

# WINNING WITH ENTHUSIASM


How employee  
engagement drives  
business success



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**High levels of employee engagement help businesses meet the challenges ahead, contributing to productivity, agility, and attraction and retention of talent.”**

Mark Royal,  
Senior Director,  
Korn Ferry Institute



**Korn Ferry research repeatedly demonstrates a powerful link between employee engagement and organizational performance.**

Our analysis of 100s of client organizations and 1000s of business units reveals companies with improving levels of engagement (compared to those with stagnant or falling levels) enjoying significantly higher levels of subsequent Return on Assets, Return on Investment, and Return on Equity. The superior performance of these companies is not limited to financials. These high engagement companies also enjoy outstanding talent retention and attraction, productivity, safety and customer experience outcomes.

Our comprehensive global database of employee attitudes confirms that a worrying 30% of employees worldwide feel neither engaged nor enabled at work, presenting leaders with a huge performance improvement opportunity within their direct control. These people are unlikely to recommend their employers as good places to work, hampering reputation and risking higher turnover. These employees also yearn for better organizational support so they can deliver their full potential. In the real world this means an average Fortune 500 organization employing 35,000 employees has in excess of 10,000 employees lacking the motivation and support they deserve.

**Clearly, it is time we started asking ourselves serious questions about employee engagement.**

**How do we define it?**

**Why does it play such a critical role in success?**

**And what steps can leaders and managers take to build engagement within their organizations?**

# Measuring the business benefits of engagement.

Korn Ferry research has consistently shown employee engagement to be a leading indicator of sustainable organizational performance.

**Our studies have revealed that companies with engagement scores in the top quartile achieve better business outcomes in a variety of key areas:**

**Net profit**

**↑ 2x**

greater than those in the bottom quartile

**Revenue growth**

**↑ 2.5x**

greater than those in the bottom quartile

**Employee turnover**

**↓ 40%**

lower than companies with low engagement

**Productivity**

**↑ 18%**

higher than those in the bottom quartile

**Customer satisfaction**

**↑ 12%**

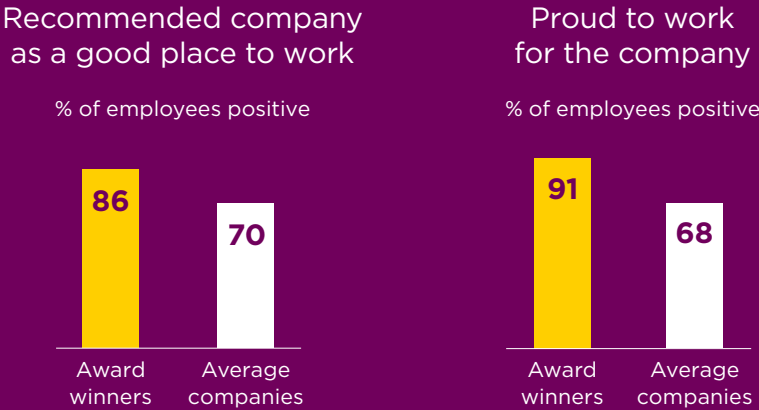
higher than the average score

# Engaged organizations are effective organizations.

The benefits of employee engagement can be seen not only in an organization’s results, but also in the health of its communications, systems and processes, as our recent analysis of Korn Ferry Engaged Performance Award winners shows. The Korn Ferry Engaged Performance Awards is an annual global awards program designed to recognize clients that achieve best-in-class levels of engagement. To qualify for an award, companies must score markedly higher on two key measures of engagement: employee advocacy and pride.

## Engagement levels amongst the award winners.

Levels of employee advocacy and pride and markedly higher in our award winners...



By comparing the employee survey results of our 2018 award winners against the global average in our database, we discovered that companies achieving best-in-class levels of engagement outperform their competitors in a host of other areas by an average of 18 points.

Decisions delegated to lowest level appropriate	Company is effectively managed and well-run	Open and honest communications	Trust and confidence in senior leadership
<b>+21 points</b>	<b>+20 points</b>	<b>+18 points</b>	<b>+18 points</b>
Company is well organized and structured	Good cooperation across departments	Developing innovative products and services	Encouraged to take controlled risks
<b>+18 points</b>	<b>+18 points</b>	<b>+17 points</b>	<b>+17 points</b>

# Avoiding the costs of disengagement.

We have seen that high engagement levels can have a hugely positive impact on your organization. So what happens when employees become disengaged? The precise causes of disengagement will vary from individual to individual, and may include lack of fulfillment in the role, a perceived absence of opportunity, or frustration at your company's systems and processes.

**But whatever the source of the issue, our research shows that the disengaged employee will typically follow one of three paths:**

- 1. They leave the company within 12 to 24 months.**
- 2. They simply give up trying.**
- 3. They work things out with their manager and become re-engaged<sup>1</sup>**

The first two outcomes represent a real threat to your business, whether it is through the loss of talent and intellectual capital caused by someone leaving, or the negativity a disengaged employee can spread throughout the wider team. The best-case scenario is that the frustrated employee takes path three. But, unfortunately, this does not happen nearly as often as it should.

One of the key challenges here is that frustrated workers can be hard to spot. Unlike the archetypal image of the dissatisfied malcontent, they tend to soldier on in silence, unwilling to be seen as part of the problem. In fact, those who leave due to lack of engagement will often be among an organization's most talented employees, as talented people tend to be more sensitive to barriers and are more likely to find opportunities elsewhere.<sup>2</sup> This makes it doubly important that businesses commit to building and sustaining a unified, cohesive workplace. Below, we have identified six key areas that organizations and their senior leaders should focus on.

