



Work Beyond the Workplace!

The ROI of Instituting Employee Engagement Initiatives:

*What You Need to Know to
Make Informed Decisions*



OVERVIEW

Employee engagement initiatives are becoming increasingly relevant in the modern workplace. What do employees want, and how can an organization meet their needs to ensure that employees show up – mentally and physically – to meet the needs of the organization? This paper explores the relevance of employee engagement initiatives in the modern workplace, the employee engagement landscape, what successful employee engagement looks like and the resulting return on investment for organizations that implement these initiatives.

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1. INTRODUCTION:

Why is Employee Engagement Relevant?



*“employees
worldwide are
not engaged or
are actively
disengaged in
their job”*

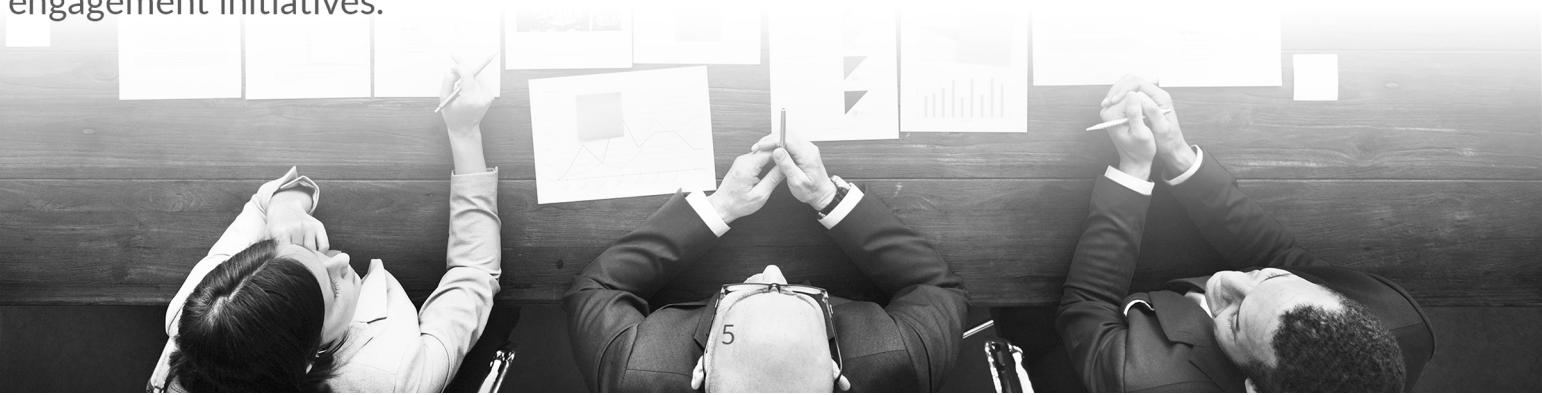
An astounding 85% of employees worldwide are not engaged or are actively disengaged in their job, according to Gallup’s State of the Global Workplace report (2017a) – and it comes at a massive price-tag (i.e., wasted money, resources, and time). It has repeatedly been demonstrated that happy employees – employees who have their workplace needs met – perform better in their roles. But caution is required here – improved employee performance (and not merely employee satisfaction) should be at the heart of any employee engagement strategy. But, what’s the difference between an engaged employee and a satisfied employee? A job can be satisfying without necessarily motivating engagement; e.g., employees could be satisfied with their pay, their working hours and work flexibility, but put in only the bare minimum effort to get by in their roles. Employee satisfaction is, however, one of the building blocks for having fully engaged employees.



According to Kelleher, Konselman, and Benowitz (also see Forbes), employees with low engagement are four times more likely to leave their jobs, which also has costly implications for organizations who have to hire, train and retain new employees. So, how do you get from satisfied to engaged and productive?

An engaged employee is someone who not only shows up to work, but who becomes involved and invested in their work. Over the course of nearly 20 years of investigation and review, Gallup has found, without fail, that highly productive employees have some things in common: they have clear role expectations, they are empowered to do what they do best, they receive clear communication about their organization's mission and purpose, and have access to learning and development opportunities. An engaged workforce is necessary to develop strong companies, thus, allowing organizations to expand, to hire more people, to pay them more money, and in turn, to contribute meaningfully to the economy.

