

Temkin Group **Insight** Report



Employee Engagement Benchmark Study, 2013

Study of More Than 2,400 U.S. Employees

By **Bruce Temkin**

Customer Experience Transformist
& Managing Partner

Aimee Lucas

Customer Experience Analyst

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Temkin Group

info@temkingroup.com

617-916-2075

www.temkingroup.com



Executive Summary

Using the Temkin Employee Engagement Index, we analyzed employee engagement across more than 2,400 U.S. employees. Employee engagement has increased over last year. Companies that outperform their peers in financial performance and customer experience have considerably more engaged workforces. Why does that matter? Because highly engaged employees try harder, recommend the company, help others, and take less sick time. It turns out that services industries have the most engaged employees while the retail sector has the fewest. We also found that highly engaged employees tend to be: front-line employees, high-income earners, male, African-American, and happy. Since engaged employees are such a valuable asset, we recommend that companies focus on this area using our Five I's of Employee Engagement: Inform, Inspire, Instruct, Involve, and Incent.

Employee Engagement Is On The Rise

In previous research, Temkin Group identified a set of employee attitudes that correlate highly to engaged, productive employees.¹ Using that information, we developed the Temkin Employee Engagement Index (TEEI) based on employee agreement with these statements (see Figure 1):

- *I understand the overall mission of my company*
- *My company asks for my feedback and acts upon my input*
- *My company provides me with the training and the tools that I need to be successful*

To understand the current state of employee engagement, we surveyed 2,456 U.S. employees who work at for-profit organizations.² It turns out that:

- **Employee engagement is higher than last year.** We found that 57% of respondents are moderately or highly engaged, a significant increase from 47% we found in last year's study.
- **Better performing companies have more engaged employees.** Seventy-five percent of employees in companies with strong financial results are highly or moderately engaged, compared with only 47% of under-performing companies (see Figure 2).
- **Highly engaged employees are more productive.** Across an array of activities, engaged employees demonstrate more commitment to their work. For instance, they are more than twice as likely to work after their shift ends, help someone at work, and make a recommendation for an improvement at the company. They are also more than six times as likely to recommend a friend to take a job at the company.
- **Engaged employees try harder.** Ninety-six percent of highly engaged employees always or almost always try their hardest at work, compared with only 71% of disengaged employees (see Figure 3).

¹ See Temkin Group Insight Report, "Employee Engagement Benchmark Study" (January 2012)

² We surveyed U.S. consumers who are full-time employees during August and September 2012

- **Customer experience leaders have more engaged employees.** Seventy-five percent of employees in companies with above average customer experience in their industry are highly or moderately engaged, compared with only 34% of other companies (see Figure 4).
- **Services have more engaged employees.** We examined employee engagement across nine industries (see Figure 5). At the high-end, 62% of employees in professional, scientific, and technical services are moderately or highly engaged. At the bottom of the list, 50% of employees in the retail sector are moderately or highly engaged.
- **Employees are more engaged in smaller companies.** About 60% of employees in companies with 100 employees or less are moderately or highly engaged compared with only 48% of employees at companies with more than 10,000 employees (see Figure 6). Engagement levels have improved across all companies except those with 10 or fewer employees.

Which Employees Are Most Engaged?

We examined the difference in engagement levels based on different em[ployee characteristics and found that the engaged employees are more likely to be:

- **Front-line employees.** The level of employee engagement goes up with the amount of contact that employees have with customers. Sixty-three percent of employees that always interact with customers are at least moderately engaged while only 40% of employees that never interact with customers are that engaged (see Figure 7).
- **Executives.** Three quarters of executives are at least moderately engaged, compared with only 46% of individual contributors.
- **Older and younger.** We looked at engagement by age and found the highest levels with those who are 65 and older (67%) and those who are 18- to 24-years-old (60%) (see Figure 8).
- **High-income earners.** Only 50% of employees who earn less than \$25,000 are moderately engaged, but that level increases as employees make more money. At the high-end, 63% of employee who earn more than \$100,000 are at least moderately engaged.
- **Male.** Fifty-eight percent of males are at least moderately engaged, compared with 54% of females (see Figure 9).
- **Highly educated.** Sixty percent of employees with a postgraduate degree are at least moderately engaged, compared with 54% of those with a high school degree.
- **African-American.** Sixty-four percent of African-Americans are at least moderately engaged, compared with 59% of Asians and 55% of Caucasians.
- **Financially secure.** Seventy percent of employees that think they are financially secure are at least moderately engaged, compared with 45% of others (see Figure 10).
- **Healthy.** Sixty-two percent of employees that think they are healthy are at least moderately engaged, compared with 45% of others.
- **Physically fit.** Sixty-four percent of employees that think they are physically fit are at least moderately engaged, compared with 41% of others.

