EMPLOYEE ENGAGEMENT

A Strategy for
Performance & Retention
Summary

1. Connecting Engagement with Performance
   The data that connects high employee engagement with employee engagement with business performance.

2. The Pillars of Engagement
   The seven pillars of engagement and how they impact the employee experience.

3. Improving Employee Engagement
   Tips on how to improve each component of engagement.

Conclusion
Let’s start with the basics. What is employee engagement, in concrete terms?

Employee engagement is the evaluation of enthusiasm and dedication an employee feels toward their job, and the relationship between an organization and its employees.

Organizations with high employee engagement have a majority of employees who report high satisfaction with their work and therefore outperform organizations with low employee engagement.

Employees are usually categorized into one of three groups:

1. **Engaged collaborators** are enthusiastic about their situation and their employer. They are satisfied in terms of fulfillment, well-being and trust.

2. **Non-engaged collaborators** lack enthusiasm for their work and employer. These employees usually provide minimal effort and are not invested in personal or company goals.

3. **Disengaged collaborators** are not at all invested and might be working against the company due to discontentment. This group is prone to high absenteeism and accelerated turnover.
More than half of American workers are not invested in their company’s success.

Many assume that there is a direct link between engagement and contribution. But does the evidence back this up?

“According to a Gallup poll, 51% of the American workforce is not engaged, while 33% are classified as engaged employees.

(Gallup, 2017)
2. Connecting Engagement with Performance

“Disengaged employees cost the US between $483 and $605 billion each year in productivity loss.”

(Gallup, 2017)

According to Gallup research, here are some advantages for companies who score in the top quartile for employee engagement:

- **Absenteeism**: 41% lower
- **Turnover**: 59% lower
- **Employee safety incidents**: 70% fewer
- **Productivity**: 17% higher
- **Sales**: 20% higher
- **Profitability**: 21% higher

Engagement encompasses many aspects of the employee experience. Employees can be highly engaged or disengaged for a variety of reasons so return on investment (ROI) can be difficult to measure. But there is plenty of data that indicates engagement is directly related to business success.

Take these three case studies related to engagement pillars: training & development, wellbeing and culture.
Training & Development: The Association of Talent Development featured one case study of a large chain of home furnishing stores. Their executive team rolled out engagement surveys, then conducted workshops and e-learning based on employee and manager needs. The program cost ~$446,600 and resulted in more than $1.3m added revenue - a ROI of 210%.

Well-being: SAP, a multinational software enterprise, has been connecting employee wellbeing with their bottom line for more than a decade. They’ve created a Business Health Culture Index (BHCI) to track the ROI of well-being investments. BHCI has increased by 11% from 2013 to 2020, each 1% increase delivering a €90m-€100m operating profit impact.

Culture: Glassdoor has been tracking stock performance as it relates to companies named to their Best Places to Work (BPTW) list since 2009. They found that an equally invested portfolio of U.S. BPTW winners outperformed the S&P 500 in nine of the past 11 years. Additionally, rising 10 spots on the BPTW list translates to a 1.7% increase in annual stock.

Well-being is not just about PTO or work hours. There are five components to consider.

- Cultural - Building well-being into social behaviors and norms.
- Relational - Fostering well-being in co-worker relationships
- Operational - Considerate management policies, processes, and programs.
- Physical - Optimized physical workspaces and equipment.
- Virtual - Digital workspaces that facilitate productive and collaboration.

The work-life balance challenge is a perpetual issue for organizations, but investing in employee health is a real lever for engagement and performance.
A welcoming company culture

Every organization should socialize their vision and values. Employees are more likely to enjoy their time at work if they relate to company values.

Culture remains a challenge.

Less than one-third of workers believe they have a strong culture. Additionally, 43% would be willing to leave for a 10% salary increase, and weak company cultures are to blame. (TinyPulse Employee Engagement Report, 2019)

Uphold these universal values:

- Respect. The tone must be set by management so employees follow suit. Respect enhances collaboration and reduces conflicts.
- Trust & Investment. Financial compensation is no longer the end-all, be-all for employee happiness. Training and development, transparency, and communication are all major factors in today’s landscape.
- Open dialogue. Allow people to express themselves and share praise along with concerns. Provide opportunities for dialogue.

Recognition

Only a third of workers received recognition the last time they went the extra mile at work and just 25% feel highly valued at work (TinyPulse, 2019).

Recognition gives employees confidence, which fuels their motivation. Data shows that recognition and appreciation (promotions, cash bonuses, acknowledgement in meetings, etc.) improves engagement.

