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Highlight Report

*An issue overview
to aid strategic thinking*

Engagement

by Carol Morrison

Scenarios in this issue:

Building on a Human Foundation

Just in Case

If Only

Engagement Learns to Drive



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Each of our Knowledge Centers has a corresponding Highlight Report that provides an external view of that issue, incorporating global perspectives on the current climate as well as future thinking. Highlight Reports are designed to help managers think strategically about particular trends or issues. Each one contains an executive summary, a global perspective, an overview of the current trends and countertrends, insights into what is driving the trend or issue, and four scenarios. Our members use Highlight Reports to provide their staff and colleagues with an up-to-date overview as well as strategic ideas about how to deal with issues that face their organizations.

For complete information on this topic, including a full bibliography, please visit our Web site at www.i4cp.com and follow the Knowledge Center link.

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Executive Summary

Leveraging the power of engaged employees

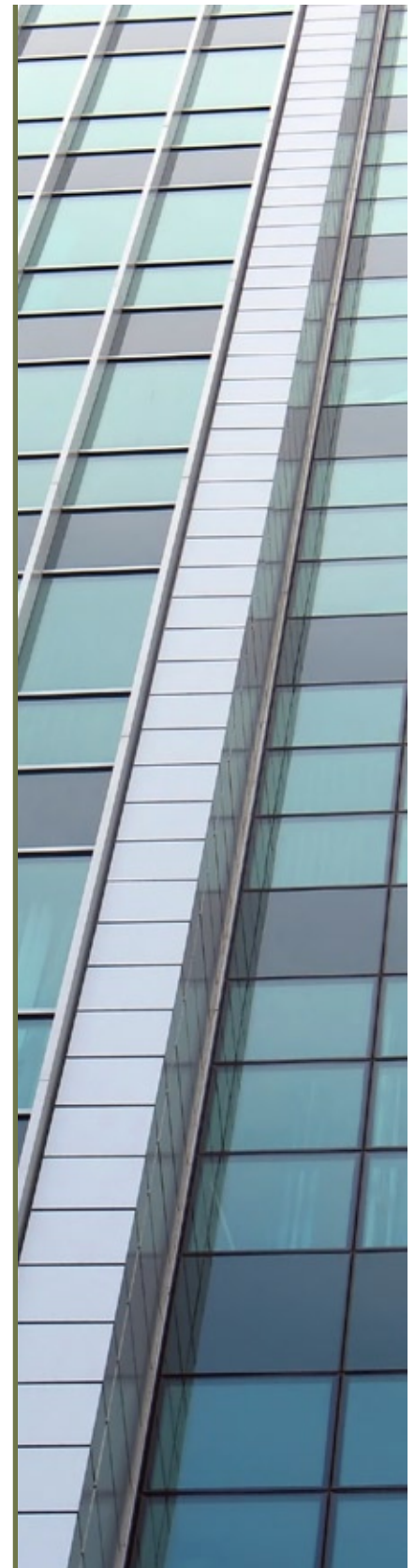
Employee engagement is indelibly etched on the radar screens of executives across the U.S. A 2008 Institute for Corporate Productivity (i4cp) poll of 776 HR and learning leaders reported that a clear majority (82%) of respondents said engagement is important to a high or very high extent; with only 1% dismissing it as unimportant (i4cp, 2008b). Similarly, a 2008 Society for Human Resource Management (SHRM) Foundation poll of 526 C-level executives found engagement and retention of talent ranking third on executives' list of top five challenges for the year ("Talent Management: Now," 2008).

Although senior business leaders recognize engagement's role in the workplaces, there is a lack of consensus on the exact meaning of the term. "There is no sole authority or single definition that represents the right or wrong way of thinking about employee engagement," declared a 2008 *Human Resource Executive Online* article. Rather, firms might be best served by an organization-specific definition (Gibbons, 2008).

