

How employee engagement can

improve your business

Introduction

As something that most people associate with the 'softer' side of people management, employee engagement tends to get overlooked when businesses are busy dealing with the day-to-day.

But with job satisfaction, increased commitment, better communication and team working just some of the skills that experts associate with a happier employee, it's clear that engagement is not a luxury, but a necessity.

What engagement looks like

It may appear to be an abstract concept, but engagement is actually very easy to spot, according to the Institute of Employment Studies. "An engaged employee is aware of the business context," it states, "and works with colleagues to improve performance within the job for the benefit of the organisation."

Research specialist Gallup¹ identifies **three different types of employee**, whose behaviour can be directly linked to their level of engagement:



1 – Engaged:

denoting employees who **work with a passion** and feel a profound connection to their company. They drive innovation and move the business forward.



2 – Not-engaged:

used to describe employees who have essentially **'checked out'**. They're sleepwalking through their workday, putting time – but no energy or passion – into their work.



3 – Actively-disengaged:

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

While the 'not-engaged' bracket represents a great opportunity for employers to **stop the rot**, it's not always easy to identify these sleepwalkers, according to Gallup – simply because they tend to perform their jobs to the letter, so don't always give cause for concern.

Taking the time to do so will be well worth your while, however – quite simply because it will **convert your plodders into proactive employees** who not only want to go the extra mile, but will do so on a regular basis.

Linking engagement to your bottom line

At first glance, measuring the impact of engagement to business performance may seem rather a grey area, but Gallup's well-established Q12[®] Meta-Analysis² (which actually dates back to the 1930s) puts the case on more of a solid footing by identifying nine indicators of organisational performance that can be directly linked to employee engagement.

1. Customer ratings
2. Profitability
3. Productivity
4. Turnover
5. Safety incidents
6. Shrinkage (theft)
7. Absenteeism
8. Patient safety incidents
9. Quality (defects)

By linking your individual reports with these areas you can very quickly build up a picture of where any engagement issues may lie and the effect they are having on your bottom line.

Positive mood states have been found to **boost productivity** and creativity, reduce sickness absence and increase customer satisfaction.*³

"I personally believe you can't have delighted customers if you don't have delighted employees"

Matthew Dearden,
President, Europe, Clear Channel

KEY TAKEAWAYS

- Engaged employees are more likely to use their initiative and build better relationships with customers
- Unengaged employees simply work from break to break and do what the job requires

The most widely used methods for engaging employees are:



