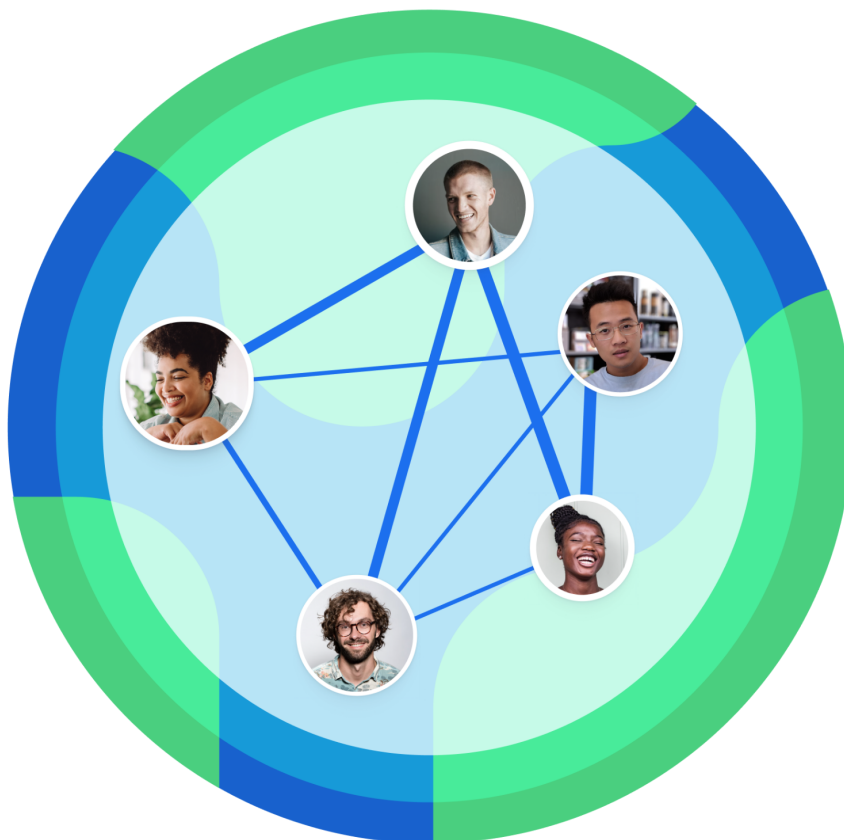




# Employee Engagement: The Problem We're All Ignoring

Two-thirds of the world is disengaged. The good news? We can fix it.



## Abstract:

In today's rapidly shifting workforce, organizations face unprecedented challenges in attracting, motivating, and retaining their workforce. [Gallup's 2023 State of the Workplace Report](#) found that globally, over half of employees are considering leaving their job, and most are disengaged.

The term "employee engagement" has become a buzzword in corporate circles, yet its true significance is often underestimated or misunderstood. This guide delves into the critical aspects of employee engagement that can help create connected, motivated, and high-performing teams. By exploring these drivers, we'll shed light on the challenge of employee disengagement and share solutions that can transform companies into winning workplaces.

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# Introduction

Employee engagement is more than just a trendy term; it's a key driver of organizational success.

Why? Employees who are engaged feel emotionally connected and committed to their organization. They go the extra mile and tend to be more collaborative, creative, and reliable. As a result, they are more likely to be productive and perform at a high level. Engaged employees also feel more workplace satisfaction, are inherently more motivated, and feel psychologically safe.

Finally, [engaged employees](#) are more likely to stay at their workplace for longer, which reduces turnover and its associated costs. Low-engagement teams experience turnover rates that are [18% to 43% higher](#) than highly engaged teams.

When comparing highly engaged teams to poorly engaged teams, Gallup found that teams had the following differences in business outcomes:

- 81% in absenteeism
- 58% in patient safety incidents (mortality and falls)
- 18% in turnover for high-turnover organizations
- 43% in turnover for low-turnover organizations
- 28% in shrinkage (theft)
- 64% in safety incidents (accidents)
- 41% in quality (defects)
- 10% in customer loyalty/engagement
- 18% in productivity (sales)
- 23% in profitability

Despite knowing its importance, employee engagement remains a challenge that many organizations fail to address adequately, if at all.



