

SIMPPLR

The cost of employee disengagement

Keep employees engaged during times of change



Contents

Introduction	2
The definition of employee engagement	3
Why employee engagement matters	4
Risks and causes of disengagement	6
The cost of disengagement	8
Recognizing a disengaged employee	8
Disengagement across the organization	9
What does employee disengagement actually cost?	10
Measuring employee disengagement and why it's important	12
Disengagement during times of change	15
Cultivate culture and belonging	17
Guidelines for employee engagement strategy	19
Outcomes of increased employee engagement	20
Executive Summary: Decide What Employee Engagement Looks Like	21

Introduction

Employee engagement brings mutual gain— if well-managed employees find themselves in good jobs, they are healthier, happier, and more fulfilled, consequently driving company innovation and productivity.

The definition of employee engagement

Employee engagement indicates the degree of commitment and enthusiasm people feel for their work. An engaged employee cares about their work and contributions to overall company performance. They are emotionally invested in their job, and the organization's mission and goals are integral to their career vision.

Employee engagement doesn't guarantee employee satisfaction, but the two often coexist. An employee might be content doing the bare minimum required but won't see the point of exercising discretionary effort, even if it's critical. But engagement does correlate with more favorable outcomes, as we'll detail here, starting with why it matters.



“Amid changes in workplaces and the economy, building an engaging workplace with great managers remains centrally important. During tough times, it predicts the resiliency of the workforce. During recovery times, with lower unemployment, it predicts the retention of star employees. During all times, engaging workplaces with great managers build an organizational reputation and employment brand.”

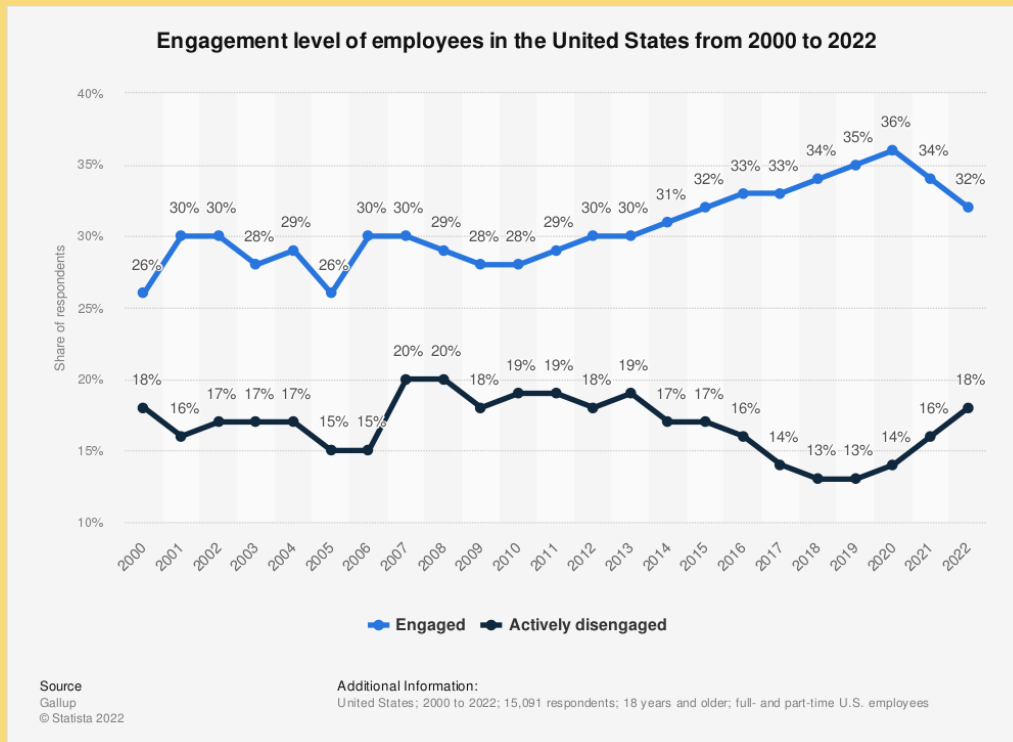
—Jim Harter, Ph.D., chief scientist for Gallup, 2022

Why employee engagement matters



Companies worldwide know that employee engagement matters. A recent State of the Sector 2022/2023 Report by Gallagher shared that “engaging people around purpose, strategy and values remains the number one priority for 51% of organizations regardless of size or geography.” And this has been the top result in the previous six editions of their report.