In this paper, we explore the employee engagement landscape with a particular focus on the American workplace, what effective employee engagement strategies typically focus on, as well as the expected return on investment (ROI) of instituting successful employee engagement initiatives.



2. THE EMPLOYEE ENGAGEMENT LANDSCAPE



Our world has changed drastically in the last few decades, with technological advancements impacting on not only our personal lives, but influencing how we work. People are empowered by technology to work remotely, which is redefining workspace requirements – we are no longer confined to cubicles and four walls because a laptop or smart device and internet connection is all someone needs to work from virtually anywhere in the world. The workforce is also changing – very soon, Millennials will take the reins from Baby Boomers – and each generation enters the workplace with a different set of expectations for their roles and their employers. Additionally, the workforce appears to be more discerning – because they have opportunities to be – when it comes to selecting an employer. In the past, employees were willing to tolerate an unsatisfactory working environment in order to have job security, but as it currently stands, job seekers have more options and avenues to look for jobs where they will be satisfied. Many businesses are still lagging in meeting the needs of the changing working environment and the changing needs of the workforce, which has a major impact on employee engagement.

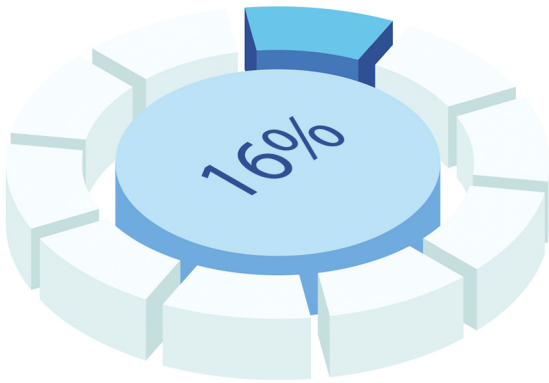
According to the 2016 SHRM/Globoforce Employee Recognition Survey, the notable challenges faced by organizations are found in the spheres of retention/turn-over, engagement, and recruitment. In addressing these challenges, HR leaders have started emphasizing the human employee experience instead of concerning themselves over traditional human capital management. Let us delve a bit deeper into the current level of employee engagement and why the number of engaged employees is still low.

2.1 The current level of employee engagement



“employees worldwide who are not engaged or are actively disengaged in their job”

The current global employee engagement picture is bleak, with 85% of employees worldwide who are not engaged or are actively disengaged in their job. When zooming in on the American workforce, the statistics do not look any better – according to Gallup’s State of the American Workforce report, the American workforce consists of more than 100 million full-time employees, with only one-third of those employees being engaged at work.



“employees are actively disengaged”

The report further indicates that 16% of employees are actively disengaged, meaning that they are deeply unhappy or despondent in their roles and actively disrupt the positive outcomes of the work done by engaged employees.



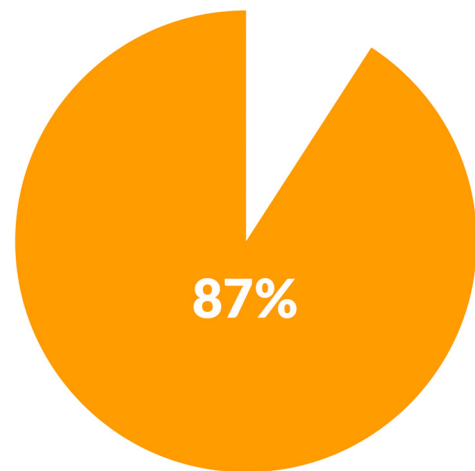
“American employees who are disengaged”

That leaves us with 51% of American employees who are disengaged – they show up to work physically, but that’s pretty much where it ends.

