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Employee Engagement and Productivity

1. Introduction

What is Employee Engagement and what has it got to do with Productivity?

Aon Hewitt defines employee engagement as "**The psychological and behavioral outcomes that lead to better employee performance.**" In other words, it is how well employees like what they do and how well they like doing it for your company.

Employee engagement does not necessarily mean employee happiness although engaged employees are typically happier employees. An engaged employee is an employee that cares about their job, goes the extra mile for it, and also cares about the company. Engaged employees are actively engaged in the workings of the company, in finding new methods to boost business and growth and in building the business to its full potential. The engaged employee will proactively find ways to better the company even if that means just picking up a piece of litter or doing a little more to ensure that the company looks good and is productive. They have a relationship with their employer that is mutually satisfying and beneficial for each.

The engaged employee is not difficult to spot. There are "symptoms," that tell you that an employee is actively engaged in the company and its success. They will consistently perform better, they will innovate and create and work for the success of the company. They will motivate and encourage others to drive for cost effectiveness and efficiency in their job. They want roles and jobs and missions clarified and often rise above their job description and will do more than is required, even in very small ways. The engaged employee is passionate and interested and committed to the health of the company and those who work there.

Figure 1 shows the 4 traits of an engaged employee.



Figure 1: Traits of Engaged Employees

Source: <http://www.dalecarnegie.com/employee-engagement/engaged-employees-infographic/>

2. What is the Impact of Employee Engagement on Business Productivity?

“Engaged employees who successfully represent the company brand provide a competitive advantage and impact the bottom line – a crucial benefit in today’s competitive global business environment,” said Mike Ryan, Madison Performance Group’s senior vice president of marketing and strategy, in a press release. He added: “Motivated employees are more productive and creative and recognition programs help keep them engaged and positive about their professional contributions to the organisations.”

Engaged employees manage other employees better. Hence, ensuring that our managers and team leaders are fully engaged is imperative. According to Forbes and Wall Street Journal, engaged employees create better companies. These employees make a better income for themselves and a better outcome for the businesses for which they work.

Towers Perrin research shows that companies who have well engaged employees traditionally have a 5-6 percent higher net profit and their shareholder returns are more than five times higher in the course of a five year time span. Employee engagement leads to other perks such as rising stock prices and a better return on the investment of the company in training.

Most surveys and professional research show that engaged employees offer businesses better quality, better productivity, better customer service and far better customer satisfaction. Those things, in turn lead to bigger profits, higher stock prices and improved or consistently rising sales, repeat business and increased business referrals.

Figure 2 shows the possible ROI on highly engaged employee and **Figure 3** shows how one of the key drivers of employee engagement creates positive impact on business outcomes.

