

The ROI of Employee Engagement



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PART ONE

Introduction to the Problem

According to Gallup's recent State of the Global Workplace report, **85% of employees are disengaged in their work**. This disengagement is often the result of poor culture.

Many times, when a company scales, culture doesn't. Leadership's perspective on how their people are doing is too often different than what they are actually experiencing.

A study from Gallup highlights this gap, noting that only **24% of employees believe the organization they work for cares about their wellbeing**. Is it possible that your people's experience is different from your perception?

The same study shared that the percentage of American workers who believe that their organization cares about their overall well-being halved between 2020 and 2022, falling from a record high of 49% early in the pandemic to a near decade low of 24%.

People (in the form of payroll) are usually the biggest line item in an organization's budget, and it's difficult to justify spending even more money on culture and development - especially when the payoff is challenging to measure. The question becomes:

Why does employee engagement matter so much?

How do we measure engagement?

What results do I get with more engaged employees?

Let's dive in.



PART TWO

Why Does Employee Engagement Matter?

We've all heard of The Great Resignation sweeping the workforce over the past few years as a new generation of employees swoops in. At first, it was attributed to the changes brought on by the pandemic. So, why are resignations still so high in a post-COVID world?

At Leadr, we like to quote Peter Drucker's line, "culture eats strategy for breakfast." Without the proper amount of investment in your team, even your best strategies alone won't be enough to bring your business to success. Let's check out a few stats on how the workforce is doing:

- **77% of people** with bad bosses **hope to leave their company soon**, whereas only 18% of people with great managers plan to leave soon. ([Predictive Index](#))
- Employee engagement has declined further for the first year in a decade, and **engagement for managers is declining dramatically**. ([Gallup](#))
- **94% of employees say that they would stay at a company longer** if it invested in their career development. ([LinkedIn](#))
- 56% of employees say that they would spend more time learning **if their manager directed them** to complete a specific course in order to gain or improve their skills. ([LinkedIn](#))

These statistics demonstrate the precarious position that many companies find themselves in as they deal with a disengaged workforce. These statistics become even more troubling when you consider the monetary costs involved.

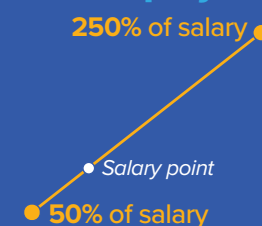
- Gallup estimates **the cost of disengagement is 34% of salary**. In other words, \$3,400 for every \$10,000 of salary. When your team isn't bought into your mission or doesn't have the tools they need to stay engaged and successful, your bottom line suffers. ([LinkedIn](#))
- Disengaged employees are more likely to leave or be let go. For each employee lost, **the cost to the company could be 50%–250% of their annual salary**. Not to mention the time spent recruiting, hiring, and training a new team member. ([LinkedIn](#))

So while it may seem fine to have employees who just show up and fulfill their responsibilities, engagement is about more than that and the bottom line is that a lack of engagement hurts everyone involved.

Cost of a disengaged employee



Cost of a lost employee



PART THREE

How to Measure Engagement

Now that we know where the workforce at large stands, we have some work to do in the employee engagement arena. But where to begin? There are three strategies that you can implement to gauge employee engagement: frequent and open communication, employee engagement surveys, and people development tools.

COMMUNICATION

How you and your team prioritize creating rhythms of frequent and open communication dictates the baseline of your culture. Does your team feel like they have insight into the organization's top priorities and goals? Do you have a shared set of values that you operate from? Are there silos between departments that prevent alignment?

Leaders as Coaches

At Leadr, we believe that every leader is a coach and every employee has a voice, effectively developing leaders at every level of the organization. Adopting a coach vs. manager mindset reminds you that the best leaders make deposits in their people before making withdrawals. They understand that their job is to remove blockers and obstacles to help make their team run faster.



Your Guide
To Building
A Comprehensive
Leadership
Development
Program
Engage and Grow
Every Person On Your Team

Create a Leadership Development Culture at your organization by downloading our free eBook, **Your Comprehensive Guide To Building A Leadership Development Program**

Weekly 1:1 Meetings

The weekly 1:1 meeting is the single most important activity a manager can engage in with their employees in order to influence team health. The best managers use these meetings to act and think like coaches, mentors, and teachers. This is your tool for creating alignment, providing clarity, and caring for your team members at a personal level.

Learn how to boost employee engagement with impactful 1:1 meetings in our free 1:1 meeting guide. [Download here.](#)

Seek Feedback

Too often, we depend on yearly performance reviews to serve as the sole opportunity for employees to provide feedback. However, these conversations tend to stay performance-focused. When you take the time to seek feedback you give employees a voice, which is an essential attribute of an engaged and growing workforce.



The Five
Foundations
of A
High-Performing
Team

Learn more about the culture-changing impact of two-way feedback in our free eBook, **The Five Foundations of a High-Performing Team.**

How to Measure Engagement

EMPLOYEE ENGAGEMENT SURVEYS

The best way to combat cultural issues is to simply ask your team how they feel your culture measures up. Workplace culture is changing rapidly with hybrid teams, remote work, and new generations of employees changing the landscape of work as we know it. If you've had recent turnover or growth, assessing your culture through team pulse surveys is critical to ensure you know what's working and what's not, from a cultural standpoint.

There are two key ways to obtain these metrics:

- **eNPS**, or employee net promoter score, which shows how workers feel about your organization overall.
- **Departmental Team Pulse Surveys**, which measure how workers feel about their particular team.