" Engaging people around purpose, strategy, and values remains the number one priority for 51% of organizations regardless of size or geography."



Feeling engaged at work matters for employees because this means they are motivated, fulfilled, and in all likelihood, healthier and happier. High levels of engagement typically drive performance as a result. And engaged workers tend to have a positive impact on company culture, employee retention, productivity, customer relations, and, consequently, revenue.

When employees become energized and more efficient through these engagements, they experience job satisfaction, which goes together with good mental health. This mental clarity contributes to efforts to go the extra mile. And this not only has a positive impact on the employee; it's infectious and spreads to colleagues and customer relations as well.

The opposite of engagement, of course, is disengagement, which comes with many alarming risks. And these risks are crucial to note as disengagement is on the rise. In fact, according to Statista, "the engagement of employees in the United States has been decreasing over the last number of years. While engagement peaked in 2020, at 36 percent, it has been trending downwards in the two years since then."

Risks and causes of disengagement

Large-scale disengagement leads to lower productivity in any organization. Absenteeism can result, along with employee turnover, and company culture can be badly affected by lowered morale. Here are some points worth considering regarding the risks and causes of employee disengagement:

- ✎ **Proper communication is critical.** If your company's internal communications are not up to par, you put employee engagement at risk. Nobody thrives in a job when they don't know what's going on, why they are working on a specific task, or whether they are aligned with company goals.
- ✎ **Mistrust in leadership** negatively affects employees because trust goes hand-in-hand with honesty. Lack of honesty breeds insecurity, adversely influencing how a person feels about their work environment.
- ✎ **Insufficient growth opportunities** cause employees who thrive on engagement to look elsewhere for work, and high rates of employee turnover could result.
- ✎ **Lack of resources** lowers rates of employee engagement because nobody can do a decent job when they don't have the correct tools and support.
- ✎ **Poor feedback and recognition** lower morale. If workers don't receive praise for commitment, know they are aligned with the company mission, or contribute to achieving company goals, employee retention could become problematic.
- ✎ **Work-life imbalance.** If wellbeing isn't prioritized in the workplace, employees find it difficult to fully engage with their work, and company culture could take a hit.
- ✎ **Inadequate compensation and benefits** show a lack of appreciation and awareness and will demotivate anyone. If compensation packages aren't competitive, workers will look elsewhere for employment.



And none of this is communicated appropriately without the right technology acting as the foundation. Unfortunately, as recognized in the Gallagher Report cited earlier, tech capabilities at most companies worldwide are far from ideal. Companies aren't investing in the right technology and are failing to meet employees where they are (activating the wrong channels):

“Channel satisfaction remains relatively low at 63%, with poor technology identified as one of the top five challenges. Less than half (46%) believe their organization does not invest enough in communication technology. . . Overall, the gap between the promise of digital innovation and the reality of the digital experience faced by employees continues to widen.”

And this disconnect leads to disengagement, which is incredibly costly in both the short and long-term.

The cost of disengagement



Disengagement starts with unhappiness, frustration, or discontent at work. A disengaged employee puts minimum effort into a job they don't like and won't ever go beyond the level expected. These people are unlikely to be company ambassadors.

Recognizing a disengaged employee

Disengaged individuals show a general lack of interest in the work environment, are slow to complete tasks, and are easily distracted, often for prolonged periods. Output is minimal, and delays, errors, and missed deadlines become the norm.

A lack of enthusiasm and a negative attitude is evident. Absenteeism can be a problem, along with high attrition rates, if the negativity spreads to co-workers.

A disengaged employee won't enhance team efforts, and where someone is perceived not to be pulling their weight, conflict with colleagues and leaders can result. Disengaged workers lack respect for company values and can voice this in a way that negatively affects the motivation and morale of co-workers.

Disengagement across the organization

Looking at the broader concept of the company as a whole, one disengaged worker won't make much difference. If the correct processes are in place, much can be done to support this person and guide them to better opportunities and a brighter future. And interestingly, preventing disengagement isn't incredibly hard.

Workers crave recognition and the opportunity to share their creativity, ideas, and humor with others. It's ultimately beneficial for companies to create opportunities for this sort of sharing, and somewhat surprising that it continues to be overlooked.

Do you feel your organization's culture enables you to...

