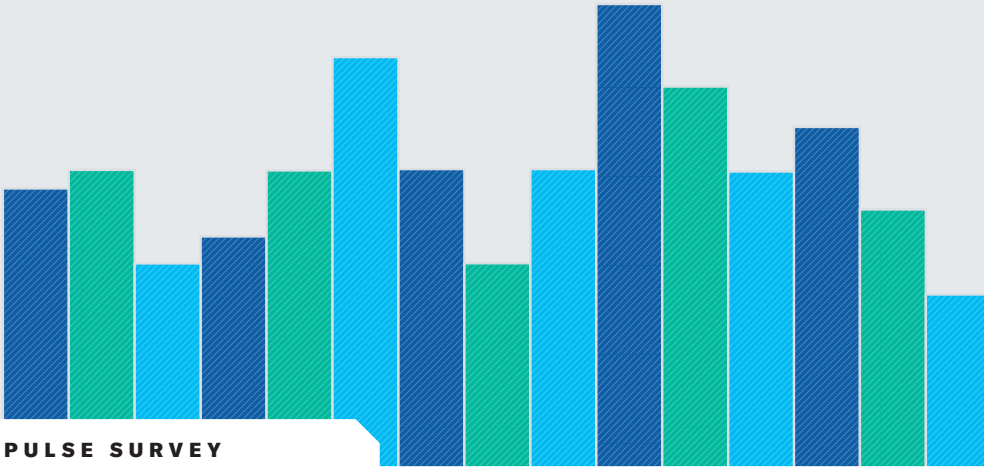




**Harvard
Business
Review**

ANALYTIC SERVICES



PULSE SURVEY

Technology's Make or Break Role in Employee Engagement



Sponsored by



SPONSOR PERSPECTIVE

As we work through these challenging times, business leaders worldwide are debating the future of work and employee engagement. In a digital age characterized by emerging technologies, the gap between the physical and digital workspace is getting thinner by the day. Technology has consistently paved the way for employees to perform their jobs effectively—from facilitating access to the work environment to expediting productivity, increasing the speed of business, and fundamentally changing the way organizations and their workforce interact and transact. Moreover, with younger employees entering the workforce, chief technology officers and chief information officers are expected to deliver consumer-grade experiences. The new age workforce has very little tolerance for archaic tools and prefers technology they can access anytime from anywhere.

The way businesses look at employee engagement principles will be the Rosetta Stone for high performance going forward. The new research from Harvard Business Review Analytic Services echoes this view. The study indicates that employee engagement is critical to an organization's success and a driver of productivity, loyalty, and customer satisfaction. Executives surveyed by Harvard Business Review Analytic Services widely agree that technology plays a critical role in factors that influence employee engagement, such as workers' happiness on the job and their commitment to staying with their employer.

Employee expectations for smart, easy-to-use technology are on the rise. Ninety-one percent of survey respondents say employees have higher expectations for technology to be easy to use than they had a decade ago, and 73% agree that younger workers have higher expectations than older workers. What's more, many workers now expect to be employed in an environment where technology plays a vital role in their ability to get work done. Sixty-six percent of survey respondents say employees increasingly expect technology to take over on the most repetitive aspects of their work.

Employee engagement has gone from being a luxury to being table stakes within organizations. There's never been a more critical time for companies to take another look at their employee engagement strategy. I encourage readers to use this report, sponsored by Freshworks Inc., to define, enable, and measure employee engagement as a primer to succeed in the new normal.

ABOUT FRESHWORKS

Freshworks provides innovative customer engagement software for businesses of all sizes, making it easy for teams to acquire, close, and keep their customers for life. Freshworks SaaS products provide a 360-degree view of the customer, are ready to go, easy to use, and offer quick return on investment. Headquartered in San Mateo, California, Freshworks employs 3,000+ team members who work in offices throughout the world. For more information, visit www.freshworks.com.



Arun Pattabhiraman
Global Vice President,
Growth & Marketing
Freshworks Inc.

