

How to improve employee engagement: 7 actionable tips from real-life data

Sometimes employee engagement is misunderstood and dismissed as a buzzword — likened to employee happiness or satisfaction. However, we know that employee engagement is more than that.

Employee engagement represents the levels of enthusiasm and connection employees have with their organization. It's a measure of how motivated people are to put in extra effort for their organization, and a sign of how committed they are to staying there. Importantly, employee engagement is an outcome that depends on the actions of an organization, particularly the actions driven by leadership, managers, and people teams.

Defining employee engagement is one thing, but understanding what drives it at your company and why it's worth investing in are sometimes more complex. We'll cover both in this guide, and by the end, you'll have the knowledge you need to start improving employee engagement right away.

The challenge of improving employee engagement

Concern over employee engagement isn't new, but measuring it as a key performance indicator (KPI) on par with profitability and market share is. An overwhelming majority of business leaders worldwide believe employee engagement is important — unfortunately, many of those same companies struggle to fully maximize engagement.¹ These are some of the reasons why improving employee engagement is so challenging:

- Without a solid understanding of employee engagement and why it matters, it's impossible to start making improvements that can help your organization.
- Common engagement-boosting advice often includes one-size-fits-all solutions that are costly, rarely drive lasting results, and aren't right for everyone.^{2,3}

- Without insight into what’s driving employee engagement, it’s easy to waste time on the wrong initiatives.
- Getting executive buy-in for solutions that may or may not work is an uphill battle.

Why employee engagement is worth the investment

In the United States alone, companies spend upwards of **\$720 million annually on employee engagement**.⁴

Why do they spend so much?

Because companies that achieve high engagement see 13.4% higher stock prices⁵ and Glassdoor ratings up to one full star higher than low-engagement competitors.⁶

However, only 22% of companies say they’re excellent at engaging their employees.⁷

Traditional employee engagement generally cost a minimum of \$250 per person,⁸ takes months or a year to conduct, and still doesn’t provide relevant, actionable data.

Many companies aren’t sure how to effectively use survey data. When follow-up surveys don’t show results, the project is written off as a loss.

But employee engagement surveys aren’t a loss. When used effectively they can help you make a real difference to your company’s bottom line. In the final pages of this guide, you’ll see how two companies have used these tips to improve employee engagement and the effect those improvements have had the organization as a whole.

Measuring employee engagement and acting on survey data

The signs of engagement and disengagement are everywhere, but they’re often subtle and easily misconstrued. Are staff missing work because they’re burned out, or because the flu is going around? Do managers rarely come to you about engagement issues because there aren’t many, or because managers don’t feel empowered to ask for help?

You may get some sense of engagement simply by walking through your office, but to truly understand what’s happening with engagement in your organization, you need to systematically measure it with employee surveys.

The following tips make changing the course of your company with better engagement quick, easy, and inexpensive.

— TIP 1

Know what great employee engagement looks like

Recognizing engagement means identifying the outcomes of engagement in the workplace.

Do employees:

- **Feel pride about where they work?** Engaged employees speak fondly of their work and workplace. They're quick to recommend the company for its products and services, as an employer, and for partnerships.
- **Go the extra mile?** Managers don't have to ask engaged employees to stay late amid looming deadlines. Engaged employees know their work is important and will do what it takes to get the job done out of a sense of ownership, not fear of being fired.
- **Plan to stay?** Engaged employees don't want to leave their company. Both feet are firmly planted in the organization, and the individual sees themselves growing with the company.

Don't make the mistake of equating engagement for ambition. Some fully-invested employees have an eye on leadership, while others are perfectly happy filling a niche at their current level.⁹ The point is: no matter what engaged employees envision for their future, they envision it at your company.

- **Inspire customer loyalty?** Both customer-facing and supporting employees impact customer satisfaction. Customers can tell when employees simply “go through the motions” and when staff truly want to help.
- **Use resources effectively?** Research into how availability of resources affects human psychology are abundant. Hobfoll's Conservation of Resources (COR) theory states that people seek to acquire and maintain resources.¹⁰ The more professional resources an individual has, the more engaged they become. The more engaged they are, the more likely they are to seek out and fully utilize the available resources, creating an upward spiral.

— TIP 2

Know what disengagement looks like

Disengaged employees are a problem — for company culture, productivity, and your bottom line.

