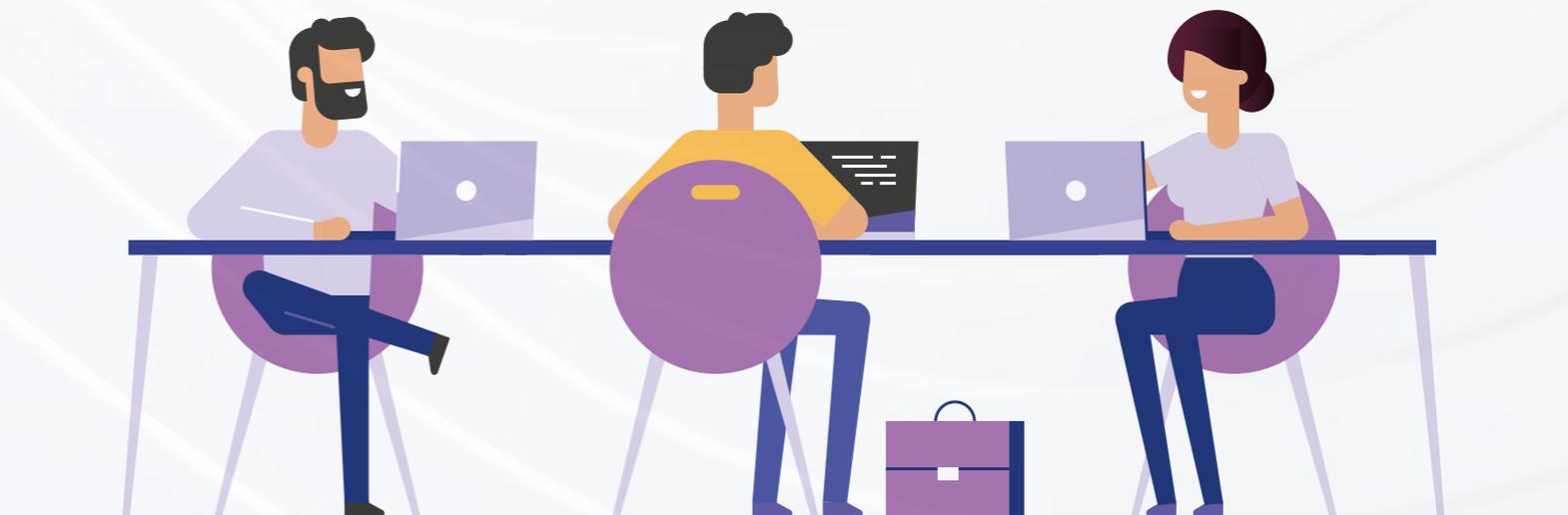




**BROADSTONE**

# Why now is the time to re-think employee engagement



# Engagement

## What is it and why now?

**Employee engagement. It's a phrase we hear time and time again. But more than a decade on from the government's seminal Engaged for Success whitepaper 'engagement' remains an unspecific concept. Often it's reduced to a shopping list of HR initiatives which, if offered, are believed to create it: everything from better benefits; learning and development (L&D); health and wellbeing programmes, or lifestyle solutions that enable greater flexible working.**

By implication, it's often thought that creating 'engaged staff' involves considerable financial investment too.

But the truth is engagement isn't something that can simply be bought from a basket of inputs. Engagement can't be commanded so easily. It's far more nuanced than that.

We believe it's far better to think of engagement not as a series of inputs that magically create it but as an 'output' – the emotions HR programmes hopefully instill. Engagement is the innate and authentic feeling employees develop (often built over time) about their company – where they

know their place within it and where they feel connected to their employer. And the good news is, this doesn't have to cost the earth either.

Engagement has never been more precarious. COVID-19 has brought rapid (and likely permanent) changes to working conditions that are accelerating employees' feeling of 'disconnect' from their employer. Many who already felt emotionally removed from their organisation are now physically removed from it too. Carefully constructed company cultures are crumbling as remote staff no longer physically meet.