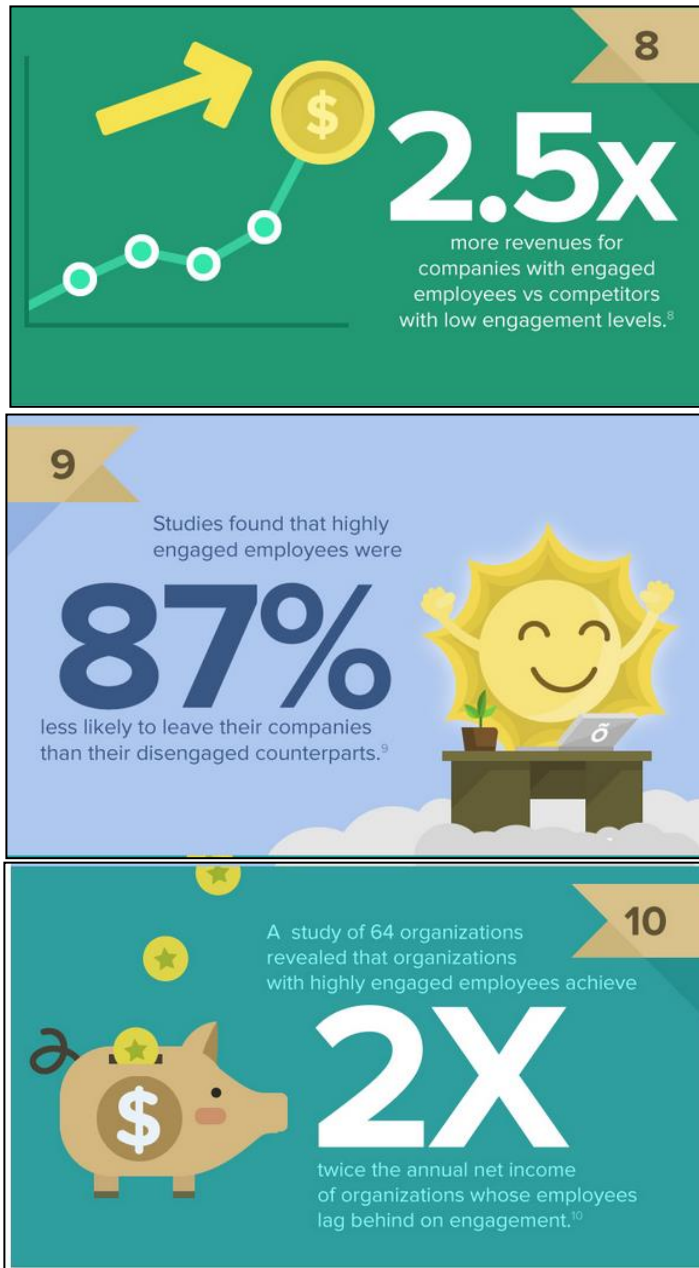


Figure 2: ROI on Highly Engaged Employees

Source; <http://www.tlnt.com/2012/06/21/getting-to-the-bottom-line-impact-of-employee-engagement/>



Figure 3: One of the key drivers of employee engagement is 'Caring' Managers and Workplace Environment

Source: http://www.dalecarnegie.com/knowledge_center/white_papers/

3. The Cost of Disengaged Employees

Disengaged employees, conversely, can lower the value and the profits of your business. In addition, those disengaged employees can actively spread their negativity and make it a disease inside your company. This means that employee engagement is good for your business.

Having seen the value of engagement of employees, the cost of disengagement of employees may be easy to imagine but many of us may underestimate it. If engaged employees are the best case scenario for your business, disengaged employees are clearly the worst.

Good leaders know the value and the power of an engaged employee and conversely, know the damage that can be caused by those who are not engaged in the company or its overall good health.

The Gallup Organization's poll, conducted in 2010, regarding engagement of employees tells us how bad the disenchanting employee can be for a company--even a very large company. Disengaged employees in a company can cost them millions.

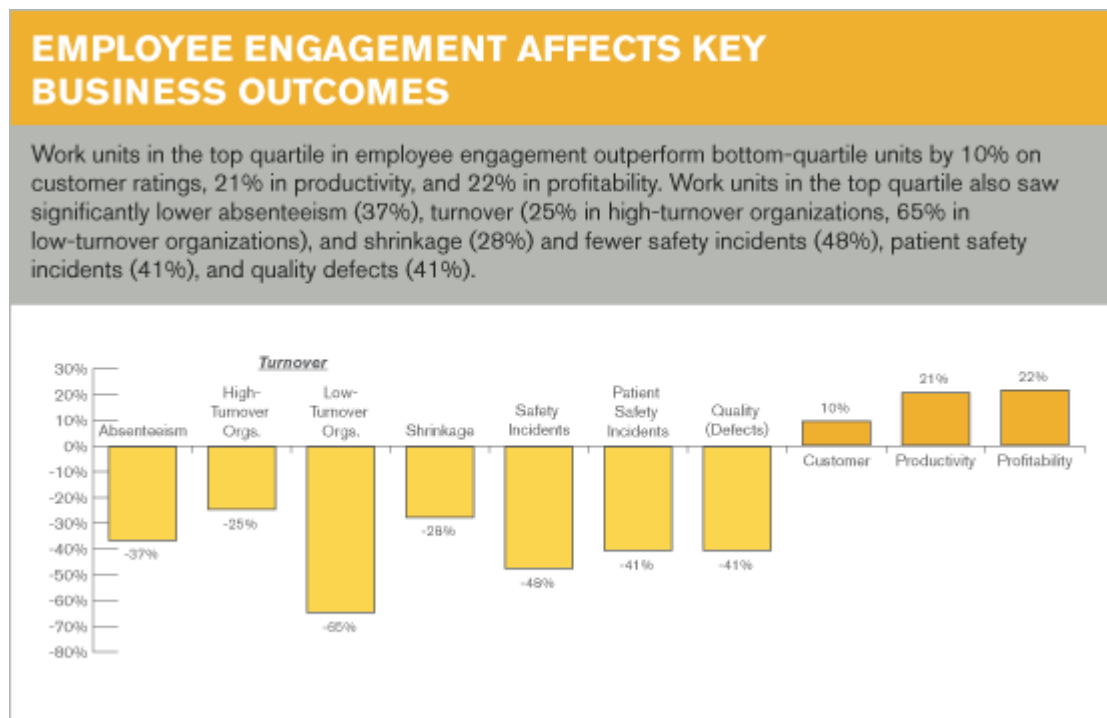
Figure 4 shows why employee engagement matters to the company