There are two levels of disengagement: Idly disengaged employees (those who have “checked out”) and actively disengaged employees (those deliberately acting against company interests). It’s easier to recognize signs of active disengagement because they’re typically more pronounced.

On a team or organizational level, signs of disengagement are:

- **High turnover.** Employees invested in their work are 87% less likely to quit than their disengaged colleagues.¹¹ Actively disengaged employees send out resumes or work with a recruiter, while idly disengaged employees may simply keep an eye out for better opportunities.
- **Excessive absenteeism.** Employee burnout can result in stress, fatigue, and sickness¹² — all of which can cause staff to call in sick more often. Burnout is contagious,¹³ so look for high absenteeism across teams.
- **Stagnating innovation.** When’s the last time an employee came to you with a game-changing idea? If it’s been a while, that may be because only 3% of disengaged employees say their job “brings out their most creative ideas,” compared to 59% of engaged employees.¹⁴
- **Low stock share growth.** Companies with higher overall engagement have, on average, a 24.5% higher share price growth than other companies.¹⁵ If you’re not hitting your growth goals, low employee engagement could be the culprit.

— TIP 3

Ask better survey questions

Effective employee engagement surveys have two important components - questions and demographic data. Effective employee engagement questions collect data specifically regarding engagement. Demographic data about your employees loaded into the survey, like what department they're in, gender and age, and tenure help provide context to results.

Both parts are important for truly understanding employee engagement within your organization.

ENGAGEMENT DATA

To measure engagement levels, you need to ask at least five questions:

1. "I am proud to work for [Company]"
2. "I would recommend [Company] as a great place to work"
3. "I rarely think about looking for a job at another company"
4. "I see myself still working at [Company] in two years' time"
5. "[Company] motivates me to go beyond what I would in a similar role elsewhere"¹⁶

These questions are best asked as Likert Scale questions with answer options such as:

- Strongly disagree
- Disagree
- Neutral
- Agree
- Strongly agree

However, because employee engagement is an outcome, you need to ask more questions to understand what’s driving employee engagement.

Globally, three factors have the most impact on employee engagement:

- Learning and development
- Confidence in Leadership
- Quality and improvement¹⁷

Learning and development and confidence in leadership have long affected employee engagement, but being able to stand behind quality products and services that get better over time is quickly becoming nearly as important.

Measure these drivers with questions such as the following:

LEARNING AND DEVELOPMENT	[Company] is a great company for me to make a contribution to my development
LEADERSHIP	I have confidence in the leaders at [Company]
LEADERSHIP	The leaders at [Company] demonstrate that people are important to the company’s success
DECISION MAKING	I am satisfied with how decisions are made at [Company]
COMPANY PERFORMANCE	[Company] effectively directs resources (funding, people and effort) towards company goals

DEMOGRAPHIC DATA

Collecting demographic data allows leaders to understand not just how employees feel, but which groups of employees are engaged, and which aren't.

Are newer employees proud to work in your organization while veterans seem disenchanted? There could be a disconnect between how you present organizational values and culture, and what people practice each day.

Perhaps women feel less strongly about working for the company long-term than men do. In that case, you might examine how many women versus men are promoted to see if a gender bias is responsible.

Demographic data is what allows you to create effective change. It's here that you'll begin to uncover why engagement levels are at their current level.

You may already have access to much of this data in your Human Resources Information System (HRIS). If so, a survey platform that incorporates this information without compromising anonymity can streamline and shorten surveys.



— TIP 4

Benchmark your data

Getting insights from your employee engagement survey and understanding what's driving engagement is foundational to improving employee engagement. To put your results in context, benchmarks are key.

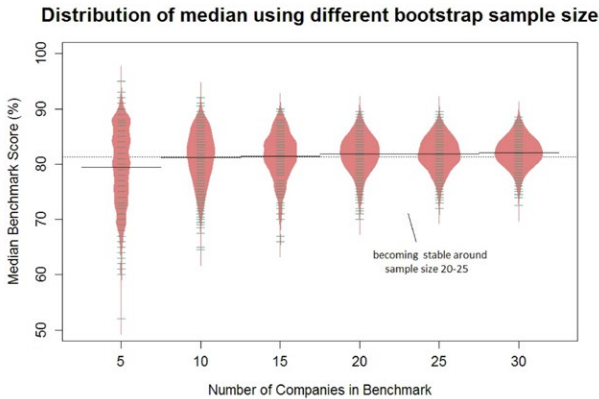
Overall, Culture Amp's data shows:¹⁸

- **Size.** Worldwide, companies see an average engagement rate of 70. Enterprise level companies see an average of just 65.
- **Industry.** New technology and healthcare companies sit just above the global average, while retail and legal and business services generally sit below it.
- **Location.** Companies in Asia see average engagement levels of 75, while Europe and Oceania sit at 70. North American companies achieve 72 on average.