<sup>1</sup>Korn Ferry Institute, The Enemies of Engagement (2016). Retrieved from [kornferry.com/institute/the-enemies-of-engagement](http://kornferry.com/institute/the-enemies-of-engagement)

<sup>2</sup>Korn Ferry Institute, The Enemies of Engagement (2016). Retrieved from [kornferry.com/institute/the-enemies-of-engagement](http://kornferry.com/institute/the-enemies-of-engagement)



# Rules of engagement: Six steps to building an engaging workplace culture.

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## 1. Create a desirable work environment.

Even the most highly motivated employee will struggle to remain engaged if their work environment does not leave them feeling supported and empowered. This isn't just about providing free coffee and the occasional team quiz. This is about minimizing the barriers people encounter in their day-to-day roles, whether it's excessive bureaucracy, unnecessary procedures or conflicting management demands. It's also about making sure the right people are matched to the right work and providing everyone with opportunities to learn, develop and grow. The more open and streamlined you can make your environment, the happier and more productive your employees will be.

## 2. Find common ground.

Markets are driven by competition and self-interest whereas people are brought together in organizations or companies out of shared interest," explains Mark Royal, a senior principal at Korn Ferry. The best way to keep your team and your company together, he argues, is to be clear about organizational direction and provide a high-level mission that everyone can believe in. "People don't get out of bed in the morning to maximize share price. They get out of bed to make a difference. Giving people a collective purpose, and a sense that they are in it together, is critical."



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**To have a truly engaged individual, first they have to connect with their work. They understand the context, their impact, what their role is and why it's important. People need to understand their place in the whole.”**

Iris Goldfein, CPO at Sutherland Global Services<sup>3</sup>

<sup>3</sup>Korn Ferry Institute, The Enemies of Engagement (2016).  
Retrieved from [kornferry.com/institute/the-enemies-of-engagement](https://www.kornferry.com/institute/the-enemies-of-engagement)

### 3. Align personal incentives around organizational goals.

Purpose is important. But purpose alone is not enough. For employees to become truly invested in organizational goals, they need to see that all the good work they do in support of the broader mission also has a positive impact on their own compensation, career opportunities and personal growth. In other words, it's not just a question of what the overall strategy means for the company. It's also about what the strategy means for "our team" and for "me."

### 4. Leave space for healthy competition.

While unity is unquestionably a desirable attribute, that doesn't mean there isn't room for healthy competition in your organization, whether it's between corporate teams or within them. In fact, competition can be a hugely positive force, driving people to be more innovative and perform at their best. The trick is to ensure it is the right kind of competition. Royal explains: "As long as people feel they've been heard, that their effort was valued, internal competition doesn't need to be divisive. Where competition is self-interested and driven by personal goals, it's more likely to be negative."

### 5. Build a strong corporate culture.

What is corporate culture? We like to define it as a set of unconscious assumptions concerning the correct ways to think, perceive and feel. So, when carefully managed, culture can be used to reinforce formal messaging about direction and help employees understand what they need to do to move the company forward. CEOs and senior leaders are critical in shaping the corporate culture, not only in terms of how they articulate the mission and values but also in the way they recognize employees and the extent to which incentives and reward systems reflect the broader organizational goals. If a strong flow of communication from the top is lacking, or if there is a disconnect between the work culture senior leaders say they are striving for and the one that actually exists, then the resulting vacuum where the corporate culture should be allows individuals to create their own company narratives, which can be divisive.

### 6. Look to your managers.

Managers can have a significant influence on the engagement of the people in their teams, therefore their behavior must figure highly in any engagement strategy. When Mary Barra took over as CEO of General Motors in 2014, one of her first actions was to gather together her top executives and insist on an atmosphere of openness and responsibility. As John Quattrone, GM's Senior Vice President of Human Resources, explains: "The biggest change with Mary is that she zooms in and gets her leaders to concentrate on their behaviors... Encourage candor. Don't hide things. If things go bad, bring it up." It is Barra's belief that such positive behavior by her top leaders will push down through the next eight or nine layers of management and, ultimately, have a major knock-on effect on engagement levels across the entire workforce.





## Conclusion.

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The benefits of having a highly engaged workforce cannot be overestimated. Organizations with superior levels of engagement tend to perform better than their competitors in terms of innovation, productivity, customer satisfaction and financial results. Conversely, an organization whose employees feel frustrated, discouraged or undervalued risks reduction in discretionary effort, loss of intellectual capital and an increase in costs related to employee turnover.

This places a significant onus on employers to focus efforts on building and maintaining an engaging workplace culture. Senior leaders have a critical role to play in this endeavor, helping to unite employees behind a common purpose, and empowering every individual to contribute, learn and grow.

In addition, there are various industry-leading tools and technologies you can employ to help monitor levels of employee engagement and identify potential areas of improvement across the workforce. For example, Korn Ferry Listen for Pay surveys your employees and managers to find out what they really think about your reward program and to help you find ways of enhancing motivation by offering people the benefits they value most.

**Looking for more ways to engage  
and enable your employees?**

**Get in touch with Korn Ferry**

**[kornferry.com/engaged-performance-contact](https://kornferry.com/engaged-performance-contact)**



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## About Korn Ferry

Korn Ferry is a global organizational consulting firm. We help clients synchronize strategy and talent to drive superior performance. We work with organizations to design their structures, roles, and responsibilities. We help them hire the right people to bring their strategy to life. And we advise them on how to reward, develop, and motivate their people.

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