	Frequently	Sometimes	Rarely
Have a say in what gets communicated and how	45%	43%	12%
Trial new tactics and approaches	36%	50%	14%
Inject more "personality" into communications	35%	51%	14%
Use creativity and humor	26%	56%	18%

However, if employee disengagement takes hold, this creates serious problems and challenges on several organizational levels.

- ✎ If a disengaged worker puts in minimum effort, there is plenty of time to wander about the workplace and express their feelings about job dissatisfaction. Colleagues who feel the slightest bit insecure regarding their jobs might take this negativity to heart, become demotivated, and cause a drop in productivity.
- ✎ Where disengagement spreads within an organization, delays, errors, and missed deadlines occur, resulting in reduced productivity and lower profitability.
- ✎ A single disengaged worker can communicate a lack of commitment to many customers, hurting the company's reputation and bottom line as customers look elsewhere for better service. Where many disengaged workers are involved, the problem is much bigger, and more customers will be affected.
- ✎ When many employees become disengaged, they could look elsewhere for work, increasing recruitment and onboarding costs as replacements are sought.
- ✎ Disengaged team members disrupt collaboration and hamper progress, which can have a knock-on effect and spread to other teams within the organization, eventually affecting the bottom line.
- ✎ If employees become disillusioned by disengaged colleagues, low morale will spread, and even the healthiest company cultures will be damaged.

What does employee disengagement actually cost?



The effect on employee morale and the emotional costs of employee disengagement represents one side, but what about the monetary costs? How much do disengaged employees cost a company?

In a [2022 study](#), Gallup estimates that employee disengagement costs the world \$7.8 trillion in lost productivity, which is equal to 11% of global GDP.

" Employee disengagement costs \$7.8 trillion in lost productivity globally, equal to 11% of global GDP".

— Gallup



In the State of the Global Workspace: 2022 Report, twenty-one percent of workers are reported as “engaged,” which is 1% down in 2021. Only 33% consider themselves to be thriving when it comes to rating their overall well-being.

Alarmingly, this leaves us with this truth: 79% of people feel disengaged in the workplace, while 67% feel they are not experiencing sufficient levels of wellbeing.

Every company, organization, and workforce is different, but generally speaking, a disengaged worker can cost a company around 18% of their annual salary in lost productivity. To put this into perspective, in a company of 1000 employees earning an average yearly salary of \$50,000, where only 21% are engaged, the loss could stand at over \$7 million annually.

"79% of people feel disengaged in the workplace, while 67% feel they are not experiencing sufficient levels of well-being".

— State of the Global Workspace: 2022 Report

Measuring employee disengagement and why it's important



Surveys are an excellent initial method of measuring disengagement, and if these are submitted anonymously, so much the better! This won't pinpoint disengaged individuals but rather identify areas where support and change are needed. Group sessions and face-to-face interviews by neutral parties can be organized once the results of the surveys are known.

For the surveys, design questions suitable to your particular work environment and ask for a rating of 0–10 on the issues presented. See the following examples for ideas of what might be included:

1

Ambassadorship

- ↳ Would you recommend a job in this company to a friend or family member?
- ↳ Do you feel pride working for this company?
- ↳ Do you believe in the company's mission?

2

Happiness, health, and well-being

- ↳ Does your job enable a healthy lifestyle?
- ↳ How stressful is your workload?
- ↳ How would you rate your work-life balance?
- ↳ Do you enjoy coming to work?
- ↳ Do you feel appreciated?

3

Job satisfaction

- ↳ Are your responsibilities clear?
- ↳ Do your responsibilities and challenges satisfy you?
- ↳ Do you have the freedom to make decisions independently?
- ↳ How would you rate your overall job satisfaction?
- ↳ Does company culture reflect what's going on in the workplace?

4

Career opportunities

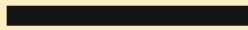
- ↳ How would you rate opportunities for personal education and growth?
- ↳ How would you rate opportunities for career development?

5

Relationships with colleagues

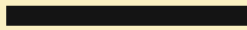
- ↳ How good is your working relationship with peers?
- ↳ Do you feel your manager cares about your well-being?
- ↳ Rate the levels of assistance and support from managers
- ↳ Rate the levels of trust and transparency in the workplace

6

**Compensation
and recognition**

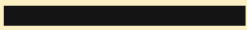
- ↘ Do you consider yourself to be fairly paid?
- ↘ Rate your benefits package
- ↘ Are you recognized and rewarded beyond your paycheck?