80%

Workplace meetings involving all staff



60%

The disclosure of financial information



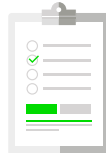
14%

Problem-solving groups



66%

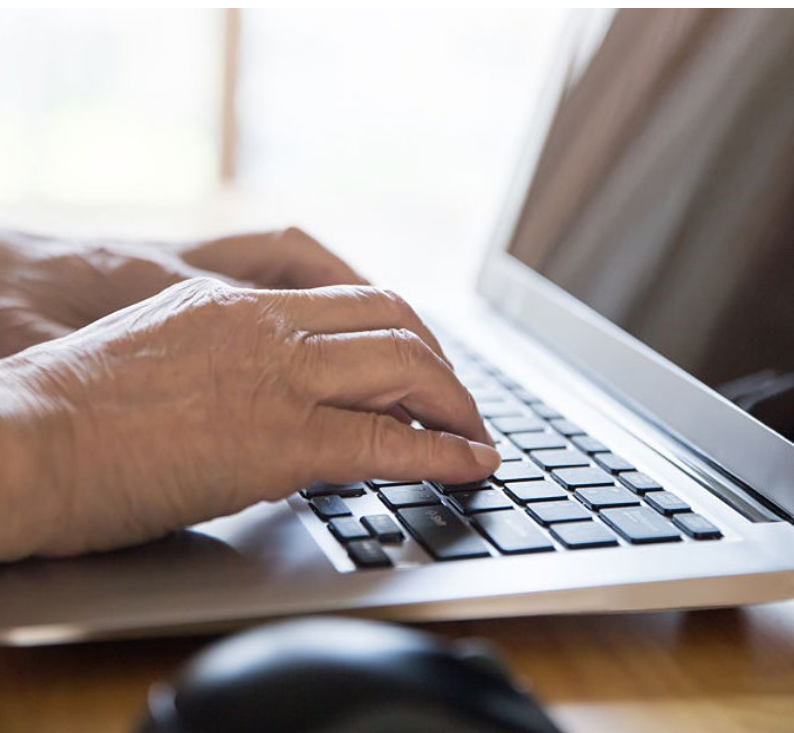
Team briefings



38%

Staff survey

Source: Workplace Employment Relationship Study⁴



Did you know?

Research shows that older people tend to be naturally more engaged than younger workers³

Stunted growth

The relationship between engagement and productivity has long been identified by the government, which has set up a special Employee Engagement Taskforce to address the problem. Economists at the University of Warwick have directly linked happiness to a 12% spike in productivity in their research, claiming that unhappy workers proved 10% less productive.⁵

Why does engagement matter so much to government? Despite the continued decrease in unemployment, productivity levels in the UK remain inherently weak – with the Bank of England⁶ claiming the UK's whole-economy output per hour remains around 16% below the levels indicated before the start of the 2007 downturn.

"If we've got great employee engagement the numbers tend to look after themselves. If the numbers aren't going according to plan, one of the first places you go and look is 'How engaged are the employees'"

Paul Budge,
UKI CEO, Bunzl

A **5%**
increase in employee
engagement, links to a

3%
increase in revenue
growth in the
subsequent year.

Aon Hewitt, 2015 Trends in
Global Employee Engagement



Engaged employees in the UK take an average of **2.69** sick days per year, compared with **6.19** among disengaged.

SOURCE: Gallup

What employees want...

The really great news is that employees are actually quite clear about what will help them engage with the businesses they work for.

This typical wishlist includes:

- Having a voice
- Being involved in decision-making
- Working for managers who communicate their objectives clearly
- Being treated fairly
- Understanding where a company is going
- Working for a company that keeps its promises
- Feeling valued
- Working for a company that wants to nurture their skills

91% of employees who are satisfied with their involvement **feel loyal to their organisation**, compared with just 49% of those not satisfied.

87% of those satisfied with their involvement in decision-making felt proud to work for their organisation, compared with 38% who were dissatisfied.

Source: Workplace Employment Relationship Study⁴

“The more that you feel that you are heard, the more inclined you are going to be to bring new ideas forward but you as a leader have to create that environment. You don’t create an environment where only the senior leaders have the franchise on good ideas”

Jane Griffiths, Company Group Chairman, Janssen EMEA

KEY TAKEAWAYS

Employees are very clear about what engagement means to them – and how it helps them do their job.

People want their employers to:

- Be clear about what they expect
- Share plans and decisions
- Keep promises
- Welcome feedback and suggestions

SMEs are winning on engagement!

Loyalty is particularly strong among employees of small enterprises (84%), with employees more likely to say they share the organisational values (70%), and be proud of who they work for (75%)⁴

“The most important thing is that people wherever they are in the organization feel that their ideas are being heard”

Jane Griffiths,

Company Group Chairman, Janssen EMEA

//References//

- 1 - Five Ways to Improve Employee Engagement Now/Gallup Business Journal/ January 07 2014
- 2 - Gallup Q12® Meta-Analysis
- 3 - ACAS Building Productivity in the UK/June 2015 (De Neve and Oswald/2012)
- 4 - Workplace Employee Relations Study/Fourth Edition/July 2014/ Department of Business, Innovation and Skills
- 5 - Happiness and Productivity/University of Warwick/2014
- 6 - The UK Productivity Puzzle/A Barnett/Bank of England (Second quarter/2014)
- 7 - ACAS Building Productivity in the UK/June 2015
- 8 - OPP research/January 07 2016

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[†]Calls are recorded for training and quality

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