2.2 Why are employee engagement numbers still low?

The simple answer is that employee engagement is complex, and despite some organizations' best intentions, they still get it wrong. Some organizations often prioritize the measurement of engagement, rather than the improvement thereof – Gallup refers to this phenomenon as the "survey trap", where the focus is more on data than development, evaluating the wrong metrics (e.g., confusing engagement with satisfaction), or obtaining so-called insights to suit the organization's own agenda. That is not to say that surveys are not or cannot be useful in taking an organization's engagement temperature, but rather that greater rigor is required in the design of survey questions or the types of employee engagement measurement tools utilized.

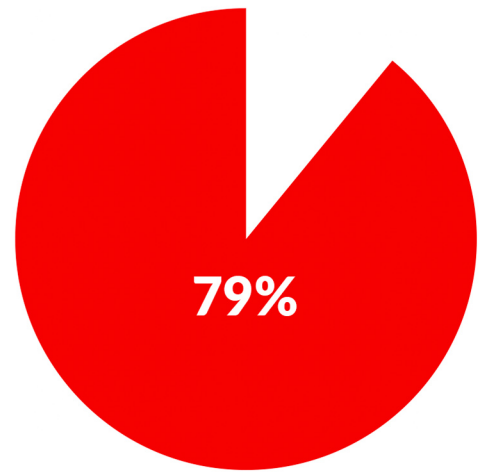
According to Bersin by Deloitte, 87% of employee recognition programs (which constitutes a \$46 billion market) place greater focus on rewarding employees for tenure (their years of service), rather than for their continued effort and accomplishments.



**EMPLOYEE
RECOGNITION
PROGRAMS**

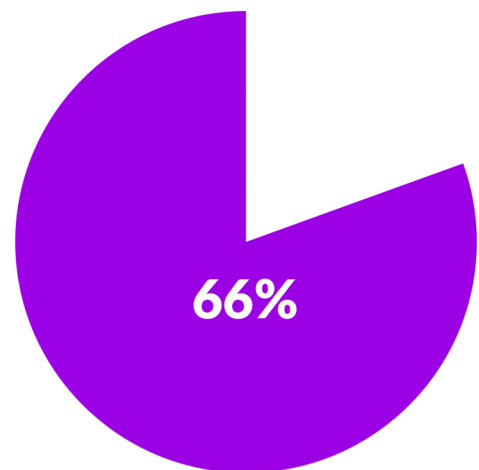
This is despite the finding that tenure-based reward programs have barely any influence on organizational performance.

This illustrates that, even when some organizations attempt to implement recognition systems, they don't necessarily get it right. It was further found that a major proportion of employees surveyed (79%) feel undervalued, primarily due to a lack of recognition and appreciation in their workplace.

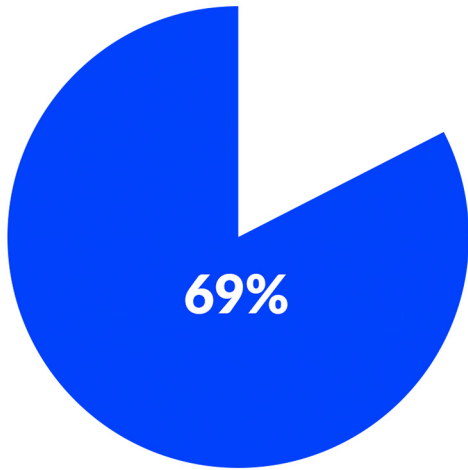


**EMPLOYEES WHO
FEEL UNDERVALUED**

Is it any wonder then that most Americans leave their jobs because they do not feel appreciated? Sixty-six percent (66%) of people surveyed by OfficeTeam said that they would resign if they did not feel like their efforts were appreciated,

