



# Why does employee engagement matter?

Produced by **People Insight**

People Insight

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In this guide:

- ▶ [Why does employee engagement matter?](#)
- ▶ [Proof points: Business outcomes of engagement](#)
- ▶ [Who is responsible for employee engagement?](#)
- ▶ [What drives employee engagement?](#)
- ▶ [How do employee surveys help with employee engagement?](#)
- ▶ [Employee engagement examples](#)



## Why does employee engagement matter?

Engaged employees are those that feel pride and loyalty working for your organisation. They go the extra mile for customers, come up with innovative solutions, stay resilient through change, live your company values and believe in the company vision.

They aren't looking for a job elsewhere and will advocate your company as an outstanding place to work.

On the other hand, when employees don't feel engaged, valued and motivated they get less done, take more sick leave and look for jobs elsewhere. They can be sceptical about communication 'from the top', resist changes and are unlikely to contribute new ideas or improvements.

Prioritising employee engagement is good for business. Take the Covid pandemic. Despite the challenges for organisations, those that demonstrated compassion, a willingness to listen and transparency throughout [actually increased](#) their levels of employee engagement.

While there should be no denying that employee engagement matters, sometimes you need to convince others within your organisation of its commercial value.



## Proof points: Business outcomes of engagement

Research has consistently shown that high levels of engagement go together with high business performance. On top of that, engaged employees are healthier, happier and more fulfilled.

Use these stats overleaf to show your stakeholders the impact employee engagement programmes can have on every part of your organisation.



## Business performance

Highly engaged teams achieve a **20% increase in sales** and show **21% greater profitability**

(Source: Gallup)

**Engaged employees generate 43% more revenue** than disengaged ones

(Source: Hay Group)

A 5% increase in employee engagement = **a 7% increase in operating margins**

(Source: Gallup)

## Productivity

Teams with higher engagement scores are **21% more productive**

(Source: Gallup)

**A disengaged employee can cost you up to £4,467 per year** in low productivity

(Source: Totaljobs)

**91% of highly engaged employees always, or almost always, try their hardest at work**, compared with 67% of disengaged employees

(Source: Temkin Group)

## Employee retention

Engaged employees are **87% less likely to leave**

(Source: Corporate Leadership Council)

**Replacing a lost employee costs 150%** of that person's annual salary

(Source: Columbia University)

**Highly engaged organisations see 40% reduction in absenteeism**, saving up to £227.14 per employee each year

(Source: Gallup)

## Customer satisfaction

Organisations with top engagement scores average **12% higher customer advocacy**


(Source: Engage for Success)

79% of companies with engaged employees had a **significantly better customer experience** than companies who didn't

(Source: Temkin Group)

**Customer retention rates are 18% higher** when employees are highly engaged

(Source: Cvent)



# Who is responsible for employee engagement?

Before getting stuck into your employee engagement programme, take a moment to reflect on whose responsibility it is to make this a success.

The truth is that everyone in your organisation has some role in it. If you are going to prioritise engagement, then everyone must do their part.

## Senior leaders

Your leaders must be advocates for employee engagement. Their attitude will be reflected throughout the organisation; if they're saying one thing but doing another, people will become resentful. On the other hand, if they are seen to be prioritising engagement, they will influence the rest of your organisation to do the same.

### Responsibilities:

- ▶ Contribute to your long-term employee engagement strategy
- ▶ Actively advocate for employee engagement
- ▶ Role-model desired behaviours and values
- ▶ Communicate changes in strategy
- ▶ Enthuse employees about the long-term vision
- ▶ Share progress with the organisation

## HR / people teams

Employee engagement usually sits with HR, but in your organisation another team may be responsible for measuring engagement and putting your employee engagement strategy into action. They should take ownership of employee engagement activities, communicate about your engagement survey and action planning progress, engage stakeholders with the programme and help to upskill and empower managers by co-ordinating action planning sessions.

### Responsibilities:

- ▶ Hold managers and employees accountable for engagement activities
- ▶ Support and upskill managers about employee engagement
- ▶ Communicate and raise awareness of engagement activities

## Managers

Managers should develop and implement engagement activities within their teams and help deliver your desired culture. They are closest to employees and can have a big influence on attitudes and morale.

### Responsibilities:

- ▶ Lead and promote engagement activities within their team
- ▶ Review and analyse team's survey results and lead local action planning workshops
- ▶ Advocate for engagement and bring people on board with your engagement strategy
- ▶ Share employee ideas and opinions with HR and leadership

## Employees

Employee feedback will show you whether your engagement strategy is working, and which areas may still need improvement. Employees need to understand why engagement activities are put in place, and the impact these will have for them. When it comes to sharing their feedback in an employee survey, focus group or 1:1 with their manager, employees should feel confident to raise concerns and suggest ideas.

### Responsibilities:

- ▶ Take part in employee surveys and focus groups
- ▶ Suggest ideas to improve the employee experience
- ▶ Participate in engagement activities

## Why should engagement matter to your employees?

Employee engagement can be seen as a leadership or HR exercise, far removed from employee's daily lives. But being part of an environment where people feel valued, respected and involved should be valuable to your employees too. That's the end goal of employee engagement.

