



Impact of Engagement

Whitepaper



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Introduction

In a 2008 interview, Brad Bird¹ —the Academy Award-winning filmmaker behind *The Incredibles* and *Ratatouille*—made the poignant observation that production team morale ‘has the most significant impact on a movie’s budget—but never shows up in a budget.’ He even went on to propose a quantification of the impact morale can have:

If you have low morale, for every \$1 you spend, you get about 25 cents of value. If you have high morale, for every \$1 you spend, you get about \$3 of value. Companies should pay much more attention to morale.

Intuitively, Mr Bird’s advice strikes a chord: it seems right that having a positive and actively engaged workforce should be a good thing. But does it really have the bottom line implications that Mr Bird suggests?

The publication of the *McLeod Review*² in the UK sparked somewhat of a renaissance of human resources research worldwide. It effectively promoted the importance of employee engagement from anecdotal nice-to-have up to verified profit-driver. The MacLeod Review simultaneously summarised fifty years of HR research and understanding and laid a fertile foundation for the years ahead. Its high-profile findings of correlations between employee engagement and bottom-line results started a new wave.

Since then, evidence-based measurement has become a minimum expectation, while accurate benchmarking and bottom-line reporting have become increasingly important. In the USA, companies like Gallup and Allied Talent have been at the forefront of this movement. From start-up beginnings in Australia, Culture Amp has become a global break out, leading a new wave of engagement insight specialists.

1. Rao, H., Sutton, R. & Webb, A.P. ‘Innovation lessons from Pixar: An interview with Oscar-winning director Brad Bird’. *McKinsey Quarterly*: April 2008. Available online at www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/innovation-lessons-from-pixar-an-interview-with-oscar-winning-director-brad-bird, accessed 21 July 2016.

2. MacLeod, D., and Clarke, N. *Engaging for Success: Enhancing Performance Through Employee Engagement—A Report to Government*. London: Department for Business Innovation and Skills. 2009. Crown copyright.

The MacLeod Review defined employee engagement as a ‘workplace approach designed to ensure that employees are committed to their organisation’s goals and values, motivated to contribute to organizational success, and are able at the same time to enhance their own sense of well-being’.³

Employee engagement is about the way people behave at work and how the employer and management influence that. An ‘engaged employee’ is someone who sees their job as worthwhile or interesting and is therefore more likely to be fully involved in and enthusiastic about the things they do.

This goes beyond commitment and job satisfaction as it refers to the additional effort an employee puts into his or her work that delivers high performance, often referred to as ‘going the extra mile’.

Employee engagement is also about the way an organisation listens to, builds trust and improves relationships with its staff. It’s about sharing a common purpose through a culture of communication and involvement that enables improvements in staff morale, retention and performance.⁴

Can you take action to tangibly improve engagement? Yes. 94% of the companies on Hay Group’s list of the *World’s Most Admired Companies* believe that their efforts to engage employees creates a competitive advantage.

This paper analyses the issues at stake, going from employee sentiments right through to bottom-line results of productivity and profit.

3. MacLeod, 2009, p.9.

4. Chartered Institute of Internal Auditors. *Employee Engagement*. Institute of Internal Auditors Global, London, 2015. www.iaa.org.uk/resources/auditing-business-functions/human-resources/employee-engagement accessed 19 July 2016.

5. Hay Group. *Hitting the Ground Running: The World’s Most Admired Companies Are Emerging from Recession More Engaged and Motivated than before*. The Hay Group.

What's at stake?

Engaging your workforce is not just an end in itself: evidence shows that positive engagement leads to improved organizational success in measures beyond employee attentiveness and satisfaction.

It's an issue that is perilous to ignore. The costs of lax attitudes can be significant. On the macro scale, disengagement is estimated to have cost the UK economy between £59.4 billion and £64.7 billion in 2008 alone.⁶ Put another way, that's around 4% of the country's Gross Domestic Product for that year.⁷

In the United States, Gallup estimates that actively disengaged employees cost the U.S. between USD\$450 billion and USD\$550 billion in lost productivity each year.⁸

Mounting evidence

On the organizational level, evidence from industry and scholarly studies is mounting. Employee engagement levels are strongly linked to:

- Staff turnover
- Absenteeism
- Inventory Shrinkage
- Innovation
- Productivity & Profit.