Figure 4: Why Employee Engagement Matters

Source: <http://www.dalecarnegie.com/employee-engagement/engaged-employees-infographic/>

According to Gallup's State of the Global Workplace report 2012 (see **Figure 5**), employee engagement relates to each of the nine business performance outcomes studied. It was found that the strong correlations between engagement and performance are highly consistent across different organisations from diverse industries and regions of the world.



Source: GALLUP

Figure 4: Employee Engagement Affects Key Business Outcomes

Source: <http://www.gallup.com/businessjournal/166667/five-ways-improve-employee-engagement.aspx>

4. What can you do to improve employee engagement?

How do you avoid disengaged employees and its associated costs to your business? How do you enhance employee engagement and reap the positive impact it has on your business?

To be effective in improving employee engagement, you first need to know the 3 key drivers of employee engagement, namely, relationship with direct manager, belief in senior leadership and pride in working for the company. **Figure 5** shows 3 key drivers of employee engagement.



Figure 5: Drivers of Employee Engagement

Source: <http://www.dalecarnegie.com/employee-engagement/engaged-employees-infographic/>

One of the most important aspects of employee engagement is that the CEOs and the management team of companies not just "walk the talk", they also "walk the walk."

What that means is that management and supervisory members take some simple steps that show the employees that 'you are all in it together' and that engaging in the business means improving the circumstances of employees and management alike.

Some simple steps recommended by top companies include:

- 1) Foster a sense of community in the company and strengthen that community feeling at every opportunity. This is done by encouraging interaction and assistance between employees and departments and between employees and managers. In many companies departments work autonomously but if you foster a sense of community and helpful interaction, very often the results are striking.
- 2) Be absolutely fair. This one is far more difficult than it sounds, but it is imperative if you are going to engage your employees. Being the person who manages means taking a totally fair approach even if you are fonder of one employee or subordinate than you are another.

- 3) Make it a point to be a role model for doing the little extras that increase profits and improve the company. The manager who does only what is necessary is a manager who is not a good role model for company engagement. Going above and beyond what is normal for your position, being extra helpful to employees who need assistance or counseling can make all the difference in the world.
- 4) Recognise and reward good work. Rather than only noting what is not working correctly, take the time to notice and to comment on what is working and why it's working. Do not be afraid to single out employees who are going the distance for the company.
- 5) Communicate and motivate. Employees are inspired by people who talk to them and share their vision of the company. Communication with your employees is often viewed as motivation and quite often it takes little more than that to engage an employee. Make it a point to communicate the positive as well as the negative. It is easy to find time to express the issues that may be there, but to take some time to express what your employees are doing right is not something we always take the time to do.
- 6) Hold management accountable for building employee engagement. When it happens reward them appropriately for motivating others to become more engaged in the company and the culture.

Similar to the recommendations above, companies can also put into practice the following 5 tips for employee engagement as show in **Figure 6**.



Figure 6: Tips for Employee Engagement

Source: <http://www.dalecarnegie.com/employee-engagement/engaged-employees-infographic/>

Leaders in the best companies communicate a clear vision to their employees. They find ways to communicate the company's direction throughout the year. They use every opportunity, touch point, and communication channel to explain how the employees contribute to the company's goals. They recognise and reward high performing employees.

