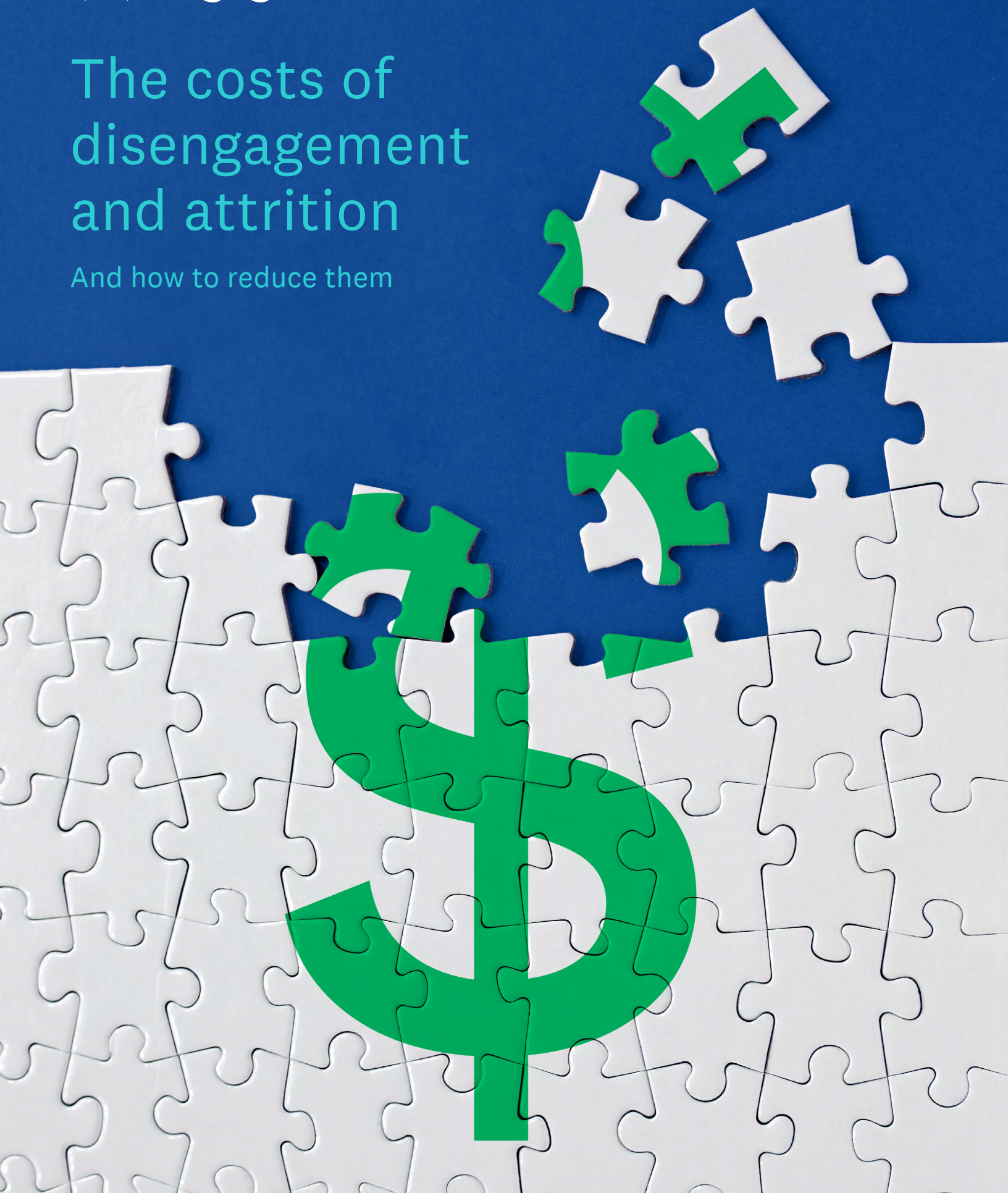




# The costs of disengagement and attrition

And how to reduce them



# The drain of disengagement

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According to a recent survey, 51% of employees would take another job if offered.

A number of factors culminate in an employee's decision to leave, but they generally fall under one umbrella: **disengagement**.

One recent study found that disengaged employees cost the US economy an estimated \$450-550 billion<sup>1</sup> in lost productivity annually—a number that doesn't take into account the cost of employees leaving.

If you want your company to reduce attrition, and stay competitive, engaging your employees is absolutely critical.

In this guide, we'll cover:

**The basics of employee engagement**

**The state of disengagement today**

**The benefits of an engaged workforce**

**4 steps to engage your employees**

Let's get started!



**51%**

of employees  
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# An introduction to employee engagement



## What is employee engagement, anyway?

Employee engagement is the health of the relationship between an employee and their workplace. Put simply, an engaged employee cares about the work they do and the company they do it for, which typically translates into higher performance, greater retention, and other key benefits.

Employee engagement is the sum of many parts, including:

- Role fit and job satisfaction*
- Effective management*
- Work-life balance*
- The future of people's careers*
- Feeling safe to share ideas and innovations*

It takes all of these things (and more) working in concert to create happy, healthy, effective employees.

