

employee engagement

A whitepaper by Steven M. Johnson, PHD

The Importance of People, Employee Engagement, And Why It Matters



What differentiates top performing companies from their competition? Without a doubt, top performing companies have unique strategies, products, and provide better services. But these are not what differentiate the top tier companies from the bottom tier. Companies that consistently improve their ROI, company value, and are able to create a sustainable competitive advantage must involve the people in their organization.

For over 25 years, engagement-related research work in corporate settings has consistently found relationships and connections between employee engagement, customer service, sales, profit, & employee turnover. One of the 1st discussions about & importance & link of employee engagement to business outcomes appeared in the 1998 Harvard Business Review article that documented the "Employee-Customer-Profit Chain".

Some key findings from engage-related research:

- ◆ Engaged employees who serve the customer sell more and provide better service. For example, engagement-related gain for 34,000 commissioned salespeople at a large national company was determined to be 10%
- ◆ Engaged employees were found to be twice as likely to stay 5+ years at a large national company
- ◆ Gallup estimates \$300B in annual lost productivity in the USA from actively disengaged employees
- ◆ Companies with engaged employees (top quartile) have doubled the market value in terms of stock price (Treacy, 2004. Double Digit Growth: How great companies achieve it, no matter what. Portfolio Trade.)

Review of the research literature indicates that the key to having engaged employees involves the personal relationship with the immediate supervisor

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A simple explanation of Engagement is to consider 4 components that involve the employee:

Value

Doing meaningful work that contributes to the company's success.

Commitment

Feeling responsibility to the company and willing to perform tasks to help the company succeed.

Involvement

Feeling free to offer suggestions and opinions that impact their work.

Satisfaction

Enjoying the work being performed and their relationship with their boss.

The immediate supervisor is the key to making sure that each employee feels and experiences each component of engagement. The supervisor is involved with 9 areas that impact employees' engagement with their work and company:

Customer Service:	Strive to give good customer service
Performance:	Clear understanding of performance and company goals
Development:	Feedback and opportunities to improve skills
Teamwork:	Work together with openness and trust
Communication:	Manager openly shares information with employees
Recognition:	Achievements are celebrated and acknowledged
Involvement:	Autonomy to make decisions that impact one's work
Inclusion:	Individual differences are valued and employees are treated fairly
Pay:	Pay is fair and motivates employees to do more

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Keys to Engaging Employees in their work and the company

Too many organizations consider employees as a resource to be managed instead of individuals who can create innovations that lead to future success. Long-term employee engagement starts with creating and implementing a comprehensive employee engagement survey process.

The keys to creating and integrating an employee engagement survey program into a company's culture, vision and strategic plan must include the following:

- ◆ CEO and senior leadership buy-in and ownership of the program
- ◆ Protecting the confidentiality of employees' survey responses, data and results
- ◆ Sharing survey results publicly and “owning” the results
- ◆ Taking action on survey information and results to make improvements
- ◆ Involve employees in the action planning process
- ◆ Following up to measure the changes, improvements to employee engagement



About the Author: Dr. Steven Johnson worked in corporate settings for 25+ years developing and managing corporate engagement programs. During his tenure, Dr. Johnson has surveyed over 150,000 employees in over 1,500 business units across the U.S.

Dr. Johnson's efforts have linked employee engagement and customer satisfaction data with metrics such as sales, profit and employee turnover. His research results show engaged employees significantly outperform groups that are not engaged.