



How to Drive Employee Engagement in SMALL AND MID-SIZED BUSINESSES

Dale Carnegie Training®
White Paper

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People are a company's single greatest asset—period. While factors like innovative products, quality services and cutting edge strategies may contribute to success, none of these can be created or implemented properly without engaged employees. Research backs this up again and again. For instance, a Hay Group study found that companies with fully engaged employees produced 2.5 times as much revenue as companies struggling with low levels of engagement. Based on another survey, Gallup estimated that disengagement costs companies \$68 billion. On the flip side, engaged employees are more productive and save money. The latter is due not only to increased efficiency but also to better retention rates. Only one out of four engaged employees would jump ship to a competitor for a five-percent salary increase—compared to 74 percent of disengaged workers. Bottom line? If you can engage every one of your employees, you simply cannot lose. If you have disengaged employees, it is all but impossible to ever win.

Dale Carnegie Training and MSW/ARS Research have conducted a series of studies on employee engagement. In 2012, they focused on large companies, followed by the release of a study specifically looking at the banking industry a year later. Then, in August 2013, they turned their attention to small businesses, with the objective of determining how organizations with less than 1,000 people can keep their employees engaged. How do they keep people happy and motivated without the expected career path and compensation increases available at their larger counterparts?

Dale Carnegie Training and MSW/ARS spoke to employees, asking them:

How well are they engaged with their company?

What makes them engaged—and what could make them more engaged than they are now?

Dale Carnegie Training and MSW/ARS also spoke to the employers, asking them:

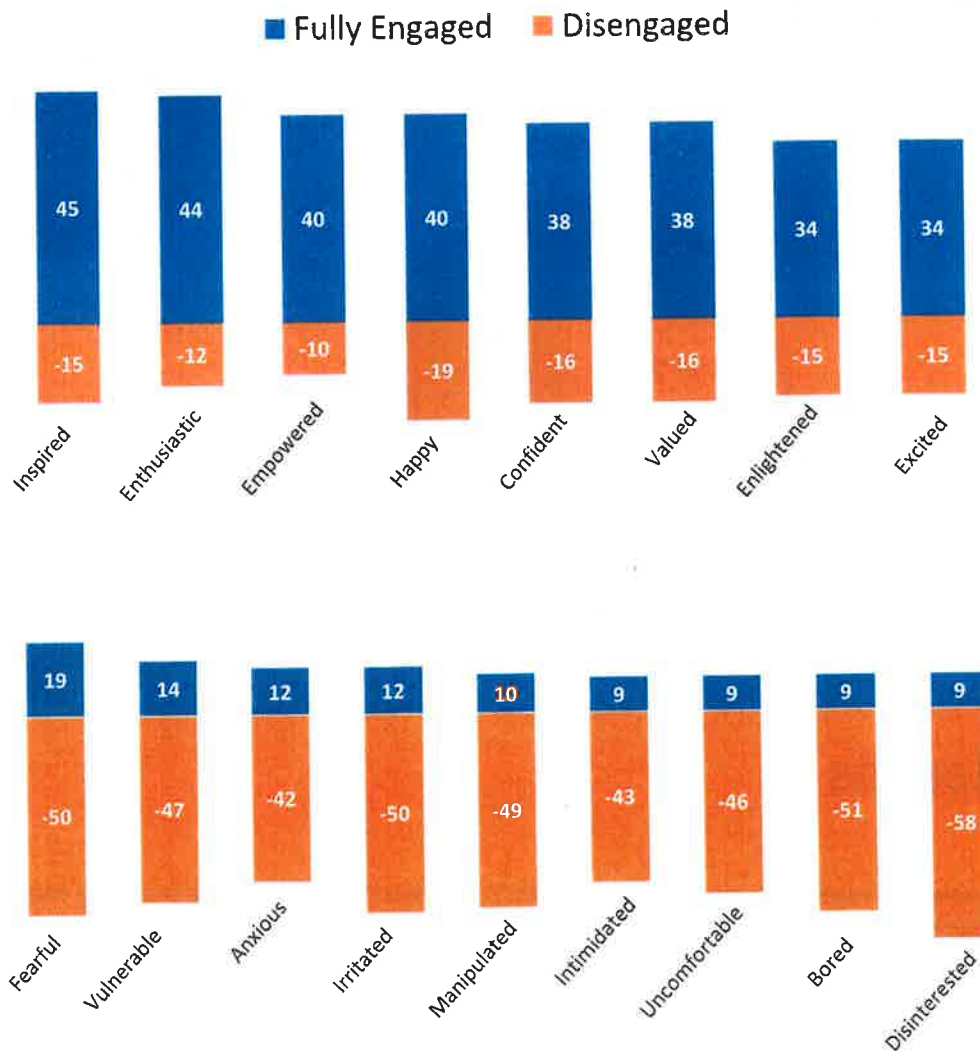
How do they engage their employees?