6. MacLeod, 2009, p. 17.

7. UK GDP for 2008 was £1.564 trillion according to the United Kingdom Office For National Statistics, <http://www.statista.com/statistics/281744/gdp-of-the-united-kingdom-uk-since-2000/> accessed 1 August 2016.

8. Gallup, *How to Tackle U.S. Employees' Stagnating Engagement*, 2013. Available online at www.gallup.com/businessjournal/162953/tackle-employees-stagnating-engagement.aspx, accessed 1 August 2016.

STAFF TURNOVER

According to the *Chartered Institute of Personnel and Development (CIPD)*, engaged employees are ‘less likely to leave the organisation’ they work for.⁹ Their assertion is supported by numerous studies. As early as 2004, quantitative analysis by the *Corporate Leadership Council* found that engaged employees are ‘87 per cent less likely to leave the organisation’.¹⁰ Later, a *Gallup* study of 23,910 businesses found that those with engagement scores in the bottom quartile averaged 31% – 51% more employee turnover.¹¹ The phenomenon is further evidenced by an internal study by financial services giant *Standard Chartered* which found that their branches with high employee engagement had 46% lower voluntary turnover.¹²

How does this translate into monetary costs? Replacing one employee is estimated by some experts to cost as much as their annual salary.¹³

9. Chartered Institute of Personnel and Development, *An HR Director's Guide Employee Engagement*, 2009. Available online at www.digitalopinion.co.uk/files/documents/An_HR_Directors_Guide_to_Employee_Engagement.pdf accessed 18 July 2016.

10. Corporate Leadership Council, Corporate Executive Board. *Driving Performance and Retention through Employee Engagement: a quantitative analysis of effective engagement strategies*. 2004. Cited in MacLeod 2009, p.14.

11. Harter, J.K., Schmidt, F. L., Kilham, E. A., Asplund, J.W., (2006), Gallup Q12 Meta-Analysis. Cited in MacLeod, 2009, p. 11.

12. Cited in MacLeod 2009, p.41.

13. MacLeod, 2009, p. 14.

ABSENTEEISM

General advice from the *CIPD* is that engaged employees are ‘less likely to be sick’.¹⁴ Another study put a number to it: engaged employees take an average of 2.7 sick days per year, while disengaged ones take 6.2.¹⁵

Similar results were found in a study of the *Marks & Spencer* workforce, published in 2016. Looking at statistics for each of their stores, it was found that absenteeism in stores in the top quartile of engagement scores were 25% lower than those in the bottom quartile.¹⁶

INVENTORY SHRINKAGE

Inventory shrinkage refers to the loss of inventory due to factors like theft, damage, miscounting, incorrect units of measure, evaporation, or similar issues. It can be a serious—and expensive—issue for businesses.

In 2013, James O’Toole—director of the Neely Centre for Ethical Leadership at the University of Southern California’s Marshall School of Business—reported that an actively disengaged workforce contributes to costly inventory shrinkage. A year later, *IBM* published a whitepaper entitled *Beyond Engagement*¹⁷ that examined a supermarket chain of more than 300 stores—one of the top 25 retailers in the USA. It found that stores which rated low for measures of both performance and engagement experienced much higher inventory shrinkage (p.11). They found that low-scoring stores could save around US \$2.6m simply by improving their scores on those measures (p.12).

Elsewhere too, low engagement levels have been connected to elevated inventory shrinkage. The MacLeod Review cited a broad-based meta-analysis that found inventory shrinkage was 51% worse in workplaces with low engagement compared to businesses with engaged employees.¹⁸

INNOVATION

There are strong correlations between high levels of engagement and high levels of innovation.¹⁹

Krueger & Killham (2007) found that 59% of engaged employees say that their job ‘brings out their most creative ideas’, while only 3% of disengaged employees said the same thing.²⁰

14. Chartered Institute of Personnel and Development, *An HR Director’s Guide Employee Engagement*, 2009. Available online at www.digitalopinion.co.uk/files/documents/An_HR_Directors_Guide_to_Employee_Engagement.pdf accessed 18 July 2016.