Technology's Make or Break Role in Employee Engagement

Amid the ongoing spread of Covid-19, employee engagement has quickly morphed from nice-to-have luxury to table stakes. To achieve it, organizations must ensure that employees, including those working remotely, have the tools and technologies required to do their jobs without friction, whether that involves using videoconferencing tools to communicate online or productivity applications to capture and recreate the contextual knowledge typically found in an office setting. Either way, employers need employees to remain engaged in their work at a time when it would be easy to understand why they might not.

Ninety-two percent of nearly 400 executives surveyed by Harvard Business Review Analytic Services recently—but before governments put Covid-19 precautions into effect—say employee engagement is critical to their organization's success and a driver of productivity, loyalty, and customer satisfaction. And they list an array of valuable benefits from having an engaged workforce, including improved productivity and happier customers, clients, and workers. **FIGURE 1**

Given the many benefits of employee engagement, it is not surprising that 73% of executives say their leadership team has made it a high priority. Some 66% believe their workforce is, in fact, highly engaged—a high number, but one that still leaves room for improvement. Alas, the opportunity may be even greater. According to Gallup's State of the Global Workplace report, only 15% of workers say they are engaged in their work, a term the analytics and polling firm defines as being “involved in, enthusiastic about, and committed to their work and workplace.”

HIGHLIGHTS



92% of survey respondents say **employee engagement** is critical to their organization's success.



82% say **employees' happiness** on the job is significantly impacted by how well their workplace technology performs.



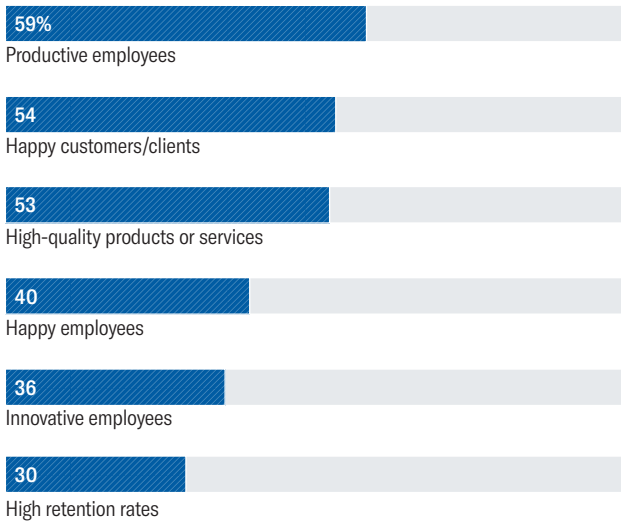
77% say good employees **will look for a new employer** if their current job does not provide the tools, technology, or information they need to do their job well.

FIGURE 1

Employers See Big Benefits from Employee Engagement

Engaged employees are more productive and better able to meet customer needs.

For your organization, what are the most valuable benefits of having an engaged workforce?



Source: Harvard Business Review Analytic Services Survey, March 2020

Defining Employee Engagement

It may seem as if there are as many definitions of employee engagement as there are employees, but employee relations executive Marcy Fetzer confirms that it revolves around employees harnessing their physical, emotional, and intellectual energy to create “discretionary effort” that goes “above and beyond the norm.” Katie Bailey, professor of work and employment at King’s Business School at King’s College London, adds that it also embodies the extent to which employees work hard, are absorbed in and dedicated to their job, and are persistent in finishing the tasks assigned to them. For employee engagement consultant John J. Oliver, it can be boiled down to asking exactly what “engaged employees” are engaged in. His answer: continuous improvement in the pursuit of competitive excellence, or, put another way, “utilizing 100% of their skills and talents toward improving the business.”

How do organizations get where they want to be? And what challenges stand in their way? The top hurdles to improving employee engagement, executives say, include poor or inconsistent communication of their organization’s strategy (cited by 38% of survey respondents), not having enough time to nurture engagement (34%), and leadership’s failure to prioritize engagement (32%).

John J. Oliver, an employee engagement consultant and former CEO of British manufacturer Leyland Trucks, where he was widely recognized for his turnaround results, contends that these leadership-related issues are the root cause of most companies’ engagement problems.

“Employee engagement, paradoxically, has nothing to do with employees,” Oliver says. “It’s all about creating a new leadership paradigm that enables employees to prosper intellectually and emotionally while contributing to the company’s success.”