- **Happy.** Sixty-three percent of employees that think they are typically happy are at least moderately engaged, compared with 32% of others

Examining Employee Attitudes and Behaviors

We examined the details of how employees view their work environment and the work that they do across many dimensions. The data hasn't changed much since last year (see Figures 11 and 12). Here are some highlights from the deep dive into the different employee segments:

- **Front-line employees go out of their way to help.** We examined responses for employees based on the frequency of their contact with customers (see Figure 13). Across all of the areas we examined, the responses are increasingly favorable as employees have more customer contact. The most significant gap is with the likelihood of the employees to do something that is good for the company, which ranges from 61% of employees that always interact with customers down to 38% of those that never interact with customers.
- **Individual contributors aren't being listened to.** Across the questions, senior executives tend to have the most favorable responses (see Figure 14). Some of the exceptions are that middle managers are the most likely to recommend that a friend apply for a job at the company and go out of their way to help someone at work. The most significant gap is with the belief that the company asks for employees' feedback and acts upon what they say, which ranges from 70% of senior executives down to 29% of individual contributors.
- **Young employees recommend hiring their friends.** We did not find many dramatic trends across age groups (see Figure 15). The most significant gap is with the likelihood of employees to recommend that a friend or relative apply for a job at the company, which ranges from 43% of the youngest group down to 24% of the oldest group.

Master the Five I's of Employee Engagement

Previous Temkin Group research uncovered five categories of best practices for building employee engagement that we call the Five I's of Employee Engagement (see Figure 16):³

- **Inform:** Provide employees the information they need to understand the organization's vision and brand values, along with how customers feel about the organization.
- **Inspire:** Connect employees to the organization's vision and values so that they believe those matter and take pride in their job and the organization.
- **Instruct:** Support employees with the training, coaching, and feedback they need to successfully deliver the organization's brand promises to customers.
- **Involve:** Take action *with* employees when designing their jobs, improving work processes, and solving problems identified through customer or employee feedback.
- **Incent:** Deploy appropriate systems to measure, reward, and reinforce desired employee behaviors and motivate employees to give their best.

³ See Temkin Group Insight Report, "The Five I's of Employee Engagement" (November 2012)

Temkin Employee Engagement Index (TEEI)

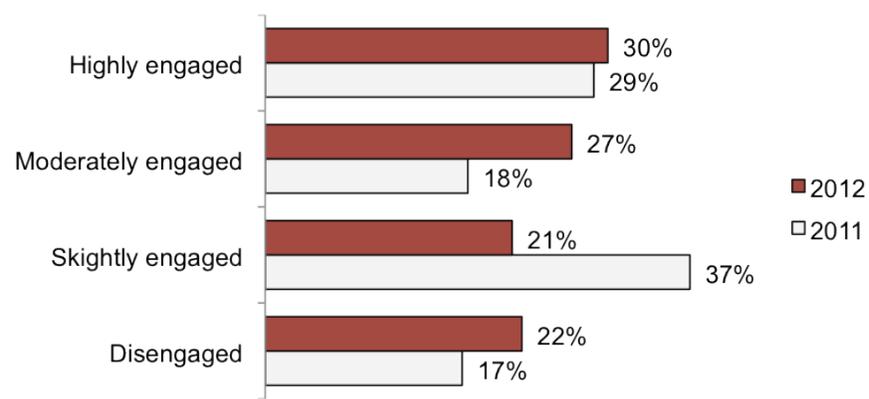
(1) Completely disagree	(2)	(3)	(4) Neutral	(5)	(6)	(7) Completely agree
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I understand the overall mission of my company	<input type="checkbox"/>
My company asks for my feedback and acts upon my input	<input type="checkbox"/>
My company provides me with the training and the tools that I need to be successful	<input type="checkbox"/>
Total	<input type="checkbox"/>

Total score defines level of employee engagement:

19 to 21	Highly engaged
16 to 18	Moderately engaged
13 to 15	Slightly engaged
12 or less	Disengaged

TEEI Results, 2011 and 2012



Base: Full-time U.S. employees: 2,456 in 2012 and 2,435 in 2011
 Source: Temkin Group Q3 2012 and Q4 2011 Consumer Benchmark Studies

