




ENGAGEROCKET INSIGHTS

THE UNMISTAKABLE CORRELATION BETWEEN EMPLOYEE ENGAGEMENT AND BUSINESS GROWTH

Uncover actionable practices used by leading organisations

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INTRODUCTION

The chasm between employers and employees

Does employee engagement have an actual impact on an organisation's profit?

This white-paper covers two main scopes of research:

To **investigate the impact of positive employee engagement** and experience on an organisation's growth.

Uncover the best practices of above-average Glassdoor rated companies to identify successful application of employee engagement.

A study made by Weber Shandwick reveals that **only 19% of employees globally perceive a strong alignment between what their employer says about the organisation and their experience** working there.

Employees want to be valued, belong and have the latitude to uncover their potential and aspirations. The inability for companies to meet employees' expectations has cost businesses **at least \$15,000 per turnover, even though an astonishing 77% of employees who resigned could have been retained.**⁽¹⁾

Although employee engagement has been on corporate discourse for decades, many organisations are still in denial of its significant impact on the businesses' bottom line.

In a technologically-driven environment, companies can no longer suppress negative sentiments, as employees have a plethora of platforms to sound their discord and discontentment. Companies have also diminished bargaining power for attracting and retaining talents amidst the increasingly fierce war for talent.

It has become clear that leaders now have to reprioritise and expedite processes to improve employee engagement.

KEY INSIGHTS

GROWTH IN REVENUE

Growth in revenue for the above-average Glassdoor rated companies was on average **9x larger than growth in revenue for S&P 500**. The average growth in revenue for the above-average Glassdoor rated companies was 53%.



**9x
LARGER**



**1.7X
HIGHER**

GROWTH IN SHARE PRICE

The growth in stock prices in the above-average Glassdoor rated companies is **1.7x more than the growth in stock prices for S&P 500**. The average growth in share prices for the above-average Glassdoor rated companies was 49.14%.

SATISFACTION & LOYALTY

The above-average Glassdoor rated companies has 25% more loyal employees, or 'promoters' compared to other companies. Just over **3/4 of employees from the above-average Glassdoor rated companies state they would recommend their friend to their respective companies**.



**25%
MORE LOYAL**

CHALLENGES FACED BY MODERN HUMAN RESOURCE MANAGEMENT

HR as a Strategic Partner

THE HIDDEN COSTS OF ATTRITION

A frequent, perceptible rate of voluntary turnover has a negative impact on employee productivity, morale and the bottom line. For example, if the cost-per-hire to fill a regular position is \$4,129 with an average turnover rate sitting around 20% in a team of 100 employees, **the organisation may lose up to \$82,850 in the attempt to replace the talent drain.**

It goes without saying, this amount increases with the level of management and has remained inconclusive since most companies do not have systems in place to track exit costs, recruitment efforts, orientation, lost productivity, cost of customer dissatisfaction and more.

To make matters worse, the talent pool has dwindled severely over the years and competitors have now resorted to undercutting methods to attract new hires.

But how can companies keep attrition rates at bay? The first step is to truly understand the issue that has been driving turnover rates. Problem identification can be achieved by testing several hypotheses on what makes employees tick. Once recognised, the organisation can embark on a more targeted approach and tackle the issue at its core.

It takes
\$56,667
to replace one
person

Engaging the New Workforce

PART-TIMERS, CONTRACTORS, REMOTE WORKERS, MILLENNIALS, SENIORS

The prevalence of technology and multifaceted business practices have altered the dynamics of employment. Plagued by skilled labour shortage and competition for talent, companies have evolved and began to offer flexible employment arrangements.

Just as how disengaged employees affect business outcomes, workers of any contract status have significant impact on performance, but with an added element of urgency. Given a limited time with the company, independent workers need to be onboarded expeditiously as it sets the tone for their future level of work engagement.

36 % of US workers participate in the gig economy

75 % of them said they would not leave freelance work behind for a full time job (2)

GAMEPLAN - KEY TAKEAWAYS

What employee value proposition can companies deliver to attract, maximise and retain these talents?

Continuous Listening

Enabling employee engagement initiatives has been proven to boost profits.

Proactive communication between employee and manager creates better work experience.

Employee engagement cultivates a transparent and trusting culture.

