

*The Henry Miller Group*

# **The 10 Best Practices for Enhanced Employee Engagement**



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# The 10 Best Practices for Enhanced Employee Engagement

## Executive Summary

**H**ighly engaged employees are committed to their organization and invested in its success. They are proactive in sharing their ideas, in promoting their company and organization inside and out, and they exert discretionary effort – above and beyond what is required just to earn their salary and stay employed.

Based on our detailed review and analysis of the recent studies by major research firms around the world on employee engagement, there is clear, compelling, and mounting evidence that employee engagement is strongly correlated to individual, group, and corporate performance outcomes – including recruiting, retention, turnover, individual performance and productivity, service, and customer loyalty as well as to bottom-line results such as growth in operating margins, increased profitability, and revenue growth rates.

By more fully incorporating these 10 “best practices” of high employee engagement organizations into your own company’s or organization’s employee engagement plans – and by utilizing our models to help guide your selection of strategies, the tremendous potential benefits of enhanced employee engagement can become more readily achievable for your company or organization.

# The 10 Best Practices for Enhanced Employee Engagement

## Overview

**E**mployee engagement remains a major challenge for companies and organizations worldwide – and an often elusive outcome even for those organizations who are already committed to achieving a high level of employee engagement and who already have employee engagement programs in place.

One proven strategy that can provide a clear path to enhancing the level of employee engagement in any company or organization is to benchmark against the current “best practices” in employee engagement worldwide.



## Definition

**A**lthough at times there appear to be differing opinions on exactly how to define employee engagement, we found an overall consensus to be as follows:

Employee engagement is a desired outcome that occurs when workers feel a heightened mental and emotional connection to their jobs, their manager, their co-workers, and/or their organization and its mission. As a result, they are more dedicated and more willing to apply voluntary, discretionary effort to their work above and beyond the norm to help their organization succeed.

## Need

**E**nhanced levels of employee engagement are certainly needed. According to Gallup's 2013 State of the Global Workplace study, only 13% of employees across 142 countries are engaged at work. Another 63% are disengaged – essentially “checked out.” And almost a quarter of all employees – 24% – are “actively disengaged.” Taken together, these disengaged and “actively disengaged” workers outnumber the engaged workers by a ratio of almost 7:1. In the U.S. according to the same study, 30% of employees are engaged, 52% are disengaged, and 18% are “actively disengaged” – for a ratio of over 2:1. Worse, this “actively disengaged” group is negative and even potentially hostile to their organizations – often acting out their unhappiness and undermining the accomplishments of the 13% who *are* engaged and committed to organizational progress and innovation.

Although employee engagement varies widely by region and by economic and cultural conditions, these globally low levels of employee engagement negatively impact not only performance, productivity, and bottom-line results, but also retention – particularly for a company's top performers who have the most employment options. On a macro level, these losses hinder economic productivity and quality of life for economies and countries globally.

Complicating matters, according to a 2013 Harvard Business Review Analytic Services study, is the reality that most companies still lack formalized, structured programs to drive employee engagement and employee recognition in the workplace. And, even for those companies who have such programs and are committed to a high level of employee engagement, The Conference Board's December, 2012 study indicates that this goal can be elusive – and that the human capital groups with direct responsibility for employee engagement are often understaffed, underutilized, and disconnected from the organization's overall business strategy.

For all of these reasons, employee engagement not only remains a major challenge but, of necessity, continues to be an important goal and strategy for countries and for companies and organizations globally.



## Benefits

**T**he benefits of a high employee engagement culture are compelling – and by now, well-established.

Here's a quick reminder summary of what enhanced employee engagement can mean:

According to Gallup researchers' meta-analysis of nearly 1.4 million employees at almost 50,000 businesses/work units, employee engagement positively connects to nine performance outcomes: customer ratings, profitability, productivity, turnover, safety incidents, shrinkage (theft), absenteeism, safety incidents, and quality.