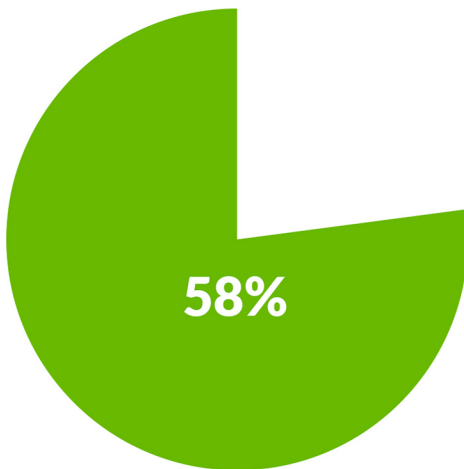


**EMPLOYEES WOULD
RESIGN IF THEY DID
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APPRECIATED**



**EMPLOYEES WOULD
WORK HARDER IF THEY
FELT THAT THEIR EFFORT
WOULD BE RECOGNIZED**

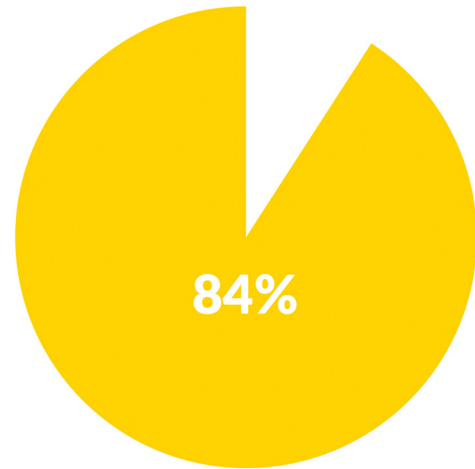
while 69% of employees expressed that they would work harder if they felt that their effort would be recognized. When asked what more leaders could do to improve engagement,



**EMPLOYEES REPLIED:
“GIVE RECOGNITION”**

58% of employees replied: “give recognition”. This was further reiterated by the 2018 SHRM/Globoforce Employee Recognition Survey,


where 84% of the HR leaders surveyed indicated that their implemented employee recognition program has a major impact on employee engagement. The survey also expressed the importance of treating employee recognition as a management practice with a real and measurable business impact, rather than just another program or tick-box exercise.



HR DEPARTMENTS HAVE INDICATED THAT THEIR EMPLOYEE RECOGNITION PROGRAM HAS HAD MAJOR IMPACTS ON EMPLOYEE ENGAGEMENT

Gallup (2019) expressed the view that traditional performance management is broken, with seven in ten U.S., U.K., Spanish, and French employees surveyed strongly disagreeing with the statement that their performance is managed in a way that motivates them to perform outstanding work. The solution proposed to fix this dilemma is for organizations to re-engineer their performance systems and to train managers to be coaches; to be sources of leadership, support and knowledge to employees, rather than being perpetuators of unnecessary bureaucracy or gatekeepers of information.

One silver lining highlighted in Gallup's State of the Global Workplace report (2017a) is that some improvements have been made in worldwide initiatives related to employee recognition, feedback, and opportunities for learning between 2012 and 2016. One of the proposed reasons for the improvement is an increase in organizations' investment in technology that focusses on these aspects (e.g., non-cash rewards, such as gift cards); although, the progress was not sufficient to improve US employees' overall levels of engagement.



3. WHAT CONSTITUTES SUCCESSFUL EMPLOYEE ENGAGEMENT?

*“If you want to scale the individual talent in your company,
embrace the idea that you’ll need to reward that talent in new
and customized ways.”*

(Charan, Barton, & Carey, 2018)

Doshi and McGregor (2015) believe that the universal drives of human motivation, those aspects that compel people to perform at their peak, and of which all organizations who wish to develop work environments conducive to employee engagement should take note of include autonomy, purpose, learning, inclusion, and appreciation. While bearing these factors in mind, it is further crucial to remember that each individual is motivated by different things depending on their life circumstances and internal drives; which precludes one-size-fits-all approaches to attracting, keeping and engaging employees (Schweyer, 2018).

Bolger (Engagement Strategies Media) highlights some of the primary contributing factors to any successful enterprise engagement strategy:

1. Leadership

- All stakeholders of an organization, employees and clients alike, should have a uniform view of the organization's vision and mission.

2. Assessment

- Continuously assessing and making sense of employee engagement levels.

3. Collaboration and innovation

- Creating a platform where organizational stakeholders have the opportunity to share knowledge and ideas that can enhance their work and the workplace.

4. Recognition

- Instituting recognition programs where managers and peers are able to recognize employees for particular work-related outcomes and behaviors.