What is important to engage their employees?

How do they retain their employees?

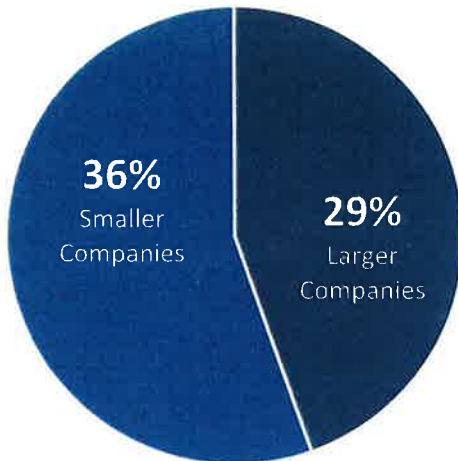
Engagement and Its Significance

Dale Carnegie Training defines engagement as winning the hearts and minds of employees and helping them believe in—not just understand—what they're doing. Actively engaged employees believe in their company's mission and are loyal to their employer, and they promote that feeling among their peers. Disengaged employees do what they're told to do and go home—or leave for greener pastures (usually meaning more money) when an opportunity appears. Actively disengaged employees can act as a poison, undermining the good works of others, encouraging distrust and spreading negativity. This not only lowers efficiency but also increases turnover—meaning that in many cases, small levels of engagement can cost companies big sums of money. Below is a chart that illustrates the emotional attributes that engaged and disengaged employees feel in their workplaces and towards their managers.

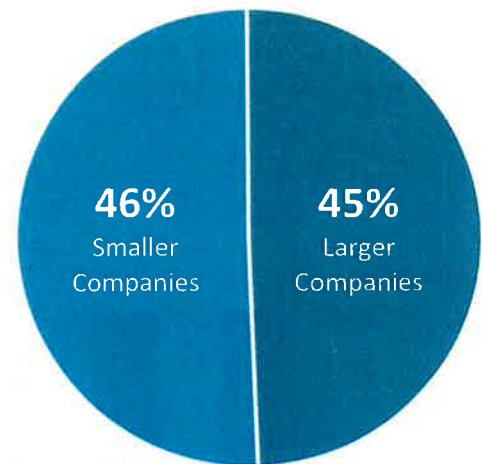


OVERALL, **SMALL BUSINESSES** HAVE MODERATELY MORE ENGAGED EMPLOYEES

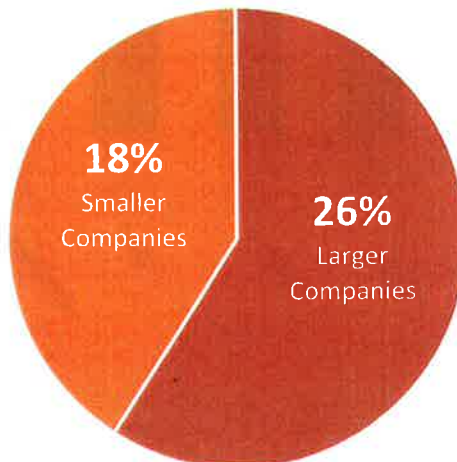
Fully Engaged



Partially Engaged



Disengaged



Basic Results

Overall, small businesses have moderately more engaged employees than their bigger business counterparts. Thirty-six percent of small business employees said they are fully engaged, while only 29 percent of larger business employees did. (Twenty-six percent of the former compared to 18 percent of the latter said they are fully disengaged). In other words, being a bigger fish in a smaller pond tends to make people happier with their work. There appear to be no major differences among demographics like gender or position at the company.

Emotional Attributes – Larger vs. Smaller Companies

At larger companies, research has shown engagement to be directly related to a person's relationship with his or her immediate supervisor and how he or she feels about the leadership. (See Chart A.) But at a smaller company, this study found that the "me factor" is important to the employee—having a direct impact on results and being personally important to the company. Refer to the emotional attribute chart below.

People working for smaller businesses want to be trusted to do their jobs with limited oversight, receiving help when they ask for it (but only then). They also want to be valued and have management who is honest with them. Unlike in larger companies, where they want to see their career advanced and their income increased, the employees of smaller businesses place a greater emphasis on doing work that is varied and interesting; they want to feel connected to the company.

CHART A:

A good supervisor makes people feel valued; this leads to **Confidence, Empowerment, Enthusiasm and Inspiration**, which in turn leads to Engagement. **Seventy percent** of all employees feel at least one of these five emotions, but only 12% feel three. Among this group, more than half are fully engaged in their organizations.

