



The link between employee engagement and business performance



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Let's be honest. Internal communications is often a cluster you-know-what for companies. But when people can't find the info they need to do their jobs — let alone the resources and benefits they desire to feel happy in their roles — employee engagement suffers. Making matters worse, employee engagement encompasses so much more than just having happy employees.

But here's the good news: It's not as hard as you think to build a business case for better employee engagement. Because having engaged employees leads to increased productivity and profitability.

Throughout this guide, we'll explore why and how to nurture employee engagement, and the ROI you stand to gain from doing so.

What is employee engagement, really?

A basic understanding of employee engagement suggests it's just about having happy team members. In reality, having engaged employees means they:

- Understand your organization's purpose and goals, and have their own professional purpose and goals
- Possess the materials and information they need to do their jobs effectively
- Are fully present in their work
- Grow and innovate, improving your company
- Feel a sense of belonging and community at work
- Have the balance they desire between the professional and personal

When your people are truly engaged in these ways, that's when they're happy. But it's not just about happiness, it's what goes into holistic job satisfaction.

A look into an environment **without** employee engagement

There's a lot that goes into the recipe for engaged employees, it's true. But it's worth your time (and worth investment and attention from your stakeholders). Here's why:

Employees will seek greener pastures if they're unengaged. According to the [O.C. Tanner 2023 global culture report](#), nearly one in three employees doesn't feel fulfilled at work, making them:

399%

more likely to actively look for another job

47%

less likely to put in a great deal of effort to help the organization succeed and

340%

more likely to leave the organization within a year

71%

less likely to promote the organization as a great place to work

You work hard to **build and promote your employer brand** and to attract and hire right-fit talent. You don't want to expend all of that effort, time and money just to have your new hire leave. Recruiting is expensive and time-consuming!

You're also wasting time creating competitive benefits packages and building a strong culture if your communication around these items is unclear. Who cares about that free gym membership you offer if employees don't know it exists, or where to find the sign-up for it? Effective internal communications is a part of fostering employee engagement.

The 7 benefits of effective employee engagement

Let's move onto the bright side. Namely, how engaged, happy employees can benefit your company in so many ways, including:



1. Increased profitability

As we've alluded to, you can draw a direct line from your company culture to profitability. A [report by Wellable](#) states that companies with thriving corporate cultures — those that value employees, foster leadership and create a challenging, yet supportive, environment grew 682% in revenue. Conversely, those that lacked good company culture only grew 166% in revenue.



2. Productivity gains

Engaged employees get more done, faster, and with higher quality. In fact, teams with high employee engagement are 21% more productive, according to Gallup. That's because they believe what they're doing matters and they're personally invested in the results.

On the other hand, **disengaged employees are expectedly lower-performing than their engaged peers** on multiple levels. They have an 18% lower productivity rate, 15% lower profitability rate, and higher absenteeism rate, with a 37% increased likelihood of taking time off work. On average, a disengaged employee costs a company 34% of their annual salary, or \$3,400 for every \$10,000 the employee makes.

When workers feel their work matters, that it's more than just a job, their energy levels are higher and attention to detail increases. You get more done when you're happy, don't you? Guess what. That's human nature.



3. Increased trust in management

Research by [WTW](#) shows that 8 out of 10 highly engaged employees have trust and confidence in their leaders and that 90% of engaged employees trust their immediate boss.

On the flip side, data shows that 34% of millennials who have worked for five or more companies say they don't trust their direct manager, and 48% say their organization only thinks about profit.

Put plainly, when employees are engaged with leadership and feel supported and seen by their managers/bosses they are more likely to stay with the company rather than look for another job. This reduces hiring and onboarding costs and increases retention rates.



4. Increased innovation

59% of engaged employees strongly agree that their current company brings out their most creative ideas, and 78% of employees who say their company encourages creativity and innovation also say they're committed to their current employer.

These statistics directly tie to the higher profitability we noted earlier in this guide. If innovation matters in your business (is there any business where it doesn't?!), then so does employee engagement. In fact, 69% of employees report that they would work harder if they felt more appreciated at work.



5. Reduced absenteeism and health care costs

Actively disengaged workers have significantly worse health, more on-the-job accidents and higher absenteeism than engaged workers. And those costs add up quickly. 43% of workers say they're often or always stressed, and one-third of these employees say the stress they experience is detrimental to their health.

According to Gallup, engaged employees have 41% lower absenteeism. The savings associated with more working days and fewer illnesses and injuries are well worth the investment in employee engagement.



