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Your People Are Your Business

The Ultimate Guide to Employee Engagement

What is Employee Engagement?

William Kahn first coined the term employee engagement in the 1990s when it emerged as a new management hot topic. He defined it as "the harnessing of organisation members' selves to their work roles; in engagement, people employ and express themselves physically, cognitively, and emotionally during role performances".

Since then, the concept has become a key element of HR agendas across the globe. It's widely accepted that organisations with higher levels of employee engagement experience better financial performance.

So, what is an engaged employee? Engaged employees are the ones who are fully invested in their work and their organisation. They bring enthusiasm to their role, are more productive and tend to be better at their jobs, all of which drives value to the organisation.

Disengaged employees have the opposite effect, rather than create value they can be a drain on an organisation's resources and negatively impact its brand reputation.

Employee engagement and wellbeing go hand in hand, engaged workers have been found to be happier, healthier and report higher levels of job satisfaction.

Recent studies have found that organisations with low levels of employee engagement tend to have increased absenteeism, reduced productivity and higher attrition rates.

So, why is Employee Engagement becoming a problem?

Transforming work environments coupled with people's changing attitudes and expectations are recognised as two key drivers behind the problem of maintaining and improving employee engagement.

However, due to the complexity and ever-evolving nature of the issue, it's hard to pinpoint one singular root cause; therefore, we will focus on the two areas mentioned above.

Firstly, the modern-day work environment with its fast pace and high-pressure can leave people feeling overwhelmed, unsupported, undervalued and disengaged from their role.

2 in 5 people have reported experiencing some form of work-related health condition in the last 12 months, while 1 in 5 employees say they have taken more than one day off due to stress.

According to the Office for National Statistics, an estimated 141.4 million working days were lost due to sickness or injury in the UK in 2018, the equivalent to 4.4 days per worker.[1] Management style, work relationships and workload have been identified as the three top causes of **work-related stress**, which are all symptoms of a weak employee engagement strategy.

Low levels of employee engagement have a strong correlation with decreased mental wellbeing and higher attrition rates.

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[1]
https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/labourproductivity/articles/sicknessabsenceinthelabourmarket/2018

Secondly, changing behavioural patterns of generational groups is a factor. Compared with their predecessors, the Baby Boomers, today's workforce is vastly different.

For newer generations technology, globalisation, and increasingly competitive markets have radically shaped their expectations and values, which they want to be reflected in their work life.

The Millennial generation[2] came into the employment market with a bang. They were the first generation to view jobs differently - they approached each opportunity as a place to learn, grow, develop and, then, move on once they had maximised their learning opportunities[3] (in order to progress quicker). The concept of a job for life is largely redundant for them.

Let's also not forget, **the upsurge in new tech** (for instance, new ways of communicating and sharing information), that happened to coincide with the entrance of the millennials into the workforce. Combined, these elements have triggered a desire for new ways of working.

Adding to the challenge were **Generation Z**[4] - a group with high moral and ethical standing, keen to give up pay to make sure they are part of an organisation that contributes in a positive way to society (whether it be through ensuring the positive mental state and general wellbeing of its people or by giving back through CSR programmes).

And so, the changing needs of the new generations (along with other pressures) meant many organisations found themselves trying to keep up and on a constant engagement and recruitment cycle.

These cycles meant increasing expenditure for organisations in many areas including:

- Investing in new approaches to work e.g. remote working
- Embarking on a journey of digital transformation
- Recruitment and interviewing costs
- Onboarding and training processes
- Loss of productivity due to employee turnover

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[2] https://www.youtube.com/watch?time_continue=53&v=hER0Qp6QJNU&feature=emb_title
[3] https://resources.workable.com/stories-and-insights/millennials-in-the-workplace
[4] https://www.inc.com/john-boitnott/generation-z-and-the-workplace-what-you-need-to-know-.html

Why is Employee Engagement so Important?

Each of the elements mentioned above, if left unaddressed, can have a negative impact on any organisation's productivity, profitability and capacity for innovation.

Ultimately, by ignoring these issues, organisations run the risk of paying a much higher price in the future.

The benefits of investing in a good employee engagement strategy (and, also the perils of not doing so) have been highlighted in many respected studies.