Share our infographic to get your people behind your employee engagement efforts and why it matters to them:

### Download infographic:

['Why should engagement matter to me?'](#)

## What drives employee engagement?

Organisational psychologists have extensively researched the drivers of engagement to come up with universal factors which apply to organisations of all sizes and sectors.

An employee survey will help you understand how these factors are driving engagement at your organisation, and which have the biggest influence on how people feel.





## The 5 universal drivers of engagement

People Insight's [PEARL™ engagement model](#) includes 5 universal factors that the literature shows drive employee engagement:

### Purpose

What does your organisation stand for and where are you going?



### Enablement

Do employees have what they need to do their job well?



### Autonomy

Are you promoting healthy and positive behaviours?



### Reward

Are employee efforts and aspirations being recognised?



### Leadership

Are your leaders supporting and enabling change?



## The 10 sub-drivers of engagement

Each of the 5 factors break down to 2 more specific sub-drivers. Employee surveys typically include 2-4 questions that dig into each of these.

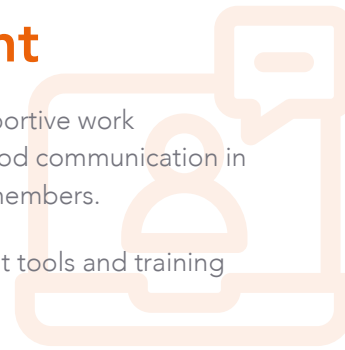
### Purpose

- ▶ **Alignment** - Understanding how you fit with the organisation's vision, values and future.
- ▶ **Integrity** - How the organisation treats customers, employees, suppliers and the environment.



### Enablement

- ▶ **Community** - A supportive work environment with good communication in and between team members.
- ▶ **Resources** - The right tools and training to do the job.



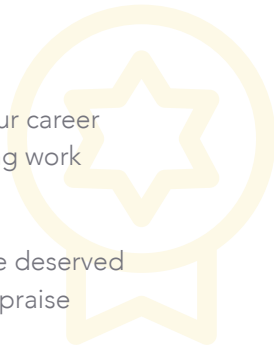
### Autonomy

- ▶ **Mastery** - Having appropriate freedom to choose how, when and where to do your work.
- ▶ **Wellbeing** - Experiencing a good work/life balance in keeping with positive physical and mental health.



### Reward

- ▶ **Growth** - Developing in your career through training and fulfilling work (intrinsic reward).
- ▶ **Recognition** - Receiving the deserved pay and benefits, receiving praise (extrinsic reward).



### Leadership

- ▶ **Senior leaders** - Providing vision, building trust, listening to employee feedback and acting as a result.
- ▶ **Line managers** - Offering support, feedback and coaching.



Read more:

[Our whitepaper explains the science behind PEARL™](#)

## How do employee surveys help with employee engagement?

Whilst measuring engagement is the endpoint, an employee survey can itself be a positive and motivating activity.

If it's not something you have invested in before, it can take time to embed engagement and culture into the everyday language and behaviour of your colleagues, managers and leaders. Your survey programme plays a key role in this behavioural shift.

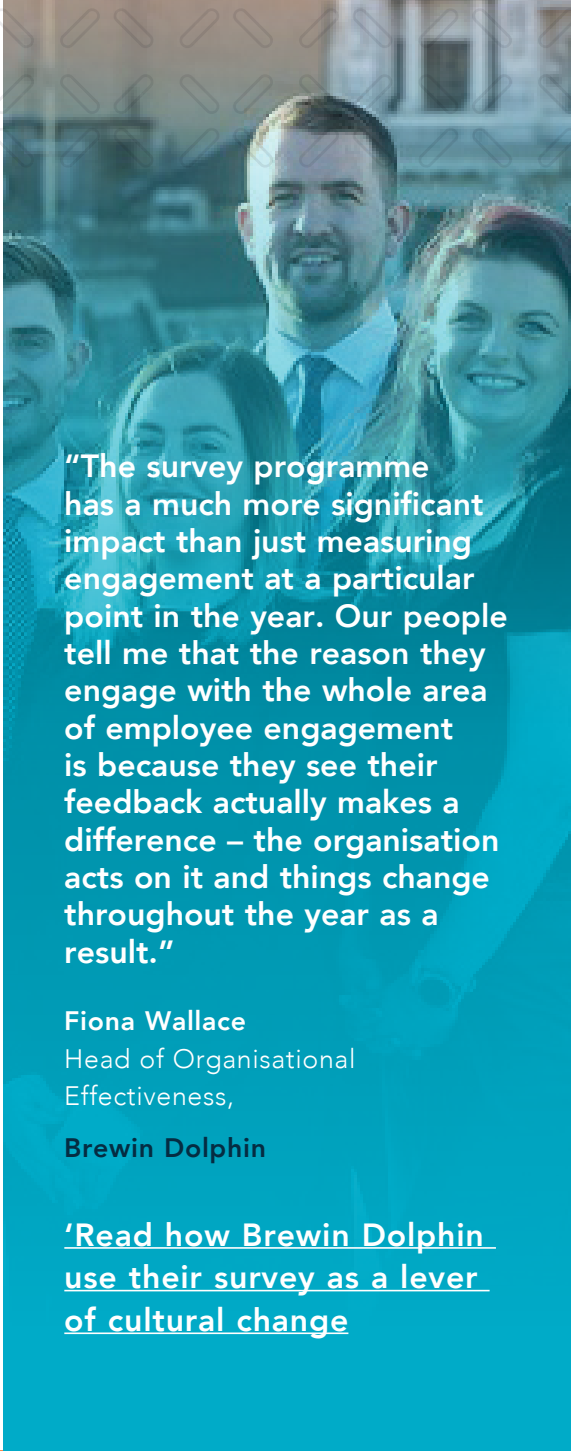
Getting into a cycle of listening, deciding on action and making changes means people can see the impact of their feedback and know that their opinion is valued.