15. Harter, J.K., Schmidt, F. L., Kilham, E. A., Asplund, J.W., (2006), Gallup Q12 Meta-Analysis. Cited in MacLeod, 2009, p. 36.

16. Court-Smith, J., *The Evidence: Case Study Heroes and Engagement Data Daemons, Engage for Success*, April 2016, p. 16.

17. IBM, *Beyond Engagement: The definitive guide to employee surveys and organizational performance*, 2014.

18. Harter, J.K., Schmidt, F. L., Kilham, E. A., Asplund, J.W., (2006), Gallup Q12 Meta-Analysis. Cited in MacLeod, 2009, p. 11.

19. MacLeod, 2009, p. 12.

20. Krueger, J. & Killham, E ‘The Innovation Equation.’ *Gallup Management Journal*, 2007. Cited in MacLeod 2009, p. 12.

In their 2015 article for the *International Journal of Management Reviews*, Bailey et al synthesised 214 studies into the meaning, antecedents and outcomes of employee engagement.²¹ Looking specifically at ‘behaviours that support task performance by enhancing and maintaining the social and psychological environment’²² they found a link between engagement and innovative work behaviour.²³

A briefing note from the *Chartered Management Institute*²⁴ also acknowledges ‘a significant association and influence between employee engagement and innovation.’ Cause and effect here may be questioned: the survey found that 92% of the UK managers who described the prevailing management style of their organisation as ‘innovative’ felt proud to work there (p.12).

So, does engagement lead to innovation? Does innovation lead to engagement? In fact, it’s probably a bit of both. We’ll discuss the cause and effect issues of engagement and effectiveness in more detail shortly.

PRODUCTIVITY & PROFIT

For most businesses, the bottom line is the metric that matters most.

Current evidence proves that meaningful engagement with your workforce can have a tangible—in some cases, quite dramatic—positive effect on your business’ productivity and profit.

The data is clear: private sector organisations with higher levels of employee engagement have better *financial* performance.²⁵

We’ll explain more about how engagement is a path to profit in a dedicated chapter to come. For now, it’s important to note that the impact of workforce engagement on businesses’ bottom-lines is inherently measurable and very, very real.

21. Bailey, Catherine et al. ‘The Meaning, Antecedents and Outcomes of Employee Engagement: A Narrative Synthesis’. *International Journal of Management Reviews*, 2015.

22. Borman, W.C. and Motowidlo, S.J., ‘Task performance and contextual performance. The meaning for personnel selection research’, *Human Performance*, 10, 2007, pp. 99–109. cited in Bailey, 2015.

23. Bailey, 2015, p. 12.

24. Kumar, V. and Wilton, P., ‘Briefing note for the MacLeod Review’, Chartered Management Institute, 2008. Cited in MacLeod, 2009, p. 12.

25. MacLeod, 2009, p. 34.

CAUSE VERSUS EFFECT

The links between engagement and performance are real, but we may be justified in asking whether it is a case of the *chicken-or-the-egg*.

Marcus Buckingham—a recognised expert in the field—strongly believes that it is engagement that drives performance rather than the other way around. He told the MacLeod Review team that ‘the relationship between engagement and performance was four times stronger than the reverse’.²⁶

Culture Amp has looked hard at some of the trends and the research shows that companies in the top 10% of engagement scores significantly outperformed those with the bottom 10% of engagement scores.