5. Campaign

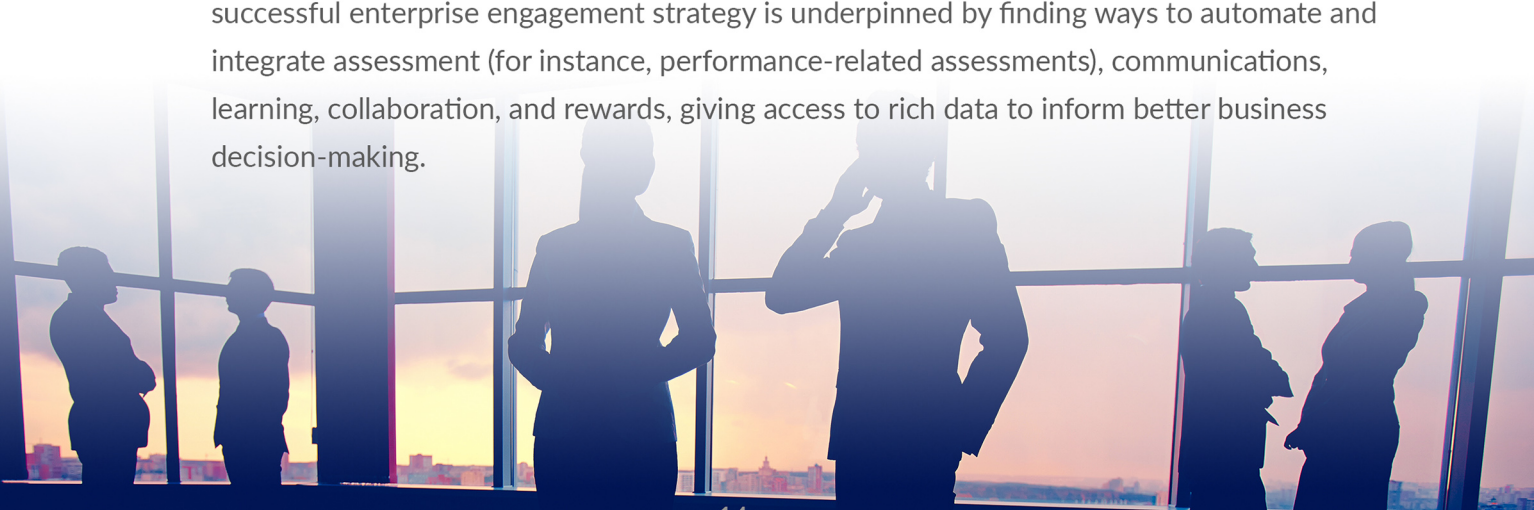
- Ensuring that an organization has a business plan with clear strategies and measures in place, and that these are transparently communicated to employees.

6. Communications

- Ensuring open, easy and frequent communication among employees where organizational information, knowledge and praise can be shared through an intranet or employee engagement platform.

7. Technology

- The world finds itself in the throes of the fourth- and at the precipice of the fifth industrial revolution, with technology, specifically robotics, automation and man-machine interfacing changing how we work (faster, more efficient, more accessible, among many other distinguishing characteristics of these revolutions). Technology as a contributing factor to a successful enterprise engagement strategy is underpinned by finding ways to automate and integrate assessment (for instance, performance-related assessments), communications, learning, collaboration, and rewards, giving access to rich data to inform better business decision-making.



8. Learning

- Incorporating any employee engagement initiatives into ongoing training and facilitating access to work-related knowledge and learning opportunities (e.g., learning management systems or platforms incorporated into employee engagement platforms/ initiatives).

9. Rewards

- Using non-cash rewards to distinguish from compensation, which is aligned with the organization's valued work ethic and workplace behaviors. Non-cash rewards should not focus solely on the rewards in themselves, but rather on what makes these rewards rewarding to begin with, such as feelings of inclusion, the ability to work autonomously, building a good reputation and status within an organization, career advancement and purpose/meaning (IRF, 2018). Incentives should never serve as sole motivators, which will certainly diminish the intended effect. Rewards should merely reinforce recognition (IRF, 2018).

