Study finds link between employee engagement and profit

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Consulting firm Towers Watson says it has found evidence that employers with a fully engaged workforce tend to have higher profit margins.

The firm’s study covered some 32,000 employees, including 1,000 in Canada. It found that about two-thirds of the Canadian employees surveyed weren’t “fully engaged” in their work and frustrated by the level of support they receive. And that wasn’t good for their employers either.

Towers Watson said companies that scored high in employee engagement also scored better in profit margins. In fact, it found that profit margins of such companies were about three times higher than those of low-scoring employers.

“When workers are not fully engaged, it leads to increased risk for employers,” says France Dufresne, leader of Towers Watson’s Talent and Rewards practice in Montreal. “It makes companies more vulnerable to lower productivity and higher inefficiency, greater rates of absenteeism and turnover and increased costs for chronic illnesses.”

Towers Watson, which advises its client companies on various human resources matters, said it has been known for years that there’s a link between workforce engagement and corporate performance. It says that the study, announced Wednesday, breaks new ground by measuring three factors that contribute to sustainable workforce engagement.

In addition to an employee’s willingness to give effort to the employer, Towers Watson also looks at the tools they have available to do the work efficiently and how well the work environment promotes a sense of well-being and energy.

According to the study, virtually all (95 per cent) of highly engaged Canadian employees believed that they had the work tools and resources they needed to achieve exceptional performance — compared to only 20 per cent of disengaged employees.

It says similar disparities appeared with regard to the ability to sustain energy throughout the work day (97 per cent versus 32 per cent), and sense of personal accomplishment at work (99 per cent versus 33 per cent).

However, only 38 per cent of the Canadian respondents believed their organization and senior leaders encouraged and supported a healthy workforce and just 39 per cent thought senior leaders were sincerely interested in their well-being.