There is evidence that work attitudes have a more persistent effect on performance than performance does on work attitudes. Michael Riketta (2002) found that:

...the effect of job attitudes on performance persisted over several intervals (with stronger effects for shorter than for longer time lags), whereas the effect of performance on job satisfaction was non-significant for short time lags and significantly negative for moderate time lags.²⁷

While it is not definitively clear whether low engagement scores are a result of underperformance, or underperformance a result of lack of engagement, what is abundantly clear is that it’s worth measuring your company’s performance and taking action to engage employees.²⁸

26. MacLeod Review Team, telephone conversation, 2009, as cited in Rayton, B., Dodge, T. and D’Analeze, G. (2012) *The Evidence: Employee Engagement Task Force ‘Nailing the Evidence’ workgroup*. Other. Engage for Success. 2012. p.7.

27. Riketta, M., ‘Attitudinal Organizational Commitment and Job Performance: A Meta-Analysis’, *Journal of Organizational Behavior*, 2002, 23, 257–266, cited in Winkler, S., Konig, C., Kleinmann, M., ‘New Insights into an Old Debate: Investigating the Temporal Sequence of Commitment and Performance at The Business Unit Level’, in *Journal of Occupational and Organizational Psychology*, 2012, 85, p. 507.

28. McPherson, J. and Jayatilleke, B., *Culture Amp: New Tech Benchmark Report 2016*, Culture Amp, 2016, p. 13.

DANGERS OF ACTIVE DISENGAGEMENT

recruiter.com defines actively disengaged employees as ones that:

...aren't just unhappy at work; they're busy acting out their unhappiness. Everyday, these workers undermine what their engaged employees accomplish.²⁹

The Neely Centre's James O'Toole reports that actively disengaged workers in the US cause serious negative outcomes, 'causing accidents, blowing off customers, showing up late (or not at all) and, in general, creating extra work for supervisors and colleagues.' In 2013, the cost of these disengaged employees was estimated to be US\$500 billion annually.³⁰

The MacLeod Report pointed to other evidence:

Fifty-four per cent of the actively disengaged say that work stress caused them to behave poorly with friends or family members in the previous three months, against 17 per cent of the engaged. More alarmingly, 54 per cent of the actively disengaged say their work lives are having a negative effect on their physical health, versus 12 per cent of the engaged.³¹

Or, consider the experience of an anonymous wholesale & logistics company featured in a 2016 *Engage for Success* report:

- Across over 2,000 salespeople, those 'actively disengaged' failed to meet their sales goals, by 3% on average.
- Highly engaged sales people exceeded their sales goals, by 4% on average.
- With a \$1m. Sales Goal over a year, highly engaged salespeople sold an average of \$70,000 more per year than actively disengaged salespeople.³²

The dangers of an actively disengaged workforce are real. And they have proven to be costly.

29. McKeever, S., 3 *Types of Employees: How to Spot the Silent Killer*, January 2014. Available online at www.recruiter.com/i/3-types-of-employees-how-to-spot-the-silent-killer, accessed 1 August 2016.

30. O'Toole, J., 'U.S. Employees are Disengaged—and Mismanaged' *Strategy+Business*, July 2013. Available online at www.strategy-business.com/blog/US-Employees-Are-Disengaged-and-Mismanaged, accessed 20 June 2016.

31. Crabtree S., 'Engagement Keeps the Doctor Away', *Gallup Management Journal*, 2005; and Gallup Study; 'Feeling Good Matters in the Workplace', *Gallup Management Journal* 2005. Cited in MacLeod, 2009, p. 30.

32. Court-Smith, J., 'The Evidence: Case Study Heroes and Engagement Data Daemons', *Engage for Success*, April 2016, p. 23.

Bad for them, right? Not for me?

These are definitely bad signs for organisations with poor levels of engagement. But your staff are pretty plugged-in, right?

Are you sure?

Research has revealed that ‘87% of employees worldwide are not engaged at work’ and that many of the effected companies are blissfully unaware of the issue. Mike Emmott of the CIPD believes such misunderstandings are due to ‘seriously defective default assumptions’ that persist at a management level in many companies. Specifically, Emmott says that many managers still believe that the outdated *command-and-control* model of management is best, and that pay is the only thing that motivates employees.³⁴

Businesses that actively pursue workforce engagement often find that the benefits extend beyond on-the-job performance. They can carry out into the world:

Engaged employees advocate their company or organisation – 67 per cent against only three per cent of the disengaged. Seventy-eight per cent would recommend their company’s products or services, against 13 per cent of the disengaged.³⁵

Actively engaging your workforce can boost workplace performance. It can transform paycheck mercenaries into lasting brand advocates—and help grow your bottom line.

