

# Engage Employees for Higher Performance and Retention

*Only One in Ten Employees Are Fully Committed to Their Organization, Posing a Significant Performance and Retention Risk*

## EXECUTIVE SUMMARY

- ▶ **Only 11% of employees demonstrate very strong levels of commitment**, while 13% are actively opposed to the organization they are working for. The real opportunity lies with the 76% of employees in the middle who are only modestly committed.
- ▶ While many organizations increase compensation and benefits to engage employees, companies that achieve high levels of engagement **focus instead on communicating and creating a clearer connection** between the individual employee's contribution and the organization's success.
- ▶ By improving employees' level of engagement, organizations can see **significant improvement in employees' performance rating** and **decrease the probability of employee departure by 87%**.

## Engagement Levels Vary Greatly Across Organizations

Our survey of more than 500,000 employees from more than 300 organizations found that the vast majority of employees—76%—are only modestly committed to their organization (i.e., employees neither go to great lengths in their job nor do they shirk their work).

However, dramatic differences exist across organizations. Organizations with a highly engaged workforce have almost 10 times as many committed workers willing to put forth extra effort as those organizations with a low-engaged workforce.

## Managers Are Key to Improve Employee Commitment

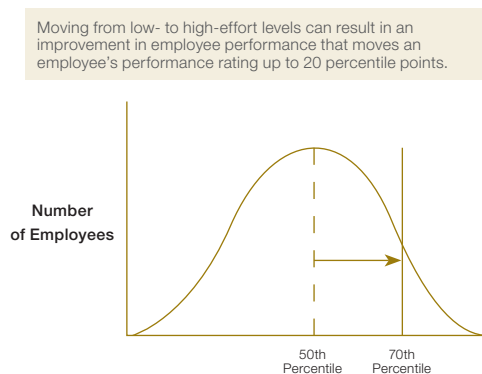
While competitive compensation and benefits packages are crucial to *attracting* and *retaining* talent, other drivers of engagement are far more effective in driving discretionary effort.

### Take Action with CLC Resources

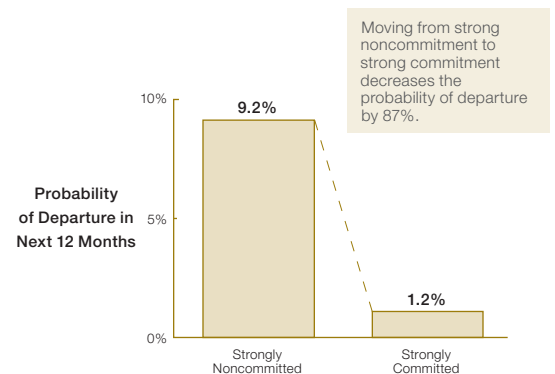
- ▶ Access the Council's Engagement Survey and Analysis tool (ESAT).
- ▶ Access the full research at [www.clc.executiveboard.com](http://www.clc.executiveboard.com).
- ▶ Access our Online Engagement and Retention Decision Support Center for strategies, templates and tools.

Figure 1  
Impact of Engagement on Performance and Intent to Stay

### Maximum Impact of Discretionary Effort on Performance Percentile



### Maximum Impact of Commitment on the Probability of Departure



### Contact the Council

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An employee's direct manager plays a crucial role in boosting his commitment to his job, day-to-day work, teams, and the organization. The most effective manager-driven engagement strategies include:

- ▶ **Establishing the connection between an employee's day-to-day work and organizational strategy**—By clearly demonstrating how an employee's work objectives originate in organizational strategy and priorities has the largest impact on employee effort, improving it by up to 32%.
- ▶ **Clarifying how employee efforts drive organizational success**—By clarifying how an employee's hard work translates into organizational success line managers can improve the discretionary effort of their employees by up to 30%.
- ▶ **Actively reinforcing cultural traits that impact employee engagement**—Managers can improve the effort levels of employees significantly by emphasizing the three cultural components that characterize highly engaging organizational cultures: open communication, innovation, and flexibility.

## Engaged Employees Give High Returns

Organizations that successfully engage their employees can experience tangible results like improved employee performance and retention. The highly engaged outperform the average by 20% and are dramatically less likely to leave the organization.

## Action Steps

- ▶ *How engaged are my employees?*



Use the Council's Engagement Survey and Analysis tool to assess the engagement levels of your workforce.

- ▶ *How do we diagnose root causes of disengagement?*



Learn about Caterpillar's "Cultural Assessment Process" to surface causes of disengagement.

- ▶ *How do we improve our managers' ability at engaging their employees?*



Access the Council's Guidebook for managers—*Managing for High Performance and Retention*—to improve manager effectiveness at driving employee performance and retention.

## Research Methodology

The Corporate Leadership Council has surveyed the engagement levels of more than 500,000 employees from more than 300 organizations since 2004.