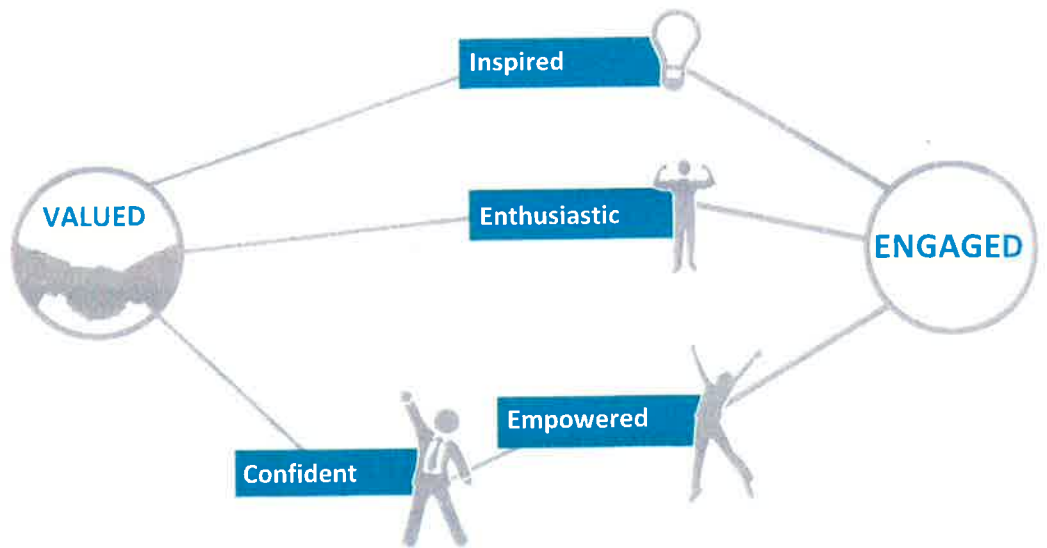
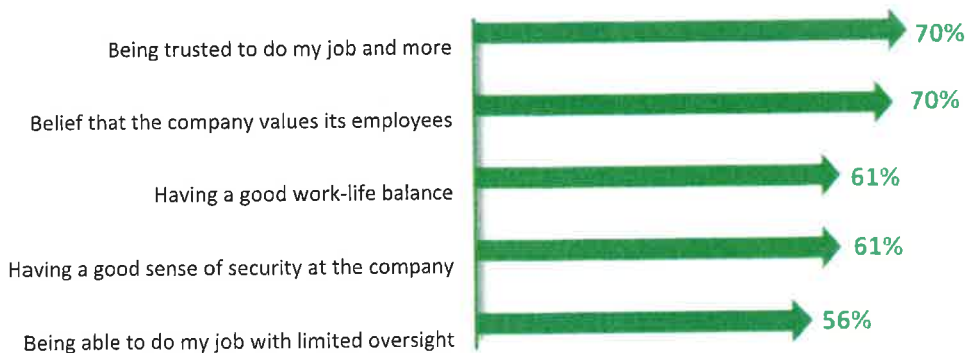


Chart B: Emotional Attributes



EMOTIONAL CATEGORY:

Employees want a work-life balance & to be able to do their jobs without their bosses looking over their shoulder and for their employers to communicate and to be honest.

Functional Attributes – Larger vs. Smaller Companies

There aren't huge differences in terms of engagement by gender, but those between 40 and 49 years old stand out as being more engaged than those between 50 and 60 years old. Also, those who earn between \$50,000 and \$99,000 are considerably more engaged than those making less than \$25,000.

*Researchers found that keys to engagement are both functional and emotional. Under the emotional category, employees want a work-life balance and to be able to do their jobs without their bosses looking over their shoulder (which makes flexible work schedules that promote a work-life balance possible) and for their employers to communicate—and be honest. On the functional side, receiving support when needed, viewing senior management as honest and having access to training programs for both technical and soft skills are deemed important.