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Figure 1

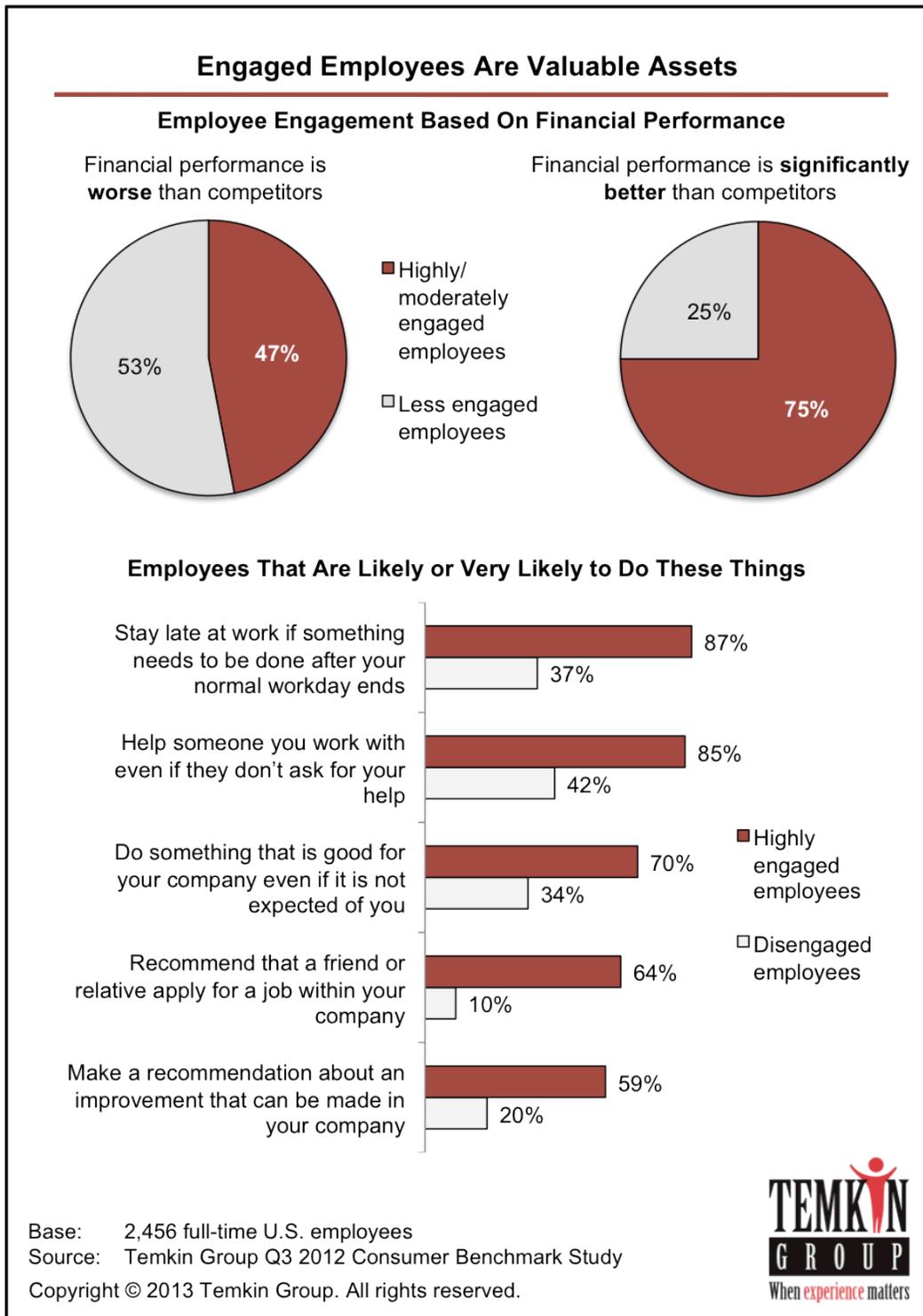


Figure 2

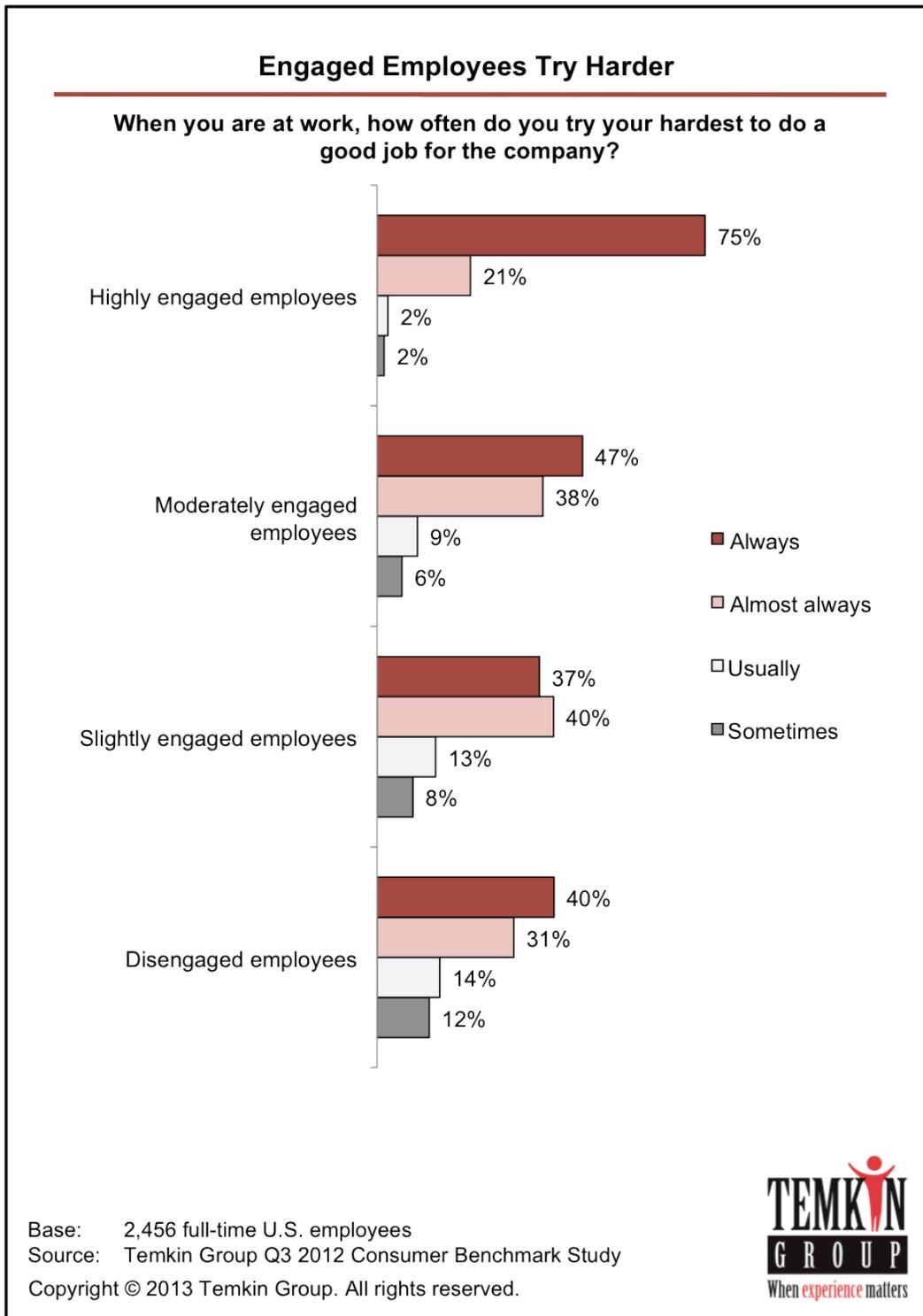
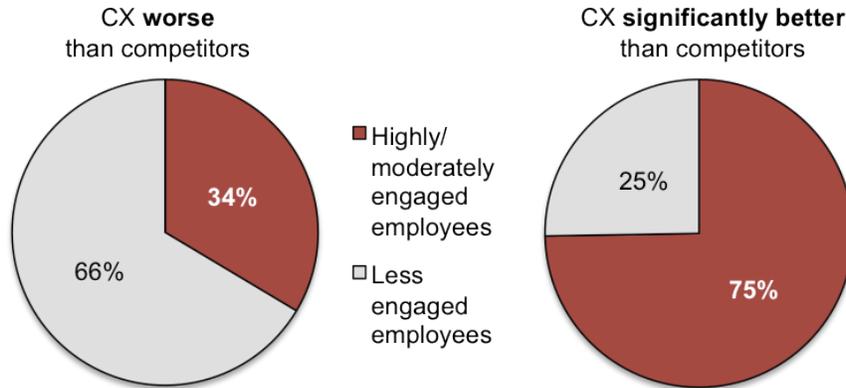