In addition, our own 2014 analysis of compelling research from Gallup, The Conference Board, Towers Watson, Harvard Business Review, The Hay Group, Deloitte Consulting, and others shows that organizations who solve the employee engagement challenge can expect tremendous benefits, including:

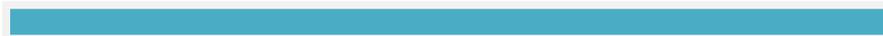
- Higher profitability with higher earnings per share (EPS),
- A boost of up to 2½ times revenue growth,
- Higher performance – since highly engaged employees outperform disengaged employees by more than 20% and higher levels of psychological well-being have been proven to predict job performance,

- Higher productivity – since disengaged employees cost the American economy an estimated \$450 billion in lost productivity,
- More likely to retain top talent – since turnover is reduced with engaged employees being 87% less likely to leave their jobs,
- Better able to attract new talent – since engaged employees are twice as likely to mention if their employer is hiring, and,

These studies also found that high-engagement organizations:

- Outperform their competitors – having a +3.74% three year change in operating margins versus a -2.1% change in companies with low engagement,
- Had average one-year operating margins of 27% compared to just under 10% for companies with low engagement scores,
- Have an average gain in share price of 16% versus a 6% industry norm,
- Are much better at fostering innovation and creativity – since 59% of engaged employees innovate at work compared to just 3% of the disengaged,
- Can consistently thrive and grow – even during challenging economic times, and,
- Have a whopping 368% higher return to shareholders than their industry peers according to a 2013 Sirota Consulting study of companies with high morale.

Given these compelling benefits of a high employee engagement culture, there is no question that countries and organizations around the world who are seeking to raise productivity in the global economy, to increase their competitiveness, and to respond to talent shortages now and in the future need to enhance employee engagement in order to more effectively maximize their employees' skills, abilities, talents, discretionary effort, positive energy, and passion.



## The 10 Best Practices

**T**he need for higher levels of employee engagement is real. The benefits are compelling. And the positive news is that we now know what the “best practices” are when it comes to successfully enhancing employee engagement.

Based on our analysis of the research-to-date, here are 10 of the most impactful “best practices” to enhance employee engagement:

### 1. A Strategic Imperative

Senior leadership needs to insure that enhancing employee engagement is a strategic imperative for your company and organization. Explicitly include it as a key strategy in your organization’s overall strategic plan. Then, develop and implement a well-planned organizational cascade strategy so that all levels of management throughout the organization are aware of the strategic importance of enhancing employee engagement, the potential benefits, and their role in achieving success.

### 2. Vision, Values, and Goals

Senior leadership needs to create and then communicate the organization’s vision, values, and goals. Insuring that all employees are clear about these guiding principles for organizational success is one fundamental factor that can spur employee engagement efforts. An inspiring, shared vision can act as a beacon to engage employees to help make it a reality. Living by a shared set of values in pursuit of company goals can unify the workforce and offer a bigger picture and reasons for employees to take pride in the company or organization they contribute to – and elevate their level of participation and engagement as a result.

### **3. Leadership 101**

To build a culture of high employee engagement, senior executives need to be inspirational, enthusiastic, visible, and accessible. They must clearly communicate the company goals and continually share compelling success stories that reinforce the vision and values of the organization. To create needed trust and integrity built on mutual respect and build their credibility, their every action must “model the way.” This means keeping their word and doing what they say they’ll do – “walking their talk.” It also means living out the expressed values in their professional and personal behavior, engaging in open and honest dialogue with employees, and telling the truth – especially when topics are difficult or news is negative.

### **4. The Voice of the Employees**

Give employees a voice in helping to increase employee engagement. Find out what’s working to engage employees and what they are thinking via surveys and social media – and then find ways to replicate and extend these “best practices” throughout the organization. Ignite engagement by empowering people to share stories, exchange ideas, and disseminate best practices in accordance with achieving the vision and goals and living out the values. And, because enthusiasm is a moving target, leaders need to continually monitor progress. One example is REI’s use of social media via online “company campfires” as a way to offer associates *and* executives the ability to share their thoughts and participate in lively debates and discussions with each other. REI has found that almost half of its 11,000 employees have logged in at least once. It’s clear that having a voice that is listened to *matters* in enhancing employee engagement.