Engaged Employees: Functional Attributes

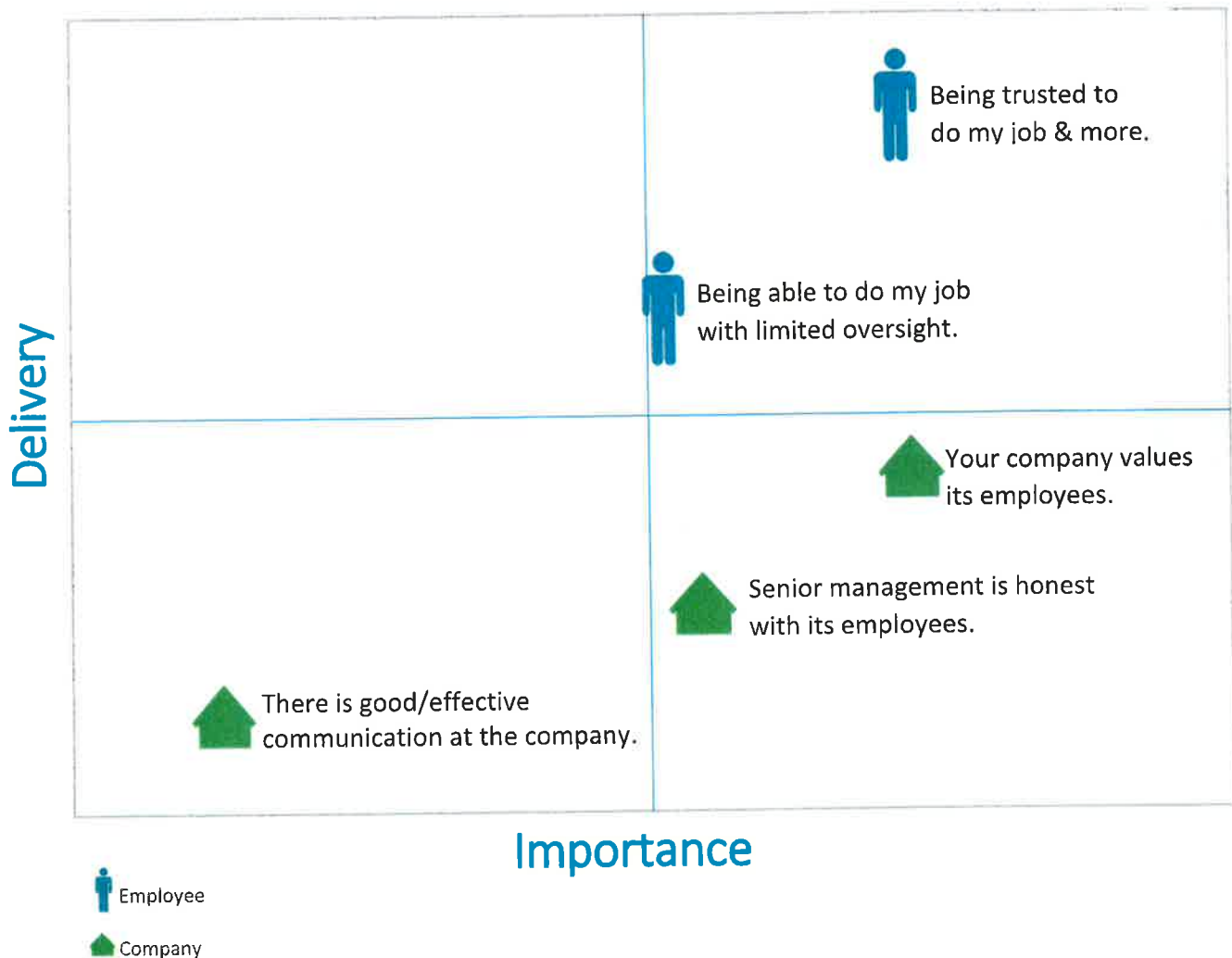




Disconnect Between What Employees Value and What Companies Deliver

There is a disconnect in what employees want and what employers think drives engagement. Employees want better communication from management, a good work environment, challenges on the job, to be trained, to work without being micromanaged, a life-work balance and to be “more than just a name.”

On the other hand, employers think incentives/perks and communication are the most important things to their employees. Clearly, communication not only works both ways but is important to both parties. But employers overemphasize raises. This is a positive thing for small businesses, considering many simply can't give raises regularly. Unfortunately, employers think they're more successful with engagement than their employees do—meaning many employers should be focusing on engagement more than they are.



Key Action Points



EMPOWER

Empower small business employees. Make them their own “unit” in which they are responsible for their work, feel encouraged to ask for help when they need it (to facilitate, maintain an open-door policy), but operate with greater levels of autonomy. As a result, they’ll be more efficient and invested in their work—and your company.



ENCOURAGE

Encourage enthusiasm by not only praising individuals but also by varying their responsibilities.



INSPIRE

Inspire people by communicating openly and having an authentic relationship with them. See them (and treat them) as valuable people with skills rather than people with valuable skills. Part of that is facilitating a work-life balance.



BUILD CONFIDENCE

Build confidence by trusting people to do the job you hired them to do. Give recognition with informal, non-monetary rewards, praise for good work, and job rotation (which is different from a promotion but can help provide career growth).



COMMUNICATE

Communicate the goals of the company and clearly define each employee’s role in reaching those goals. Using the technique of cascading goals (having your high-level executives define the corporate goals and having the rest of the employees model their goals based on these) can help solidify this connection. Well-executed corporate communication (possibly including check-in sessions, brainstorming meetings and/or company retreats) can help track both sets of goals (individual and corporate) and ensure they are aligned.

For more information on how Dale Carnegie Training can drive engagement in your organization, please visit www.dalecarnegie.com.