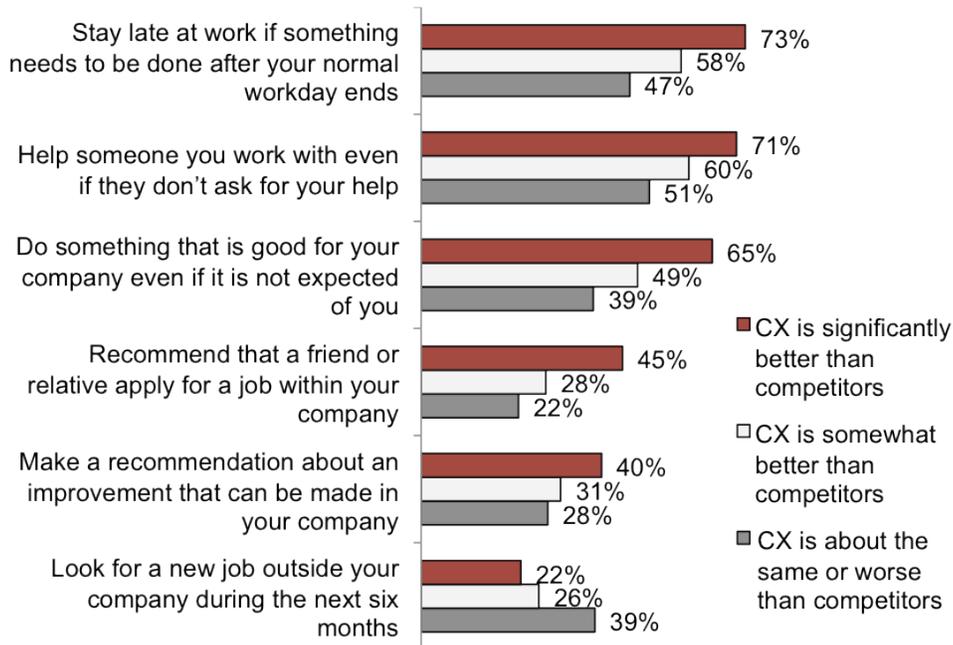
Figure 3

Customer Experience Leaders Have More Engaged Employees

Employee Engagement Based On Customer Experience CX Performance



Employees Likely To Do These Things Based on Company's CX Level



Base: 2,456 full-time U.S. employees
 Source: Temkin Group Q3 2012 Consumer Benchmark Study
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Figure 4