## Why is solving for employee engagement so hard?

Before we dive into solutions, it's important to note that if you're struggling with employee engagement, you're not alone. Employee engagement is a people problem, and people are complex. The workplace has also shifted at a rapid rate, and it's impossible to anticipate every new change and challenge.

That said, when businesses encounter people problems—be it attrition, [low morale](#), or lost productivity—HR teams and leaders often jump to reactive, band-aid solutions. These include:

- Improving perks, like a weekly lunch stipend
- Adding more social events to the calendar, like virtual happy hours
- Trying to mitigate burnout with a company-wide mental health day

While these efforts might have some short-term gains, they don't address core challenges that are leading to poor engagement. Employee engagement shouldn't be a bandaid for tumultuous times; it should be a constant in good times and bad. Leaders need to be invested in improving engagement, managers must play an active role in leading the charge for their teams, and there must be intentional and sustainable planning, measurement, and iteration along the way.

## The current state of employee engagement

In recent years, employee engagement has declined. The 2020 pandemic was a significant driver. (Remember [The Great Resignation](#)? Us too.)

Before we get to the state of engagement today, let's look at where it's been:

- **In 2021**, employee engagement in the U.S. experienced its first annual decrease in ten years—dropping from a workforce of 36% engaged employees in 2020 to 34%.
- Fast forward to **2022**, where only 32% of full- and part-time employees were engaged, and 18% were actively disengaged. Overall, active disengagement increased by four percentage points from 2020.

As for 2023? [Gallup's Workplace Report](#) found that over half of workers around the globe expressed some level of intent to leave their jobs. If that's not enough, the majority of the world's employees are "[quiet quitting](#)," which is simply a trendy word for being disengaged at work. 1 in 5 workers are "loud quitting," which means they're "actively disengaged" — vocalizing their dissatisfaction, increasing their absenteeism, and exhibiting a bad attitude that if left unchecked can infect the whole team

However, there is hope. Doubling down on solutions to increase engagement may seem like a monumental challenge, but it's attainable. The first step is agreeing to invest in solutions.

## 5 core ways to reengage your workforce

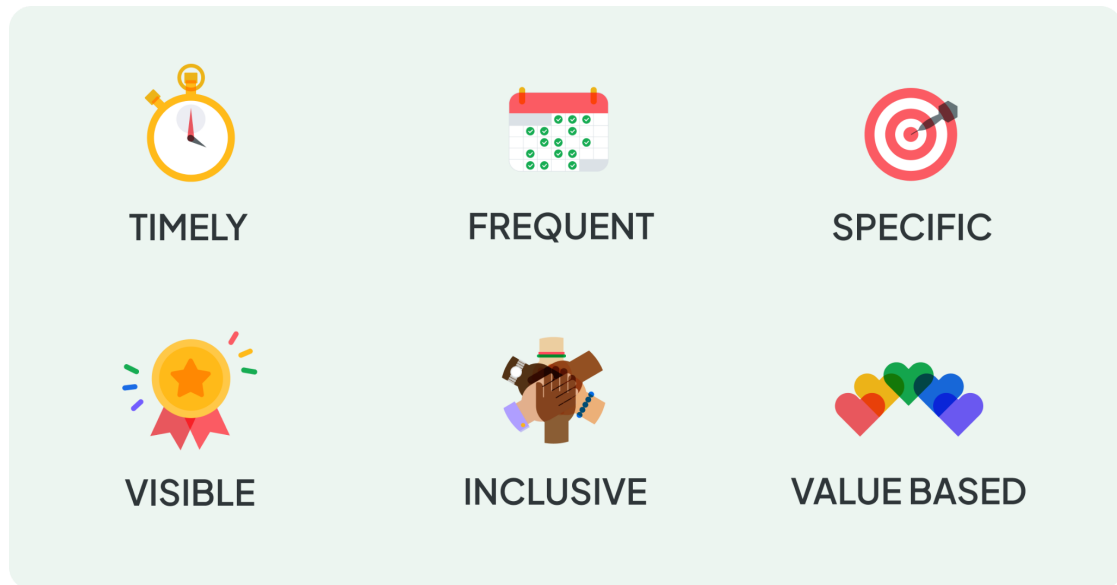
We don't think employee engagement can be solved overnight, but you can start today. Here are five meaningful ways to drive engaged teams.