Right now firms are facing a battle to re-involve and reconnect with their workers. Latest data from engagement expert, Gallup, now finds engagement levels have reached historic lows: just 15% of staff see themselves as engaged<sup>[1]</sup>. Employees' sense of wellbeing has never been more fragile.

Data collected during 2020 by the Mental Health Foundation finds almost half (49%) of workers now regularly feel anxious or worried, with 17% describing their work situation as one of 'hopelessness'.



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# The dangers of disengagement

The benefits of having staff that feel engaged are there for all to see. Companies with highly engaged staff are 21% more productive and have customer retention rates that are 18% higher<sup>[2]</sup>. They have up to 41% lower absenteeism and suffer lower attrition rates<sup>[3]</sup>.

And so it's hardly surprising that the impacts of poor engagement are the reverse of this. Data by Dale Carnegie Training finds disengaged staff have such little connection with their company and that they would leave for as little as a 5% pay rise. This compares to what's needed to attract an already highly engaged employee – a 20% rise<sup>[4]</sup>.



Disengaged staff aren't only unproductive (a Harvard Business Review<sup>[5]</sup> report found employee disengagement costs employers anywhere from \$450 billion to \$550 billion every year) but are no advocates either. Just 13% of disengaged workers would recommend their company to others – compare this to 78% of engaged employees who would. Disengaged staff take more sick days, they miss deadlines more and are more likely to leave.

As organisations begin to put 2020 behind them and try to navigate a year still beset by recession, they will need to reconnect with employees who have largely worked remotely. This means the dangers of having disengaged staff will only be amplified. This year, like no other, employers need to be firing on all cylinders. Some say the very worst part of having disengaged staff is that this mindset brings individual performance down. But just as bad (if not worse), is that their 'can't be bothered' attitude also rubs off on staff that actually are engaged. But this is the year where there can be no room for bad apples in the basket.

# A more holistic approach is needed

So where to start? Employee engagement can sometimes seem almost impossible to get right. While the sheer volume of elements that can combine to create truly engaged employees might appear numerous in number, there are just a few critical steps employers can take that would put them well on their way to achieving real tangible employee engagement.

The key is taking a step back and considering a more measured, holistic approach. It's about taking a whole organisation view and building

upon the conditions you want to create that will help change employees' perceptions of you.

In essence it's knitting in all the behaviours you want your employees to demonstrate with the values your organisation wants to demonstrate. It's about developing a holistic 'employee value proposition' (or EVP).

This is an employee-centered approach that focuses on reciprocity between employers and employees; one that provides mutual benefit and value to one another and the employer brand.

Great EVPs creates great engagement and we believe there are three key elements that need to be looked at in order to create to right conditions for:

- 1 **Employee experience**
- 2 **Culture and purpose**
- 3 **Understanding your staff**

# Employee experience

## What is your employee value proposition?

If engagement is the desired outcome, it's through the lens of positive at-work 'experiences' that employers need to look and it's through the creation of their EVP that they ensure employee experience stays an uppermost concern.

To do this, more companies are now hiring CXOs – or Chief Experience Officers. Their task is to look at every touchpoint where employees could have a negative experience from their employer. It is they who are the custodians of the desired EVP.

Whether it's the way recruitment is handled, the onboarding experience new joiners go through, how L&D is offered and delivered or even whether there are mechanisms to provide or be given feedback, experience is now central.

The latter is now seen as crucially important. When employee feedback fails to reflect the EVP, there is clear disconnect between employee and employer and it's a gap that needs bridging to help re-engage those who may be wavering.

Think of it as akin to consumer marketing. Employees expect the same experience internally (i.e. through their employer), that they get externally from the brands they visit online or engage with physically.

Big brands respond to consumer feedback and consumers now expect it. So the same needs doing by employers – for instance, conducting more regular pulse surveys.

For more detail on this see our 'Communication' whitepaper too.



