The Profitability of Engagement

Setting the scene

Imagine a business where every employee is both present and profoundly engaged. This isn't a pipe dream. It's a strategic imperative.

Employee involvement plays a critical role in a business' success. Companies that overlook human capital miss out on the benefits of engagement, including increased productivity, profitability, innovation, and improved customer satisfaction.

Sustainability goals are becoming more prevalent in the definition of business success, relying on people who understand and care enough about their organisation to achieve and maintain the required standards.
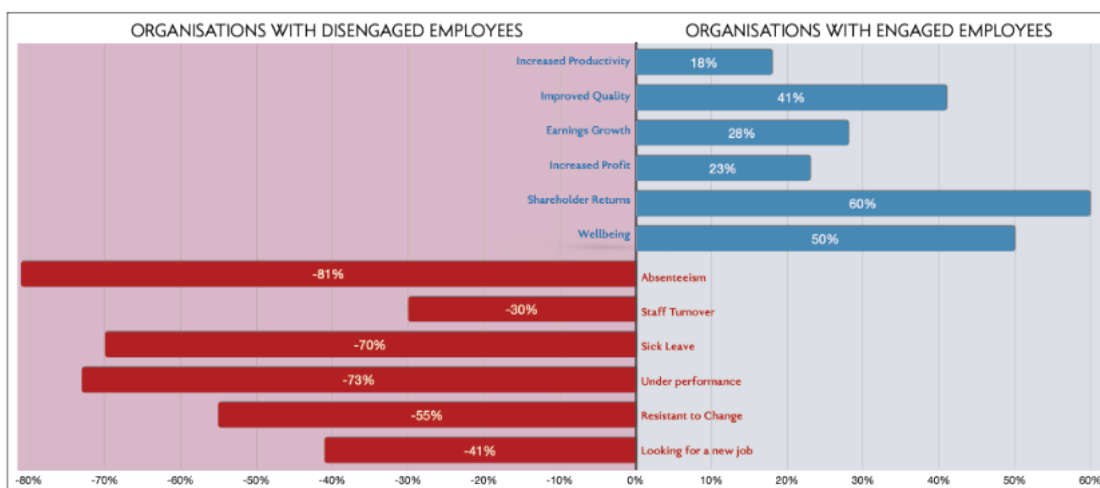
Look at the numbers. Engaged teams lead to an 81% drop in absenteeism, a 30% reduction in staff turnover, and an 18% rise in productiv-ity—the benefits of engagement result in a significant 23% increase in profitability.

The impact of disengagement on a global scale is staggering. The global economy suffers $8.8 trillion in productivity losses due to disengagement, highlighting the urgent need for a cultural shift that values, nurtures, and empowers every employee. Achieving this isn't just about adopting new policies but a fundamental transformation in how we approach work and workers.

Driving Change: A Leadership Imperative

Driving change towards cultural transformation is challenging, with a high rate of initiatives falling short. Yet, with robust leadership, the path to success can be achieved. It requires a clear vision,

ORGANISATIONS WITH DISENGAGED EMPLOYEES	ORGANISATIONS WITH ENGAGED EMPLOYEES
	Increased Productivity 18%
	Improved Quality 41%
	Earnings Growth 28%
	Increased Profit 23%
	Shareholder Returns 60%
	Wellbeing 50%
-81%	Absenteeism
-30%	Staff Turnover
-70%	Sick Leave
-73%	Under performance
-55%	Resistant to Change
-41%	Looking for a new job

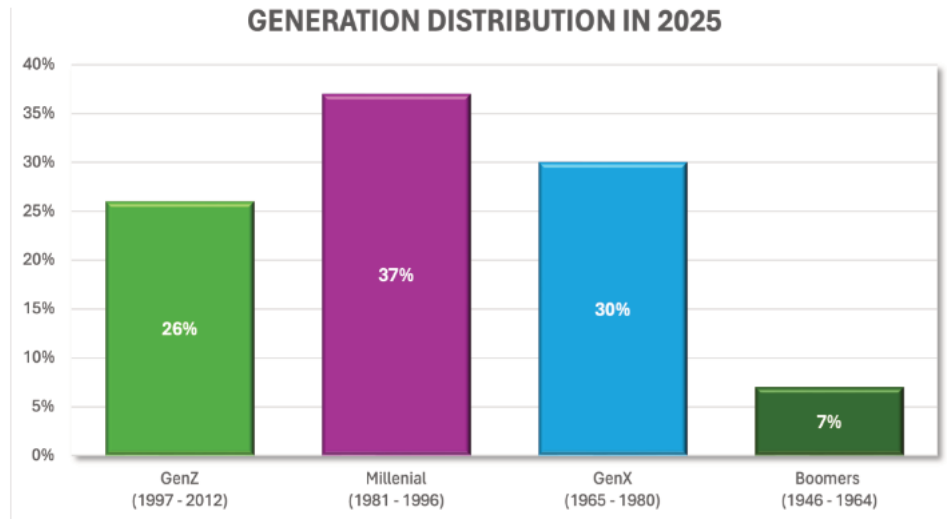innovation - transformation - technology - culture

consistent communication, and an unwavering commitment to aligning the workforce with strategic objectives. This process hinges on leadership's ability to inspire, engage, and model the change they wish to see.

