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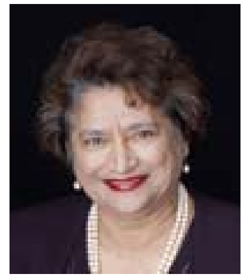
Feature

The Engaged Workforce: The Good, the Bad and the Ugly

Look at the rewards and the price tags



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How many times have you experienced this situation?

You walk into an office or store. You are greeted with a warm smile and asked how you may be helped. You tell them you have a problem and the nature of it. You get a sympathetic smile. You are invited to take a seat while they find just the right person to help you. The person you need is not available. However your greeter helps you as much as they can. They get the details about your problem, your desired resolution and timeline involved, if any. They promise that you will be contacted within a certain time period.

You get home two hours later and there is a status update message from the greeter. It informs you that your issue is now in the right hands and gives you their contact information.

You have just met an engaged employee. Will your experience colour your view of the company?

This is one of many reasons why employee engagement is the holy grail of organizations today. It makes a huge difference in their ability to compete, survive and be profitable. Most studies have proved it.

The Corporate Leadership Council studies had two important findings. One was that high engagement companies grew profits up to 3 times faster than their competitors. The second was about retention. Highly engaged employees are eighty seven percent (87%) less likely to leave their company.

David MacLeod and Nita Clarke's research (for the UK government) on employee engagement showed its impact on operating income. They found that companies with highly engaged employees experience a 19.2 % higher growth in operating income over a 12-month period. They also found that low engagement resulted in 32.7% lower operating income in the same time period.

In the "Are They Really 'On the Job'?" report, Pont positions the benefits of employee engagement to organizations. He said that high engagement organizations have 2 times higher customer loyalty, 2 times higher productivity and 2 times lower turnover.

Gallup's142-country study on the "*State of the Global Workplace* (2013)" investigated employee engagement. It found only 13% of the world's workers are engaged. Even worse, levels of engagement are declining.

North America (USA and Canada) scored the highest employee engagement study. Rounding out the results helps to clarify the picture. On average, thirty percent (30%) of North American employees fall between engaged and fully engaged. Another fifty percent (50%) (whom I refer to as placeholders) is a mix of somewhat engaged and somewhat disengaged. The final twenty percent (20%) are actively disengaged.

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Imagine, for a moment, that you and your major competition are having a tug of war. You each have 10 employees on your teams. The teams line up and grab onto the rope. The "go" signal is given. Three people start to pull with all their power, five are holding on to the rope, putting in only as much effort as necessary to stay in place (placeholders). Two people on each team are not participating or worse, they are somehow trying to sabotage the team they are on.

Now, further imagine that one of the placeholders shifts their level of engagement. What if they decided to join the ones playing to win? What might happen if they join the ranks of the saboteurs? It is the organization's actions or inaction that will influence the direction of change.

Earlier, we talked about the rewards of having a high engagement workforce. There is another measure to be taken into consideration. What is the potential price tag of mere engagement and disengagement to organizations?

Here are two ways to do some rough estimates.

The first method uses Gallup 2002 figures where the cost of disengagement is $3,400 per $10,000 of salary annually.

The second uses the Human Capital Institute model. It associates a percentage factor to the level of engagement. The individual's annual salary is then multiplied by the appropriate factor to establish their value to the organization. The factors are as follows: highly engaged is 120%, engaged is 100%, somewhat disengaged is 80% and fully disengaged is 60%.

Experts in the field have identified numerous drivers to employee engagement. Many programs have been developed and delivered around them. Organizations spend mega-thousands annually to improve employee engagement. Yet, many have barely held on to their status quo. Why?

The fault is not in the solution—it lies in the process. Organizations are sold (and are often only willing to pay for) solutions to relieve the current symptom or pain. That is like taking painkillers to deal with a brain tumor. Put a good solution in a bad system and the system wins every time.

High engagement environments demand high commitment from management. There is no magic wand. It takes knowledge, planning, time and involvement at all levels to create long-term success.

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