## **5. Rewards, Recognition, and Career Path Development**

Insure that formal rewards and recognition programs are in place to measure results – and then to express appreciation by rewarding top performance and contributions that achieve business objectives and exemplify the values of the organization. One legendary example is the snapshot of the FedEx driver loading the entire pickup box into the back of his FedEx truck when he couldn't get it open to insure the contents were delivered on time in accordance with FedEx's overriding slogan at the time of "absolutely, positively, overnight – guaranteed." Rewarding the right people for the right reasons – both formally, "in the moment," and "peer to peer" when employees achieve important milestones and objectives – both large and small – goes a long way to enhance employee engagement.

So, too, does showing all employees how their personal career potential can be realized – what the path is for them to follow and what they need to do to be successful in reaching their goals. This objective can be achieved via coaching from their manager and/or by informal or formal mentoring programs. As an example, MD Anderson Cancer Center has a formal mentoring program to help employees develop professional goals and connect with colleagues at all levels to show them there's a future for them.

## **6. Accountability**

Companies and organizations with highly engaged workforces hold managers at all levels accountable not only for their team's engagement, but also for how that engagement affects the team's overall performance. They imbed employee engagement into manager's balanced scorecards and make it part of performance evaluation criteria. In addition, they "align the systems" to focus on employee engagement by making it a part of the recruiting, hiring, compensation – including variable pay and incentive programs, communications, and rewards and recognition systems.

## **7. Enablement and Empowerment**

Employee engagement, productivity, retention, and profitability rise when employees are enabled to meet tangible goals by being given a fair amount of responsibility, the tools to succeed, enough autonomy, opportunities for mastery, and a sense of purpose. Working with employees in adjusting job content so they have a “say” in their work experience and can focus on using their skills, abilities, and strengths, decentralizing responsibility down to a team level, involving employees in decisions that affect their work, and opening up decision-making authority have all been proven to enhance employee engagement. If necessary, increase enablement by flattening organizational structures to develop a greater sense of trust in senior level managers, to give each employee more autonomy and decision-making authority, and to make it easier for all to see the impact of contributions on the overall performance of the company.

## **8. Well-being**

Leadership can encourage employee engagement by having employee-focused policies that express a genuine concern for and make an investment in employees’ physical and emotional well-being. Beyond being a major driver of enhanced employee engagement, the benefits of caring about increasing the well-being of employees are compelling – and remarkably similar to those accruing from increased employee engagement.

Increased well-being has been proven to produce positive results including:

- Studies by Thomas A. Wright have shown increases of 10 – 25% in increased performance and productivity,
- Shawn Achor, author of *The Happiness Advantage*, has reported increases in productivity of 32-37%,

- Gallup research indicates that engaged and thriving employees are resilient and agile,
- Tom Rath and Jim Harter assert that “thriving” employees have lower healthcare costs, and that *lower* job satisfaction foreshadowed *poorer* bottom-line performance,
- Towers Watson developed a well-being index which indicates that strong feelings of well-being sustained a high level of engagement needed to enhance business performance,
- Sonja Lyubomirsky, Laura King, and Ed Diener’s overview of 225 papers found that higher levels of happiness lead to better supervisory evaluations and higher income,
- Other studies indicate happy employees are healthier, handle stress better, and are more responsive and more creative,

“Having an informed strategy to improve well-being is the single most powerful thing you can do to improve organizational and individual performance and lower costs.”

– Gallup-Healthways Solutions

- Studies by the Right Organization across 10 industries in Australia and New Zealand found that when people feel positively about their job and their organization, they are more likely to engage in behaviors that enhance performance, resulting in 44% higher retention, 33% more profitability, 50% more productivity, and 56% higher customer loyalty,
- Overall, people with higher levels of well-being are more successful across multiple major domains of life including work, social relationships, income, and health. In addition, the relationship between happiness and success seems to be reciprocal: not only can

individual success—whether at work or in love—contribute to feelings of happiness, but happiness also results in more success,