33. www.gallup.com/services/190118/engaged-workplace.aspx?g_source=position1&g_medium=related&g_campaign=tiles, accessed 13 July 2016.

34. Mike Emmott,(CIPD) interviewed by Macleod, D. and Clarke, N. Cited in MacLeod, 2009, p. 32.

35. MacLeod, 2009, p. 14.

Engagement as the path to profit

For more than a decade, the benefits of positive corporate culture have been rigorously interrogated by academics and industry professionals alike. Studies have repeatedly shown that workforce engagement provides real and significant benefits to organisations.

Of course, you can't build a business's budget on such blanket statements. Thankfully, platforms such as those developed by Culture Amp now allow businesses to uncover the relevant numerical data that hides within each organisation. These ever-more sophisticated tools and indicators make it possible to quantify the value of engagement programs. Boards and managers now have the ability to measure the effectiveness of their own engagement programs and estimate the financial value they add to an organisation's bottom line.

The numbers are in and there is a clear correlation between improvements in workforce engagement and better organizational performance.³⁶

In this section, we take a look at three interconnected strands that active engagement can enhance for your business:

- Staff well-being
- Customer Satisfaction
- The bottom line

³⁶ MacLeod, 2009, p. 11.

Staff well-being

An engaged workplace provides better well-being for individual employees.

Businesses with low employee engagement reported 62% more accidents³⁷

According to the *Chartered Institute of Personnel and Development* ‘engaged employees will have a greater sense of well-being than those who are less engaged’, and they ‘are more likely to be satisfied with their work’.

Looking at more than 60,000 employees from over 150 new technology companies, Culture Amp found that companies in the top 10% of engagement scores were 80% more likely to recommend their company as a great place to work.³⁹

Jonathan Austin of *Best Companies* notes that employees who work for engaging organisations exhibit:

- positive perceptions of the deal they get from their employer
- lower levels of stress
- a better work life balance.⁴⁰

In this way, engagement can have a big impact. 86% of engaged employees say they very often feel happy at work, whereas only 11% of the disengaged say the same thing. 45% of the engaged say they get a great deal of their life happiness from work, against a mere 8% of the disengaged.⁴¹

There are flow-on benefits from these positive engagement outcomes, and they can have a real impact on organizational success. For example, as reported in a MacLeod and Clarke backed presentation from 2012,⁴² employee wellbeing has also been shown to:

- increase performance (p.2)
- be a source of competitive advantage, innovation and growth (p.2)
- be an important factor for attracting talent (p.2)
- lower sickness absence (p.3)
- increase customer/user satisfaction (p.3)

Finally, employee satisfaction is associated with stronger company share price performance.⁴³ That’s a correlation of which executive teams should take note.

37. Harter, J.K., Schmidt, F. L., Kilham, E. A., Asplund, J.W., (2006), Gallup Q12 Meta-Analysis. Cited in MacLeod, 2009, p. 11.

38. Chartered Institute of Personnel and Development, *An HR Director's Guide Employee Engagement*, 2009. Available online at www.digitalopinion.co.uk/files/documents/An_HR_Directors_Guide_to_Employee_Engagement.pdf), accessed 18 July 2016.

39. McPherson, J., and Jayatilake, B., *New Tech Benchmark Report 2016*, Culture Amp, 2016, p. 13.

40. Austin, J., interviewed by MacLeod, D and Clarke, N., and cited in MacLeod, 2009, p. 59-60.

41. MacLeod, 2009, p. 30.

42. *Engage For Success, Engage for Success: Sustaining Employee Engagement & Performance – Why Well-being Matters*. Available online at www.slideshare.net/engage4success/e4-s-sustaining-ee-perf-why-well-being-matters accessed 13 July 2016.