Whatever the context, engagement does seem to have some recognizable elements. Organizations with greater numbers of highly engaged employees use customer satisfaction as a key indicator that workers are engaged, reported i4cp (2008b). Along with customer satisfaction, top-performing organizations identify engaged workers by their positive comments about their employers, their willingness to recommend the employer to others, their enthusiasm for learning new skills and by measuring employees' satisfaction with their work. Also noted are workers' ability to be absorbed in their jobs, their openness to offering suggestions and their low absence rates.

Even if leaders can't always define employee engagement, they can measure it. In the i4cp (2008b) survey, participants estimated that 34% of their organizations' employees are highly engaged, 43% are moderately engaged and 23% are minimally engaged or disengaged. The previous year, a *Gallup Management Journal* poll reported that 21% of U.S. workers were engaged, 56% were not and 18% were actively disengaged – and potentially negative influences on their co-workers ("Many Employees," 2007).

Interest in engaging employees is running strong because there's a business case for doing so. The i4cp (2008a) research found much higher levels of engagement in firms that reported top performance in revenue growth, market share, profitability and customer satisfaction. A 2008 Globoforce poll found a nearly unanimous 99% of leaders correlating employee engagement with increased employee retention and productivity. In turn, 97% of respondents agreed that retention and productivity positively affect organizational performance (Globoforce, 2008). And in 2007, ISR released study results documenting a positive difference

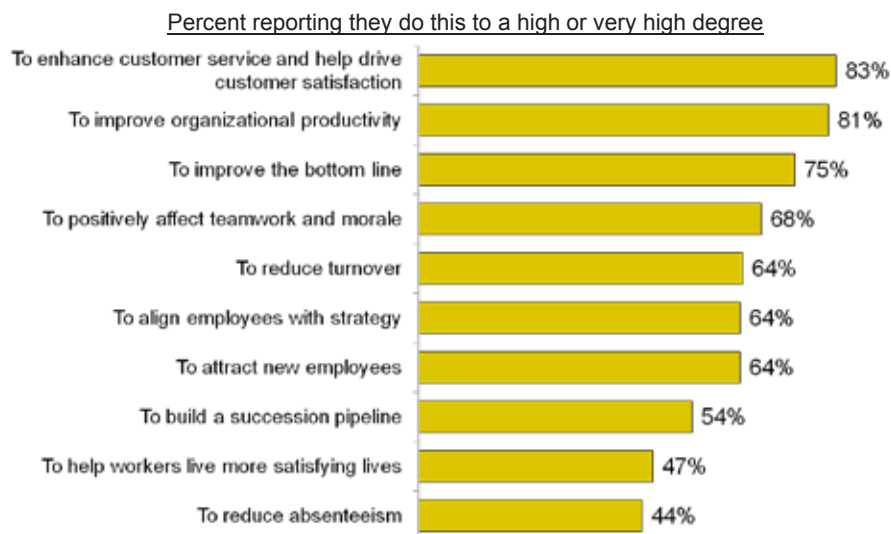


in operating margin and net profit margin between organizations with high and low engagement levels (ISR, 2007).

To drive better performance outcomes for their own firms, executives are pursuing such engagement-boosting strategies as extending flexible work arrangements, offering expanded learning opportunities, improving rewards and recognition programs, and focusing on clear, interactive, internal communications (i4cp, 2008b). With 2008's dreary economy raising the specter of layoffs or other adverse events, experts place particular emphasis on the crucial role that good communication plays in helping to keep employees engaged through difficult times ("Engaging Employees," 2008).

While much remains nebulous in the field of employee engagement, the core realities are clear: Engaged workers contribute more, work harder, drive company growth and spell lasting success for their employers. Economic challenges pervading today's business world make this the ideal time for organizations to leverage the power of engaged workforces.

To what degree does your organization consider these reasons for seeking a more engaged workforce?



A total of 776 organizations participated in the ASTD/i4cp Learning and Engagement Survey

Source: ASTD/i4cp, 2007

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