How do you know what's normal for your company? By referencing benchmarks.

CHOOSE THE RIGHT BENCHMARK

- Not every benchmark is worth comparing your company to, so look for ones that are:
- **Large.** Ideal sample size is 20–25 companies, with a minimum of 20,000 total people surveyed.¹⁹
- **Similar.** Since benchmarks can vary, try to gather data from companies similar to yours for the most relevant benchmarks.
- **Related.** Looking at similar peers is critical for understanding where you are, but expanding your lens to include other kinds of companies as well can tell you how to get where you want to be.



- **Attractive.** Where are your employees going when they leave your organization? Include competing companies in your benchmarking to start understanding what’s lurking away your best and brightest.

Benchmarks can be difficult and expensive to compile, so if you can tap into collective intelligence or a shared database you’re ahead of the competition.

KEEP YOUR PERSPECTIVE

It’s easy to get bogged down while searching for the perfect benchmark: the one that should be the precise measuring stick for your company. After all, it would be easier to hit your ideal engagement number if you were sure what that number should be, right?

Unfortunately, the perfect benchmark is a mirage. No two companies are exactly alike, so don’t turn any single benchmark into a goalpost. Instead, examine a variety of benchmarks and use them to put your numbers into perspective.

More importantly, listen to your employees. They’ll tell you what’s important to them and help prevent you from getting lost in the weeds.

— TIP 5

Share survey results transparently

Change is hard, even when you can justify it. That's why it's important to get buy-in across the organization. To do that, you need to share your reasons for conducting surveys, what you've learned from the data and your plan for improving employee engagement.

EMPLOYEES

Radio silence after a survey wraps up leaves employees with uncertainty. What is management going to do about the issues I brought up? Will there be more surveys, or was this it?

If you don't communicate with employees around why you're conducting surveys, you leave them wondering whether their responses truly matter. That's why we recommend you **share as much data as you can, as soon as it's reasonable to do so**.

You don't have to share everything. Often, it's best not to. But companies that share how they've used past surveys to make strides and what the goals are for future surveys can expect an **80-90% response rate**.²⁰

LEADERSHIP

Analyzing results quickly and sharing them with leadership is critical. As an HR professional, you may be more in-tune with engagement levels than the rest of the company but struggled to get budgetary approval for new initiatives. Survey results may be the data you need to get buy-in.

MANAGERS

Managers are your boots-on-the-ground soldiers in rolling out new initiatives. Nearly any change you make will directly affect the way they lead their teams. If managers don't understand why changes are being made or don't feel they have the resources they need, new initiatives will quickly stall out.

— TIP 6

Survey timing is important

When should you plan another survey? One-off surveys aren't generally effective. Follow-up surveys are critical for measuring the efficacy of new initiatives and regular surveys are necessary to continue taking your company's engagement pulse.

But more surveys mean more time, effort, and funding. Furthermore, too many surveys can become a chore for employees.

So what's the right balance? That depends on your company.

People don't get survey fatigue, they get lack of action fatigue. In other words, time your survey cadence with your initiatives and other actions. There's no point in taking an engagement pulse again if nothing's changed, and employees quickly tire of answering questions they don't believe make a difference.

Finally, take the time to recap how previous survey data was used to create or improve initiatives. Doing so emphasizes how valuable employee feedback is at your company.