43. Ednams A. ‘Does the Stock Market Fully Value Intangibles? Employee Satisfaction and Equity Prices’, 2008. As cited in MacLeod, 2009, p. 31. MacLeod, 2009, p. 38.

Customer satisfaction

PricewaterhouseCoopers have found a strong correlation between highly engaged staff and client satisfaction.⁴⁴

Likewise, according to the *Chartered Institute of Personnel and Development*:

Seventy per cent of engaged employees indicate they have a good understanding of how to meet customer needs; only 17 per cent of non-engaged employees say the same.⁴⁵

In another study, *Gallup* compared the performance of 23,910 business units against their engagement scores. They found that those with engagement scores in the top quartile averaged 12% higher customer advocacy.⁴⁶

A three year study undertaken by *Sears, Roebuck and Co.* also concluded that ‘there is a chain of cause and effect running from employee behaviour to customer behaviour to profits.’⁴⁷

Marks & Spencer, who complete an annual employee engagement survey, confirmed a strong correlation between employee engagement and customer satisfaction:

Stores in the top quartile of engagement scores are more than twice as likely to achieve the highest Service Score rating compared to stores in the bottom quartile.⁴⁸

In the educational sphere, too, research has shown that higher levels of employee engagement among University staff produces higher levels of student satisfaction.⁴⁹

44. MacLeod, 2009, p. 38.

45. Chartered Institute of Personnel and Development, *Measuring True Employee Engagement*, 2006, cited in MacLeod, D., and Clarke, N. *Engaging for Success: Enhancing Performance Through Employee Engagement—A Report to Government*. London: Department for Business Innovation and Skills. Crown copyright, July 2009, p. 14.

46. MacLeod, 2009, p. 11.

47. MacLeod, 2009, p. 35.

48. Court-Smith, J., *The Evidence: Case Study Heroes and Engagement Data Daemons*, *Engage for Success*, April 2016, p. 16.

49. Court-Smith, 2016, p. 22.

The bottom line

The impact of meaningfully engaging your workforce can be highly and tangibly valuable.

The data is clear: private sector organisations with higher levels of employee engagement have better financial performance.⁵⁰

How does it work? An engaged workforce exhibits greater well-being, resulting in service levels that improve customer satisfaction. This brings better commercial success, a better return on assets and higher shareholder earnings.⁵¹

A 2005 organizational psychology study into retail banking branch networks across the UK and Ireland showed that increases in the average level of employee engagement correspond with an upswing in sales. The study concluded that an increase of one standard deviation in the measure of employee engagement was linked to a 6% improvement in branch sales.⁵²

Multinational financial services company *Standard Chartered* conducted their own engagement study, finding that branches where employee engagement was high exhibited:

...16 per cent higher profit margin growth than branches where employee engagement was low. (p.41)

As far back as 2001, Hay Group concluded that engaged employees generate 43% more revenue than disengaged ones.⁵⁴

There are numerous recent examples of businesses boosting performance and profits through engagement.

The *Corporate Leadership Council*—a membership initiative serving the chief human resource officers of some of the world's largest corporations—reports that engaged organisations:

- grow profits as much as three times faster than their competitors
- have the potential to reduce staff turnover by 87%
- improve performance by 20%.⁵⁵

50. MacLeod, 2009, p. 34.

51. IBM Institute for Business Value and IBM Smarter Workforce Institute, *Amplifying Employee Voice: How organizations can better connect to the pulse of the workforce*, IBM Corporation, 2015, p. 5.

52. Gelade, G. A. and S. Young. 'Test of a service profit chain model in the retail banking sector.' *Journal of Occupational and Organizational Psychology* 78: 2005, 1-22. As cited in Rayton, B., Dodge, T. and D'Analeze, G. *The Evidence: Employee Engagement Task Force "Nailing the Evidence" workgroup*. Other. Engage for Success, 2012.