Employees are **59%** less likely to look for a new job when they feel that their opinions count at work

Strategic Onboarding Process

Improving onboarding journeys can increase retention

up to **50%**

A poor onboarding process affects an organisation's ability to retain three-month old recruits.

Companies should provide a structured onboarding process and implement progress-assessments to ensure smooth integration and productivity.

Greater exposure and opportunities nurture innovative ideas and a sense of belonging.

Growth & Development Opportunities

Growth and development opportunities can decrease attrition rates and engagement levels.

Managers have the responsibility of tracking each team member's development progress.

Opportunities should be accompanied by autonomy, a path to mastery and purpose.

According to Gallup,

90%
employees value career development

CONTINUOUS LISTENING

Employee engagement practices and performance reviews

LEARN FROM THE BEST



Verizon launched "Your Voice", program for employees & managers to have regular dialogue feedback sessions.



HR division launches frequent pulse surveys through EngageRocket's platform, using real-time analytics to diagnose & derive quick insights into the level of satisfaction.

HR team is able to uphold confidentiality for employees to encourage constructive feedback.

An unsupervised or disorganised feedback platform is a common recipe for disaster. In fact, creating an avenue for reviews is merely an embryonic stage in the process of structural/organisational transformation.

The value lies in decoding and reconstructing the wealth of feedback and employee lifecycle data, which uncovers root causes of varying employee sentiments and helps identify ways to delight them with tailored experiences.

By enabling continuity in feedback, return on investment can measure **up to 16% growth in profit margin for every 0.2 points (out of 5-point scale) increase in levels of employee engagement.**

Post-survey follow-ups spark positive impressions and are able to rally a larger base of support. Companies that are progressive in employee engagement follow a similar structure: pulse surveys are distributed prior to quarterly reports, followed by dialogue sessions for in-depth reviews, then the cycle finishes with action plans that are released in tandem with town halls.

This ecosystem of feedback is effective only if each stage of operation has a comprehensive plan and an measurable outcome to achieve.

Organisations **successful in employee engagement** enjoy:

20% increase in sales

12% rise in productivity

37% lower in absenteeism (3)

Robust employee profiles can also be cross-referenced to allow leaders to be proactive about enhancing the different dimensions of the team's experience.

The core of these strategies lies in the organisation's ability to cultivate a transparent and trusting culture. While a one-size-fits-all solution is not possible, the best method to kick-start a positive corporate culture is to provide a continuous listening ear to talent.

Once implemented, **up to 59% of employees will become less likely to look for a new job.**

STRATEGIC ONBOARDING PROCESS

Equipping new employees with the necessary skills for development.

LEARN FROM THE BEST



Pandora launched social events for new hires to mingle with various Employee Resource Groups (ERGs) with shared interest, affinities or characteristics.



New hires receive a package named 'DHL in a Box', which includes L&D programmes, initiation video and a welcome card from their managers & colleagues.



Offers comprehensive graduate programmes, named INspire, to attract and retain talents.

Onboarding marks a prime opportunity for employers to win the hearts of new employees. However, this is a process **under-utilised by organisations, as reported by 76% of HR leaders**, even though it sets the path for new hires' work relationships to follow. ⁽⁴⁾

Poor onboarding processes can take the form of disorganised administrative processes, lack of technology infrastructure, unclear job responsibilities and disengaging orientation experience. **In this regard, companies lose up to 17% of their new recruits within the first three months of employment.** ⁽⁵⁾

It is imperative for companies to provide a structured onboarding process and implement progress-assessments **at 30-, 60-, 90- day intervals, to ensure smooth integration and enjoy 62% greater productivity from new hires.** ⁽⁵⁾

The use of technology is particularly effective in streamlining administrative works and accessing organisational information through online portals.

To further elevate the experience, recurring opportunities to interact with management is vital for new hires to network and develop a sense of belonging.

Investment in onboarding journeys can be rewarded **by up to 50% increase in new hire retention.**

Instead of succumbing to the **60% that fail to set short term goals for new candidates**, organisations can scientifically map out strategies to unleash their potential. ⁽⁶⁾

Proper leadership guidance and structured learning programs are instrumental for new employees to get in sync with the workflow. In turn, the positive experience generates loyal talents who are highly driven and can readily better contribute business outcomes.

GROWTH & DEVELOPMENT OPPORTUNITIES

Areas of improvement and career progression

LEARN FROM THE BEST

SONY

Mandatory trainings to emphasise leaders' competency with practical management & coaching skills.

