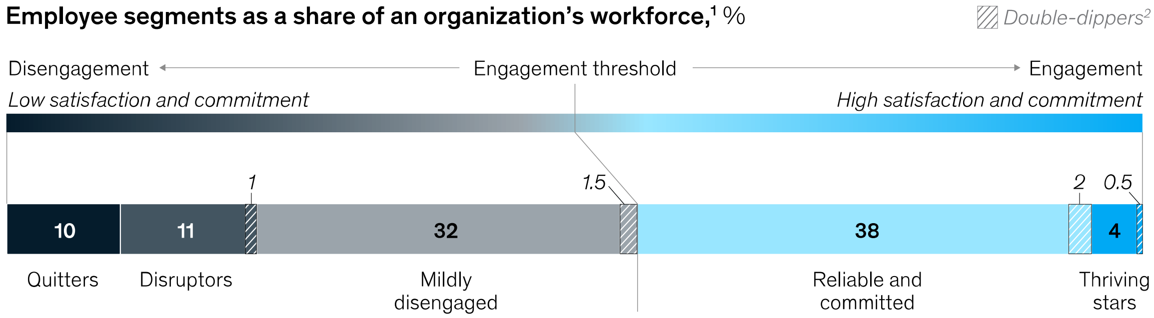
In each of the six archetypes, satisfaction and commitment levels are influenced by a specific combination of EVP factors, mostly coming out of those top six factors. These distinct groups, which we describe next, are important for organizational leaders to understand so that they can create tailored retention and engagement strategies that move employees from the least engaged part of the spectrum to the most engaged (Exhibit 3).

Exhibit 3

Workers can be grouped into six archetypes along the satisfaction spectrum.

Employee segments as a share of an organization's workforce,[1] %



Note: Attrition may result from a combination of factors and is not solely driven by satisfaction. However, the least satisfied employees are most likely to voluntarily leave their jobs.
[1]Estimates based on median S&P 500 size (19,900 employees) and salary ($71,936) kept consistent for all groups. Performance and well-being data were self-reported and then normalized to reduce the issues with skewed high ratings when looking at the overall sample (n = 14,272).
[2]Workers who are holding two or more full-time, salaried jobs simultaneously, likely without their employers knowing about it. They are found across all worker archetypes who are staying in the organization (ie, excluding the "quitters") and make up an estimated 5% of the overall workforce.

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1. The quitters: Headed for the door (or already gone)

We estimate this group to be around 10 percent of the workforce in a typical organization.

The quitters are not necessarily the lowest performers in an organization, but they may be some of the least satisfied and committed. Eventually, those feelings can affect their performance and cause them to leave.

One of the biggest risks that employers face is that their high performers or niche talent begin to feel undervalued. While it is inevitable that some in this group will depart, employers should do everything they can to re-engage niche or formerly high-performing talent who have become disillusioned and fallen into this segment.

One exception in this cohort is a small percentage of individuals who may have been satisfied but have been offered a better position at another company. These are typically highly coveted top performers who don't necessarily leave because there's anything wrong but because they feel they can do better. Some of these workers can be persuaded to stay and re-engage, bringing disproportionate value to the organization and their coworkers.

Actions companies can take:

Identify high potential and high-performing workers who may be exploring other options. While enticing counteroffers may deter them from leaving, more effective actions should ideally come before that point.

Strong people leaders who are connected to their teams can keep a pulse on morale, helping to make people feel valued and ensuring that the organization's compensation packages and benefits are on par for the market average. Also, they can ensure that career paths are clearly designed, with meaningful changes to role type or scope of responsibilities.

2. The disruptors: Actively disengaged and likely to demoralize others

We estimate this group to be around 11 percent of the workforce in a typical organization.

Of the six segments, the actively disengaged group has the potential for the largest negative influence. This is not necessarily because of their behavior but because of how an organization treats them, coupled with the perception of their peers.

The disruptors are second only to the quitters in their dismal satisfaction and commitment rates, but by staying and either "quiet quitting" or loud quitting (that is, openly expressing their negative feelings about work), they model a lower level of performance. These employees aren't disruptive in the positive sense of accelerating change at an organization. Instead, they are productivity and energy vampires, sucking the motivation out of work and workers around them. They also create more work for others and can undermine morale—especially when companies issue blanket pay raises or rewards.