These studies range from Gallup's Global Workplace report, to Bain and Co's Employee Engagement research and many more.

So, let's look at some of these major reports and the information that can be extrapolated from them…

Gallup

Firstly, there's the **Global Workplace report from Gallup**[5]. Gallup are a management consultancy firm who specialise in quantifying annual People Engagement levels in amongst the US workforce.

They also, however, look at global employee engagement trends every 3-4 years and the last report produced in 2017 found:

- **Up to 85% of people are disengaged at work**
- Higher disengagement means **absenteeism levels are on the rise**
- Higher disengagement also means, **productivity is significantly lower**
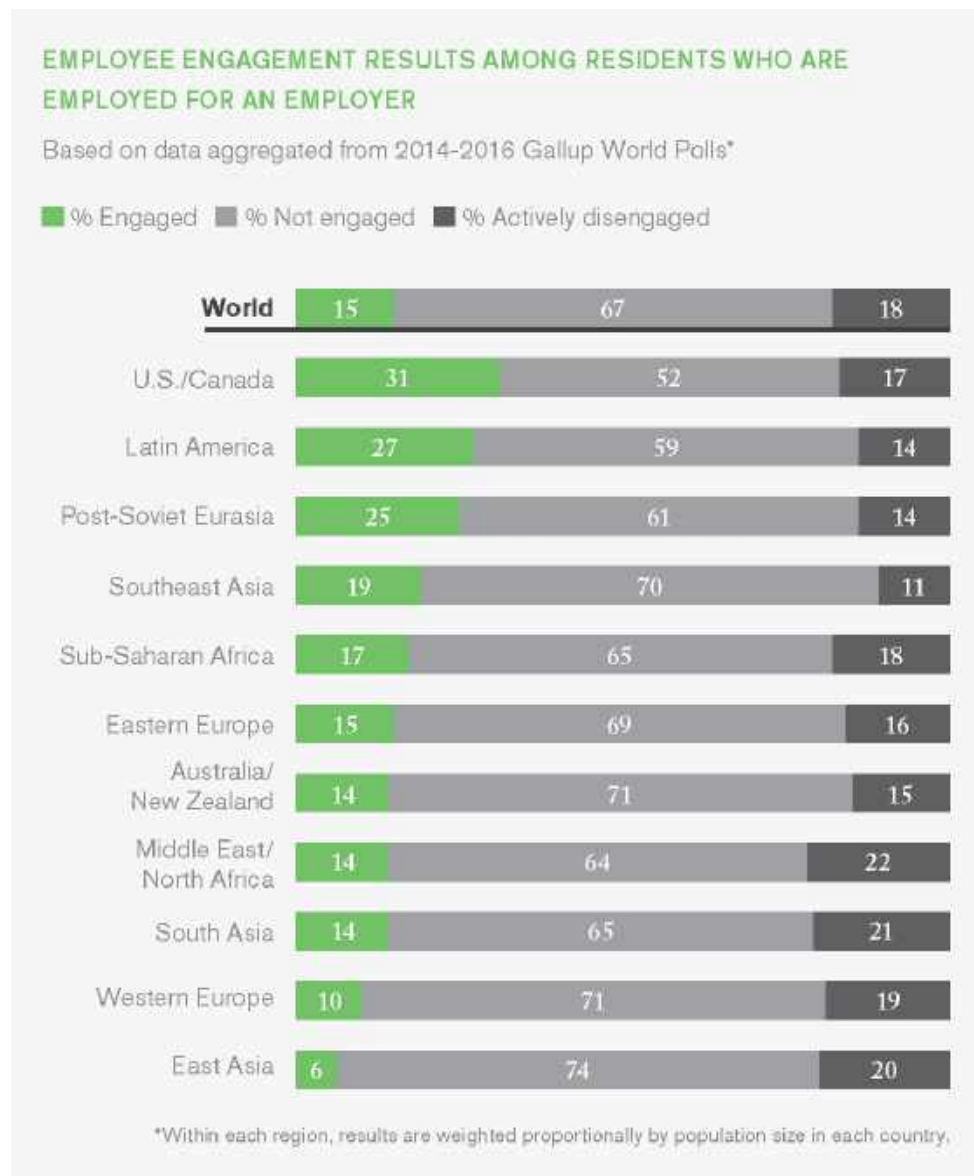- All the previous points contribute to **lower profitability**

Up to 85% of the world's workforce are disengaged at work.