## Why employee engagement matters

Engaged employees do more than just survive, they thrive.

According to numerous studies, engaged employees:

- Stay with your company longer*
- Perform better*
- Are more proactive and productive*
- Recruit like-minded people*
- Provide a better customer experience*

The result of all these benefits? Higher profits for your business. When we say employee engagement is an investment, we mean it.

# The state of disengagement today



As it turns out, most employees aren't that engaged at all. According to one recent study, only:

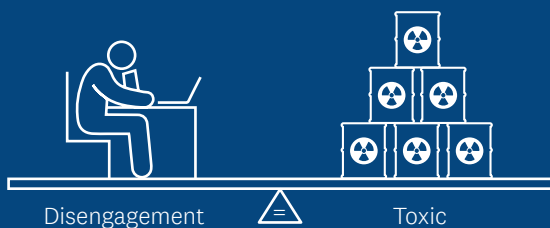
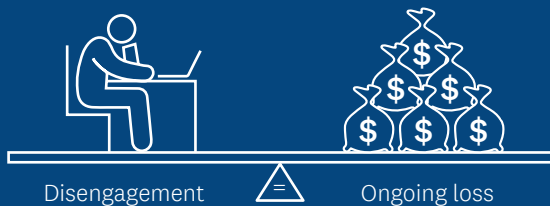
**33%** of US employees are engaged

**22%** strongly agree that their leadership has a clear direction for their organization

**15%** strongly agree that their leadership makes them enthusiastic about the future

**13%** strongly agree that their leadership communicates effectively with them

Additionally, 91% of employees say last time they switched roles, they left their company to do so—an indication that employers aren't giving their people enough compelling reasons to stay.



Disengagement is costly on many levels.

Some of these effects are easy to calculate on a balance sheet:

***Lower productivity***

***Less new business closed***

***Poor customer service and errors***

***Hiring and training a replacement***

Many of the effects of disengagement, however, are more pernicious:

***Susceptibility to burnout***

***Less innovation***

***Spreading negative attitudes, harming morale***

***Damaging brand via poor customer experience***



Eventually, disengagement leads to attrition. We mentioned earlier that 51% of people we surveyed would take a job at another company if offered. 10% of people we surveyed were **actively looking for another job**. Those 10% had a lot to share about their reasons for wanting to leave:

- 48%** of them don't see a clear path for themselves at their company
- 43%** aren't confident in the direction of their company
- 39%** say they're not well-compensated
- 38%** aren't proud of the work they do
- 36%** of them don't think their leadership is open and honest

Attrition is costly. According to Josh Bersin of Deloitte, the total cost of losing an employee can range from tens of thousands of dollars to 1.5-2X annual salary. That's a big hit to your bottom line.

Curious what your own annual turnover cost might look like? Try this formula:

$$\frac{(\text{Hiring} + \text{Onboarding} + \text{Development} + \text{Unfilled Time}) \times (\text{Number of employees} \times \text{Annual turnover percentage})}{= \text{Annual cost of turnover}}$$

Not always reflected in these costs, however, is the effect attrition has on domain expertise and institutional knowledge—the re-attainment of which costs you a lot of time, and therefore, money.

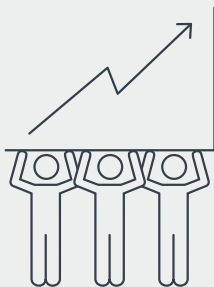
# The benefits of engagement

An engaged employee is an essential asset to a successful company. And while companies with a high level of engagement report 22% higher productivity—and 25-65% lower turnover than companies with a low level of engagement—the benefits go far beyond that, promoting outcomes that are good for employees and customers.<sup>2</sup>