According to equity theory, solid performers lose motivation if they feel that others who are not pulling their weight receive the same rewards.[5] It isn't lost on high performers when their actively disengaged colleagues receive similar rewards and benefits for a fraction of the work. This feeling of inequity will eventually truncate the efforts, motivation, and commitment of an organization's best people. Conversely, when peers hold one another accountable, research shows that productivity can increase.[6]

Actions companies can take:

These disengaged employees lost trust in the organization over time and began to behave in a counterproductive way. Yet employers should reject the notion that these individuals are inherently toxic; rather, it's their actions that are having a toxic effect on the workplace.

Leaders should both address those who are already in this category and prevent strong performers from falling into it.

Employees already in this group may feel that their needs are not being met, so they rebel and start a vicious cycle that reinforces their behavior within the organizational ecosystem. Career development and advancement opportunities are essential for employees in this group to see that the organization is investing in them and that they have a positive future. Showing a deeper connection between the work they are doing and a higher purpose is also important. Employees with a higher sense of purpose at work are less likely to leave or disengage, McKinsey analysis shows.[7] Lastly, managers can ensure that the compensation package meets the bar for the market average.

If these strategies don't work, companies can offer a change of scenery. Shifting people's roles, teams, or their network of collaborators may give them the fresh start they need to re-engage and be fulfilled. They might be assigned a coach or mentor or given a performance-related plan to track improvements. If none of these interventions are effective, it may be just a matter of time before some people leave.

At the same time, leaders can protect their best performers from feelings of inequity for carrying such a heavy load while the most disruptive workers are behaving counterproductively. Here, four actions can help: ensure that the performance management system recognizes and rewards high performance; make sure that managers are trained in providing individualized praise and public recognition for a job well done; connect the work that star performers are doing with a higher organizational purpose; and provide star performers with advancement opportunities that reflect their high performance and potential.

3. The mildly disengaged: Doing the bare minimum

We estimate this group to be around 32 percent of the workforce in a typical organization.

Mildly disengaged workers, who report below-average commitment and performance levels, are neither satisfied nor actively disengaged and disruptive in a way that harms the organization. They do put in the time and effort to fulfill minimum job requirements, but they are not proactive, lagging behind in well-being and self-reported performance. Leaders should not expect these workers to make sacrifices for the company over their personal lives.

This group's sagging productivity—along with the financial costs associated with the previous two archetypes—can cost companies dearly in lost value. Taken together, these three groups comprise more than half of a typical organization's workforce. Still, most of these employees can be re-energized to significantly improve their engagement and commitment, yielding a big performance boost.

Actions companies can take:

To elevate performance in this group, employers can target similar EVP factors as for the disruptors, while adding flexibility. This means considering not just where a job is done but also how and when it gets done. Autonomy is crucial to these employees. As workers who are dissatisfied but still doing the bare minimum, they may recapture their zest for the job with the help of an increased sense of agency. If they are micromanaged, they may further disengage and risk falling into the actively disengaged group.

However, if leaders offer these workers opportunities to develop, with a solid compensation package and autonomy over their work, they can cross the threshold toward engagement. This can bring clear financial benefits to the company while increasing the morale of a core contingent of workers.

Interestingly, when employees are dissatisfied and seeking recognition for their value, compensation acts as only a temporary motivator for retention.

4. The double-dippers: A growing phenomenon

We estimate this group to be around 5 percent of the workforce in a typical organization.

Double-dippers, who are uniquely dispersed along the satisfaction spectrum, are full-time salaried workers who hold two or more jobs simultaneously, likely without their employers' knowledge. This phenomenon is present across our multinational survey sample, particularly among those working in mostly remote settings.

These employees, also known as "polyworkers," sound like bad news on the productivity front, but are they? Our analysis indicates that the answer is "it depends." These workers are almost evenly split between those who are engaged and contributing and those who are disengaged and chipping away at an organization's collective efforts. While these workers may hold two or more jobs, their reasons for doing so vary depending on where they are on the satisfaction spectrum.

Actions companies can take:

Mandating a return to the office is unlikely to be the solution. Double-dipping, especially from the lens of juggling multiple jobs and managing workplace relationships, is unsustainable or undesirable for the majority of the workforce.

Leaders are best served by focusing on the dissatisfied double-dippers. Inadequate total compensation and a lack of career development and advancement opportunities emerge as the two key motivators for this group. Because many double-dippers may be working more than one job out of necessity, improving compensation levels to the market average or adding benefits can go a long way toward reducing this behavior. For example, workers could be offered transportation passes, meal stipends, and on-site or subsidized childcare.