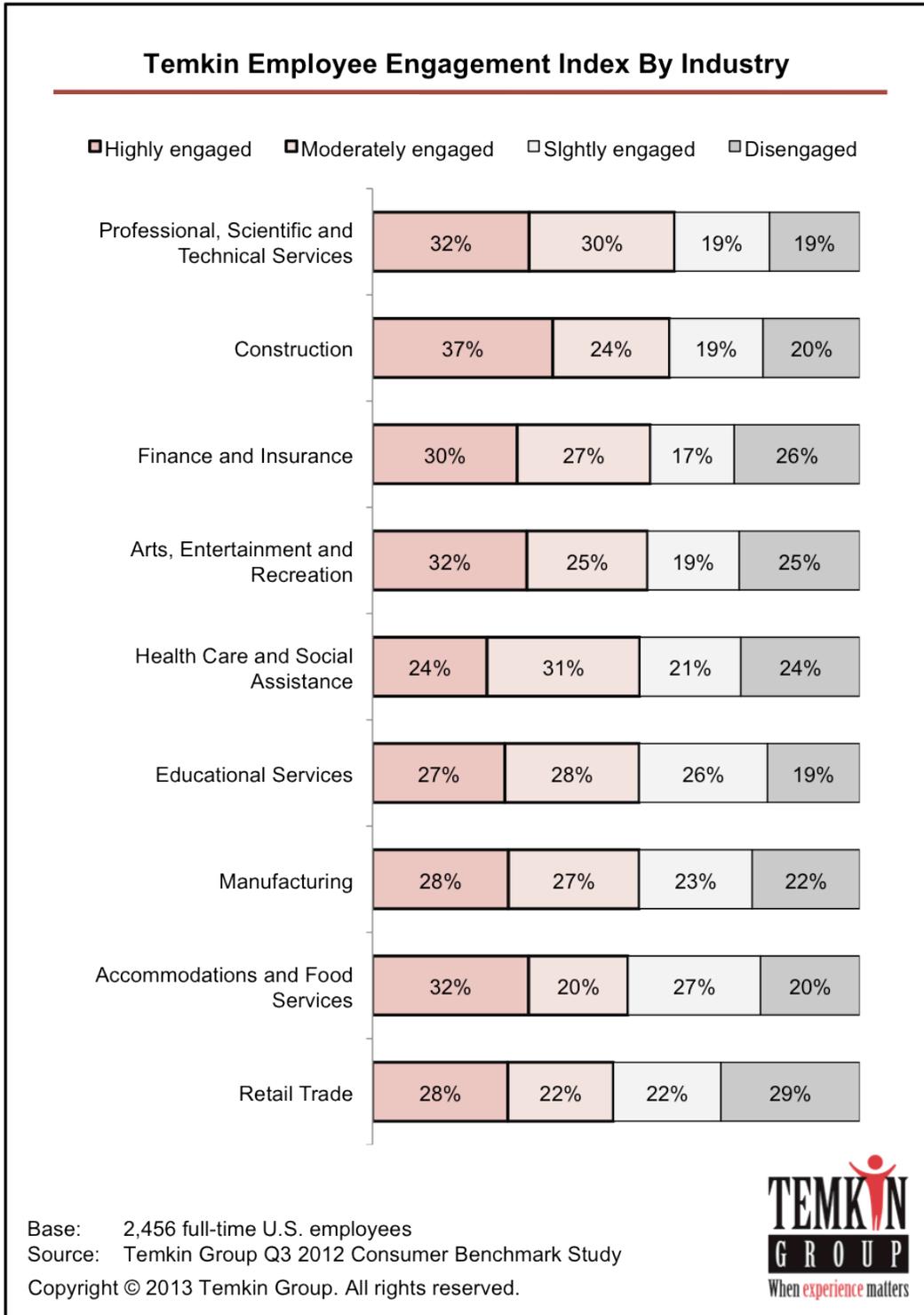
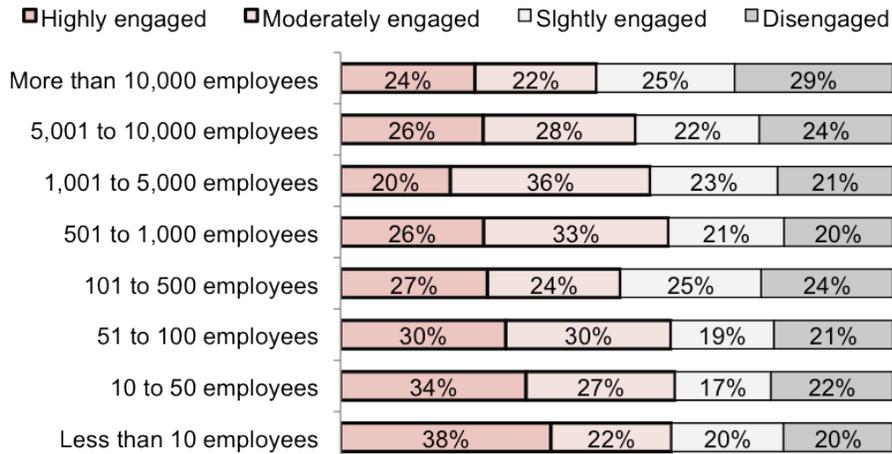