### 1. Give effective recognition

Recognition is one of the easiest ways to bolster employee engagement. A heartfelt "thank you" or public acknowledgment of an employee's accomplishments can have a profound impact on their sense of worth and commitment. But you'll only reap the true benefits of employee recognition if you do it right.

[Effective recognition](#) not only validates one's efforts but also fosters a healthy, positive company culture. Organizations that prioritize meaningful recognition create an environment where individuals feel valued and appreciated, leading to increased morale and productivity.

It's both an art and a science to do recognition well, and it includes these essential components and best practices.



- **Timely:** Effective recognition happens in the moment or shortly after; keeping it timely means employees don't think their hard work was ignored or forgotten. It's more meaningful to receive recognition when the feeling of accomplishment is still fresh.
- **Frequent:** Recognition also needs to be frequent to make the greatest impact. Employees who do not feel adequately recognized are 2x likely to quit versus someone who is regularly recognized. [Gallup says](#) weekly recognition, at a minimum, is best.
- **Specific:** Giving someone a smile and saying, "Good work—keep it up!" is, technically, recognition. But the most memorable and motivating recognition comes with very specific and clear praise. Specific recognition feels more authentic because it shows you are paying attention, and recognition that feels authentic is powerful.
- **Visible:** Ensuring recognition is visible can mean sharing wins and shoutouts on your internal social media, or even external platforms when it's relevant. It can mean acknowledging wins in town halls or all hands meetings, or in a small team meeting. Or it can mean sharing however your organization finds effective, and [how your recognized employee prefers](#).
- **Inclusive:** If you're mostly recognizing the same group of people or the same narrow set of accomplishments over and over again, it can actually be discouraging to

employees who don't fit into those groups. Try encouraging managers to highlight a broader range of wins and hard work. Regularly review your recognition program to ensure it's not turning into a popularity contest. The other key piece of recognition inclusivity is ensuring sure the language used to recognize isn't biased or potentially offensive.

- **Values-based:** Effective recognition aligns the work that you recognize with what your organization values, not merely financial results or external praise. When designing your recognition program, be sure that your company values are central, not an afterthought.

When employees are recognized regularly, they are [nearly three times more likely to be highly engaged](#). You can facilitate recognition manually, but it's time-intensive, expensive, hard to scale, and impossible to measure. It's no surprise that we believe in the power of recognition platforms that can enable your entire organization to amplify daily wins, foster authentic connections, and automate recognition and rewards administration. Plus, rewards and recognition software can integrate with existing tools and even manage work anniversary bonuses.

We believe Bonusly is the best investment you can make to improve engagement—[and your bottom line to boot](#).

**See Bonusly  
in action**

Learn more about building high-performing, motivated teams.

[Request a demo](#)

## 2. Align values to daily work

Effective recognition should [align with company values](#), but it doesn't stop there. Company culture is the collective embodiment of an organization's values, norms, and behaviors. An engaging company culture aligns these elements with the daily employee experience.

When employees identify with their company's values and feel that they are part of a shared mission, their work takes on a deeper meaning. An engaging culture not only attracts like-minded individuals but also fosters a sense of pride and belonging.

Values should be integrated into every employee-related process—from recruitment and onboarding to performance management, growth and development conversations, and even offboarding. Here's an example:

Say one of your [core company values](#) is honesty. This should show up at every point in the employee experience, including:

- Being upfront and transparent in the onboarding process about recent company challenges and success.
- Including a regular section for giving and receiving feedback in one-on-ones.
- Practicing radical candor in company All-Hands and AMAs, regular [stay interviews](#), and during performance conversations.
- Adding an #honesty hashtag to your recognition platform—showing that the company appreciates folks who show up to work authentically.

How do core values link back to employee engagement? Remember: Engagement is a measure of how committed and energized employees are in their approach to work. Effective core values can increase engagement by creating a workplace culture built on principles that employees believe in, resulting in more fulfilling work.