— TIP 7

Use engagement levels as performance and recruitment indicators

Engagement surveys have a hidden perk that most companies don't know about. If you can harness it, you'll be ahead of the competition. For instance, by using engagement feedback, you can predict future stock prices. Figure 1. shows that companies with above-median engagement see 13.4% higher share growth over the following year than companies with below-median engagement.²¹

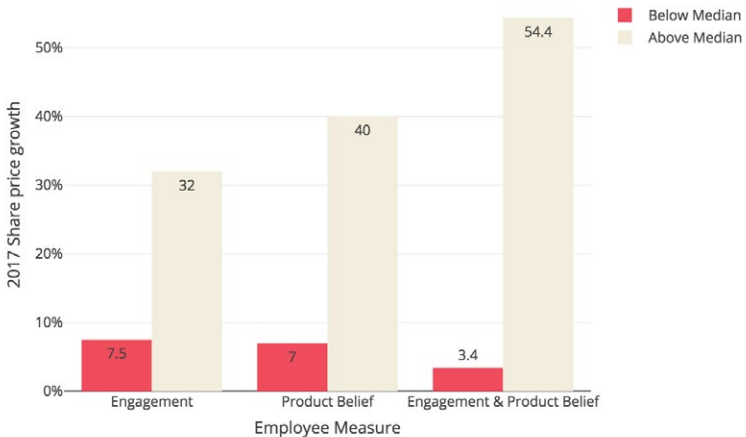
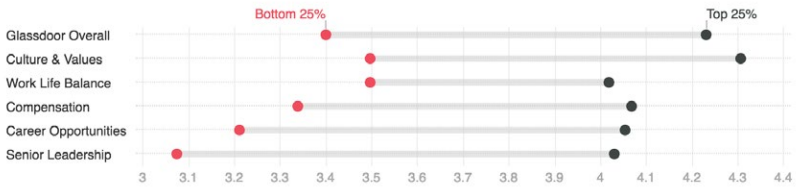


Figure 1. The relationship between employee engagement and sales price growth

Engagement is also a strong indicator of Glassdoor scores. Companies with high (top 25%) engagement receive, on average, around a full star more in nearly every category than companies with low (bottom 25%) engagement.²²

Engagement impact on Glassdoor scores

Difference in average score out of 5 for lowest and highest Employee Engagement quartiles.



Just as with benchmarking, accuracy improves with more data. Companies with 100 or more Glassdoor reviews see a .69 correlation with engagement scores.²³ In short, make engagement one of your KPIs, and you're likely to leave competitors who still think of engagement as "nice to have, but not necessary" in your dust.



Company-wide buy-in to boost engagement

The Wikimedia Foundation, the nonprofit behind Wikipedia, Wikidata, and more, wanted to better understand organization-wide engagement while building trust, transparency, and accountability during a difficult leadership transition.

Well in advance of surveys, Wikimedia HR leaders emphasized confidentiality, a strategy that resulted in a nearly 95% participation rate.

“We have bright, dedicated, employees. They can spot problems on the ground. We just needed to give them the tools to do so,” said Anna Stillwell, Chargée d’Affaires.

In just 18 months, the Wikimedia Foundation raised overall employee engagement by 15% – a benchmark that typically sits at 5%. They also improved engagement scores for 25 out of 34 individual questions by five or more points. A full third of all scores increased by more than 20 points.

Initiatives Wikimedia that rolled out due to survey feedback included comprehensive manager training (open to all employees, not just management), making salary bands transparent, and a regular survey cadence with the goal of continuous improvement.

“Our Executive Director, Katherine Maher, sees the importance of having this information and offering people a voice,” said Joady Lohr, Chief Talent & Culture Officer. “She committed to the Board, staff, and the Wikimedia community to doing surveys every six months until we see stable improvements.”



The right cadence and a sea of top candidates

DigitalOcean, a cloud storage company serving millions of developers worldwide, has a regular cadence of larger biannual surveys and smaller check-ins in between. The company also times new hire surveys 30 and 90 days after hiring to ensure workers are settling in, utilizing resources, and creating a development plan—in short, to ensure employee engagement.

“If we surveyed only every six months or longer, we might miss some things,”

Dre Hendrickson, Manager, People Operations.

But what really makes a difference for DigitalOcean is the company’s action cadence. After each survey, changes and trends regarding key engagement indicators are shared with senior leadership, HR business partners, and employees. The People Operations team works with key stakeholders to choose a focus, commit to at least one initiative, and define success.

For DigitalOcean, that success means that over 40% of new hires begin as referrals from engaged employees. Giving, receiving, and acting on feedback is now a key part of company culture, and DigitalOcean has achieved monumental growth without sacrificing quality leadership communication or transparency.

“One of the most important parts of the process is understanding why you really care about engagement,” says Matt Hoffman, VP of People. “For us, it drives people’s experience of working here, it drives retention, our ability to hire, attract, and refer candidates.”

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