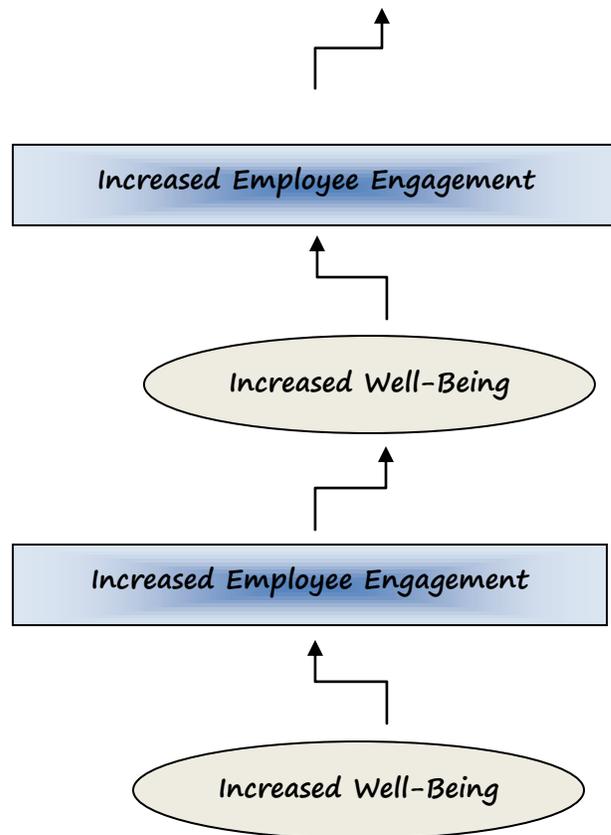
- A meta-analysis of the relationship between job satisfaction and subjective well-being found that unhappy employees may be *unlikely* to find job satisfaction at work, and,
- Happiness is contagious – a prime example of the concept of “emotional contagion.” And these positive feelings can spread by up to three degrees of separation.

One prime example of the benefits of genuinely caring about employees’ well-being comes from Daniel Parent, Director of Field HR at GameStop. His key is to simply *ask* your employees how they feel – either in person by their immediate manager or via survey company-wide. Are they happy at work? And what can you do to make them happier?

Doing this monthly or quarterly yields priceless information about what motivates the team. Then, managers can extend these ideas to other areas of the company, help boost performance and job satisfaction, and, by doing so, increase retention. This affirmation that each employee’s personal needs and well-being are important and should be honored is one key to improved retention and higher engagement. And, don’t just ask once. Keep on questioning – circumstances in and out of the workplace change and feelings evolve. Maintain open lines of communication in order to offer support and to address any issues before they become full-blown problems.

### **A Simple Model**

The link and overlap between increased employee engagement and increased employee well-being is so strong that we can use a simple model to depict the continual, positive, virtuous, upward cycle of benefits that can be expected by this “best practice:”



Source: The Henry Miller Group's "virtuous cycle" of employee engagement and well-being.

## 9. Meaning

One of our most powerful needs in life is a search for meaning. Walt Whitman famously commented on this need in his poem, *O Me, O Life*, where he opined that the answer is: "That the powerful play goes on, And you will contribute a verse." One significant "best practice" is to help employees to make *their* "verse" in their life be the contribution that they make to the success of the organization.

The goal here is to meet their human needs for altruism, to help them feel connected to the company's vision and values, and to offer them the opportunity to be an important part of some noble purpose larger than just their job or the company. Team leaders can help employees see the impact of their contribution by clarifying their "line of sight" connection

from their specific job responsibilities and performance to how they affect the overall company goals, values, and performance results.

As an example, at SAP, all employees understand the “why” behind their jobs – not only *what* they are expected to achieve but also *why* it’s important to the greater good of the organization. With this in mind, collaboration is valued and teams communicate globally to get projects accomplished.