### 3. Build belonging and psychological safety

Creating a sense of belonging is a powerful way to enhance employee engagement. When employees feel that they belong, they are more likely to share ideas, collaborate, and take risks. Social belonging is a fundamental human need, and that need doesn't only persist in our personal lives. It's [hardwired](#) into our DNA, and we need to feel a strong sense of belonging at work.

In 2022, SHRM found that [8 out of 10 employees felt lonely at work](#), and the result has been [lower organizational commitment and engagement](#). Here are a few ways to build belonging into your business:



1. Encourage [teamwork and collaboration](#).
2. Ensure your [DEI initiatives](#) are genuine and woven into your company culture.
3. [Appreciate the employee](#) for the unique value they bring to the organization, and regularly recognize them for their hard work.
4. [Instill intentional moments of fun](#) and connection into the workday.
5. Ensure performance reviews and compensation increases are equitable and consistent.
6. Make sure your recognition program avoids favoritism.
7. Prioritize belonging from day by building out an onboarding process that facilitates connection between the new hire and tenured employees. Take care to explain the workplace culture and inside jokes to the new hire and designate an onboarding buddy to serve as a guide to help the new hire navigate the unfamiliar culture.

Moreover, psychological safety—the assurance that one can express oneself without fear of getting in trouble—is a crucial underpinning of belonging.

Amy Edmonson, professor at the Harvard Business School and a leading researcher on [team performance and psychological safety](#), explains: “What [psychological safety is] about is candor; what it’s about is being direct, taking risks, being willing to say, ‘I screwed that up.’ Being willing to ask for help when you’re in over your head.”

Organizations that prioritize creating a psychologically safe environment encourage open communication and innovation, ultimately leading to higher engagement levels. [According to Gallup](#), by increasing the number of employees who feel that their opinions and ideas are valued by their coworkers and managers from 3 in 10 to 6 in 10, organizations “could realize a 27% reduction in turnover, a 40% reduction in safety incidents and a 12% increase in productivity.”

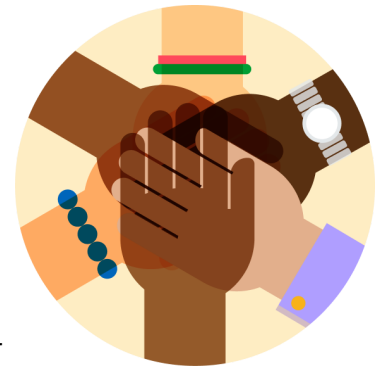
An effective way to create psychological safety is to ensure your workspace is a *safe space*. Consider these steps to get started:

- **Enable employees to get to know one another.** And not just on a surface level. Find out about an employee’s values, hopes, dreams, fears, and ambitions. Ask about what they love about their work and what would they change. You can’t create psychological safety without mutual trust—and we don’t trust people we don’t know!

- **Set expectations.** Make sure everyone understands that openness and honesty are welcome at work, yet everyone is allowed to set their own personal boundaries, too.
- **Show vulnerability.** We're all human. Show your humanity and you'll be surprised how quickly teammates will reciprocate.
- **Keep communicating.** Give and get feedback. Ask people how they are feeling at work. You're creating and maintaining a culture, and you should be frequently communicating around it!

## 4. Connect and collaborate

Humans are inherently social beings; we thrive on connections. Organizations that facilitate strong relationships among employees not only cultivate a sense of camaraderie but also enable more effective collaboration and [break down silos](#). When employees feel a sense of unity with their colleagues, they are more likely to work together seamlessly, share knowledge, and support each other's growth. These connections not only enhance engagement but also contribute to increased creativity and problem-solving.



Having strong relationships and great friends at work is critical for building and sustaining engagement, too. [Recent Gallup data](#) stated that having a best friend at work is strongly correlated with engagement, safety, retention, and business outcomes. When 60% of employees in a company have a work best friend, safety incidents decreased by 36%, customer engagement increased by 7%, and profits increased by 12%. [Innovation and creativity](#) at work also increased.

