

# How Employee Engagement Impacts Your Bottom Line



Happy employees who are completely committed to your company stay longer, get more done, produce better quality work, and help to make the company culture more positive.

If one of your goals is to improve your business in this area, start with an employee engagement survey to see where you are now, and then run the survey again every year to see how you're doing.

To help you determine why and how employee engagement affects your bottom line, take time to measure its impact in terms of its monetary value.

*Employee engagement is not a single number or result, but exists on a spectrum. The level of engagement may vary from time to time, but there's always room to improve.*

Gallup divides employees into three groups to help measure engagement. Employees are either:

- **Engaged:** These are the team members who are excited about the work they do and the environment in which it gets done. They are invested in

helping the company reach its goals.

- **Not engaged:** These are the staff who is only there for a paycheck. They are productive, but not necessarily passionate about what it is they are doing and how it helps the company reach its goals.
- **Actively disengaged:** These are the employees who are not happy and may even resent their superiors and the company itself. If they aren't already, they are likely to work to sabotage the company and undermine the efforts of engaged coworkers.

Gallup's most recent data shows engagement is moving upward, but still aren't encouraging. In the United States, the average workplace consists of:

- 34% engaged employees
- 53% non-engaged employees
- 5% actively disengaged employees.

In some cases, it's easy to see the actively disengaged staff in your company. They are the ones who are frequently late, turn in subpar work, and may even be absent without explanation.

They complain to anyone who will listen. Unfortunately for business owners, the ones who are quietly disengaged (more than half of the workforce) are much harder to identify.

Disengagement is a killer in business because if the staff doesn't care about the company, chances are the customers will pick up on it.

Because customer experience has such a strong influence on who we do business with today, dealing with a disengaged employee could send your customer straight to the competition.

## **Employee Engagement and Performance**

Does it really make that much of a difference to have engaged employees? Gallup's meta-analysis that looked closely at more than 200 companies, by improving employee engagement, companies are also able to improve productivity, profitability, and customer service.

With improved customer service comes improved customer satisfaction. And with

that, comes better word-of-mouth and customer loyalty.

Beyond these positive factors, increased employee engagement also reduces negative factors, including employee turnover, absenteeism, and quality issues.

If you want to create employee engagement initiatives within your organization, you'll need to prove the impact is worth the investment. How can you do this? Start with the Global Workplace Analytics' Engagement Impact Calculator.

Using the formula they've created, a workplace with 1,000 employees that improves engagement by just 10%, should achieve more than \$467,000 in financial impact. How do they get this number?

The formula assumes that about 13% of any company's staff is actively disengaged at any given point in time. The formula also considers that you are able to move 10% of them from the lowest engagement level to the highest one, accounting for the money you save through better retention rates and the money you make through increased productivity.

Investing in the pro version of the calculators allows for customization of over 100 variables to see what changes will have produced a strong impact on your company and staff. The lite version offers the same thing for free but accounts only for telework.

## **Ways to Improve the Level of Employee Engagement**

An engaged workforce won't happen overnight and improving employee satisfaction requires a significant effort when it comes to changing the way things work.

Here are some employee engagement strategies your company can use.

### **Build Two-Way Communication into Company Culture**

To change the impact of employee engagement in a positive way, you'll first want to earn trust and respect from your workforce.

This means the company leaders must make an effort to be open, transparent, and most importantly, authentic. Let the workforce know that management is there to listen to any concerns.

When employees come forward and voice many of the same concerns, you know there's an issue you need to address. Ask for their input on the issue, to see what you can do to make things better for them, and then take action to do it.

Failure to address the issues will have a direct impact on employee engagement levels.

## **Align Employee and Business Goals**

Employees need to know and see the impact their work has on company success. Every member of the workforce should be working toward common organizational goals that also provide personal benefit.

## **Recognize Your Employees**

Make sure your team knows their contributions matter. Take time to acknowledge how important they are to your organization and that their hard work is appreciated.

Make it a point to help employees when they need it, and recognize those who are true team players.

## **Hire Slowly - Fire Quickly**

It's crucial to be deliberate with decision-making about who to hire and who to fire. For business success, companies need to build a healthy environment for their managers and supportive colleagues.

When it's time to hire someone new, consider how well the person adheres to your company's core values, and how they will fit in with the rest of the crowd.

Do you what you can to promote from within to show your team that there is room for advancement.

When someone qualified for a promotion sees you've hired from the outside, that's going to discourage them and increase the chance that they will disengage.

# Focus on Employee Wellbeing

When employees feel they are taken care of, they will go a long way to do what they can for your company. There are a number of ways you can support employee wellbeing, such as:

- Implementing employee wellness programs
- Instituting policies and technology to minimize workplace interruptions
- Making it easy for employees to remain connected with each other and to their workplace with a workplace app
- Considering “invisible” factors such as thermal comfort, lighting, and air quality
- Providing flexible work arrangements, such as giving people the option to work remotely when desired, or offering unlimited vacation time.

While it may seem counterintuitive to offer employees unlimited vacation time, it makes employees happy and makes it easier for you to attract and retain the best of the best in your industry.

You can reduce costs associated with traditional paid time off policies because when someone quits or retires, you still have to pay out the unused vacation days.

Even though some employees may attempt to abuse the policy, studies show the freedom to take time off when needed reduces employee stress and absenteeism. In fact, one study showed that those with unlimited vacation took less time off than those with a traditional PTO policy.

It also helps to simplify things for the human resources department, because there's no need to administer vacation benefits.

Aside from this, the cost of employee turnover is quite costly. It can take up to 200% of an employee's annual salary to replace them once you factor in lost productivity because of the vacancy, recruiting costs, and the time spent in training before the replacement can ramp up to the previous employee's productivity levels.

One of the best ways to give your company a competitive advantage is to invest in employee engagement.

When your team is happy and your business leaders know the value of investing

in your human capital, you will definitely see a positive impact on business performance.

Make employee engagement surveys a part of your regular business review policy. Use the results to set goals for the coming year – aiming for improvement each time.

High engagement indicates that you're doing a great job at providing the things your employees need to do their job well in such a way that they want to do the job and are enthusiastic about it.

## **What's your goal today?**

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