Elements that can impact experience can seem quite trivial, but they can create huge disengagement if they persist. For instance, clunky IT – forcing employees to navigate archaic systems and processes that make the experience of doing work harder – is no longer excusable. When Google asked staff why they quit, it wasn't down to elements like pay, but rather bureaucracy and the realisation that what they were promised about working there was not actually the reality they felt. Thankfully, these are elements that can be fixed relatively easily.

Creating the right experience comes from being attentive to the way employees think. According to Gallup, only around half of employees actually know what is even expected of them at work<sup>[6]</sup>. Studies now find that simply by setting clear goals

and expectations – with processes for reviewing progress – companies can improve engagement and boost staff retention rates.

Put simply, it's the way employees feel about their company that really matters. When 69% of employees say they would work harder if they felt more appreciated, it makes sense to do everything to foster this feeling<sup>[7]</sup>. After all, how can staff be expected to feel appreciated when they're made to use systems that create complexity or interfere with the way they want to do their jobs? How can they feel wanted when the activity of work isn't the streamlined experience they expect?

While technology like Zoom (which, from relative obscurity a year ago, now sees 300 million calls each day<sup>[8]</sup>) has quickly proven that

great technology really can keep colleagues connected, foster innovation and creativity and build relationships, too many organisations still have old legacy technology that they've still to replace.

When old, out of date systems are no longer seen to cut it, all technology needs looking at in a new light. Employee benefits are just one area where small frictions can lead to big discontent.

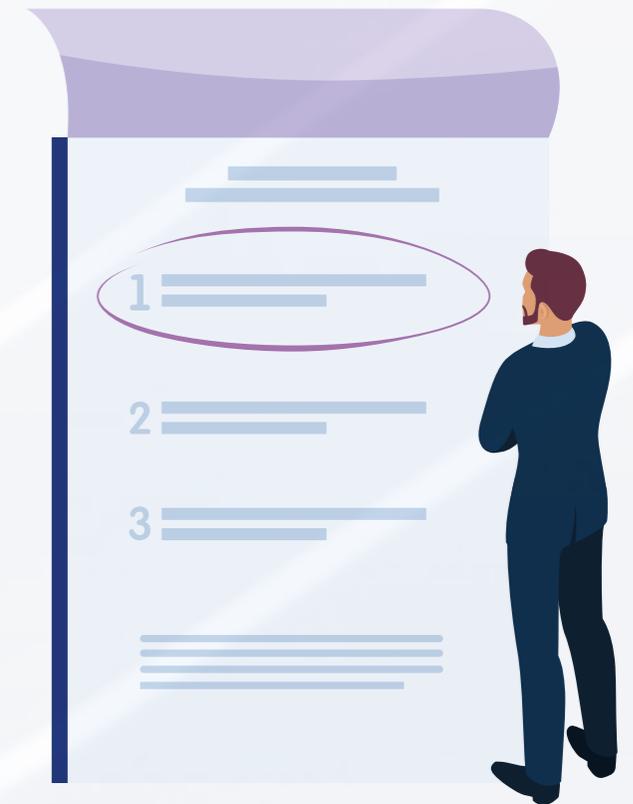
Single sign-on, being able to access benefit choices on personal devices; having a simple to navigate platform – these are the things that make employees feel valued and cared for. Offering benefits that suit each employee's specific needs conveys the feeling that staff are all unique and are recognised and supported as such.



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## Points to remember:

- ▶ **Put yourselves in your employees' shoes:** Think how processes look and feel to them and decide whether they either help or hinder a positive employee experience.
- ▶ **Live your EVP through your technology:** Be the employer who responds to employee input and what can be done to make their lives better.
- ▶ **Make small differences matter:** Change the things that appear out of kilter with what employees want – such as outdated benefits and the platforms – so that your internal employee experience matches what they already experience outside your organisation.



