



# New Research: How Employee Engagement Hits the Bottom Line

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What would contribute most to your being both happier and more productive at work? How about feeling truly taken care of, appreciated, and trusted by your employer?

More than 100 studies have affirmed the connection between employee engagement and performance, but the [Towers Watson 2012 Global Workforce Study](#) — 32,000 employees across 30 countries — makes the most powerful, bottom line case yet for the connection between how we feel at work and how we perform.

This new study concludes that the traditional definition of engagement — the willingness to invest discretionary effort on the job — is no longer sufficient to fuel top performance in a world of relentlessly increasing demand. The problem is that "willing" doesn't guarantee "able."

What's required now is something called "sustainable engagement." The key factor, the study finds, is a work environment that more fully energizes employees by promoting their physical, emotional and social well-being. I'd add to that mental and spiritual well being — or more specifically, the added energy derived from the capacity for absorbed focus and a strong sense of purpose.

"Many employers are pursuing a variety of wellness efforts, typically focused on giving incentives or penalties to people who embrace healthy behaviors like exercise, good diet or effective management of a chronic illness," the report concludes. "These are important, but to sustain energy, employers have to go beyond these core programs and embrace the notion of workplace energy on a far broader plane."

When they do, the consequences are nothing short of staggering.

In a broader analysis of 50 global companies, Towers Watson found that companies with low engagement scores had an average operating margin just under 10 percent. Those with high traditional engagement had a slightly higher margin of 14 percent. Companies with the highest "sustainable engagement" scores had an average one-year operating margin of 27 percent.

Forty percent of employees with low engagement scores said they were likely to leave their employers over the next two years, compared to 24 percent of traditionally engaged employees, and just 18 percent of employees with the highest "sustainable engagement" scores.

So what is energy, exactly? In physics, it's simply the capacity to do work. In other words "energy" and "capacity" are essentially interchangeable. In simple terms, energy is the fuel in our tanks — what's required to bring our skill and talent to life. Without sufficient energy, skill is rendered irrelevant. You can't run on empty and that's increasingly what employees are being asked to do.

Feelings of overload and burnout are default emotions in today's organizations. Nor is this likely to change soon. Higher demand and fewer resources are the new normal. Effectively addressing the issue of capacity — energizing the workplace — depends on the willingness of individuals, leaders and organizations to each take responsibility for their roles.

For organizations, the challenge is to shift from their traditional focus on getting more out of people, to investing in meeting people's core needs so they're freed, fueled, and inspired to bring more of themselves to work, more sustainably.

Specifically, Towers Watson concludes that organizations must create policies and practices that make it possible for employees to better manage their workload, live more balanced lives and exercise greater autonomy around how, when, and where they get their work done. Policies focused on flexibility and working remotely contribute to a more energized workplace, we've found, and so does setting organization-wide boundaries around the length of meetings and the hours during which people are expected to respond to email.

For leaders, the key is to begin thinking of themselves as [Chief Energy Officers](#). Energy is contagious, for better and for worse, and disproportionately so for leaders — by virtue of their influence. "The manager is at the heart of what we might think of as a personal employee ecosystem," the Towers Watson study concludes, "shaping individual experience ... day in and day out."

Among sustainably engaged employees, for example, 74 percent in the study believed senior leaders had a sincere interest in their well-being. Only 44 percent of traditionally engaged employees felt the same way, while only a miniscule 18 percent of disengaged employees felt their managers genuinely cared about their well-being. No single behavior more viscerally and reliably influences the quality of people's energy than feeling valued and appreciated by their supervisor.

For individual employees, the challenge is to take a measure of responsibility for their experience, and not allow themselves to default into victim mode. It's bracing to discover how two people can experience the same workplace, and even the same set of demands, in entirely different ways.

Employees willing to take more responsibility for how they manage and take care of themselves — regardless of the sort of organization and supervisor they work for — end up feeling better

and performing better than those who see themselves as victims. The mantra we use is a variation on the [Serenity Prayer](#): "Invest your energy in what you have the power to influence. Don't invest energy in what you can't influence, and have the wisdom to know the difference."

A workplace that really works? It begins with employers and employees truly valuing and investing in one another.

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