This also encourages employees to speak up beyond the survey itself, knowing that leaders will pay attention.

**To encourage a culture of listening, support your survey with additional feedback opportunities like:**

- ▶ Manager 1:1s
- ▶ Monthly Lunch and Learns
- ▶ Quarterly Town Halls
- ▶ Roundtable discussions

More ideas: [Creating an employee listening strategy](#)



**"The survey programme has a much more significant impact than just measuring engagement at a particular point in the year. Our people tell me that the reason they engage with the whole area of employee engagement is because they see their feedback actually makes a difference – the organisation acts on it and things change throughout the year as a result."**

Fiona Wallace  
Head of Organisational  
Effectiveness,

**Brewin Dolphin**

**[Read how Brewin Dolphin use their survey as a lever of cultural change](#)**

## An employee survey is vital so your organisation can:

### 1. Listen to involve

Inviting honest feedback might sound intimidating but asking for feedback via an anonymous third-party route is the act of **confident leadership, and a transparent, inclusive culture**. It shows employees that their opinion is valuable and gives them agency.

### 2. Listen to understand

Diversity & Inclusion is a top priority for organisations and leaders are in one of the best positions to make meaningful change happen. However, in order for these changes to have an impact on D&I, **we must first understand** the current experience for people of different backgrounds and demographics.

### 3. Listen to adapt

One of the most important consequences, however, is that **action must be taken as a result** to adapt and make improvements. If people don't see that anything has changed as a result of their input, it's worse than not asking in the first place! A good survey tool and provider will be able to advise on the best ways to follow up.





## What questions should you ask in an employee survey?

People Insight's core PEARL™ question-set contains 35 questions across the 5 PEARL™ themes. These questions apply across organisation sizes, types and sectors so our database is full of benchmarking data that shows how your employee experience compares to your peers. Questions can also be tailored to suit your organisation or dig into a burning topic.

Results of an engagement survey provide both a quantitative engagement score and rich qualitative feedback full of suggestions. Open-ended questions ask respondents for broader input, e.g.

- ▶ What is the best thing about working here?
- ▶ If you could change one thing about working here, what would that be?

With many organisations wanting to better understand specific topics such as employee wellbeing or Diversity & Inclusion, your survey can also be adapted to include questions such as:

- ▶ Do you know where to go to for support regarding your health, safety and wellbeing?
- ▶ Do you feel sufficiently supported by your manager to balance work and caring responsibilities effectively?
- ▶ What would make this organisation more inclusive of people of all backgrounds?

Survey outputs help you identify priority changes to improve engagement, and quick wins that can transform the work experience quickly. Surveying over time means you can assess trends and see how staff respond to the improvements that you make. Historical benchmarks allow you to compare progress year on year and see the impact of specific initiatives and actions.

## Employee engagement examples



### Vinci Construction UK

Stakeholder backing has helped Vinci Construction UK to achieve a participation rate of 85% and engagement score of 83% (6% above benchmark). People Insight hold pre-survey stakeholder interviews to tailor the questionnaire to each division and provide clear metrics to report against. Although HR steer the engagement programme, it is championed by their 4 MDs who use it to tackle specific priorities and are accountable for measuring the impact of change. Pro-active senior involvement demonstrates to staff that leaders want to hear their opinion and embeds employee engagement into the business.

[Read the full case study](#)

### Arrow Communications

Following their employee survey, Arrow Communications committed to several new programmes and initiatives; they also committed to providing more regular feedback about the changes they were making. Each quarter People Insight produce 'You Said, We Did' infographics which share Arrow's progress with each employee. They show the headline feedback from the survey, the changes and progress made since then and the key activities planned for the next quarter. The infographics keep up momentum around employee engagement, so the excitement doesn't end when the survey closes and keep Management accountable for seeing change through.

[Read the full case study](#)

# Insights that spark change

Create your ideal culture for success driven by our carefully designed surveys, intelligent insights and practical expertise.

**“Knowledgeable, incredibly helpful, People Insight are able to work to tight deadlines, helpful and quick to respond. They are experts in this field!”**

**Kirsten Price** - Talent Director  
**Cote Restaurants**



**Intuitive technology**



**Practical expertise**



**Continuous support**

People*i*nsight

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