## **10. First Line Managers**

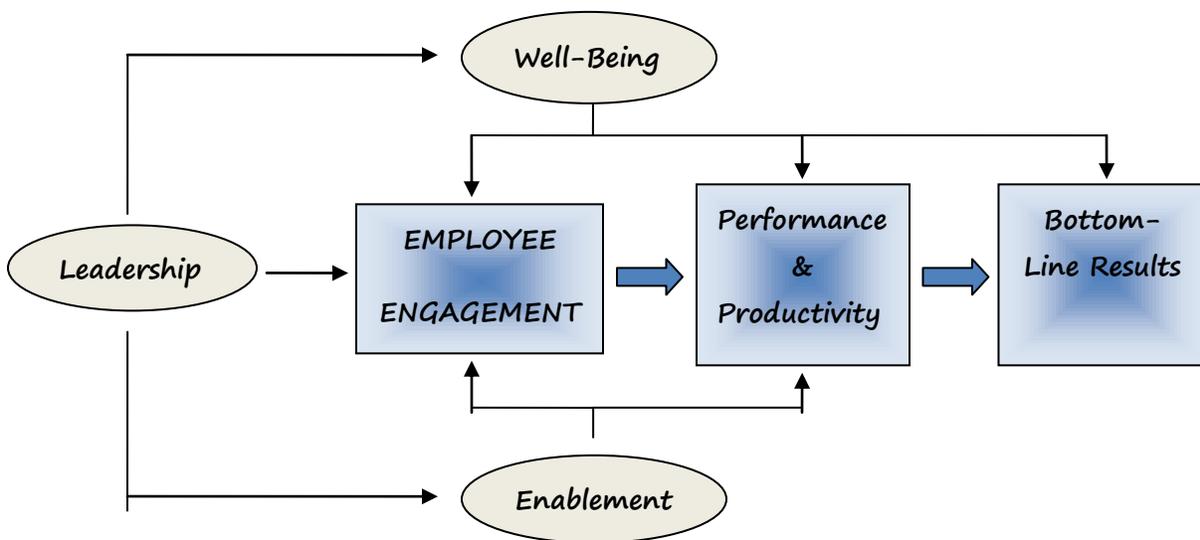
First line managers play one of the most important roles in enhancing employee engagement. By virtue of their position, they have the best insight into the unique needs, wants, and characteristics of both employees and customers. And, the relationship employees have with their immediate manager determines in large part their levels of engagement, performance, and retention. Because of this centrality, organizations need to pay particular attention to selecting, training, developing, managing, and coaching their first line managers. Key is to first, make sure all first line managers and supervisors are trained to be skilled at both the traditional management tasks as well as in the art of leadership. Second, permit each manager to monitor, track, and act on employee engagement metrics. And, third, hold them accountable in their performance reviews for enhancing the levels of employee engagement.



## Employee Engagement Model

**D**uring our analysis of the employee engagement “best practices” research, we found that a simple model detailing the major drivers of enhanced employee engagement can be utilized to assist organizations in determining their employee engagement strategy decisions.

Here it is:



Source: The Henry Miller Group’s Employee Engagement Model.

## Conclusion

**H**ighly engaged employees are committed to their organization and invested in its success. They are proactive in sharing their ideas, in promoting their company and organization inside and out, and they exert discretionary effort – above and beyond what is required just to earn their salary and stay employed.

As we've shown here, there is clear and mounting evidence that employee engagement is strongly correlated to individual, group, and corporate performance outcomes – including recruiting, retention, turnover, individual performance and productivity, service, customer loyalty, growth in operating margins, increased profitability, and revenue growth rates.

By incorporating these 10 “best practices” of high employee engagement organizations into your own company’s or organization’s employee engagement plans – and by utilizing our models to help guide your selection of strategies, the tremendous potential benefits of enhanced employee engagement can become more achievable.



## Call to Action

I sincerely hope the information here has been valuable to you and your organization.

If you believe that the time may be right to explore opportunities to enhance your organization’s level of employee engagement by more fully incorporating these 10 best practices – including by increasing individual employee well-being, please contact me directly at: [hmiller@millergroup.com](mailto:hmiller@millergroup.com).

*Henry*

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## About the Author...

As President of **The Henry Miller Group** ([www.millergroup.com](http://www.millergroup.com)), Henry S. Miller is a consultant, trainer, speaker, and coach helping organizations improve employee engagement, performance, and productivity specifically by increasing employee well being. He is also the author of ***The Serious Pursuit of Happiness: Everything You Need to Know to Flourish and Thrive*** and ***Inspiration for the Pursuit of Happiness: Wisdom to Guide your Journey to a Better Life***. In prior careers, Henry's firm specialized in organization transformation and he was a Senior Consultant for the Tom Peters Company providing leadership training and coaching to senior management teams worldwide. His initial career was with the IBM Corporation in corporate America.

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