# Culture and purpose

**A generation ago, the ‘employee contract’ was literally that – it was all about what was on offer. But today work is much more about the ‘psychological contract’ too.**

Employees are no longer interested in just ‘me’. Sure, they want decent pay and benefits, but research finds most staff (and increasingly millennials – now 30% of the workforce), have far more altruistic outlooks. As Deloitte recently revealed, 39% of employees now say they would leave their current company for one that had a more inclusive culture. And this rises to more than half (53%) amongst millennials<sup>[9]</sup>.

The fact is, employees want to work for organisations that have a clear vision about who they are. For some it may be the environmental values they uphold (such as Amazon, which has pledged being a net-zero carbon company by 2040).

For others it’s about supporting employee decision-making (such as Netflix, which has its mantra of letting employees decide things under a banner of freedom and responsibility).

Culture is so important, yet it remains terribly undervalued. OC Tanner (in its just-published 2021 Global Culture Report), finds companies with ‘thriving cultures’. (i.e. those with highly engaged staff), experience just a 1% drop in engagement. Where companies have non-thriving cultures though, the fall in engagement is a huge 52%<sup>[10]</sup>.



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Small things impact culture. For instance three-fifths of UK employees do not get time off to volunteer, but ‘giving back’ is amongst the perks staff want most<sup>[1]</sup>.

The fact is employees derive engagement from the sense they work in businesses that share their values – and are not just about making money. We’re already seeing that benefits are moving in this direction too – with the likes of Apple and Facebook now linking bonuses to the extent employees uphold cultural values, for instance meeting environmental, social and governance (ESG) goals. In short, employees want their personal motivations to align with corporate ones.

Bringing staff ‘along for the journey’ requires setting clear and consistent messaging (and leadership from the top).

## Points to remember:

- ▶ **Let employees own the company culture:** The more employees feel it’s ‘they’ who own the culture, and that it is they who are the custodians of it, the more they will channel their interactions in a way that strengthens this.
- ▶ **Give culture the chance to thrive:** Cultures are living, breathing things that need to adapt and thrive – and thriving cultures create thriving engagement.
- ▶ **Practice light touch leadership:** Culture needs demonstrating from the top but it’s from the bottom up that it flourishes.

It literally means defining what your culture is about. It’s great EVP in action once again. It’s about communicating what the business stands for, what it expects and why this is so important.

But crucially culture doesn’t just come from the top. It’s a living, breathing, evolving thing, contributed to and enhanced by all. It requires having all these things:

- ▶ Hubs/communities that interact with each other
- ▶ Recruitment managers that hire for the preferred qualities that strengthen a defined culture
- ▶ A benefits system that embeds and develops preferred behaviours
- ▶ Platforms for employees to contribute to and improve their company



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# Understanding your staff

## Communication is key

**Disengaged employees often report being 'ignored', misunderstood or 'left out'. A depressingly large number of employees are still only consulted annually (and through increasingly archaic, annual appraisals). The long and short of it is that line managers are failing to make them feel listened to and this can often have a negative effect on engagement.**

By contrast, organisations with highly engaged staff are regular communicators. Hubspot found that 50% of employees feel their productivity and motivation would be positively impacted by their bosses sharing information<sup>[12]</sup>. But the truest test of communication is not what's pushed out (or the frequency it may be pushed out), but what's actually listened to and changed in return.

Staff who feel they have been heard are 4.6 times more likely to feel empowered to perform to the best of their abilities (Salesforce research quoted in Inc.<sup>[13]</sup>). This is an output of what real employee engagement is.

Listening is attending to employees' personal needs; giving them what they want, or what they need, helps makes a difference to them. When applied to employee benefits provision, this means providing a range of options that people can choose from that suits their particular needs or meet specific life events. For instance, maybe they're buying a house, getting married, having a baby or have other emerging care needs that they need support with.

The all-too-frequent divide between what employees want as a benefit compared to what they get is an oft-criticised feature of the workplace. A missing benefit can be the missing piece of the engagement puzzle.

But it's so simple for firms to provide the things that could make the biggest difference to employee engagement – simply by asking employees what they want.



