Linking employee experience to better business outcomes

**Why employee engagement matters now more than ever**

One of the biggest advantages an organization can have is a dialed-in workforce that is fully immersed in both its short-term and long-term goals. With a challenging and competitive global marketplace, profitability and growth require engaged talent. In fact, engagement has been called “the wonder drug for maximizing workplace performance.”¹ Statistics back this up, with surveys showing that companies with high engagement enjoy a 20% or better boost to productivity and profitability.²

Additionally, surveys show that engaged organizations grow profits as much as three times faster than their competitors.³ Employee engagement has also been directly linked to the financial health of a company—organizations with an average of 9.3 engaged employees for every actively disengaged employee experience 147% higher earnings per share (EPS) compared with their competition. In contrast, those with an average of 2.6 engaged employees for every actively disengaged employee experience 2% lower EPS compared with their competition during the same period.⁴
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Why emotional commitment fuels employee effort

Increasingly, research is allowing us to quantify the connection between employee engagement and the bottom line, showing us how the human experience impacts organizational success and better business outcomes. In what he calls the “Engagement-Profit Chain,” business writer and author Kevin Kruse discussed this correlation in a 2014 Forbes article, showing the path that leads from employee engagement to increased customer satisfaction, productivity, sales, and profits. As Kruse suggests, the emotional commitment an individual has to an organization and its goals can drive higher levels of discretionary effort.5

Emotional commitment is the basis for improved performance because it affects the attitudes and behaviors of the employee. Engaged employees tend to take success and failure personally, whether it’s their own or that of the greater organization. Their drive for achievement is an expression of their personal abilities and values, and their commitment to the purpose and mission of the company. When multiplied employee by employee, this prevailing workforce attitude can represent a significant competitive advantage that can have a lasting impact on a company’s ability to sustain growth.

Disengagement is tipping the scale in today’s workplace

Given the documented benefits, if we were to take a look at the current state of the workplace, we would expect to see high levels of employee engagement. The reality falls far short. Today, only 30% of the working population is fully engaged.6 And, even the best companies that score in the top 10% on employee surveys are failing at the task, registering only about 38% of their employees as fully engaged.7 Disengagement is tipping the scale. And, it has its consequences.

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Every business leader knows that disengaged employees are drags on productivity and morale, but leaders may not connect these negative aspects to a monetary loss. They should. In the United States alone, the lack of employee engagement is calculated to cost the nation between $450 billion and $550 billion per year. And, these numbers relate to more than just a deficit in productivity. Disengagement is also a contributing cause of greater absenteeism, higher healthcare costs, lower customer satisfaction, and even an increased number of workplace accidents.

Why the disconnect between the obvious benefits of engagement and reality? Many companies do not have an infrastructure in place to drive employee engagement. And, many leaders think that high disengagement numbers don’t apply to them. Dr. Jim Harter, Gallup’s long-time chief scientist of workplace management and well-being, said, “Many people see the macro engagement numbers and dismiss them as not relating to them and their firm. But when you show an organization their own results, it tends to shock them. And, that’s when they tend to want to do something about it.”

Create a meaningful experience for employees and reduce the engagement deficit

The opportunity exists for organizations to reduce the engagement deficit by recognizing employee preferences and meeting employee needs in the most fundamental of ways. In a recent article in The New York Times, these core employee needs were defined as “physical, with opportunities to regularly renew and recharge at work; emotional, by feeling valued and appreciated for their contributions; mental, when they have the opportunity to focus in an absorbed way on their most important tasks, and define when and where they get their work done; and spiritual, by doing more of what they do best and enjoy most, and by feeling connected to a higher purpose at work.”

Today, the efforts that really work to boost engagement are different than they were in years past, when career trajectory was everything. Employees now care more about their experience within the workplace and look for more than just a career. This is why companies like Google® and Southwest Airlines, which regularly celebrate high engagement numbers, focus on employee happiness and a universal culture of engagement as a way to drive performance, innovation, and customer satisfaction.
Like any successful organizational change effort, a cultural shift must first be embraced by leadership. Prioritizing the employee experience to increase engagement represents an evolutionary leap in business philosophy for many companies. To be effective, it must start at the top and filter throughout an organization. Denise Young Smith, the head of HR for Apple, who is working closely with CEO Tim Cook on evolving the company’s approach to human resources, said, “One of the reasons I am very appreciative of his leadership is that he’s got such a profound care and understanding and empathy for the employee and the employee experience.”

Like Smith, HR can champion the effort across the organization, by redefining and reimagining what engagement means. “Our people are the essence and we can’t really do anything without making sure we have a culture and environment that is constantly thinking about our people,” added Smith.

Technology can help support and promote employee engagement

Creating a culture of engagement in the global workforce requires better tools to drive collaboration, connectivity, and self-empowerment. In many organizations, legacy HR tools tend to have a narrow application, only benefitting HR or managerial levels with access to systems and data. Now, as consumer technology influences HR technology, businesses can broadly apply innovative tools to the entire workforce so the enterprise is connected in an integrated and relevant way. Employee-facing social and mobile tools that mirror what people use in their personal lives can make information and data accessible 24x7 and promote an environment where collaborative interpersonal experiences are strengthened and supported on a daily basis. The end result is a more employee-centric culture that can lead to greater job satisfaction and higher levels of engagement.

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There is an opportunity for businesses to invest in an improved employee experience and make engagement a central facet of organizational strength. With the direct link between a dialed-in workforce and better business outcomes a proven reality, more organizations are harnessing the power of an engaged workforce to boost competitive standing, and drive profitability and growth. These organizational leaders are banishing disengagement and tipping the scale in favor of repeatable and sustained success through talent.

Learn more about how you can create a positive employee experience

4. Integrated Solutions for Retailers, Retail Scheduling: Creating a Win-Win for Employers and Employees, October 2014, p. 4.