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[5] https://www.slideshare.net/adrianboucek/state-of-the-global-workplace-gallup-report-2017

"The global aggregate from Gallup data collected in 2014, 2015 and 2016 across 155 countries shows that just 15% of employees worldwide are engaged at work ... and 10% are actively disengaged ... businesses must recognise that an organisation's vitality and capacity for organic growth is tied to everyday experiences of its employees."

Gallup's Global Workplace Report (pp25)

And, in fact, if we look at the following graph from Gallup's Global Workplace findings, you'll see, **only 10% of people in Western Europe are considered engaged at work**:

EMPLOYEE ENGAGEMENT RESULTS AMONG RESIDENTS WHO ARE EMPLOYED FOR AN EMPLOYER

Based on data aggregated from 2014-2016 Gallup World Polls*

■ % Engaged ■ % Not engaged ■ % Actively disengaged

Region	% Engaged	% Not engaged	% Actively disengaged
World	15	67	18
U.S./Canada	31	52	17
Latin America	27	59	14
Post-Soviet Eurasia	25	61	14
Southeast Asia	19	70	11
Sub-Saharan Africa	17	65	18
Eastern Europe	15	69	16
Australia/New Zealand	14	71	15
Middle East/North Africa	14	64	22
South Asia	14	65	21
Western Europe	10	71	19
East Asia	6	74	20

*Within each region, results are weighted proportionally by population size in each country.

Bain and Co

So, what does all this mean? How can we quantify the impact a disengaged person is having on the productivity and profitability of an organisation?
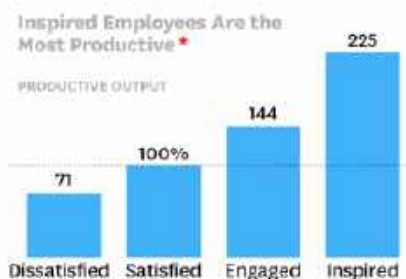
Bain and Co's 2015[6] research helps to clarify the business impact low engagement levels have across all organisations.

Looking at their graph on the following page, you will see, it takes 2.25 "Satisfied" people to produce the work of one person classed as "Inspired" on the engagement scale. An **Inspired person is over 150% more productive than a Dissatisfied person**.

By applying the average UK salary to these productivity ratios, if an organisation of 1,000 people was able to raise just 1/3rd their employees up one level on this engagement scale, the productivity benefit would be the equivalent of 53 additional fulltime workers, which equates to a £1.5 million budget boost[7].

An inspired person is 125% more productive than a satisfied person and over 150% more productive than a dissatisfied person.

YOUR ORGANISATION BOOSTS PRODUCTIVITY

Inspired Employees Are the Most Productive *

PRODUCTIVE OUTPUT

Dissatisfied 71 | Satisfied 100% | Engaged 144 | Inspired 225

Company culture creates competitive advantage

★ SOURCE BAIN & COMPANY AND EIU RESEARCH, 2015

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[6] https://www.bain.com/insights/whos-responsible-for-employee-engagement/

[7] Note that this assumes that people within the organsation are spread evenly, 25% across each of the four engagement ratings from Dissatisfied up to Inspired.

Bain and Co go on to offer some insights - using a case study (Rackspace), whose employees are seen to be mostly Engaged or Inspired - on **some of the areas an organisation can focus on to help boost its engagement levels**:

- Regular meetings with management
- At these meetings an employee should be able to express their concerns
- And, meaningful action should come about as a result of these discussions

"... energized, motivated people are more likely to put in the extra discretionary effort that can raise productivity ... which in turn leads to better financial performance. Many companies with highly engaged employees take an approach that insists supervisors talk often with their teams to solicit feedback, identify the root causes of their concerns and then follow through with meaningful changes to the work environment ... Encouraging frequent supervisor-team dialogues may sound obvious, yet in reality, it's all too rare."

Bain and Co, Who's Responsible for Employee Engagement

McKinsey and Co

We've so far established that in Western Europe, People Engagement levels could be better (to recap, only 10% of people are thought to be engaged at work).