Moreover, the undercurrents shaping workplace dynamics, from technological

GENERATION DISTRIBUTION IN 2025

advancements to global economic shifts, have created an "always-on" culture, prioritising shareholder value. It also addresses the friction between generational values, where Baby Boomers and younger people like Millennials and Generation Z clash over work styles and expectations.

Those who embark on this journey face several practical challenges. Firstly, no individual will respond in precisely the same way to techniques used to engender engagement. This is primarily due to lived experiences, biases, and emotional state. Those techniques cannot become fluent without practice in the workplace.

Different generations hold different values dear, and the ratio of those generations in the workplace is changing. The practicality of delivering visible and measurable, consistent behaviour change is brutal.

Crafting a Future of Engagement

The cultural environments needed to allow engagement to grow comprise three main factors:

1. Psychological Safety is feeling safe within a group to take risks, speak up, and be yourself without fear of ridicule

or punishment. It's a critical aspect of healthy organisational dynamics, fostering trust, openness, and collaboration.

2. Cognitive Diversity refers to having a variety of perspectives, skills, and ways of thinking. It goes beyond demographic diversity and focuses on different approaches to problem-solving and decision-making, which can lead to more innovative solutions and better outcomes.

3. Motivation: employees are often motivated by a variety of values, including recognition and appreciation, opportunities for growth, work-life balance, autonomy and independence, meaningful work, fairness and equity, wanting to be treated fairly and with respect, collaboration and teamwork, enjoying working with others and achieving shared goals, and compensation and benefits.

On its own, without context, goals, or structure, culture change will become, at best, ephemeral and, at worst, theoretical. Bad culture change leaves an organisation worse off than before it started the journey. The work environment becomes characterised by mistrust, resentment, disengagement, and all those factors that lead to that $8.8 trillion hole in global productivity.

The good news is that given what we now know about how the brain works, human behaviour changes, and how these are all part and parcel of individuals' well-being and how they interact physiologically with

physical and mental health, certain lifestyle practices will generally have a similar effect on people. Allowing space for this in the workplace will positively impact people's performance.

Navigating Challenges

Business change programs that struggle tend to show some or all of the following symptoms: no priority, focus, and activity are short-lived, anxiety and frustration, false starts, and haphazard efforts. Culture change initiatives are no different. To relieve these symptoms, leadership must agree on why the change is necessary for the organisation's strategy and envision the outcomes. The organisation must make the requisite transition and have an executable plan.

The ingredients for undertaking culture change already exist for many organisations engaged in business or technology change. Transition initiatives provide a context, framework, and toolkit for addressing employee engagement daily. The opportunity to learn, practice, and improve psychological safety, cognitive diversity, and motivation is already seeded in the methods used to change a business.

For example, the Agile Manifesto speaks to the importance of an environment where those with the most relevant knowledge should make critical decisions. The practices of iteration, failing fast and delivering the Minimum Viable Product (MVP) all address the need for continuous improvement in culture change. Change governance and oversight highlight performance and support requirements. Constructive and collaboration amongst stakeholders can be rehearsed and improved daily. Here, culture can grow visibly and measurably.

In effect, "Change changes Culture changes Change".

In conclusion, engagement is a crucial factor in a business' success. Leaders must inspire, engage, and model the change they wish to see. Creating a cultural environment fostering psychological safety, cognitive diversity, and employee motivation can increase productivity, profitability, innovation, and improved customer satisfaction. However, achieving this requires fundamentally transforming how we approach work and workers.

References:

Gallup Inc (2013) The Benefits of Employee Engagement, Gallup.com. Available at: https://www.gallup.com/workplace/236927/employee-engagement-drives-growth.aspx

Aaron De Smet and Marino Mugayar-Baldocchi, Angelika Reich, and Bill Schaninger (2024) 'How to identify employee disengagement', McKinsey Insights [Preprint]. Available at: https://www.mckinsey.com/capabilities/people-and-organizational-performance/our-insights/how-to-identify-employee-disengagement?cid=eml-web

Smet, A.D. et al. (no date) 'Some employees are destroying value. Others are building it. Do you know the difference?' Available at: https://www.mckinsey.com/capabilities/people-and-organizational-performance/our-insights/some-employees-are-destroying-value-others-are-building-it-do-you-know-the-difference.

Harter, J.K., Schmidt, F.L. and Agrawal, S. (2020) 'The Relationship Between Engagement at Work and Organizational Outcomes'.

Gallup Inc (2022) Employee Engagement Strategies: Fixing the World's $8.8 Trillion Problem, Gallup.com. Available at: https://www.gallup.com/workplace/393497/world-trillion-workplace-problem.aspx

Heinz, Kate (2019) 42 Top Company Culture Statistics | Built In, buit in. Available at: https://builtin.com/company-culture/company-culture-statistics

If you have any questions or comments, please get in touch.

Author: Simon Clitherow

Email: simon@successfulchange.com

Mobile: +44 (0)7860 782388

LinkedIn: linkedin.com/in/swhc

Web: successfulchange.com