7

**Communication**

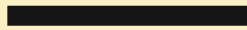
- ↘ How easy is it to communicate with leaders?
- ↘ Do you receive regular feedback?
- ↘ Do you receive regular information about company policy, progress, and events?
- ↘ Do you receive communication through the correct channels when and where you need it?
- ↘ Are communications consistent, clear, and relevant?
- ↘ How would you rate the internal communications program?

8

**Flexibility**

- ↘ Are you able to work the hours that suit you?
- ↘ Can you work remotely, WFH, in a hybrid system, or on-site, depending on what suits you?

9

**Resources**

- ↘ Do you have the correct equipment, tools, IT, resources, and whatever you need to do your everyday job effectively?
- ↘ Do you have support from management, team leaders, HR, and others to do your everyday job effectively?

Disengagement during times of change



Disengaged individuals resist change in the workplace, so leaders must recognize the importance of engagement during the process and monitor and manage this accordingly.

Leadership often focuses on external factors such as geopolitical issues, market fluctuations, natural disasters, and crisis situations that force change, even though there is very little one can do about these. If internal issues affected by uncontrollable external changes are ignored or mismanaged, disengagement is certain.

The benefits of change are difficult to deliver if disengaged employees show resistance. Low morale leads to low productivity, and in the upheaval of change, inefficiencies and poor customer experiences damage the company's reputation and brand.

"Often, leadership focuses on external factors that they can't change while ignoring or mismanaging internal impacts and disengagement results."



High rates of employee turnover may result as disengaged employees unsettle their co-workers and influence them to look to a competitor for work.

Although some employees feel happy about the change, others feel shocked, upset, threatened, insecure, rejected, and even angry, and these emotions do not inspire a positive attitude toward change.

The best thing leaders can do is encourage two-way, regular, open communications and be completely honest about what the change entails and whether it will be tough—and how! Be honest if you don't know all the answers. Invite feedback and stress that the organization is there to support employees.

If employees feel heard and everyone works toward the right goals, they can own the change without resistance.

The key takeaway here is that employee disengagement—however and whenever it is caused—requires swift, decisive action. There's no time lapse once disengagement sets in, and as soon as it does, stress levels rise in the workplace.

A disengaged employee works less and therefore places more pressure on co-workers and will cause some of them to feel disturbed and insecure. Individuals become distracted, teams no longer align, and performance drops. Customer dissatisfaction soon follows, and the company brand and reputation are harmed.

Discovering the levels of disengagement in an organization is no fun at all, but it must be considered a matter of urgency. There is a high cost to doing nothing in the face of employee disengagement.

"Employee disengagement—however and whenever it is caused—requires swift, decisive action."

Cultivate culture and belonging



A healthy company culture works wonders for engagement, and job seekers today will often rate company culture and compensation equally. And a big part of that culture is cultivating a sense of belonging.

Harvard Business Review developed a quantifiable definition of what it means to feel like one belongs at work. It involves having a strong sense of being:

1

Seen for our unique contributions

3

Supported in our daily work and career development

2

Connected to our coworkers

4

Proud of our organization's values and purpose



Engaged employees who feel like they belong at a company ultimately collaborate well. They're part of a cohesive company culture where people want to stay and contribute their best work.

Here are some ways to show employees they belong and are an integral part of the big organizational picture.

- ↘ Anchor employees to the purpose, strategy, and values of the company through quality internal communications on a modern intranet. And use it to forge a more personalized connection.
- ↘ Remember that engagement involves emotion, and human instinct is essential to acknowledge within an organization.
- ↘ Create a foundation for a meaningful employee experience by reiterating the why. Why they are doing their jobs and why they matter.
- ↘ Find new ways to engage employees in real-time at any location through any channel to keep communications energetic, fresh, and relevant.
- ↘ Offer the relevant resources, equipment, tools, technology, and support giving employees confidence and the ability to do their jobs in the best possible way.
- ↘ Develop an interactive employee engagement strategy that strengthens company culture.

Guidelines for employee engagement strategy

Every workforce is different, just as every employee is unique. Consequently, levels of engagement and disengagement will differ across sectors and individuals.