6. Higher retention levels

Retention is key to productivity, and employee engagement is key to retention. Higher levels of employee engagement mean higher retention levels. In fact, at least 40% of employees say they are somewhat likely to leave their current job in the next three to six months. Further, 36% of employees who had quit in the past six months did so without having a new job in hand, and one-third of adults say they would leave their current job for reasons that include better company culture.

That includes your star players, whose departure has a disproportionate impact on your business results.



7. Lower recruiting costs

Low employee engagement is a costly problem! Haiilo reports that it costs businesses \$4,700 on average to hire new talent, and around \$986 to onboard the new hire. That means you lose almost \$6,000 each time an employee walks out the door, not to mention the unquantifiable cost of losing an experienced employee.

And employee engagement has an effect on recruiting, too — 70% of executives say their employees' desire for purpose is affecting HR's ability to recruit and retain top talent. The cost of losing an employee averages six to nine months of that employee's salary — and that doesn't even account for the loss of your internal knowledge base, lost productivity as other staffers fill in and the time it takes to get the right new person into the role.

People working at the most engaged companies are 30% less likely to look for a new job and 20% more likely to recommend their workplace on Glassdoor or similar sites.

Tips to improve your company's employee engagement

No one can question the value of employee engagement after reading those benefits. Now, how to improve employee engagement at your company.



Leverage your company's internal communications

Audit your internal communications efforts

Before asking your employees about your company's internal communications efforts (that's next), it's a good idea to audit them.

What channels do you currently use to communicate? Who posts on these channels? Are they being used? Are they working? Is the information on them up to date? Wrap your head around what your employees are seeing (or not seeing) so you have context for their feedback.

Talk to your people about your internal communications

You can't fix employee problems you're not aware of. That's why talking to your employees across the talent lifecycle (prospective, new and seasoned employees) is critical. Solicit their feedback to see what their ideas are for improving internal communications. Conducting exit interviews with employees who are on their way out is another great way to garner honest feedback.

Talking to your employees is time well spent, and not just because you receive valuable feedback on your internal communications. Involving your people in these kinds of conversations gives them a seat at the table. When employees have a say in how your company operates, you're showing them you care about the day-to-day realities of their roles. And employees who feel cared for are more likely to stick around.

Communicate the right information on the right platforms

Your people need easy access to information about their benefits, training resources, onboarding documents and so on.

You should have taken an inventory of your communications channels during your audit. Create, update or do away with these tools, depending on what's working for your employees. Companies benefit from communication via:

- Intranets
- Employee benefits portals
- Emails (yep, sometimes a simple message is the best vehicle for information)

Remember, it doesn't matter if your company has the best benefits and bonuses in the world if you don't tell your people what they're entitled to.

And if you're concerned about keeping the information in your tools, software and systems updated, consider automating any and all processes that you can.



Cultivate a culture of belonging

Your company's culture is a large part of what makes it a great (or not so great) place to work. You can attract and retain right-fit employees when you communicate your culture and core values from the get-go...

during the hiring process.

You have to do more than talk about your culture during interviews, though. Once a person is onboarded, you must demonstrate the core values you made such a big deal about while recruiting.

For example, it's one thing to talk about inclusion. It's another to offer opportunities (like ERGs) to actually be inclusive. By doing so, you empower your employees to create a more engaged — and inclusive — workforce.



Provide opportunities for advancement and education

Further empower your employees to stay by providing them with the education they need to do their jobs well — and feel good about

themselves as a result. This starts with quality onboarding that teaches new hires how to do their work correctly and effectively.

But it cannot stop with onboarding. Continue to provide training opportunities for your employees at different levels. Some of your employees will welcome the option to move up within your organization thanks to continuing education. Even if a person is perfectly content in their current role, they still need updated training on new tools and protocols to feel confident in their abilities.



There's always work to do to keep your employees engaged

Employee engagement is paramount to your company's success; the stats on its ROI don't lie. But it's a long road with many to-dos to meaningfully boost engagement. And you'll never stop uncovering new tasks related to internal communications and employee engagement.

Sanger & Eby is built to provide the kind of ongoing support you need to stay on top of employee engagement. It's cliché but true: We can be an extension of your team, jumping in to rebrand your employee handbook, integrate systems with your intranet or automate your tedious manual processes.

We'd love the opportunity to work with you to increase your company's employee engagement. **[Get in touch to learn more.](#)**



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