“82% consider recognition an important part of their happiness at work (SurveyMonkey/Bonusly Survey, 2019).
Social responsibility

A company’s reputation for corporate social responsibility (CSR) can impact employee engagement. This includes external CSR initiatives where companies partner with charities, and internal CSR where employees get hands-on with CSR programs.

The connection between CSR and engagement has been discussed for decades. The concept is a popular psychology topic. Studies published in Frontiers in Psychology (2016), Journal of Workplace Learning (2014) and ScienceDirect (2018) all supported the idea that employee engagement is improved when there are positive perceptions of CSR. One caveat was that engagement tends to decrease if CSR is viewed as an add-on work responsibility.

> After 3 years, someone who was promoted has a 70% chance of retention, while someone who moved laterally has a 62% chance. Those with the same position have a 45% chance of still being there (LinkedIn Research, 2019).

Feedback Loops

Employees need dedicated spaces to express themselves, share ideas and be involved in decision making. There are limitations, but ignoring this need is detrimental.

There’s a vast industry of employee feedback tools, but a simple survey is still impactful. The People Analytics team at Facebook found that simply asking people how long they intend to stay is more than twice as accurate at foretelling turnover than machine-learning forecasts.

Furthermore, surveys can influence behavior. People surveyed on if they’d like to volunteer for three hours were 27% more likely to do it. A survey sent to people on if they were planning to buy a new computer in six months increased purchase rates by 18% (Harvard Business Review, 2018).
Manager-employee relations

Positive management relationships are essential. In many cases, turnover is the result of employees leaving their manager more than their company.

So, what makes a great manager? A superior manager is able to drive action and earn trust through communication. This includes:

- Fostering and maintaining togetherness.
- Maximizing the potential of their team.
- Managing conflicts and clashing personalities.
- Communicating an optimistic yet realistic vision.
- Demonstrating leadership, empathy and high EQ.
- Knowing when to take responsibility and when to delegate.

It’s logical that employees who trust their supervisors would perform better, and the data backs this up.

“Compared with people at lowtrust companies, people at hightrust companies report:
- 50% higher productivity
- 76% more engagement

If your organization is struggling with engagement, make investigating trust levels between managers and employees a top priority.
Companies in the top 5% for “open and effective management” see greater retention. After 3 years, there was a 48% chance of employees still being at those companies. For businesses in the bottom 5%, the three-year retention rate dropped to 32% (Harvard Business Review, 2017).
We’ve discussed how engagement translates to business performance, and the pillars of employee engagement - but how do you improve employee engagement? Here’s how to address each component.

**Training & development** - Give your employees the option to participate in new projects: mentoring, cross-department training, skills development courses, conferences, seminars, etc. The more people are given the opportunity to explore their professional interests, the more they increase their performance level.

**Well-being** - Plan around the five components of well-being: cultural, relational, operational, physical and virtual. Determine which area needs improvement. For instance employees might need ergonomic chairs or something intangible like the opportunity to make friends at work.
**Company culture** - Build a communications strategy to raise awareness about company culture. And make improvement plans with the help of employee ambassadors.

**Recognition** - Introduce gamification aspects into the recognition process by incentivizing employees to recognize each other and to earn recognition. Start simple by celebrating team accomplishments and creating a “compliment wall” on the company intranet.

**Social responsibility** - Find opportunities to get employees involved with charitable and volunteer efforts. As long as programs are optional, employees are more likely to stay engaged.

**Feedback loops** - Create feedback systems within an intranet or through manager-led initiatives. The power of feedback is limited if it’s ignored. Feedback collection needs to be paired with action plans.

**Manager-employee relations** - Evaluate managers on the performance of their teams and survey feedback. If an issue is evident, invest in options such as leadership training or executive coaching. Sometimes the best option is to make strategic realignments.

To recap, here are general guidelines for improving employee engagement:

- Define realistic, clear and reachable goals.
- Establish an expectation of trust between managers and employees.
- Ensure that teams understand their role in the company’s success.
- Build a trusting environment and encourage managers to show interest in their employees’ personal lives and development.
- Publicly congratulate, privately reprimand, and design improvement plans for those who feel disengaged.

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Download these guides to learn more:

- [Improving Employee Engagement](#)
- [Measuring Employee Engagement](#)
Fostering employee engagement is a holistic approach for business growth. A win-win solution, it benefits employees and employers no matter the company size, industry or organizational hierarchy. Employee engagement starts with high level decision-making. C-level executives and managers must adopt policies with engagement in mind. This means not only implementing the right tools and processes, but actively participating in company-wide programs.
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