We've then gone on to discuss the impact low engagement has on both productivity and profitability.

So, let's now focus on McKinsey and Co, who offer some useful insights on both **Company Culture** and **other non-financial promoters of positive employee engagement trends.**

Firstly, McKinsey has produced a short article '*Motivating People and Getting Beyond Money*'[8] which is helpful in giving some pointers on how to motivate your teams.

Whilst in this article, they do not say financial reward should be discounted altogether, they do however, caution that **financial reward can only act as <u>a boost in the short-term</u> and if you're looking to inspire long term employee engagement, you should start to put more focus on other areas including**:
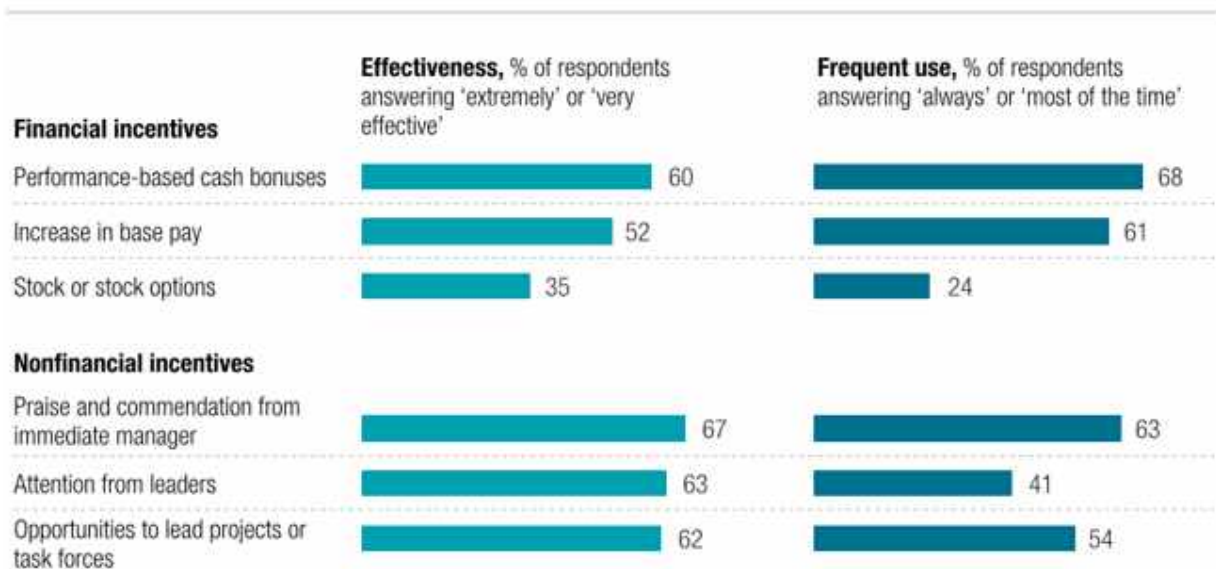
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[8] https://www.mckinsey.com/business-functions/organization/our-insights/motivating-people-getting-beyond-money

- One on one time with leaders (note, this also mirrors Bain & Co's recommendation above)
- Praise and commendation
- And, opportunities to lead projects.

Below is a visual representation of McKinsey's findings for what motivates people the most:

Exhibit

Three nonfinancial incentives are even more effective motivators than the three highest-rated financial incentives.

Financial incentives	Effectiveness, % of respondents answering 'extremely' or 'very effective'	Frequent use, % of respondents answering 'always' or 'most of the time'
Performance-based cash bonuses	60	68
Increase in base pay	52	61
Stock or stock options	35	24
Nonfinancial incentives		
Praise and commendation from immediate manager	67	63
Attention from leaders	63	41
Opportunities to lead projects or task forces	62	54

Source: June 2009 McKinsey global survey of 1,047 executives, managers, and employees from a range of sectors

Secondly, in McKinsey's '*Culture, 4 Reasons Why it Matters*'[9], they have also pinpointed **Company Culture** as a key influencing factor in people's overall engagement at work.

They describe culture as being a mix of *what* people do, *how* they do it and *why* they do it.

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[9] https://www.mckinsey.com/business-functions/organization/our-insights/the-organization-blog/culture-4-keys-to-why-it-matters

This is explained as '*the what*' and can often be the same across industries however, the **overriding differentiating factor is '*the how*'** – organisations can be high performing because of '*the how*'.