After conducting employee engagement interventions at numerous companies in multiple sectors, Oliver says that where those organizations were not able to achieve their goals, the underlying obstruction was never the workforce. “The problem was, is, and ever will be, management,” Oliver says. “Very few managers ‘get’ employee engagement, or what it necessitates from them personally, 24/7. Ego, pride, tradition, or sheer laziness get in the way.”

An April 2020 survey by KPMG confirms that clear communications and empathy from leadership are important to making employees feel valued and engaged. But so, too, is access to the right resources, including software systems and technology, which employees need to do their jobs. That point was driven home in the weeks after the pandemic erupted in the U.S., as demand skyrocketed not just for personal protection equipment needed by health care workers but also for computer monitors, keyboards, webcams, and communications tools used by remote workers.

“Technology really can make or break employee engagement,” says Marcy Fetzer, managing director for employee relations at Brigham Young University, where she previously served as a professor of organizational behavior. “It’s either going to increase employees’ ability to be engaged in their work or make it difficult.”

Getting Engagement Right

The KPMG survey found that the majority of American workers felt more committed to their company amid the changes wrought by the Covid-19 pandemic than they did before the pandemic happened. But the survey also highlighted the importance of how employees perceive their place in the organization, as commitment levels varied dramatically based on the degree to which they felt valued. Among those who did feel valued by their organization, 94% said they were more committed. Among those who did not, the figure fell to 58%.¹



Ninety-one percent of executives say employees have higher expectations for technology to be easy to use than they had a decade ago.

Among the most important ways to drive engagement in an organization of any size, Oliver says, are reducing layers of management to empower employees closest to operations to make more decisions, and tasking frontline managers with engaging employees. “Delegating sole responsibility to support functions is the kiss of death,” he says. “Accountability has to lie with line management.”

Executives surveyed by Harvard Business Review Analytic Services seem to agree. Asked to identify the top drivers of employee engagement, their most common answer, cited by 45% of respondents, is to give employees a say in how their work gets done. Providing consistent and clear messaging about business strategy is the next-highest response (cited by 39%), followed by creating a healthy work environment that is both diverse and inclusive (38%). **FIGURE 2**

Academics also endorse the idea that responsibility for employee engagement extends to frontline management. And that starts not by mandating engagement, but by creating the conditions under which it can flourish. Often, that involves simple but powerful behaviors.

“The most surprising thing I’ve learned about employee engagement is how important it is for managers to say ‘good morning’ to people when they come into the office,” says Katie Bailey, professor of work and employment at King’s College London’s King’s Business School. “That sounds trivial, but it’s really important for people to feel they’ve been acknowledged and recognized at some basic level. It’s been surprising to me to see how many times people mention that, how often they say it doesn’t happen, and how easy it would be for line managers to do something about it.”

“The little things really do make a difference,” agrees BYU’s Fetzter. “Employees who feel their leaders care about them individually, value them for the unique contribution they bring to the team and the organization, and recognize and incentivize those contributions are much more likely to be engaged in their jobs.”

It is that idea, agrees William Castellano, professor of human resource management at Rutgers University and executive director of the New Jersey/New York Center for Employee Ownership, that helps to explain the truism that people join companies but leave managers. “You can have a company doing all sorts of great things to drive engagement, but if your manager is not sharing information with you and treating you with dignity and respect, it can negate everything else the company has done,” he says. It applies across hierarchical boundaries, he adds. “I’ve seen it with investment bankers,

with traders, with customer service representatives. It doesn’t differentiate by generation or position.”

Technology’s Role in Employee Engagement

While executives surveyed by Harvard Business Review Analytic Services do not directly cite technology as a top driver of employee engagement, they widely agree that it plays a critical role in factors that influence it, such as keeping workers happy on the job and committed to staying with their employer. Eighty-two percent of survey respondents say that employees’ happiness on the job is significantly impacted by how well their workplace technology performs. And nearly as many (77%) warn that good employees will consider looking for a new job if their current employer doesn’t

FIGURE 2

Information and Input Help Drive Employee Engagement

Employees appreciate knowing what’s expected and having a voice in how they work.

What factors play the biggest roles in creating an engaged workforce?