The best leaders in companies create a culture of open communication and actively seek employees' inputs on the company's vision, direction and goals. They value the employees' inputs which in turn make employees feel valued and empowered.

Hiring the best managers is pertinent. The best managers understand that their success and that of the organisation relies on employees' achievements. Great managers seek to understand each person's strengths and provide employees with every opportunity to use their strengths in their role. They help employees create goals for themselves and assist them in meeting those goals. They can offer them the means to feel more a part of the company for which they work. Further, they can clear a path for them so that the employee who is engaged in the company and their own growth can focus completely on doing what they do best.

The company, additionally, can help the employees to attain new skills and to further develop current skills in order to build their talents into strong and marketable skills. These actions tell the employees that you value them and desire to empower them, which enhance their confidence in themselves and the company.

Case Study

Case Study 1: Singapore Study

A Gallup Poll indicated that Singapore workers are among the least engaged in their company or company culture. Their rates of absenteeism were far higher than those of their counterparts in other areas. Likewise, Singapore workers stated that their stress levels were far higher and most pointed to their jobs.

State of the Global Workplace report surveyed more than 73,000 respondents in 141 non-US countries, and a further 151,000 respondents from the US. A Gallup poll has found that more than three quarters (76 per cent) of Singaporean employees, surveyed in 2011 and 2012, are in this category.

Another 15 per cent are classed as "actively disengaged", that is, they are unproductive and potentially hostile to their organisations. It is these workers who may choose to spread negative feelings and to disengage others who are in their workplace, causing lower profits and a more rapid turnover of workers.

2013/2014 Randstad World of Work Report indicated that employees in Singapore are some of the unhappiest in Asia Pacific with 23 percent feeling unmotivated in their jobs and that their skills that are not being used effectively.

The majority (64 percent) plan to leave their current job in the next 12 months. Many felt disengaged due to their jobs not being a good match for their skills. Some felt their skills were being poorly utilized. Many felt underappreciated.

Not surprisingly, the average company in Singapore saw a reduction in profit over the last four years. With family owned and operated businesses driving a great deal of the Singapore economy, companies that want to continue will need to get on board and find ways to engage their workers in their own and the company's future success.

Case Study 2: Retail Employee Engagement Lowers Profit Margin for UK Companies

More than 2000 workers responded to surveys by Maverick who found that retail employees were among the most disengaged in the UK. Of those who responded to the survey, more than 75% stated that they were not engaged in the company's brand or values, while about 60% said they did not know what the values actually were.

The research accomplished revealed that by investing about ten percent more in engaging their staff, that UK companies could add about £2700 per employee per year in added company profits.

This type of disengagement explains and dramatically illustrates why High Street retailers such as Marks and Spencer are reportedly dragging in sales and their profits are lagging.

According to research from leadership development consultancy Head Heart + Brain 58% of retail managers said their boss made them feel threatened, well above the UK average of 47%.

“They are managing their employees in a threatening way, which is dragging down productivity and making it harder for the sector to adapt to seismic changes in the economy,” says Jan Hills, Partner at Head Heart + Brain. She added: “This is particularly worrying in a sector where there is such a close link between motivated employees, customer service and profitability. To get the most out of their employees, and to close the productivity gap, retail bosses need to lead in a more brain-savvy way. They need to maximize feelings of reward in their employees, which will improve the engagement. . .”

This lack of engagement seems to be a direct result of mismanagement and of lack of recognition by management for the efforts that retail employees give. Heavy-handed management techniques are among the most commonly seen reasons for disengaged employees.

5. Conclusion

Based on the research and case studies, it is easy to see that how engaged employees are far more productive than those employees who are not actively engaged or who are actively disengaged.

The cost to business, to education, and even to government for employees who are actively disengaged is monumental in terms of what could have been accomplished but was not. Companies are losing money and from those losses we see increased prices for goods and services. Compounding the problems brought about by actively disengaged workers are lost jobs and lower net worth for the companies involved.

It makes business sense to find better ways to engage employees, build rapport and encourage them in what they do as well as how to better themselves and begin alleviating the problem of high percentages of disengaged workers. Start putting into practice the recommendations and tips for employee engagement and enjoy the ROI it brings to your business!

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