Engaged businesses  
outperform businesses  
with low engagement

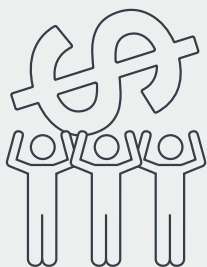
**20%**

higher sales



**21%**

more profitability

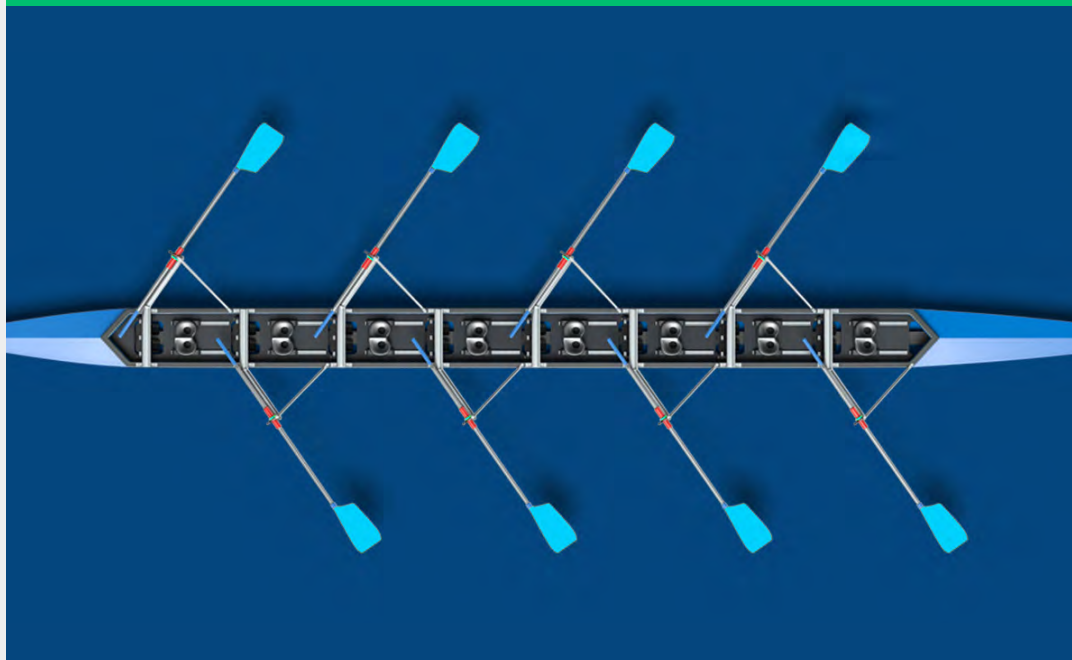


## Returns on engagement

Absenteeism drops when engagement rises, with highly engaged businesses reporting a 41% reduction.<sup>3</sup>

Engagement also improves the quality of work and health. More engaged business units reported 48% fewer safety incidents, 41% fewer patient safety incidents, and 41% fewer quality incidents (or defects). Higher quality often translates into happier customers.<sup>4</sup>

Finally, when compared as a whole, highly engaged businesses significantly outperformed businesses with low engagement: with 20% higher sales and 21% more profitability.<sup>5</sup>



# 4 steps to engage your employees

If you want to boost engagement with the aim of increasing your profitability, we have some bad news: there's no magic bullet. The good news, however, is that the sooner you start investing in employee engagement, the sooner you'll start reaping the rewards. Here are four steps you can take:

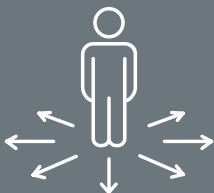
## 1 | Make increasing engagement an organizational priority.



Communicating to your employees that your company is taking an active interest in their needs is the first step to increasing engagement. When you signal that your people matter to you as people, they'll take notice.

The other side to this is aligning with top management to tie employee engagement to financial business metrics. One example is how many businesses are linking NPS to profit. Employee engagement is similar in that it needs support at the highest organizational level to truly affect a business's bottom line.

## 2 | Commit to viewing engagement through a “whole person” perspective.



Your employees are complex individuals with their own needs, wants, and struggles, both inside and outside of work. The fact is, what's happening in their lives outside the office influences how they show up to their jobs in the morning.

When employees are supported with comprehensive benefits packages and other helpful perks, they can focus more on work—and less on using time between meetings to find childcare or ways to pay a hospital bill. Take these and other factors into account when deciding what drives employee engagement and how you're going to measure it.

“

*An outside firm... took about six months to get the results back from an employee engagement survey. In our industry, six months is an eternity.*

–Becky Cantieri, SVP of HR, SurveyMonkey

”



### 3 | **Make engagement a continuous conversation so your insights and actions are relevant.**

Establish a regular cadence of surveying your employees. Checking in with them once or twice a year isn't enough to make plans that will matter by the time they're implemented. Conditions in your office, the market, and beyond can shift in days—let alone months.

Find a solution that automates your program so you can keep current, prevent small problems from becoming big ones, and ease the burden on your team.



### 4 | **Get insights from your data faster.**

Traditionally, analyzing survey data is a painstaking process that takes months. From multiple choice to open text, you'll have to sift through a high volume of data to unearth the insights you need to succeed. Adopt a solution that automates or otherwise expedites this process for you.



# Conclusion

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In a business landscape where disengagement is the norm, companies that engage with and invest in their employees stand to gain a sizable competitive advantage over companies that don't.

Companies with a high rate of engaged employees are more likely to enjoy higher productivity, better product and customer experiences, and greater profits.

Employee engagement isn't simple, however. It's a complex, evolving process dealing with complex, evolving people.

Fortunately the new SurveyMonkey Engage product provides a holistic methodology that includes an engagement framework, pre-written surveys, a prescribed cadence, and the automation you need to start right away. Unlock the potential of your people and explore Engage today.

[Learn more >](#)





This data was gathered by surveying two national samples comprising 8,003 adults who were employed full-time. The samples were combined and weighted for age, race, sex, education, employment status, and geography to reflect the demographic composition of the United States.

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- 1 <https://www.inc.com/ariana-ayu/the-enormous-cost-of-unhappy-employees.html>
  - 2 <https://hbr.org/2013/07/employee-engagement-does-more>
  - 3 <http://news.gallup.com/reports/199961/7.aspx>
  - 4 <https://hbr.org/2013/07/employee-engagement-does-more>
  - 5 <http://news.gallup.com/reports/199961/7.aspx>