53. Standard Chartered, as cited by MacLeod, 2009, p. 41.

54. Hay Group, 'Engage Employees and Boost Performance', 2001, cited in MacLeod, D., and Clarke, N. *Engaging for Success: Enhancing Performance Through Employee Engagement—A Report to Government*. London: Department for Business Innovation and Skills. Crown copyright, July 2009, p. 39.

55. Corporate Leadership Council /Corporate Executive Board, 'Improving Employee Performance in the Economic Downturn', 2008. Cited in MacLeod, 2009, p. 37.

The human resources and financial services consulting firm *Tower Perrins-ISR* has carried out their own global survey into the effects of workforce engagement.⁵⁶ Analysing data from more than 664,000 employees from 50 companies around the world, they found a:

...52 per cent gap in the performance...between companies with highly-engaged employees versus companies whose employees had low engagement scores. Companies with high levels of employee engagement improved 19.2 per cent in operating income while companies with low levels of employee engagement declined 32.7 percent over the study period. (p.12)

An IES/Work Foundation report, *People and the Bottom Line* found 'that if organisations increased investment in a range of good workplace practices which relate to engagement by just 10%, they would increase profits by £1,500 per employee per year.'⁵⁷

Gallup polling has shown that found that organisations with engagement scores in the top quartile averaged:

- 18% higher productivity
- 12% cent higher profitability⁵⁸

Another study looked at the earnings per share (EPS) growth of 89 organisations. It found that the EPS growth of organisations with engagement scores in the top quartile was 2.6 times that of organisations with below-average engagement scores.⁵⁹

Overall, Gallup's meta-analysis concluded that companies with highly engaged workforces outperform their less-engaged peers by 147% in earnings per share.⁶⁰

56. Towers Perrin-ISR, *The ISR Employee Engagement Report*, 2006, cited in MacLeod, D., and Clarke, N. *Engaging for Success: Enhancing Performance Through Employee Engagement—A Report to Government*. London: Department for Business Innovation and Skills. Crown copyright, July 2009, p. 12.

57. Tamkin P, Cowling M, Hunt W, *People and the Bottom Line Report 448*, Institute for Employment Studies, 2008, cited in MacLeod, D., and Clarke, N. *Engaging for Success: Enhancing Performance Through Employee Engagement—A Report to Government*. London: Department for Business Innovation and Skills. Crown copyright, July 2009, p. 17.

58. Harter, J.K., Schmidt, F. L., Kilham, E. A., Asplund, J.W., *Gallup Q12 Meta-Analysis*, 2006. Cited in MacLeod, 2009, p. 11.

59. Gallup, 'Engagement predicts earnings per share', 2006, cited in MacLeod, 2009, p. 11.

60. www.gallup.com/services/190118/engaged-workplace.aspx, accessed 13 July 2016.

Tackling Engagement: Learn. Act. Repeat.

The preceding chapters have shown that employee engagement impacts productivity, retention, and employee well-being. We know that low engagement is often an indicator that the business is underperforming overall. So, what is the real difference between the success of companies with the most and least engaged employees?⁶¹

It is that they are persistently and actively dedicated to employee engagement as a core tenet of their corporate culture. An active dedication to engagement can be summed up in three words:

1 Learn

2 Act

3 Repeat.

There are no tricks. These three words are easy to understand and quite straightforward in what they mean. But simplicity mustn't be mistaken for unimportance. This is a process that requires diligence and commitment. It is simple enough to implement without major imposition, but it is integral enough to warrant broad adoption throughout the management culture.

Learn

There's no single solution for an engaging workplace culture. Engagement drivers differ for employees across various workplaces and industries.⁶² So, you must first understand your current situation and the drivers of engagement that are specific to your organisation.

The best and simplest way to achieve such understanding is through measurement and evaluation. Gather accurate, detailed and meaningful data that will serve as a basis for actionable insights.

In the past, some companies focussed on a single measure to evaluate their HR successes. While *employee Net Promoter Score* (eNPS) or *employee satisfaction scores* can be used as broad indicators, they are inadequate as a basis for an engagement solution.