To further address these issues, managers can work alongside HR leaders to carefully map career paths and role responsibilities. This can help to ensure that workers don't feel trapped in roles without advancement opportunities or in jobs that lack clarity of scope.

5. The reliable and committed: Going above and beyond

We estimate this group to be around 38 percent of the workforce in a typical organization.

On the positive side of the satisfaction spectrum, this archetype represents the organizational core: reliable performers who execute on business-as-usual activities. Because they are satisfied and committed, they will go above and beyond for their employer. For example, they help their peers by sharing ideas for projects on which they're not formally staffed while also performing activities that promote the organization, such as volunteering for extra work.

Actions companies can take:

This group has all the right ingredients for sustained strong performance if mixed the right way. To uncover the hidden gems in this group who need the right elements to take their work to the next level, companies can consider re-creating the conditions that work best for their high performers.

Individuals in this archetype are motivated by meaningful work, flexibility, and a workplace environment that has supportive coworkers who are open to collaboration (and that nips toxicity in the bud). Additional compensation won't further motivate this group, but unfairness will demotivate them.

6. The thriving stars: Creating value and elevating others

We estimate this group to be around 4 percent of the workforce in a typical organization.

The thriving stars are the top talent in your organization: these are the rare employees who bring disproportionate value to the company. They achieve high levels of sustained well-being and performance because of a virtuous cycle of factors. They create work–life balance because they are adaptable and resilient. They have found meaning and purpose at work, allowing them to achieve stellar performance not just for themselves but also for the people around them. Thrivers can have a hugely positive impact on performance and productivity by, among other things, creating psychological safety and trust in a team setting.

While natural ability limits the number of people who can be stars, the right conditions can help organizations uncover workers who have the right traits and motivation to get there. One important caveat: this group's status puts them at elevated risk of burnout from having a higher workload. This is a particular peril as it relates to doing creative activities, having feelings of inequity from picking up the slack for others, and being overly requisitioned on projects, leading to the burden of over-collaboration.[8]

Actions companies can take:

It is crucial to protect these value creators and drivers of innovation from the deleterious effects of the actively disengaged. Moreover, high performance without high well-being is likely hard to sustain. Companies can take actions that balance both; otherwise, trading one for the other will likely catch up to these workers in the long run.

To prevent burnout and create sustainable conditions, managers can limit both the number of projects these stars are deeply involved in and those for which they are asked to provide input. Tapping into meaning and purpose also helps the EVP for these employees.