**Here are a few reasons why:**

- **Friendship provides support and safety:** Friends at work provide a unique form of social support. They become confidants in difficult times, whether it's stress regarding a complex project or a personal challenge at home.
- **Relationships foster collaboration:** Collaboration is no longer confined to teams alone. Authentic connections at work provide a unique type of teamwork, fueling honest discussions, productive brainstorming, and constructive critiques.

- **Friends spark motivation and solidarity:** Friends in the workplace are motivators! Their encouragement and camaraderie act as positive fuel that can enhance morale and foster commitment to projects and objectives.
- **Companionship enables work–life balance:** Positive interactions with co-workers are a great and easy way to inject positivity into work. Teammates who can hop on a quick Zoom chat or tell you about their day over Slack provide an opportunity to refresh and recharge. This helps reduce work-related stress and promote overall well-being.
- **Friends reduce stress:** Friendships, no matter where they are formed, alleviate stress. Strong bonds at work provide an outlet for discussing challenges, making collaboration more fun, and, in turn, elevating engagement levels.

## 5. Appreciate the whole person

Recognition extends beyond acknowledging professional achievements; it encompasses valuing the whole person. Employees are not just their job titles; they are multifaceted individuals with personal lives, passions, and aspirations.

In order for employees to do their best work, they can't be treated like coin-operated machines. The best approach companies can take is to appreciate the whole person who shows up to the physical or virtual office each day. In fact, [a 2022 Bonusly study](#) unveiled that half of American workers in the last five years have left a job because they felt unappreciated.

This holistic approach to appreciation contributes to a sense of loyalty and commitment that transcends mere job duties.

So, what does appreciating an employee look like? Here are some examples:

- Recognizing an employee's efforts, their personality qualities, and their individualism—not just their work output.
- [Creating a flexible work environment](#) so employees can get quality work done in a way that best suits their needs.
- Being inclusive—from [recognizing a wide range of holidays](#) to using gender-inclusive language and giving all employees autonomy in their roles.

- Compensating employees for what they are truly worth, and having a transparent [compensation philosophy](#).
- Celebrating personal milestones in employees' lives, where appropriate, like birthdays, new pets, and weddings, to encourage them to bring their whole selves to work.
- Encouraging employees to take time off to relax and rejuvenate so they can bring their best selves (and best work) to the company.

When employees feel appreciated, they are more likely to feel committed to their employer and excited by the work.

Over 96% of our customers say Bonusly influences a culture of appreciation on their teams. **[Get started with Bonusly today!](#)**

## The business case for employee engagement

If we haven't driven our point home yet, we'll do it once more: investing in employee engagement is critical to business success. Globally, businesses lose up to [\\$7.8 trillion](#) in lost productivity due to employee disengagement. When employees aren't motivated, the amount of time and effort they're willing to invest in their day-to-day work declines—negatively impacting all areas of your business.

[Investing in employee engagement](#) isn't just a feel-good endeavor; it has tangible benefits for businesses. Engaged employees are:

- More likely to stay with the company, reducing turnover costs.
- More productive, leading to increased profitability.
- Advocates for the company, promoting its brand and attracting top talent.

Moreover, an engaging work environment fosters innovation and adaptability, crucial traits in today's dynamic marketplace.

Gallup performed a meta-analysis of over 112,000 businesses and uncovered that organizations scoring in the top 25% for employee engagement experienced these benefits compared to the bottom 25%:

- 10% greater customer loyalty and engagement
- 23% higher profitability
- 18% more sales
- 14% greater employee productivity
- 18% less turnover for companies with historically high turnover (those with average annual turnover rates above 40%)
- 43% less turnover for companies with historically low turnover (those with average annual turnover rates at or below 40%)

Additionally, [Forbes notes](#) that companies with highly engaged teams outperform their competitors by 147%.

## The ROI of recognition

We've come full circle to employee recognition. Organizations with [recognition-rich cultures experience better retention rates](#) and, as a result, save a significant amount of money in lost productivity and recruiting costs when they lose fewer employees.

Regular recognition also increases employee engagement by up to 60% (based on third-party research and Bonusly customer surveys). Engaged employees are less likely to leave, [are more productive](#), and are more likely to apply discretionary effort for your organization and customers.