Employee-centric seminars and courses available

Hosts recurring events "Career Plus" to provide opportunities that deviates from the employees' current profession

tokopedia

With automated surveys, intelligent reminders, and customized reports, HR teams can focus on the most important area: the people

Tokopedia completed assessments with over 8,000 raters within 2-3 weeks to collect real-time insights

Managers take immediate action on engagement or culture gaps that impact the workforce performance.

According to a Gallup poll, 90% of respondents valued 'career growth and development opportunities'. As such, the perception of internal growth and progression opportunities has become an important predictor of employee engagement.

However, nurturing mastery alone is insufficient to fulfil engagement. The process should be personalised and accompanied by improvement in autonomy, communicating purpose and having managers as coaches.

These can be enacted through a series of appraisals centring on individual work to organisational value, managerial responsibilities as career advancement and even horizontal movements to explore other possible development of opportunities.

By providing these incentives, employees will be more likely to stay with the company and even report 30-50% higher engagement levels. ⁽⁷⁾

A majority of learning and development occurs informally at work and during the daily interactions amongst coworkers.

This implies that managers need to be alert and act as coaches on a regular basis, to maximise learning opportunities for the team.

Currently, only 19% of employees strongly agree that they have discussed about the plans to reach their goals.

Although creating personal internal opportunities have managed to gain traction in most workplaces, most organisations are still slow to implement a holistic approach that involves the interaction between managers as coaches and its employees.

As the balance of power shifts from employers to employees, companies are strongly recommended to address these matters before it is too late.

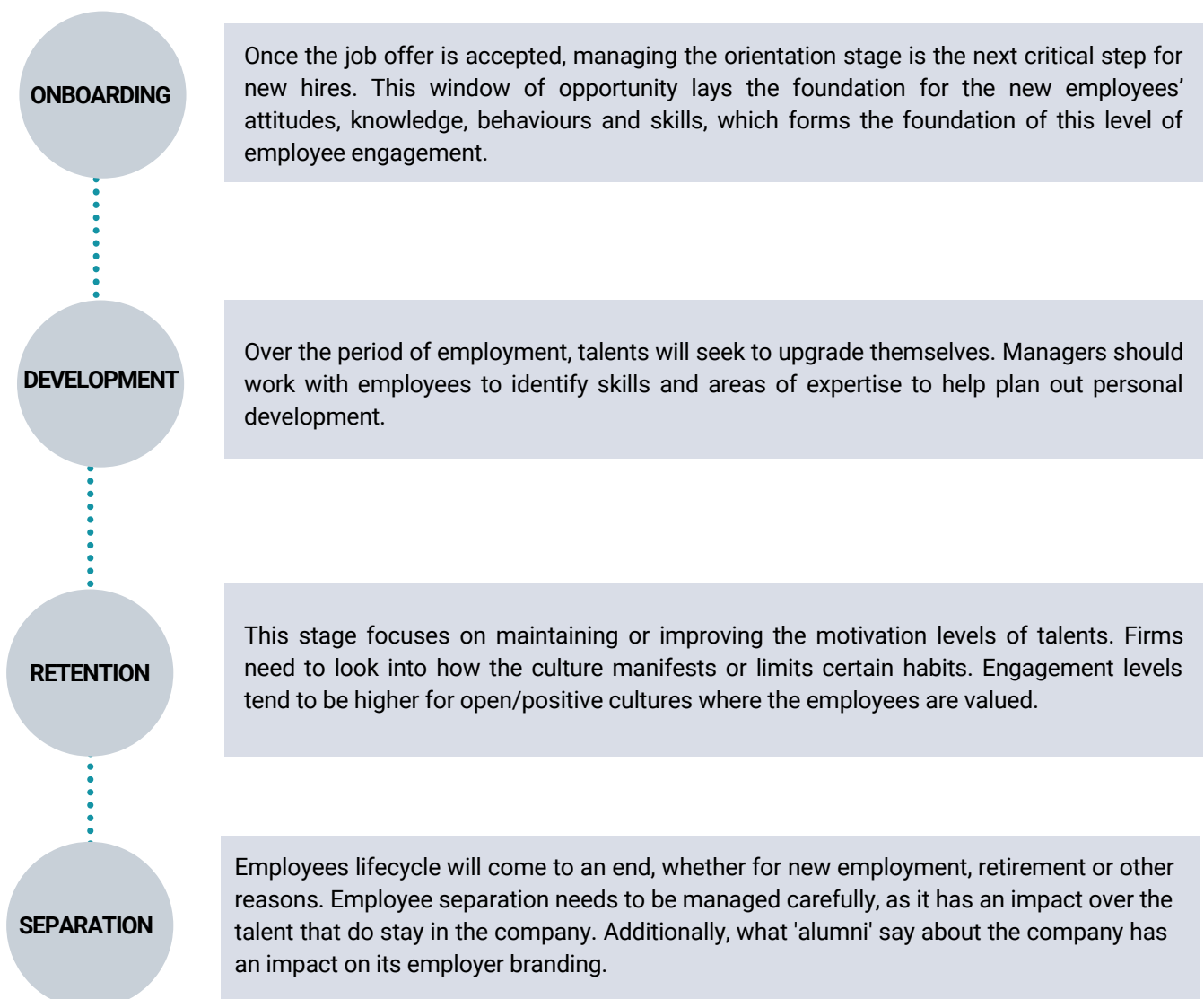
60% of employees believe it is the manager's responsibility to steer growth opportunities.

