

Business Benefits from the Culture of Employee Engagement

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### Business Benefits from the Culture of Employee Engagement

Employee engagement has drawn much attention recently particularly because linkage research, which analyses the relation between the results of the surveys and bottom-line financial outcomes, has demonstrated it is crucial for boosting productivity and profitability of the organization. According to a new Gallup study, organizations with a high level of employee engagement demonstrate 22% higher productivity (Baldoni, 2013), and there are many success stories showing how organizations have doubled their profits after taking measures for engaging their employees (Vance, 2006; MacLeod & Clarke, 2009). However, it is not its only benefit. Employee engagement brings a variety of positive outcomes, such as lower absenteeism and turnover, more successful talent attraction and retention, improvement of quality of work and health, fewer safety and quality incidents, increased customer loyalty and satisfaction (Baldoni, 2013). Therefore, creating a culture of employee engagement has a number of benefits to all the stakeholders: the organization, its executives and managers, its employees and its customers.

#### **Benefits to the Organization**

As is has been mentioned earlier, the engagement of the employees improves performance of the organization. It happens due to the number of outcomes, which benefit the organization. First, it increases performance of employees. According to the research conducted by Hay Group, actively engaged workers are 43% more productive. Moreover, due to the increased productivity, actively engaged employees have extra time, which they devote to doing additional tasks and helping the colleagues (Gamble, 2013). Second, it reduces turnover and the expenses associated with it. In particular, high-turnover organizations are reported to have 25% lower turnover, and low-turnover organizations – 65% lower (Baldoni, 2013). It also helps the organization to attract and retain the talents, which gives the organization crucial competitive advantage (Dale Carnegie Training, 2012). What is more,

level of engagement substantially influence innovation. According to the Gallup study, the results of which were later sustained by the study carried out by Chartered Management Institute, 59% of engaged employees claim to generate bright ideas at work against only 3% of disengaged employees (MacLeod & Clarke, 2009). Another benefit is that employee engagement reduces incidents and absenteeism. The researches show that engaged employees are five times less likely to have safety incidents and seven times less likely to have lost-time injuries. The number of defects is also substantially reduced (Kruse, 2012). Engaged employees take less days off and eventually the absenteeism is 37% lower. Another important benefit is that employee engagement leads to customer loyalty. This happens because engaged employees make their company more customer focused and provide better customer service and better brand experience (Gamble, 2013). Moreover, 67% of engaged employees against only 3% of the disengaged advocate their company, and 72% of engaged employees would recommend the products and services of their companies against only 13% of the disengaged employees (MacLeod & Clarke, 2009).

Considering all the benefit of the employee engagement, it is not difficult to see how organizations with a high level of employee engagement demonstrate 22% higher productivity (Baldoni, 2013). The Gallup 2006 study showed that organizations with high engagement scores outperformed the ones with below-average scores 2.6 times. Another yearlong global study demonstrated that the level of employee engagement has a crucial impact on the bottom-line of the organization. The most impressive finding was that companies with high level of engagement had 19,2% of improvement in operating income, while companies with low employee engagement rate faced the 32,7% decline. There are numerous evidence and case studies demonstrating that improving employee engagement helps the company to win the competition in the unsteady marketing conditions and during the recession (MacLeod & Clarke, 2009).

### **Benefits to the Employees**

Engagement has measurable and significant benefits for the individual engaged employee. As reported by CMI, motivation boosts personal productivity, which helps people not only accomplish their tasks more effectively, but also to show the best results of their work and be promoted. When employers work to ensure the culture of engagement, the employees also get other benefits such as the inclusion in a decision making process, open communication, better opportunities for personal growth, and fair treatment. Individual approach as an effective strategy for creating engagement can also help to reach a better work-life balance (MacLeod & Clarke, 2009). The very criteria for measuring engagement demonstrate that creating engagement means meeting the employees' requirements of job and employer. This way, employees get much appreciated pride in employer, job satisfaction, opportunity to perform well a challenging work, positive feedback and recognition of one's contributions, personal support from supervisors, understanding of the organizational mission and one's role in accomplishing it (Vance, 2006). Studies in the field show that it has a direct link to person's psychological well-being and positive emotional experience at work. 86% of engaged employees claim to very often feel happy at work, compared to 11% or disengaged. What is more, 45% of engaged employees believe they get a great deal of their life happiness from work, while only 8% of disengaged think so. The benefits of engagement are also immense in light of the harmful effects of disengagement; in particular, disengagement is responsible for stress and a sense of hostility. 54% of disengaged employees reported that the work stress made them behave poorly with friends and family against 17% of engaged. What is more, 54% of actively disengaged employees state that their work has a negative impact on their physical health, while only 12% of engaged think so (MacLeod & Clarke, 2009).

### **Benefits to the Managers and Executives**

Employee engagement benefits managers and executives, too, as it is the proven means to achieve high levels of job performance (Gruman & Saks, 2011). Moreover, managing highly engaged employees is very rewarding as it means the improved communication, initiative and generation of innovative ideas, as well as understanding of and willingness to contribute to the common goal. In the same time, managers and executives benefit from employee engagement most when managing change. In the study investigating the relations between employee engagement and managing change, Dicke states, “In much of the research concerning change management strategies, employee engagement is listed as a primary function to the success of properly implementing a change management initiative” (2007). There is a general acclaim that change is very difficult and challenging, yet inevitable practice for any organization that wants to succeed on the market and is ready to respond to its new requirements. Therefore, *winning over hearts and minds* of the employees is considered the major key to successful change implementation (Kotter, 2011). Employee engagement, which presupposes that people communicate well and tend to associate their tasks with the ultimate goal of the company, helps managers to explain the necessity of change better. Emotional commitment, which is a part of engagement, is also vital for creating commitment to change. With engaged employees, executives are more likely to receive support. What is more, since time of change is difficult for any organization and not all of the new initiatives are successful, it is particularly important that employees are ready to stay with the company putting extra efforts into business success (Dicke, 2007).

### **Benefits to the Customers**

The main benefit of employee engagement to the customers is that they receive better service, which presupposes more time and efforts spent on the satisfaction of their needs and responding to their enquiries. A strong correlation between engagement of the staff and

customer satisfaction has been proven by multiple research and case studies. *Harvard Business Review* revealed that customer and employee engagement increase each other promoting improvement and growth of overall financial performance. The increase of employee engagement in Serco lead to a 12% increase in customer satisfaction (MacLeod & Clarke, 2009). The study, conducted in a major department store chain, demonstrated that the rate of customers' satisfaction and subsequent engagement correlated with the rate of engagement of employees who serviced them (Kruse, 2012). Moreover, engaged employees make their companies more focused on customers' needs making it an underlying goal of the business they are engaged in (Gamble, 2013). The research show that 70% of engaged employees claim to have a good understanding of customer needs against only 17% of not engaged (MacLeod & Clarke, 2009). This way, client receive not only better service, but also products and services better shaped according to their needs and preferences. Eventually, the clients perceive security and trust, which enhances their well-being.

To conclude, creating a culture of employee engagement has a number of benefits to all the stakeholders: the organization, its executives and managers, its employees and its customers. The company increases profitability and receives better performance, lower absenteeism and turnover, lower accidents rate, talent attraction and retention, innovative ideas and the competitive advantages associated with all these factors. The employees enhance their productivity, job satisfaction, sense of commitment, and general well-being. The managers and executives receive an effective way to boost productivity and manage change. And the client receive satisfaction from better service and consideration of their needs in the process of development of services and products.

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