61. McPherson, J. and Jayatilleke, B., *Culture Amp: New Tech Benchmark Report 2016*, Culture Amp, 2016, p. 13.

62. Culture Amp, *Powering Great Workplace Cultures*, 2016, p. 1.

As global experts in engagement and insights, *Culture Amp* recommend digging deeper for valuable information you can really use. To properly learn how your company stacks up, measure a variety of indicators, including pride, motivation and commitment.⁶³

Collect reliable information and identify key engagement factors: only then can you make educated decisions about improving your employees' engagement and workplace culture.

It's also important to understand that employee engagement can vary across cohorts within a single organisation. Factors like role, age group and gender can each play a part.⁶⁴

Thanks to technology, digging deeper need not be burdensome. Innovative platforms exist to facilitate the deep learning process. Platforms such as that developed by Culture Amp accelerate data collection and simplify the application of reliable analytical methods. With them, you can arrive at actionable conclusions quickly and confidently.

And, there is evidence to show that your employees are likely to welcome programs that seek to lift their engagement with your organisation.

A 2015 study by *IBM*⁶⁵ looked at the benefits of what they termed *listening programs*—initiatives that 'actively solicit, analyse and engage in ongoing conversations with past, present and even future employees' (p.1). They found that '83% of surveyed employees said they would participate in an employee listening program' (p.2).

The upshot is that your workforce *wants* to be listened to—they *want* to be engaged.

63. McPherson, 2016, p. 11.

64. McPherson, 2016, p. 11-12.

65. IBM Institute for Business Value and IBM Smarter Workforce Institute, *Amplifying Employee Voice: How Organizations Can Better Connect to the Pulse of the Workforce*, IBM Corporation, 2015.

Act

Detailed research and reporting in the *learning* phase gives you the insights you need to make decisions that will work for your organisation. Once you've learned where you're at, it's time to take action.

The steps you take will be unique to your organisation, your goals, and the needs of your staff.

Just as your workforce must be consulted in the *learning* phase, so too must they participate in formulating the actions to be taken. Whether addressing a challenge or capitalising on an opportunity, let your staff guide the way.

Empower your employees to make meaningful decisions and to play an active role in the process. To do this, they'll need actionable data provided in a quick and responsive manner, so provide it for them. Make sure it is easily digestible and relevant to each recipient, without reinventing the wheel each time.

Ensure that the actions you take are welcomed by your staff and effective at enhancing engagement. Involve your employees in the process of finding and implementing solutions. Make certain that all actions are supported by accepted conclusions from your internal research.

Repeat

Engagement is not an event. Engagement is an ongoing process.

Modern technology allows us to take powerfully collaborative approaches that can genuinely improve company culture. The benefits can be substantial, but they are reliant upon continual learning and responsiveness.

Once you've taken action to address issues of engagement, you must follow up with renewed efforts at listening and learning. You must measure the impact of your initiatives. Are they working effectively? Is there greater room for improvement? Are there successes that can be amplified?

To ensure that past issues remain resolved and future potential issues are identified before they become detrimental, the cycle must be continuous: Learn. Act. Repeat.

Conclusion

Employee engagement has effects that extend far beyond happy faces in the break room. As the preceding research shows, making employee engagement a priority for your organization is likely to reap benefits.

A proactive and dedicated approach to engagement is proven to boost innovation, productivity, well-being and profit. At the same time, costly issues such as staff turnover, absenteeism and inventory shrinkage are mitigated.

Engagement is a genuine concern with no universal cure-all: every company and organisation is different. Each has its own unique concerns, strengths and priorities. What's important to your employees may be different to the employees of a different company.

To solve the engagement equation for your organisation, you must measure and evaluate your current situation, then analyze and act to improve it. Services such as those offered by Culture Amp help you get it right.

The *learn, act, repeat* cycle is a proven program that gets results. Find the right way to learn what impacts your employee engagement, genuinely act on the findings, then re-evaluate to refine your approach. Through this sort of persistent process of inquiry and action, you can effectively improve your workforce engagement and boost your bottom-line.