The focus of a tailor-made strategy will depend on the type of workforce it is aimed at and the specific issues affecting the company. Still, it should include the following as a starting point:

- 1 Build trust between leadership and workers
- 2 Pay attention to team alignment
- 3 Maintain a flexible workplace
- 4 Recognize and reward employees
- 5 Prioritize employee well-being
- 6 Encourage employee development and creativity
- 7 Empower employees in their jobs
- 8 Communicate well—meaning consistently and clearly

It helps, too, to create an employee engagement team within the workforce so people feel they are contributing to employee engagement issues directly and equally.


Outcomes of increased employee engagement

With the rise of the culture of belonging, communication plays an indispensable role in providing data to measure employee engagement but measuring this data is another matter.

Communication isn't just a question of sending and receiving messages—we need to know the reach of those messages and, more importantly, the outcomes. It's important to use the collected data for the right reasons. A data-driven framework will provide relevant measurements, and assessments can then be made to calculate what further data could be collected with more or improved technology.

With respect to business value for internal communications leaders, higher employee engagement means better business outcomes. Bear in mind that leaders increasingly rely on internal communications managers to drive this; therefore, the right technology to increase engagement and measure progress is vital.

Gathering data on increased employee outcomes is time-consuming but worth it and shouldn't be delayed. Start however you can with whatever you have, and build from there.



" Having the right technology to increase engagement and measure progress is vital."

Executive Summary: Decide What Employee Engagement Looks Like



Employee engagement indicates the degree to which an individual cares about their job and contribution to the company. It matters because engaged employees are happier, more motivated, and, therefore, more productive than their disengaged counterparts.

Disengagement leads to lower morale, decreased productivity, absenteeism, and high employee turnover rates.

Poor communications contribute to disengagement and mistrust. And they typically accompany a lack of career opportunities, inadequate resources, poor recognition and work-life imbalance, and low compensation.

A disengaged employee tends to be disinterested in work and shows a negative attitude which impairs teamwork and co-worker relationships.

One disengaged employee can spread disruption quickly through a department or organization and needs to be counseled immediately. This prevents colleagues from being made to feel insecure, halts a drop in productivity, and prevents damage to customer relations and the brand.

Aside from moral and emotional costs associated with disengagement, there are monetary ones too. A drop in productivity is costly, along with recruiting and onboarding new employees.

The use of correct technology to measure levels of engagement is crucial to discover whether employees are good ambassadors for the company, are happy and satisfied in their jobs, see a bright work future, and have healthy relationships with co-workers.

Data gathered can also gauge:

- ↘ Whether compensation is competitive and fair.
- ↘ If a flexible work environment is fostered.
- ↘ Whether resources are sufficient for day-to-day work to be done the best way possible.
- ↘ And the effectiveness of internal communications overall.

Times of organizational change are disruptive, and engagement must be meticulously managed during these periods. Where employees resist change, swift action must be taken to prevent a knock-on effect which can end in disengagement.

Creating a company culture of belonging is vital to implementing a robust internal communication strategy as a starting point. Engaged employees will collaborate well through this and drive productivity, and the associated sense of belonging will allow them to understand why and how their jobs matter.

A well-communicated engagement strategy, supported by HR and IT professionals, helps build trust, aligns teams, empowers employees, maintains a flexible work environment, recognizes and rewards star performers, prioritizes well-being, and encourages education and development.

Using the best internal communications systems supports in-depth employee engagement measurement and safeguards against disengagement outcomes. There is no downside to employee engagement—it ultimately gives you a competitive edge.

About Simpplr

Who we are

Simpplr is the modern intranet that transforms the work experience for all employees — wherever and however they work. Simpplr is the only platform that unifies employee engagement, enablement and services, leveraging state-of-the-art AI models to deliver a seamless, cohesive and personalized employee experience.

Trusted by over 700 global brands, including Moderna, Snowflake, Splunk, Penske, Eurostar and AAA, Simpplr customers achieve significant improvement in their employees' productivity, retention and overall satisfaction. Headquartered in Silicon Valley, CA, Simpplr is backed by Norwest Venture Partners, Sapphire Ventures, Salesforce Ventures, Tola Capital and Still Venture Capital. Learn more at simpplr.com

Benefits

- ↘ Designed for the way you work
- ↘ Ready to use in weeks, not months
- ↘ Built for business users
- ↘ Unified, engaging experience across mobile and the web
- ↘ Powerful integration
- ↘ Secure and scalable platform

Trusted By