Employee groups and the working model: A case study

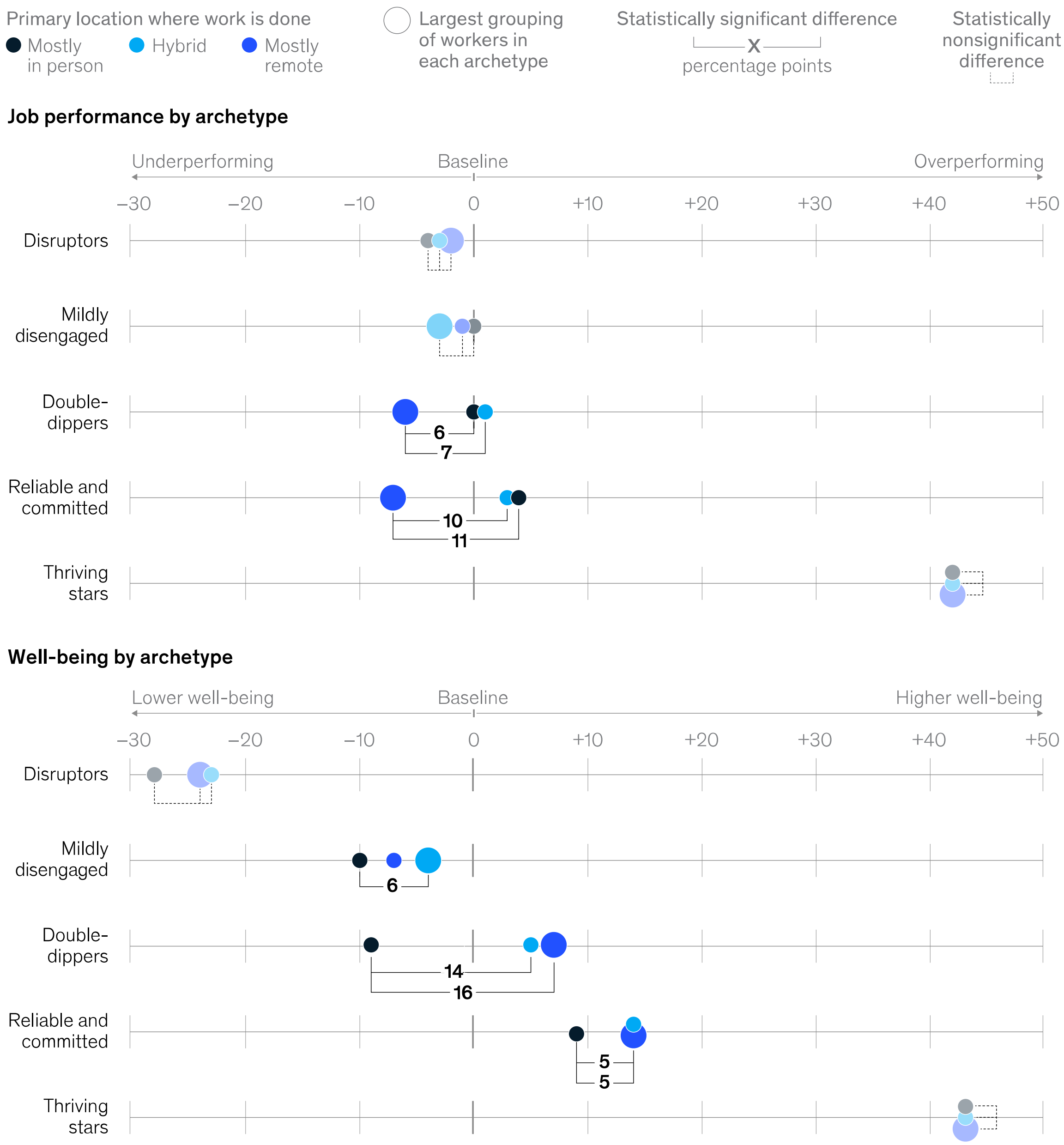
To understand the organizational conditions that can help improve the performance of all employee archetypes, we focused on the thriving stars and how they believe they fare under various working models. (Thriving stars represent a small portion of the workforce, but their influence is outsize.) We wanted to understand what proportion of these stars works in hybrid, remote, or in-person settings and how each model motivates them.

We found that thriving stars are more likely to flourish in hybrid and remote-working models than in the mostly in-person model. All other factors being equal, this suggests that the working model has an impact on people's ability to balance satisfaction, commitment, well-being, and self-reported performance (Exhibit 4).

Exhibit 4

Organizations that want to help all employee groups improve performance can draw inspiration from the conditions that make their best employees thrive.

Respondents who have jobs that can be performed remotely,[1] perceived % above or below baseline



Note: Self-reported performance and well-being were normalized to reduce the issues with skewed high ratings when looking at the overall sample.
[1]Overall, n = 4,184. Broken down by archetype: disruptors (n = 689); mildly disengaged (n = 1,126); double-dippers (n = 679); reliable and committed (n = 1,548); and thriving stars (n = 142).

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The groups that are disengaged (that is, the disruptors and the mildly disengaged) feel that they are performing below average, their well-being is suffering, or both. The reliable and committed tend to fare better and find balance in a hybrid environment, as mostly in-person work negatively affects their well-being and mostly remote work affects their perceived performance. The thriving stars report similar levels of performance and well-being across models, yet there are more of them in hybrid or remote models.

Our data show that 45 percent of thriving stars work remotely, compared with 36 percent in hybrid environments and only 19 percent in person. As some of our past research has shown, this might indicate significant talent advantages to providing employees, particularly an organization's best talent, with autonomy and flexibility in how they work.[9]

If leaders believe that thriving stars provide a contagion effect in elevating the morale and performance of those around them (analogous to concerns about the potential negative effects of disruptors), they may want to consider ways of increasing connectivity between those top performers and the broader organization. Strategies include supporting purposeful in-person presence or dedicated moments of virtual collaboration and mentorship.

Thriving stars' preference for remote and hybrid work creates a conundrum for leaders who may not be comfortable with virtual interactions or a virtual-collaboration model, but recognize that increasing the in-person presence of top performers risks undermining the flexibility and autonomy these employees cherish.

However, rather than mandating more in-office time in rigid or mechanistic ways, leaders can look at this new reality as an opportunity to engage with their thriving stars and to think through how to amplify their impact via mentorship, collaboration, and interaction with others across working models. This approach also increases the likelihood that their high engagement and performance levels remain sustainable over time.