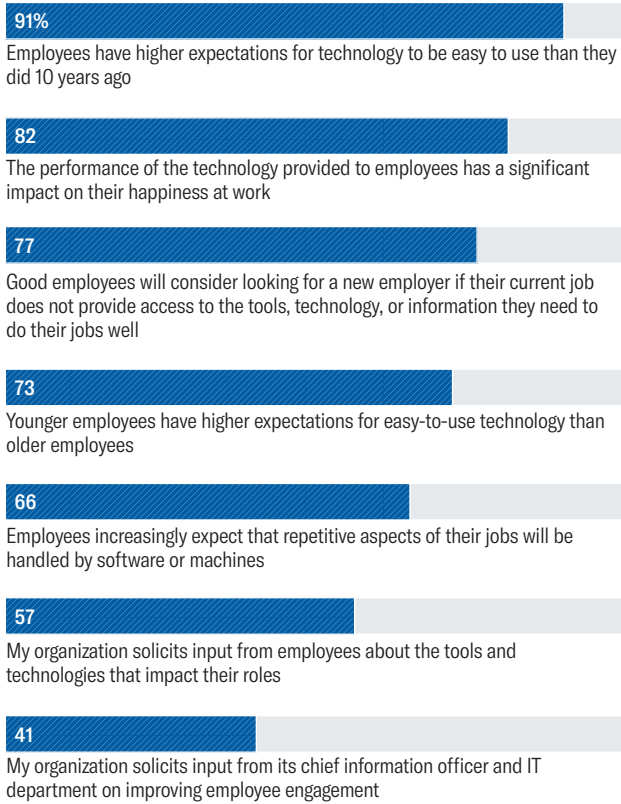
Source: Harvard Business Review Analytic Services Survey, March 2020

FIGURE 3

Employee Expectations for Technology Are Growing

Workers—especially younger ones—increasingly expect technology to be easy to use.

SOMEWHAT OR STRONGLY AGREE



Source: Harvard Business Review Analytic Services Survey, March 2020

provide access to the tools, technology, or information they need to do their job well.

In fact, employee expectations for smart, easy-to-use technology are growing. Ninety-one percent of survey respondents say employees have higher expectations for technology to be easy to use than they had a decade ago, and 73% agree that younger workers have higher expectations than older workers. What’s more, many workers now expect to be employed in an environment in which technology plays an important role in getting work done. Sixty-six percent of survey respondents say employees increasingly expect technology to take over on the most repetitive aspects of their work. **FIGURE 3**

“Younger people are very interested in working for organizations noted for using more cutting-edge technology,” says Castellano. “That’s kind of their expectation. That’s how

they’re used to doing their own work. It’s how they’re used to communicating. They look at it as a way to get their work done more efficiently and maybe redesign their jobs to make them more appealing.”

Not Just Any Technology, but the Right Technology

Seventy percent of executives say their organizations already provide employees with the tools and technology they need to do their jobs, and 57% say they solicit input from employees about the tools and technologies used. But that still leaves many organizations that do not garner worker feedback, and that failure could be compromising their efforts to engage employees in their work.

“Technology has an incredibly important role to play in engagement, but it’s not enough to have any old technology, you need to have the right technology,” explains King’s College London’s Bailey. “It absolutely has to be fit for purpose.” Rather than simply forcing employees to adapt to technology, Bailey suggests, organizations should make sure the technology they’re adopting works well for employees. “For that reason,” she says, “its selection has to be driven by the workers and what they’re trying to achieve.”

Some organizations are trying to do better. When asked what steps their organizations had recently taken or plan to take to improve employee engagement, 23% of survey respondents cite the introduction of new software applications chosen, at least in part, because of their ease of use. In addition, 35% say their organizations are trying to provide employees with easier access to the information they need to do their jobs and make decisions, and 31% are looking to give employees more input on work processes and how they are accomplished. **FIGURE 4**

Leyland Trucks’ Oliver argues that employees not only need to be involved in determining which technologies are right for the work they do, but also in implementing them. Too often, he warns, corporate IT departments ignore users when selecting new software systems, inevitably resulting in implementation problems. “Accountability for both system design and implementation must always reside with the end user,” he says. “They must sign off on the design and take responsibility for leading implementation—albeit with IT very much involved in a support role.”