It's important to measure employee engagement with both eNPS and Pulse Surveys, so you know where your organization stands as a whole and where toxicity is lower down on the org chart. Let's dive a little deeper into each metric:

eNPS

We love this definition from Leapsome: The employee net promoter score (eNPS) shows how your staff members feel about your organization

To make it easy for you to get started, we've created a comprehensive list of employee engagement questions backed by research to be most effective in an employee satisfaction survey.

[Check it out here.](#)

and, just like the NPS that measures customer satisfaction, is based on one simple question: "How likely are you to recommend us as a place to work for your family and friends?"

Pulse Surveys

A team pulse survey allows leaders to evaluate what departments within the organization are thriving and what areas need a culture revamp.

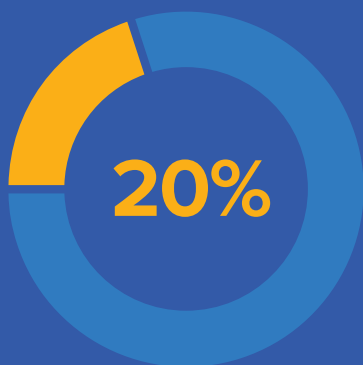
Is the problem one specific leader in the group or a collective mindset? Taking a pulse of each group within your organization is critical to having a bulletproof culture.

Leadr's people development software saves you time building, distributing, and tracking the data from eNPS and pulse surveys by doing the heavy lifting for you. Our Insights module offers the ability to use a pre-made or custom survey template that is sent to your team with the click of a button. Results are measured and displayed within the platform, allowing you to spend less time creating surveys and more time making an impact.

How to Measure Engagement

PEOPLE DEVELOPMENT TOOLS

While project management systems and Learning Management Systems put focus on productivity, People Development Systems recognize that productivity depends on properly cared-for people.



Employees who feel in control of their career are **20% more likely to stay**



- Employees who **feel in control of their career** are **20% more likely to stay** in their positions, while employees who lack support with their career goals are three times more likely to be searching for a job elsewhere.
- TinyPulse
- **85% of employees are disengaged** in the workplace. Your leadership development pipeline will be the life or death of your organization. - Gallup

These stats are strong reminders that investing in your people is mission-critical for a strong, healthy culture. So how do you actively invest in your team?



People Development Software helps you put your beliefs into action by serving as the tool that facilitates your goals. **We'd love to give you a sneak peek of Leadr if you want to see how a people development tool can be a game-changer for your organizational culture. Request a demo here.**



How to Measure Engagement

Evaluating People Development Tools

Any tool an organization uses should increase output and decrease time spent on administrative work. When seeking out the right tool, there are critical questions to ask.

- How does your software outperform competitors?
- Can you share some customer success stories?
- Do you take customer feedback into consideration?
- What kind of customer/tech support do you offer?
- How will your software help us meet our goals?
- How do you measure success?

Metrics are everything - especially when it comes to business. But it's not always easy to quantify success when you're looking to measure attitudes and behaviors. If you're going to prove that your People Development Tool is up to par, you need a system that values quantifying success and keeps these metrics front and center so you always know where you're winning.



Spend less time making surveys and more time making an impact. Test drive Leadr today to see how our people development software helps teams achieve rapport, maximation, and clarity.



PART FOUR

The Results of Engaged Employees

To measure the ROI of employee engagement, we need to understand what the benefits of swimming upstream (investing in people development) are compared to the costs of surviving downstream (combatting decreased engagement, high turnover costs, etc.).

The data shows that disengaged employees can be a detriment to their workplace, costing time, money, and morale, but what happens when those people are engaged?

- Highly engaged companies have turnover rates that are between **25% and 59% lower than their less-engaged peers.** ([Lattice](#))
- Highly engaged teams were found to be **21% more profitable** and **17% more productive.** They were also **41% less likely to have problems with absenteeism.** ([Gallup](#))
- Companies that prioritize engagement can **improve their sales by 20%.** ([Gallup](#))
- Employees who felt that their leaders treated them with respect were **63% more satisfied** with their jobs, **55% more engaged**, **58% more focused**, and **110% more likely to stay with their organization.** ([Urban Land Institute](#))

Investing in the development of people in your organization saves you time and money and can increase profits and attract new talent. Changing an established culture of disengagement takes consistency and effort, but you don't have to figure it out on your own.

PART FIVE

How Leadr Helps

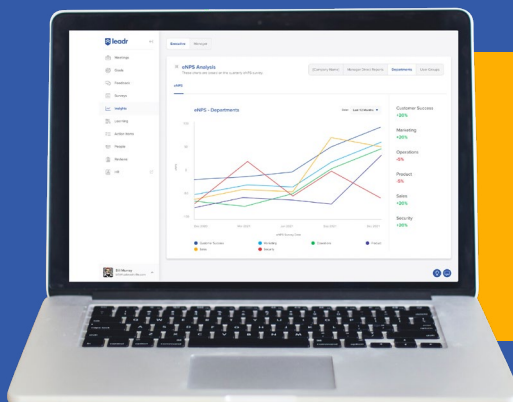
Leadr's people development software allows leaders at all levels of your organization to have visibility into where the organization is thriving and how to best impact the team and growth from where they sit. With Leadr Insights you will be able to show the ROI of your employee development efforts across departments, teams, and employee groups.

Leadr Insights offers real-time results on how engaged your team is across the org chart. Find out your org's Employer Net Promoter Score plus additional insights on our three employee engagement indicators: clarity, rapport, and maximization.

Get Insights and take practical steps toward engaging and growing every person on your team today. Take the guesswork out of employee engagement so that you can move the needle on improving culture.

We'd love to show you how our Insights tool works.

Request a demo to see Leadr in action.



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