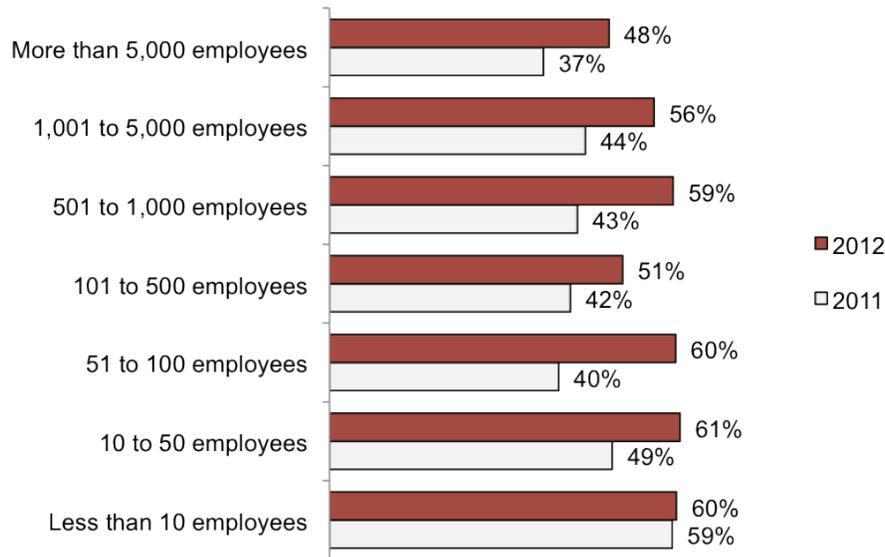
Figure 5

Temkin Employee Engagement Index By Size of Company

TEEI By Size of Company



Moderately or Highly Engaged Employees By Size of Company, 2011 and 2012



Base: 2,456 full-time U.S. employees
 Source: Temkin Group Q3 2012 Consumer Benchmark Study
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Figure 6