EMPLOYEE LIFECYCLES

Engage and develop from day one

Organizations need to recognise that engagement efforts necessitates more than just one-off social events. It is **an ongoing, excruciating process** which incorporates inclusion in its long-term growth strategy.

Ultimately, **this initiative starts from the top**. In order to be successful, the organisation must support the various stages of an employee lifecycle:



CONCLUSION

Employees are indispensable assets of your organisation. Since the cost of disengagement far outweighs the cost of cultivating engagement, firms need to take proactive action.

By combining technology and analytics, methodologies that have been advanced in customer experience fields already, human resource professionals can **strategically improve the employee experience in ways that have real business impact.**

Even after putting in place early warning systems, HR cannot reduce the chance of 'regrettable attrition' alone. The most important task in talent retention is actually **getting buy-in from the business heads who lead those employees every day.** Together, they need to create an environment of trust and respect for each employee.

A few suggestions to improve the levels of employee engagement:

Improve autonomy: By focusing on the achievement of outcomes instead of process, leaders can encourage autonomy and creativity.

Nurture mastery: Instead of focusing incentives just on rising up the managerial rungs, HR can create multiple paths of success through masterful individual contribution.

Over-communicate Purpose: With a sometimes excessive focus on doing things right instead of doing the right things, leaders often choose to focus on communicating the "how" of a process, instead of spending time communicating the "why". Managers should always err on the side of over-communicating purpose and drawing a line of sight from individual work to value.

Methodology

Our research is based on 25 companies where relevant information was publically available, and with glassdoor ratings above the global average of 3.3. The key performances of these companies were then compared to S&P 500 indexes.

How we collected our data

Glassdoor ratings and Recommendations:

Taken off Glassdoor

Share Price - Taken from Yahoo Finance Historical Data. The share price was calculated by taking the average of the daily adjusted closing price for that year.

Share Price Growth Rate - The average of the percentage increase or decrease in the share price from 2016-2017 and 2017-2018.

Average global market figures: Our figures for the average revenue growth for the S&P 500 companies was taken from CSI Market. We calculated the growth in stock price in the same manner as our sample size

Revenue Growth Rate - The average of the percentage increase or decrease in revenue from 2016-2017 and 2017-2018.

Revenue and Headcount- Taken from each respective company's annual reports or income statements

Sources:

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- (3) Gallup Business Journal - Five Ways to Improve Employee Engagement - Robyn Reilly
- (4) Kronos - New Hire Momentum: Driving the Onboarding Experience research - 2017
- (5) SHRM - By Roy Maurer - April 16, 2015
- (6) HBR - Ron Carucci - December, 2018
- (7) Deloitte University Press - Josh Bersin - Becoming irresistible: A new model for employee engagement - 2015



EngageRocket is a cutting-edge employee engagement software provider that helps leaders and organizations make better people decisions using real-time data. Through cultural change, organizational transformation, mergers and acquisitions and other key events, companies use EngageRocket to analyze and act on employee feedback. This raises their employee engagement and productivity, and serves as an early warning system for talent attrition. The company now has more than a million responses analyzed in various languages.