ENGAGEMENT AT WORK: ITS EFFECT ON PERFORMANCE CONTINUES IN TOUGH ECONOMIC TIMES

KEY FINDINGS FROM GALLUP'S Q12 META-ANALYSIS OF 1.4 MILLION EMPLOYEES

Many organizations have had to adjust to the "new normal" economic climate following the Great Recession of 2007 to 2009. For many companies, this adjustment has involved layoffs or other restructuring of business practices and teams. One question many business executives have pondered is whether the effect of employee engagement on business outcomes differs in tough economic times, either by becoming less important or more important.

Gallup research conducted in 2012 — which examined 49,928 business or work units and included about 1.4 million employees in 192 organizations, across 49 industries, and in 34 countries — makes clear that employee engagement strongly relates to key organizational outcomes in any economic climate. And even during difficult economic times, employee engagement is an important competitive differentiator for organizations.

More specifically, Gallup found that:

- Business or work units that score in the top half of their organization in employee engagement have nearly double the odds of success (based on a composite of financial, customer, retention, safety, quality, shrinkage, and absenteeism metrics) when compared with those in the bottom half. Those at the 99th percentile have four times the success rate compared with those at the first percentile.
- Employee engagement affects nine performance outcomes. Compared with bottom-quartile units, top-quartile units have:
  - 37% lower absenteeism
  - 25% lower turnover (in high-turnover organizations)
  - 65% lower turnover (in low-turnover organizations)
  - 28% less shrinkage
  - 48% fewer safety incidents
  - 41% fewer patient safety incidents
  - 41% fewer quality incidents (defects)
  - 10% higher customer metrics
  - 21% higher productivity
  - 22% higher profitability

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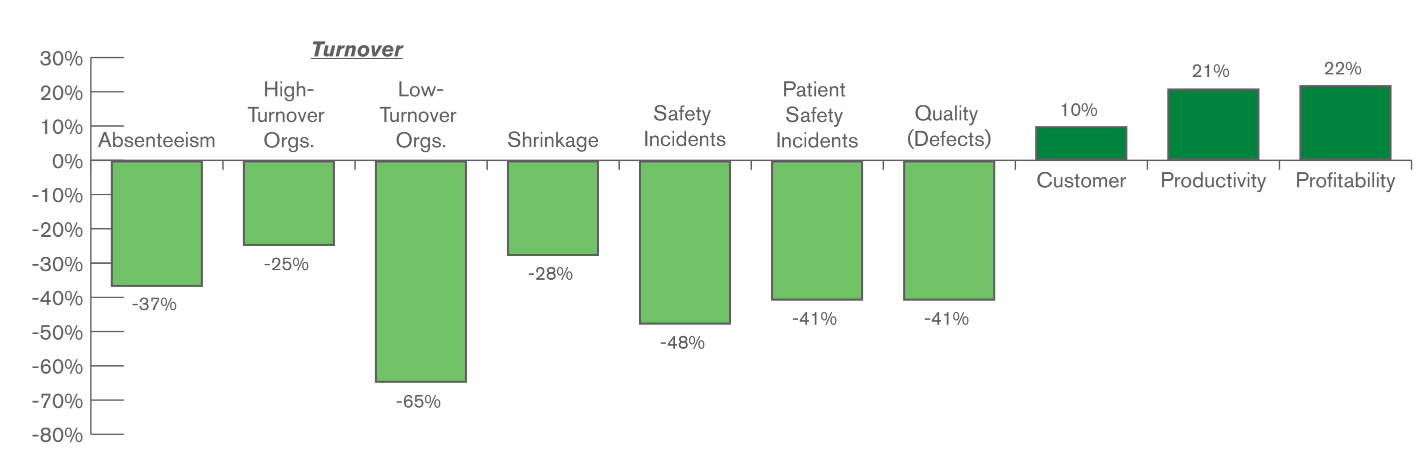
Q12® Meta-Analysis: Outcomes

Difference between top and bottom engagement quartiles



- The relationship between employee engagement and the most commonly measured metrics of profit, productivity, customer engagement, and employee retention is nearly identical to Gallup's 2009 results.
- The relationship between employee engagement and performance at the business or work unit level is significant and highly generalizable across organizations. This means that practitioners can apply the Q12 measure — Gallup's survey for measuring the aspects of employee engagement that link to business outcomes — to various situations with confidence.

MORE ABOUT THIS STUDY

The concept of employee engagement has become a common idea in the business world, as many studies have demonstrated its importance to organizational performance and shown how companies can measure and act on it. Many large-scale studies started in the late 1990s have demonstrated that business units with more engaged employees have better odds of achieving the outcomes their organizations desire such as revenue, profit, customer engagement, safety, quality work, and employee retention.

Since 1997, Gallup has conducted a series of large-scale studies, referred to as meta-analyses, to examine the effect of employee engagement on companies' bottom lines. The 2012 meta-analysis is the eighth iteration of Gallup's ongoing investigation into the link between worker engagement and organizational performance. The current meta-analysis confirms what Gallup has seen with all earlier meta-analyses: Employee engagement consistently affects key performance outcomes, regardless of the organization, industry, or country.

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