Measuring Employee Engagement

Determining whether employees are engaged in their work can be a tricky business. The most common ways organizations try to track it, executives say, are with employee surveys that necessarily depend on employees accurately self-reporting, and one-on-one meetings in which the employee’s views again are the primary input. Fifty-nine percent of survey respondents say their organizations use these approaches.

“Technology has an incredibly important role to play in engagement, but it’s not enough to have any old technology, you need to have the right technology. It absolutely has to be fit for purpose.”

**Katie Bailey, professor, King’s Business School,
King’s College London**

FIGURE 4

Employers Seek to Improve Employee Engagement

Employers are focusing on communication, information, and technology to improve engagement.

What steps has your organization taken, or does it plan to take in the next 18 months, to improve employee engagement?

SOMEWHAT OR STRONGLY AGREE



Source: Harvard Business Review Analytic Services Survey, March 2020

Primary methods vary by the size of the organization, however. Among small organizations, one-on-one meetings are most popular, used by 68% of respondents. Among large organizations, employee engagement surveys are the most common tool used, cited by 77% of respondents. Among employers of all sizes, the most common metrics examined are self-reported job satisfaction (54% of respondents say their firms look at this), employee retention rates (49%), and response rates on engagement surveys (40%). Depending on the size of the organization, other metrics are closely monitored as well. Seventy-seven percent of large organizations examine employee satisfaction ratings, for example, versus 44% of small organizations. Meanwhile, 48% of small organizations look at productivity as a measure of engagement, versus only 24% of large organizations.

Oliver says there's a place for these softer metrics, but he urges employers to focus instead on hard business measures like profitability. "I encourage peer reviews and subordinate

appraisals energetically, but always as a subsidiary interest to measuring the fortunes of the company," he says. "If you're not increasing profit or cash flow or quality or market penetration or any other vital hard metric, you're not succeeding."

However organizations choose to measure employee engagement, Rutgers' Castellano recommends that to drive deeper insights into where improvement is needed, they not look at averages for the entire workforce, but segment the workforce by factors such as generational cohort and job responsibilities, and look at results for each group. A high average level of employee engagement across the entire organization may look good, but if the employees most critical to the organization's success are not engaged, it could still have a problem.

Advice for Creating an Engaged Workforce

Recognizing that driving employee engagement is easier said than done, experts offer five tips for business leaders who want to create and maintain an engaged workforce.

Build a sense of membership or community.

"When employees feel like they belong, it opens the door for them to feel more engaged because they feel like they matter and others care about them," Fetzer says. "They're not an outsider; they're an insider. The sooner employers work to create this sense of belonging, the better."

Give employees tools and technology that help them succeed.

Smart software that is easy to use and allows workers to be productive in their work promotes employee engagement. Software that is hard to use and can't adapt to their processes leaves employees discouraged—and may prompt them to seek better working conditions elsewhere.

Encourage managers to know their employees on a personal level.

"Getting to know employees personally, figuring out what unique value they bring to the team, and then recognizing that, can be really impactful for them," Fetzer says. "If you know your employees' strengths, you can design their jobs to take advantage of those strengths, which in turn can drive them to be engaged with their work."

Model engagement yourself.

"When you're excited and passionate about your work, it really inspires others," Fetzer says about managers. "If employees see that you're disengaged, and that you don't care about the company, its initiatives, or its people, that's not going to motivate anybody else."



82%

say that employees' happiness on the job is significantly impacted by how well their workplace technology performs.



Driving employee engagement requires a full-time commitment not only from the HR function and senior leadership but also from frontline managers.

Make sure all leaders, including line managers, are trained and knowledgeable in employee engagement.

“It’s not enough for human resources, or whichever department is leading on engagement, to be delivering the right message,” says Bailey. “You’ve got to have all your leaders, including line managers, on board. They have to understand what engagement means at your company, what the employee experience is right now, what the organization would like it to be in the future, and the role they must play in getting there.”

Conclusion

Keeping employees engaged in their work is an eternal challenge—doubly so when workers are distracted by external developments, whether a family emergency or a global pandemic. But the benefits of employee engagement, including potential improvements to productivity and customer satisfaction, make the efforts to drive it worthwhile.