Lastly, the 3rd pillar in company culture, '*the why*'. This is mostly intangible and describes the values, beliefs and mindsets an organisation's people have. They should be similar if not, shared.

"Thus, culture is the common set of behaviours and underlying mindsets and beliefs that shape how people work and interact day to day."

These conclusions are supported by research carried out by The National Workforce Skills Development Unit, that found developing a supportive organisational mindset can have a hugely positive impact on employee engagement and enable people to flourish and thrive.

McKinsey & Co, Culture 4 Reasons Why it Matters

McKinsey conclude by saying their research of over 1000 organisations has shown, those companies with **top-rated cultures post a return to shareholders which is 60% higher** than those with an average culture.

A boost in financial reward only motivates people in the short term. it's time to think about both the long term & the short term.

How to Manage a Lack of Employee Engagement

In this document we have brought to your attention some key references within the employee engagement space.

Casting our minds back to Gallup, Bain and McKinsey, there are some common themes appearing which, have been proven to directly impact People Engagement in a positive way:

- All three have highlighted the importance of managers spending time with or listening to their people
- And, acting where they can.

"Highly engaged organisations have highly committed leaders. These leaders understand that business outcomes are easier to achieve with an engaged workforce ... they are aligned in prioritising employee performance needs ... They communicate openly and consistently with their employees and they work on actively removing barriers that prevent employees from doing great work."
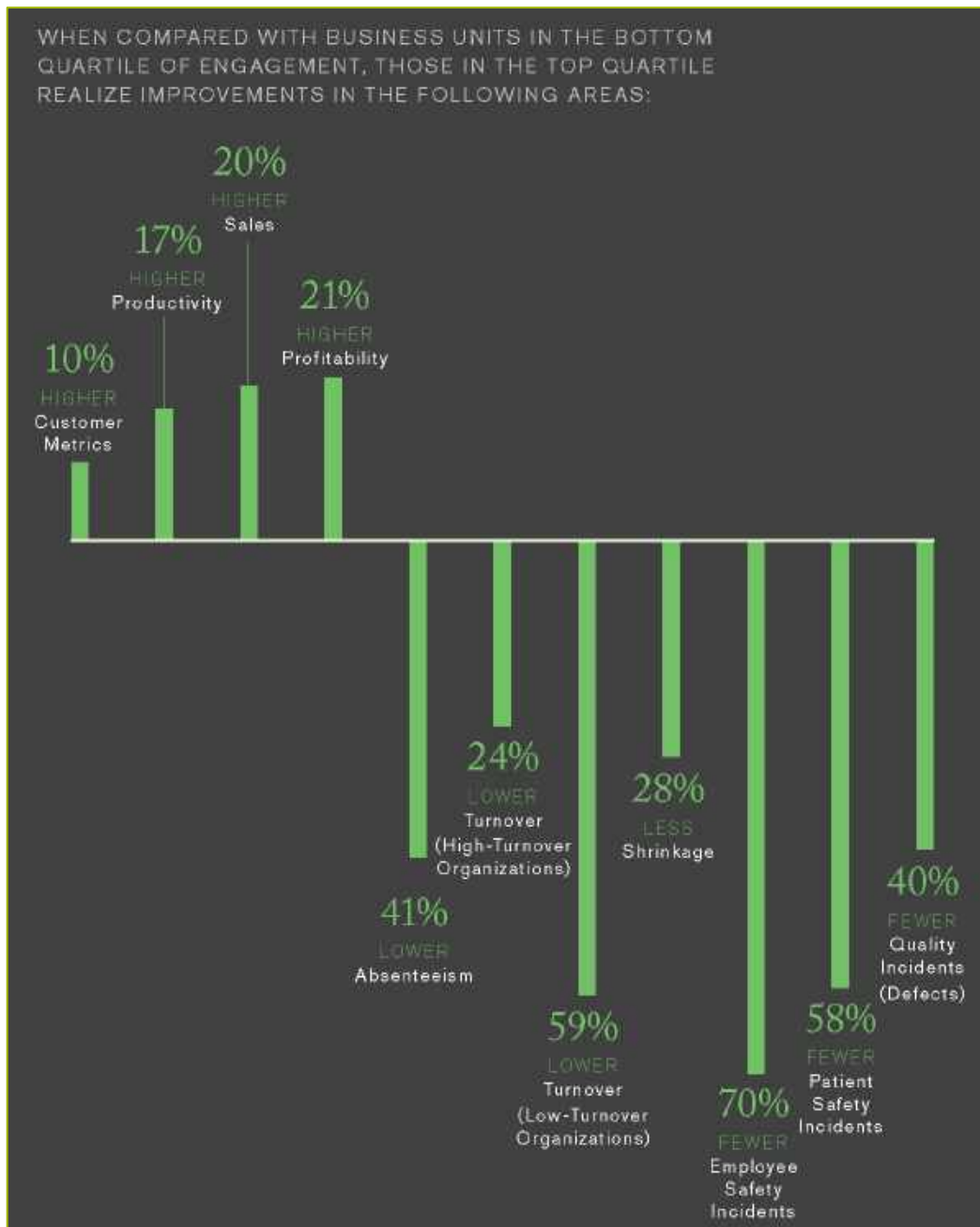
Gallup's Global Workplace Report (pp47)

