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Higher Employee Engagement Benefits Your Bottom Line

When it comes to the people side of business today, employee engagement is considered the key predictor of organizational success.

When employee engagement is high, companies enjoy higher productivity, fewer accidents, higher retention, greater customer satisfaction and increased profitability.

When engagement is low, organizations pay the price in absenteeism, turnover, increased accidents, and lost productivity. In fact, the Gallup Organization estimates that employee disengagement costs US companies roughly $328 billion in lost productivity per year.¹

Much More than Happiness

Employee engagement isn’t about worker happiness and satisfaction. Employee engagement is about connection and commitment. Over the past two decades, as we’ve followed the research on engagement and worked with hundreds of organizations and their leaders, we’ve found that engagement centers around four key elements:

Engaged employees…

• Are involved and enthusiastic about their work
• Focus their efforts on work and productivity
• Feel a positive emotional attachment to the team and the organization
• Are committed, loyal and willing to do whatever they can to serve the business and its customers

When employees are engaged, a typical result of that engagement is employee happiness and satisfaction. Happiness is an outcome of engagement, not engagement itself. Engagement offers other valuable outcomes as well.

Engagement Leads to Business Results

The research into employee engagement has consistently shown the ROI of high engagement. Here are a few examples:

• Increased Operating Income: In a 12-month study, companies with high levels of employee engagement improved operating income by 19.2%, while companies with low levels of employee engagement declined 32.7%.²

• Higher Earnings per Share: Highly engaged organizations have 3.9 times higher EPS growth rates than low-engagement organizations.³

• Fewer Accidents: By systematically improving employee engagement, Babcock Marine, a ship maintenance company in the UK, reduced reportable accidents by 50% in just two years.⁴

• Greater Effort and Retention: Highly committed employees put forth 57% more effort and are 87% less likely to leave their companies than disengaged employees.⁵

Every Leader at Every Level Impacts Engagement

Throughout the research into employee engagement, a key driver and enabler of engagement is the employee’s direct leader. In fact, this managerial impact on engagement is true regardless of whether your direct boss is a shop supervisor or a C-suite executive.

A 2010 study of nearly 100,000 American workers at all levels showed how the effectiveness of one’s leader directly correlates to engagement. The very best leaders (as measured against 16 leadership competencies) had 75% of their employees reporting high engagement and commitment. And the worst leaders? Their employee engagement scores plummeted to less than 26%.⁶

So when it comes to employee engagement, it’s crucial to ask: Are the leaders throughout your organization equipped to maximize the engagement of your employees? If not, the research indicates that your business results are likely falling short.

⁵ Corporate Executive Board, “Corporate Leadership Council Research Study” (2010).