10. Return on investment

- Determining which organizational results and behaviors should be promoted, while tracking results of ongoing engagement surveys, website/social media engagement metrics, and levels of participation in employee engagement programs (such as rewards and employee surveys). In addition to tracking these results and metrics, it is useful to adapt organizational strategies to improve gaps in engagement initiatives, rather than merely tracking for tracking's sake.



4. ROI OF EMPLOYEE ENGAGEMENT INITIATIVES

“More companies are finding that recognition, appreciation, and human workplace practices improve overall employee experience and fuel business performance.”

(SHRM/Globoforce, 2016)

Gallup (2017b) estimates that disengaged employees cost U.S. businesses between \$483 billion to \$605 billion each year in lost productivity. Disengaged employees are more likely to be absent, call in sick, be unproductive, leave their jobs, have workplace accidents, and contribute to quality errors, to name but a few.



*“an employee’s
annual salary to
replace them”*

According to the Corporate Leadership Council (2004) and reiterated by Kelleher, Konselman, and Benowitz (2013), employees with low engagement are four times more likely to leave their jobs (also see Forbes), and it comes at a hefty price-tag – businesses spend nearly 20% of an employee’s annual salary to replace them.

What do businesses gain when they implement effective employee engagement initiatives? Here are some of the statistics from a review of the literature:



- When companies spend 1% or more of payroll on recognition, 86% of them see a positive impact on engagement when compared with underfunded or zero-budget recognition programs (SHRM/Globoforce, 2018).



- In the 2018 SHRM/Globoforce Employee Recognition survey, the majority of organizations with social recognition programs (68%) reported a direct positive impact on employee retention. According to an IBM report, employees who do not receive recognition are doubly more likely (51%) to have an intention to leave their organization when compared to those who do (25%). In addition, surveyed HR professionals (SHRM/Globoforce, 2018) from organizations with values-based recognition programs to deliver a strong return on investment when compared to programs that were not tied to the organization's values.