Listening is attending to employees' personal needs; giving them what they want, or what they need, helps makes a difference to them.

As Jobsite recently revealed, while 62% of HR leaders rate their benefits packages as “very good” or “quite good”, only 47% of staff say the same. It found a whopping 94% of employees believe a personalised benefits package – one where staff can pick and choose the perks most important to them – was “very” or “quite” appealing<sup>[14]</sup>. HRDs could do worse than listen to the conclusion of Hays’ recent Salary & Employment Report 2020: It concluded: “As the world of work evolves, people’s needs change and, if employers are not receptive to this, they could risk losing some of their top performers.”<sup>[15]</sup>

In other words, ask what staff actually want and try to respond. Right now wellbeing – in all its various guises – is what employees are really craving. Whether it’s how to be more resilient, more financially savvy or have health and wellbeing initiatives they can tap into – this is what employees are saying they need the most. The key is to listen, learn and provide these perks. As we emerge from the pandemic, it would appear that it is mental health wellbeing support that is particularly yearned for. During 2020 there was a 10% increase in absences due to mental health and it cost employers £1.3bn more in lost business compared with 2019<sup>[16]</sup>. Provide what staff actually want and you could well be surprised by just how much loyalty (and engagement) this can create.



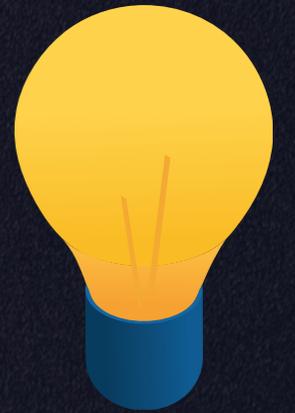
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## Points to remember:

- ▶ **Communication is key, but so too is listening** – hear what staff have to say and do something about it.
- ▶ **Don’t miss out the key benefits staff want** – establish what the main benefits are that will really make a difference to employees.
- ▶ **Personalise** – the best benefits are those that are tailored to employee needs/life stages.



# Conclusion



## Let your benefits platform do the talking

When staff feel engaged, the sky really is the limit. So, give your staff the tools they need to show you appreciate the things that are important to them.

The benefits staff are able choose – and the platform from which they can do it – play an important part in showcasing to employees that they matter. It shows that organisations know their staff but also that they want to give them the slick experience they know they expect.

An employee-centric benefits platform gives your organisation the perfect opportunity to introduce a 24/7 ‘consumer’ experience for selecting benefits. It provides the perks employers know their staff will enjoy in the areas of their lives that matter.

But a benefits platform is still only as good as the actual benefits to be found there for staff to see.

So:

- ▶ Think about the benefits you want to offer
- ▶ Do your research to make sure the benefits offered are what your people want and will value
- ▶ Make sure there is something for everyone
- ▶ Consider how choices can be personalised
- ▶ Investigate how using a platform can be easy for all to access – such as remotely or via apps.

Too many organisations create barriers to engagement by offering solutions that simply do not work. If an employee wants to access sensitive financial advice through an Employee Assistance Programme, they should be able to get everything they need by logging on at home. Maybe they’re too busy during the working day to find details about perks they want to investigate. That’s where an online benefits platform allows them to research their benefits package anytime, anywhere.

That’s why at Broadstone, our philosophy is simple: benefits should be “easy, accessible and efficient”.

And that’s not just from the employee point of view. Information around benefits selection, patterns in demand and how take-up rates vary

(by sex, age, location, pay scale etc.), are all vital for benefits and HR professionals.

Good benefits provision helps staff alleviate stress and helps manage other concerns – or simply helps employees pick themselves up and be more resilient. This frees up their headspace to be able to concentrate on the work they typically love doing and this is what creates engagement.

So, remember, while engagement isn’t always an easy concept to define, with careful thinking and by following our three simple rules, it can flourish – even in the toughest of times.

While engagement may not always be easy to develop, by looking at experience, culture and communication, you’ll certainly know it when you see it.

[Request a demo of our platform](#)

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