Investing in employee engagement through employee recognition is the best way to help you gain a competitive edge and achieve your business goals.

## 5 tools for employee engagement that Bonusly loves

Finally, we want to leave you with a few of our favorite tools that help pull levers on each of the engagement drivers above.

**1. Recognition: Bonusly**

It's no surprise that we believe [Bonusly](#) is the best investment you can make to improve engagement—[and your bottom line to boot](#). Most Bonusly customers come to us to help solve for low engagement, and the top benefit they receive is, not surprisingly, higher levels of engaged employees. [Try your free and fast demo of Bonusly today](#).

**2. Value alignment: Lattice**

[Lattice](#) is a people management platform we use at Bonusly, and it offers various ways to live our company values. From development conversations to one-on-one templates and a performance management tool, organizations can make sure their values are embedded into each product feature.

**3. Belonging and psychological safety: Mathison**

[Mathison](#) is a technology platform for DEI leaders that Bonusly loves. From their various trainings to a helpful Chrome extension that highlights bias, there are many tools that help teams create a more inclusive environment and build belonging at work.

**4. Connection and collaboration: Mural**

Lots of teams at Bonusly love [Mural](#), a shared digital canvas for better team collaboration. It's especially helpful for remote teams who don't have a meeting room and whiteboard to work together. We use it for brainstorming, planning, retros, and more.

**5. Appreciation: There's no single tool!**

There's no one product or tool that will foster a culture of appreciation on your team. Rather, leaders and employees alike must contribute and add to a positive company culture that celebrates every single individual who shows up to work.

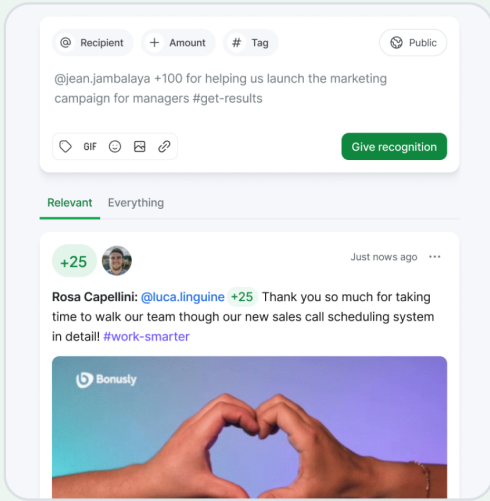


## The takeaway

Employee engagement isn't a luxury—it's a necessity for organizations aiming to thrive in the modern business landscape. The problem of disengagement is all too often ignored or inadequately addressed, leading to decreased morale, productivity, and overall company performance.

Recognizing and appreciating employees, fostering a meaningful company culture through lived values, nurturing a sense of belonging and psychological safety, and facilitating strong connections all play pivotal roles in enhancing engagement levels.

Organizations must recognize that their employees are their greatest assets, and investing in their engagement is an investment in business success. By valuing employees as individuals, aligning values with daily work, and fostering a culture of inclusivity and collaboration, organizations can unlock the true potential of their workforce and create workplaces that are productive, fulfilling, and inspiring. So let's shift the narrative and prioritize employee engagement as the cornerstone of organizational excellence. **It's a win-win for everyone involved.**



The image shows a screenshot of the Bonusly app interface. At the top, there's a form to give recognition with fields for Recipient, Amount, Tag, and a Public toggle. Below this is a post from @jean.jambalaya giving +100 to @luca.linguine for helping launch a marketing campaign. The interface includes a 'Give recognition' button, a 'Relevant' filter, and a feed of posts. A post from Rosa Capellini is visible, giving +25 to @luca.linguine for taking time to walk the team through a new sales call scheduling system. The feed also shows a video of hands forming a heart shape. To the right of the app screenshot, the text 'See Bonusly in action' is displayed in large, bold letters, followed by the text 'Learn more about building high-performing, motivated teams.' and a blue button labeled 'Request a demo'.

## See Bonusly in action

Learn more about building high-performing, motivated teams.

[Request a demo](#)