- Praise and commendation has also come up as a popular theme
- And, lastly Company Culture - ensuring you hire people with shared work values

A great employee engagement strategy will boost happiness and inspire a positive culture leading to significantly increased productivity.

Different research realises the benefits of engaging well with varying statistics however, what can be extrapolated is that **productivity and profitability increase when an organisation invests real effort in a great employee engagement strategy**.

Also, going back to our opening theme, with great People Engagement, employee **turnover and absenteeism are seen to decrease,** saving significant amounts of money and effort for any organisation.

Gallup's Global Workplace Report (pp41)

How to Achieve Great Employee Engagement

You might be thinking '*one on one time with managers is all very well and good however, where is the time to deliver this coming from?*'.

Or, '*giving people praise and commendation, absolutely! But, it's hard to find time in my schedule to speak directly with people.*'

Trickle's real-time employee engagement Platform will give your workforce one channel to **openly discuss suggestions and concerns and collaborate** with you and their colleagues to reach solutions that work for everyone.

And, your people can also turn to Trickle as a channel to request **one on one support with more sensitive issues.** Meaning, you can bring employee wellbeing front and centre within your organisation and help boost morale when needed.

Trickle gives your people a safe space to anonymously indicate how they are feeling and receive relevant support to enhance their Wellbeing at work.

Best Practice	How Trickle Can Help
Managers should regularly spend time listening and engaging with their people.	Trickle automatically ranks the 5 most popular suggestions and biggest concerns from your people, giving you the data you need to focus your engagement and action on what matters most, right now. Our insights give you the ability to break down this information further by location or individual team.
Acknowledge feedback and take appropriate action in a way that allows people to see progress.	Champions can take ownership of the most impactful suggestions and concerns, and see them through to resolution – in a way that keeps interested parties in the loop, in real time.
Recognise people's hard work and give praise.	Trickle's Fist Bumps are a great way to give your people tangible appreciation and gratitude for their contributions to the organisation.

Focus on Engagement and Wellbeing with Trickle

Trickle is an online platform that brings together employee engagement, wellbeing and recognition in one dynamic app.

Trickle works by enabling organisations to build a better workplace and achieve better business performance by engaging, collaborating and supporting the health and wellbeing of their people.

The platform gives your people a voice to openly share and discuss concerns, issues and suggestions. Your people can also actively reach out for health and wellbeing support 24/7 in a safe and confidential environment.

Trickle comes with a whole host of unique features that enable you to listen, engage and innovate by focusing on what's important and tackling emerging issues before they grow into bigger problems.

With its powerful dashboard analytics, Trickle quickly provides you with direct real-time insights that will empower you to make better and more strategic decisions that deliver real results.

We are already helping a wide range of organisations including Scottish central and local government, a number of NHS health trusts and private businesses to create first-class cultures and drive tangible business returns.

If you would like to learn more about how Trickle can benefit your organisation or to request a demo, please get in touch and we will take you through Trickle's unique features in under 20 minutes.

Contact us at hello@trickle.works or visit www.trickle.works