20%

**OUTPERFORMED BOTTOM-
QUARTILE BUSINESS UNITS BY
PRODUCTIVITY**

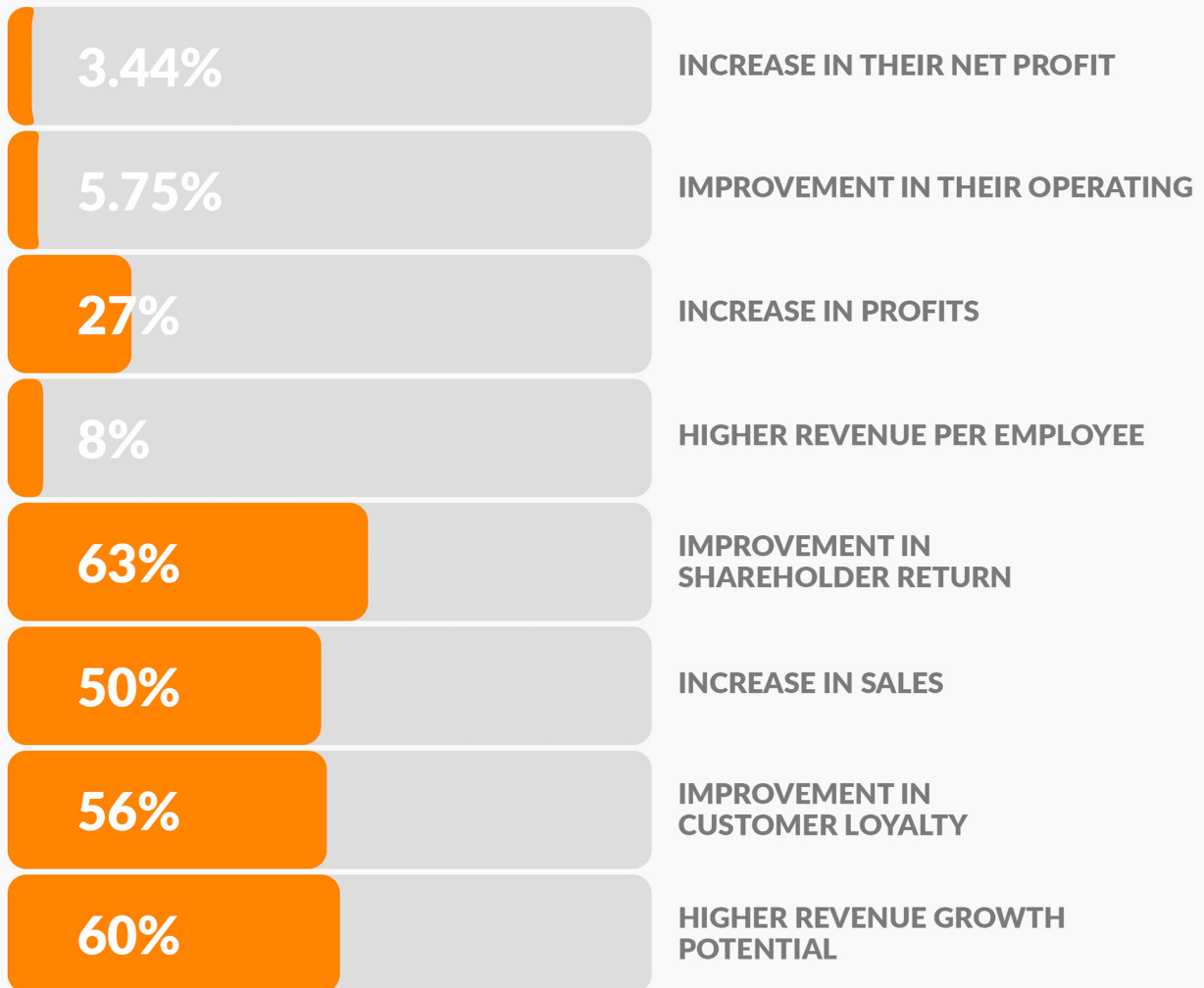
21%

PROFITABILITY

10%

CUSTOMER LOYALTY/ENGAGEMENT

- In Gallup's 2016 Q12 Meta-analysis, it was found that business units in the top-quartile of employee engagement outperformed bottom-quartile business units by 20% in productivity, 21% in profitability and 10% in customer loyalty/engagement.



- Furthermore, organizations with high employee engagement showed 3.44% increase in their net profit margin, 5.75% improvement in their operating margin, 27% increase in profits, 8% higher revenue per employee, 63% improvement in shareholder return, a 50% increase in sales and a 56% improvement in customer loyalty, and nearly 60% higher revenue growth potential (as cited in Workhuman, 2019).



5. CONCLUSION


“Companies can realize greater value by seizing the opportunity to not only engage employees, but also enable and energize their efforts.”

(Willis Towers Watson, 2016)

Although we have barely scratched the surface of the available research on the value of employee engagement initiatives, it is clear that there is great merit in instituting an initiative that is rooted in the values and vision of an organization. When you show your employees that their voices are being heard, their work and their worth is being recognized, and you give them the requisite tools to work autonomously while still offering support and guidance when necessary, you’re turning them into brand ambassadors. Technology platforms provide a meaningful way to manage employees in this manner.

Although there are many platforms out there, Ezzely is designed for organizations and their employees to interact and succeed – it offers the whole package –



- 
- An **employee management platform** that can be accessed via desktop or an app.
 - An **Activity Feed** for instant communication with and among staff from anywhere, at any time.
 - **Recognition, Reward and Raffle** functionalities – employees can recognize their colleagues for their achievements, staff can redeem recognition points for rewards of their choosing, and organization can run raffles to bring a bit of fun into the workplace.
 - **Training** – organizations can host in-house training or curated courses from the Coggno library.
 - **Survey** functionality to assist in gauging employee engagement and satisfaction.
 - **Document Upload** for staff to upload any work-related information, easily and from anywhere.
 - **Pick Up Shift** functionality, enabling staff to create shift swap requests and managers to approve/deny requests with instant notification.

Only a genuine shift in company culture can generate natural and increased engagement. Contact Ezzely today to request a demo or to sign up for a 15-day free trial – no credit card required – and start getting things done as a team.

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