The challenge for leaders and managers is learning how to measure employee effectiveness without a bias toward presence. In our State of Organizations research, we found that only 15 percent of managers said they are comfortable managing remote and hybrid teams.[10] As disruptive technologies like AI and generative AI change the nature of work, humans will be focusing more and more on innovative tasks that require creativity, collaboration, judgment, alignment, and team problem solving (and the correspondingly high levels of trust). Better to be ahead of the curve.

To address the challenge of high dissatisfaction and lower productivity among employees, companies can work to keep thriving stars satisfied and engaged while also creating the same conditions for other types of workers. It's not possible to alter the behaviors of all of the disruptors and mildly disengaged. But leaders can identify those employees who are more likely to respond to thoughtful interventions, including career development opportunities, flexibility, and a greater sense of purpose. This strategy can reduce costs from lost productivity and build a more resilient and engaged workforce.

1. The US labor productivity rate in the first quarter of 2023 declined at its fastest rate in more than 75 years, according to the Bureau of Labor Statistics. Unit labor costs in the nonfarm business sector increased 4.2 percent in the period, reflecting a 2.1 percent increase in hourly compensation and a 2.1 percent decrease in productivity. Furthermore, worker productivity grew by just 1.1 percent, which is the lowest growth rate since 1981. According to recent analysis from the McKinsey Global Institute, boosting US productivity represents a $10 trillion opportunity. For more, see "Rekindling US productivity for a new era," McKinsey Global Institute, February 16, 2023.

2. David Bartram et al., “A critical analysis of cross-cultural research and testing practices: Implications for improved education and training in psychology,” *Training and Education in Professional Psychology*, 2009 Volume 3, Number 2.
3. Gregory H. Dobbins and Jiing-Lih Larry Farh, “Effects of self-esteem on leniency bias in self-reports of performance: A structural equation model analysis,” *Personnel Psychology*, 1989, Volume 42, Number 4.
4. Terry A. Beehr et al., “Relationships between job evaluation ratings and self-ratings of job characteristics,” *Organizational Behavior and Human Decision Processes*, 1985, Volume 35, Number 1.
5. Christopher M. Berry et al., “A matter of when, not whether: A meta-analysis of modesty bias in East Asian self-ratings of job performance,” *Journal of Applied Psychology*, 2023, Volume 108, Number 2.
6. Many workers now experience what’s called a “triple peak” workday, adding a third productivity peak in the evening after the two traditional productivity peaks from 9 to 5. For more, see “The rise of the triple peak day,” Microsoft, accessed August 30, 2023.
7. See Aaron De Smet, Bonnie Dowling, Marino Mugayar-Baldocchi, and Bill Schaninger, “‘Great Attrition’ or ‘Great Attraction’? The choice is yours,” *McKinsey Quarterly*, September 8, 2021; and Aaron De Smet, Bonnie Dowling, Bryan Hancock, and Bill Schaninger, “The Great Attrition is making hiring harder. Are you searching the right talent pools?,” *McKinsey Quarterly*, July 13, 2022.
8. Research suggests that higher satisfaction is associated with higher performance, but not the other way around. Interestingly, at higher levels of performance, there are other dispositional factors, such as general mental ability and personality traits, that influence people’s ability to reach higher echelons of performance, all other factors being equal. For more, see Michael Riketta, “The causal relation between job attitudes and performance: A meta-analysis of panel studies,” *Journal of Applied Psychology*, 2008, Number 93, Volume 2.
9. Edward E. Lawler, “Equity theory as a predictor of productivity and work quality,” *Psychological Bulletin*, 1968, Volume 70, Number 6.
10. Brice Corgnet, Roberto Hérnan-González, and Stephen Rassenti, “Peer pressure and moral hazard in teams: Experimental evidence,” Chapman University working paper, 2013.
11. Naina Dhingra, Andrew Samo, Bill Schaninger, and Matt Schrimper, “Help your employees find purpose—or watch them leave,” McKinsey, April 5, 2021.
12. See Rob Cross, Reb Rebele, and Adam Grant, “Collaborative overload,” *Harvard Business Review*, January–February 2016.
13. *People & Organization Blog*, “Three types of modern flexibility today’s workers demand,” blog entry by Aaron De Smet, Bonnie Dowling, Randy Lim, and Laura Pinault, McKinsey, April 25, 2022.
14. See Patrick Guggenberger, Dana Maor, Michael Park, and Patrick Simon, “The State of Organizations 2023: Ten shifts transforming organizations,” McKinsey, April 26, 2023.