“There is good evidence that people engaged with their work perform better, are happier to come to work, exhibit less absenteeism, are more likely to stay with their employer, and go out of their way to help others and the organization,” says Bailey.

There’s also evidence that they contribute more to the bottom line. A 2016 Gallup study found that engaged teams are 17% more productive than disengaged teams and show 24% to 59% less turnover and 21% greater profitability.² And another recent study by Harvard Business Review Analytic Services found that 87% of executives believe having a happier place to work than competitors would yield a significant competitive advantage. In fact, executives surveyed in that study cite employee happiness as second only to customer happiness among 11 different factors important to the success of their organization.³

An engaged workforce also offers employers a competitive advantage that’s difficult for others to duplicate. “Another organization may be able to copy your tangible assets—your finances, your operational technology—but it’s hard to copy what you’re doing internally to manage and engage your talent,” says Castellano.

Still, it’s not a simple undertaking. Driving employee engagement requires a full-time commitment not only from the HR function and senior leadership but also from frontline managers. While HR can facilitate engagement, it only becomes part of an organization’s DNA when executives remain approachable, engage in transparent decision making, build a culture of fairness and inclusiveness, and equip employees with tools and technology that can facilitate, not hamper, their ability to perform. All that must be paired, of course, with a successful and profitable business. When it comes to profitability and employee engagement, it is impossible over the long run to sacrifice one for the other.

The imperative for equipping employees with the right technology was driven home by the outbreak of Covid-19, which forced many employees to work from home and quickly showed that, without access to corporate data or the ability to maintain communications with colleagues, vendors, and customers, their ability to do their jobs was inhibited. Organizations that went into the crisis with an engaged workforce may have had an advantage over those that did not, Castellano adds, since engaged employees “are more likely to be able to adapt and change to meet new challenges.”

Beyond helping companies perform during the pandemic, Oliver says a renewed focus on employee engagement will serve employers well once the global economy begins to rebound. “The best way to recover from Covid-19 is to apply employee engagement principles,” he says. “It is the surest, quickest, and cheapest way to high performance.”

Endnotes

- 1 KPMG, “COVID-19 and the American Worker: Remarkably Resilient with the Right Support,” April 2020, <https://advisory.kpmg.us/content/dam/advisory/en/pdfs/2020/covid-19-and-the-american-worker.pdf>.
- 2 Marco Nink and Jennifer Robison, “The Damage Inflicted by Poor Managers,” *Gallup Business Journal*, December 20, 2016, <https://news.gallup.com/businessjournal/200108/damage-inflicted-poor-managers.aspx>.
- 3 Harvard Business Review Analytic Services survey, “Cultivating Workforce Well-Being to Drive Business Value,” February 2020.

METHODOLOGY AND PARTICIPANT PROFILE

A total of 379 respondents drawn from the HBR audience of readers (magazine/ newsletter readers, customers, HBR.org users) completed the survey.

Size of Organization	Seniority	Key Industry Sectors	Job Function	Regions
21% 10,000 or more employees	21% Executive management/ board members	11% Financial services	18% General/executive management	39% North America
26% 1,000 – 9,999 employees	34% Senior management	11% Technology	13% Sales/business development	26% Europe
30% 100 – 999 employees	32% Middle management	10% Business/professional services	11% HR/training	21% Asia Pacific
23% Fewer than 100 employees	13% Other grades	9% Government/ not-for-profit	8% Consulting	7% Middle East/Africa
		8% Manufacturing	All other functions less than 8% each	6% Latin America
		8% Consulting services		1% Other
		8% Education		
		All other sectors less than 8% each		

Figures may not add up to 100% due to rounding.



**Harvard
Business
Review**

ANALYTIC SERVICES

ABOUT US

Harvard Business Review Analytic Services is an independent commercial research unit within Harvard Business Review Group, conducting research and comparative analysis on important management challenges and emerging business opportunities. Seeking to provide business intelligence and peer-group insight, each report is published based on the findings of original quantitative and/or qualitative research and analysis. Quantitative surveys are conducted with the HBR Advisory Council, HBR's global research panel, and qualitative research is conducted with senior business executives and subject matter experts from within and beyond the Harvard Business Review author community. Email us at hbranalyticservices@hbr.org.

hbr.org/hbr-analytic-services