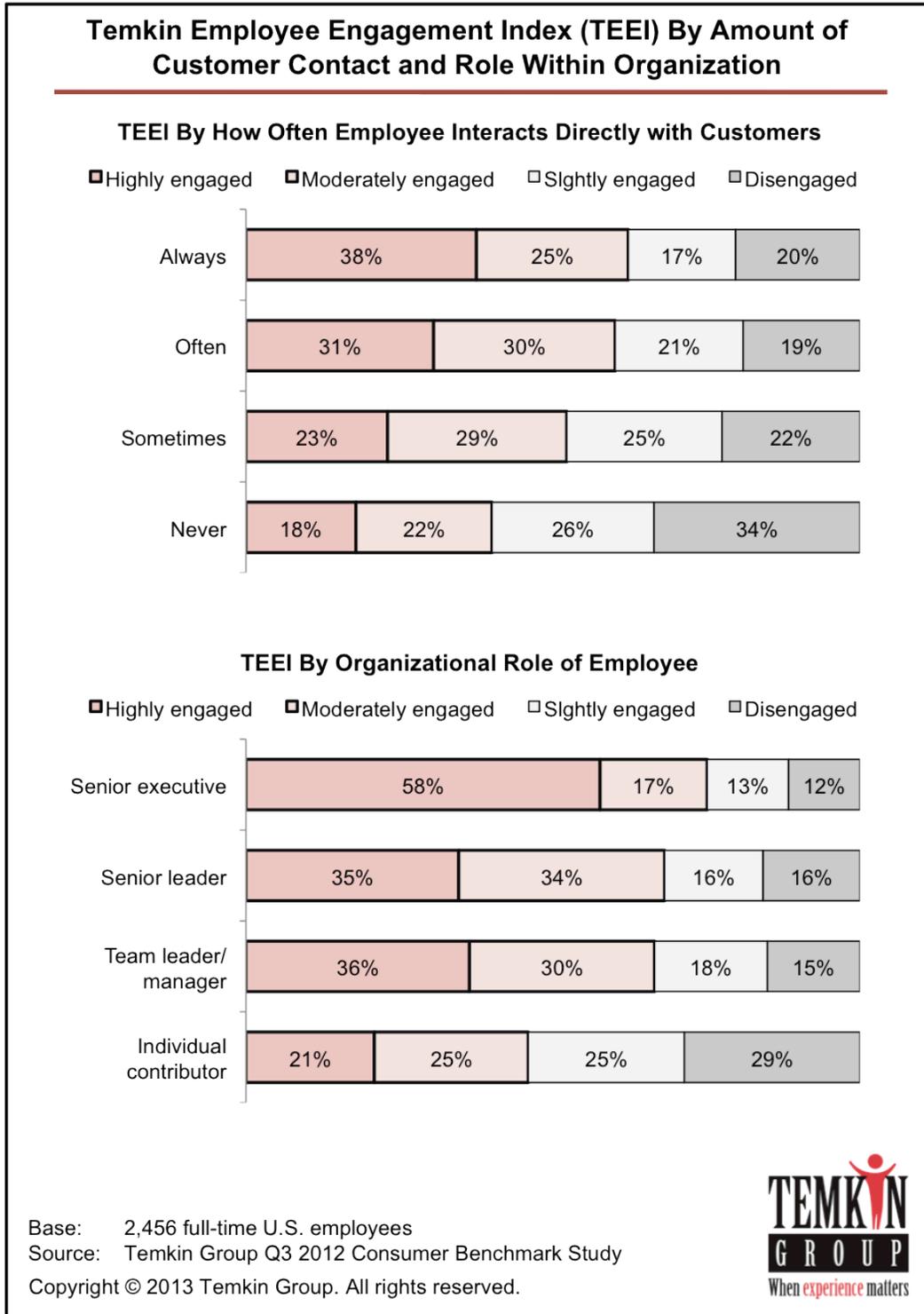


Figure 7

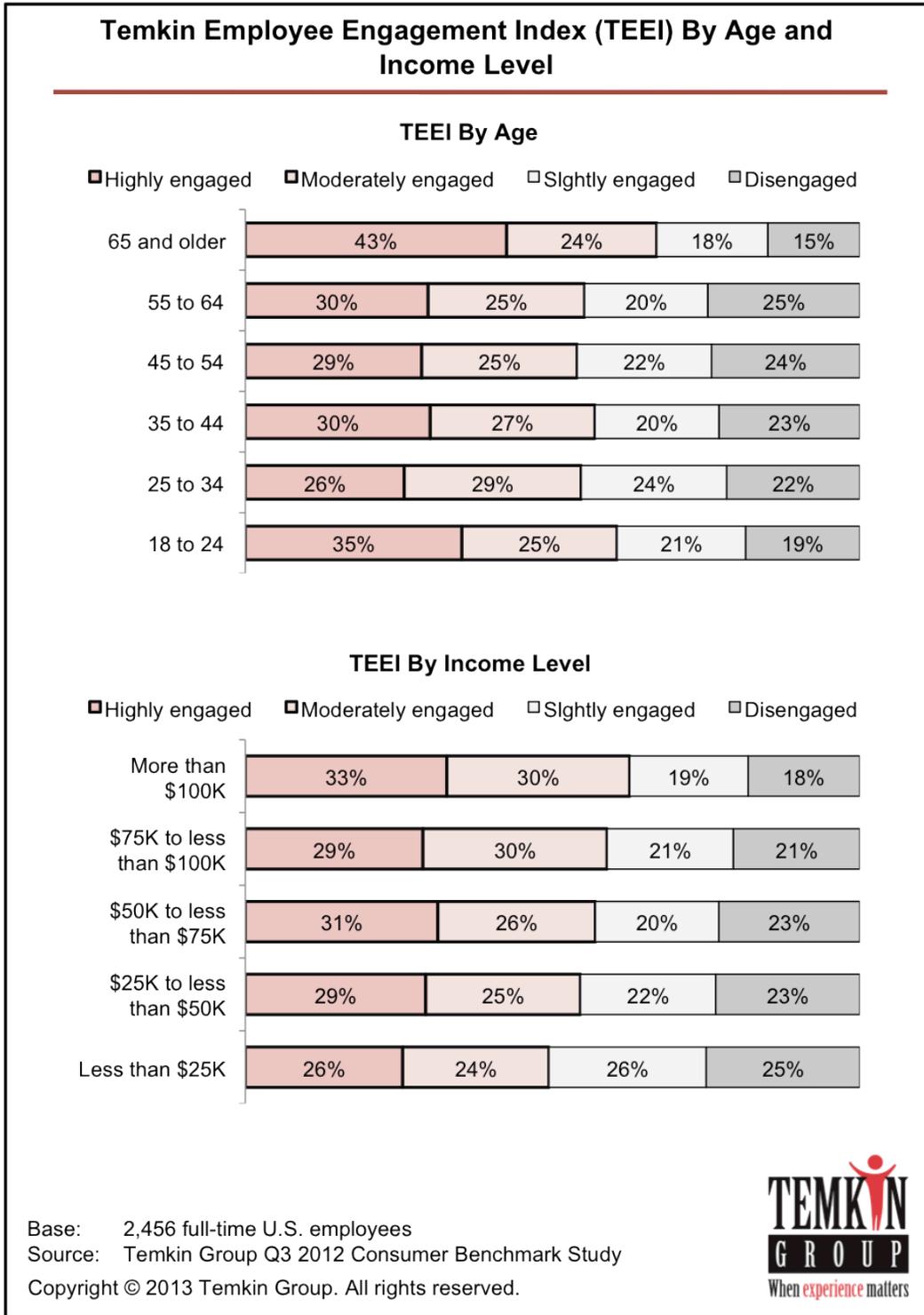


Figure 8

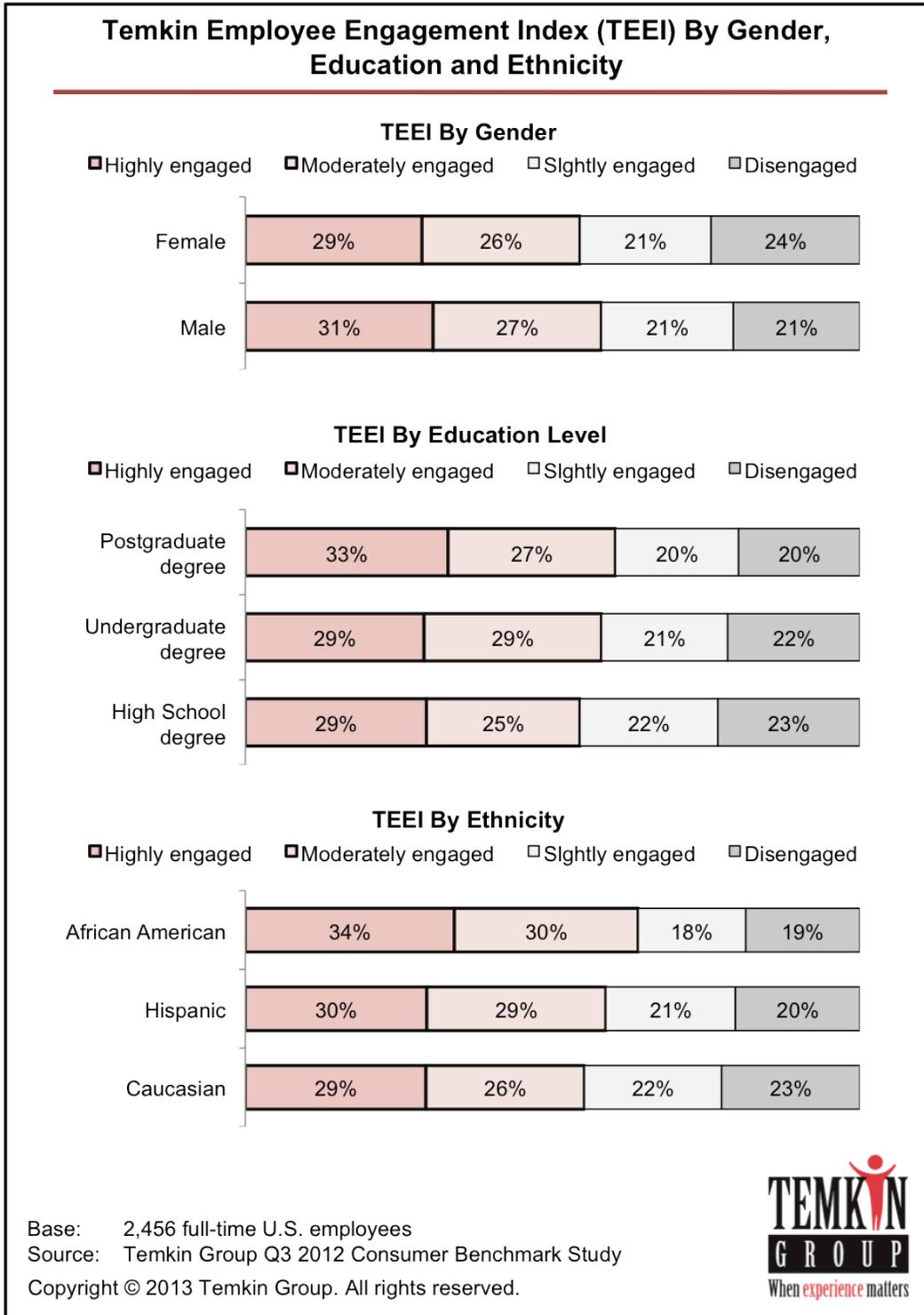
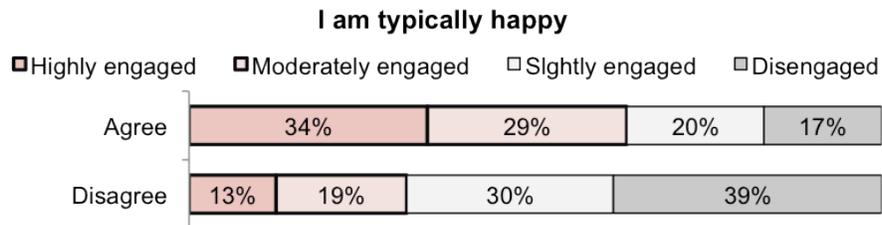
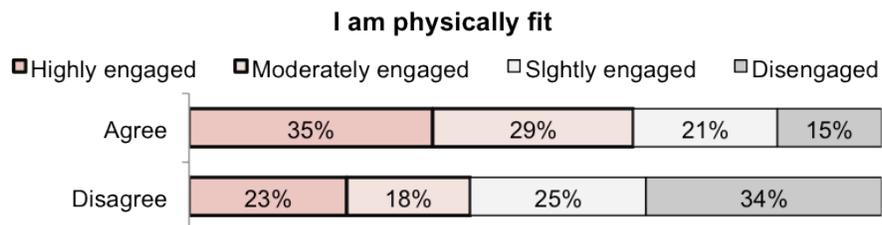
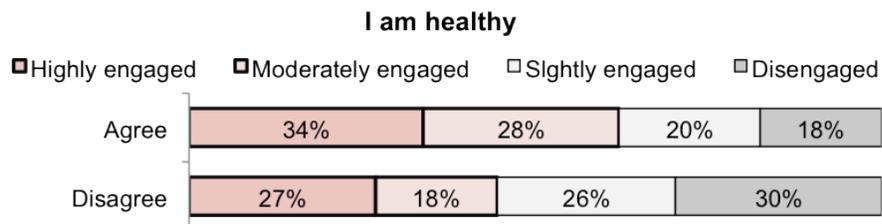
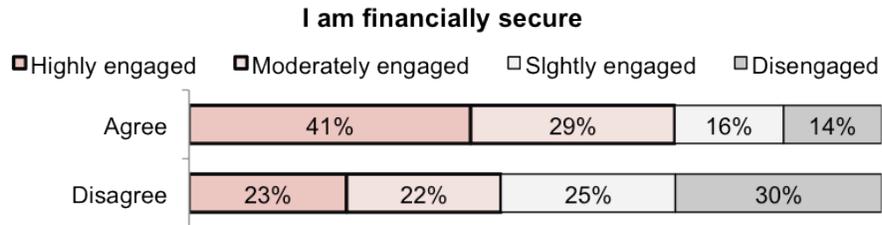


Figure 9

Temkin Employee Engagement Index (TEEI) By Attitudes



Base: 2,456 full-time U.S. employees
 Source: Temkin Group Q3 2012 Consumer Benchmark Study
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Figure 10

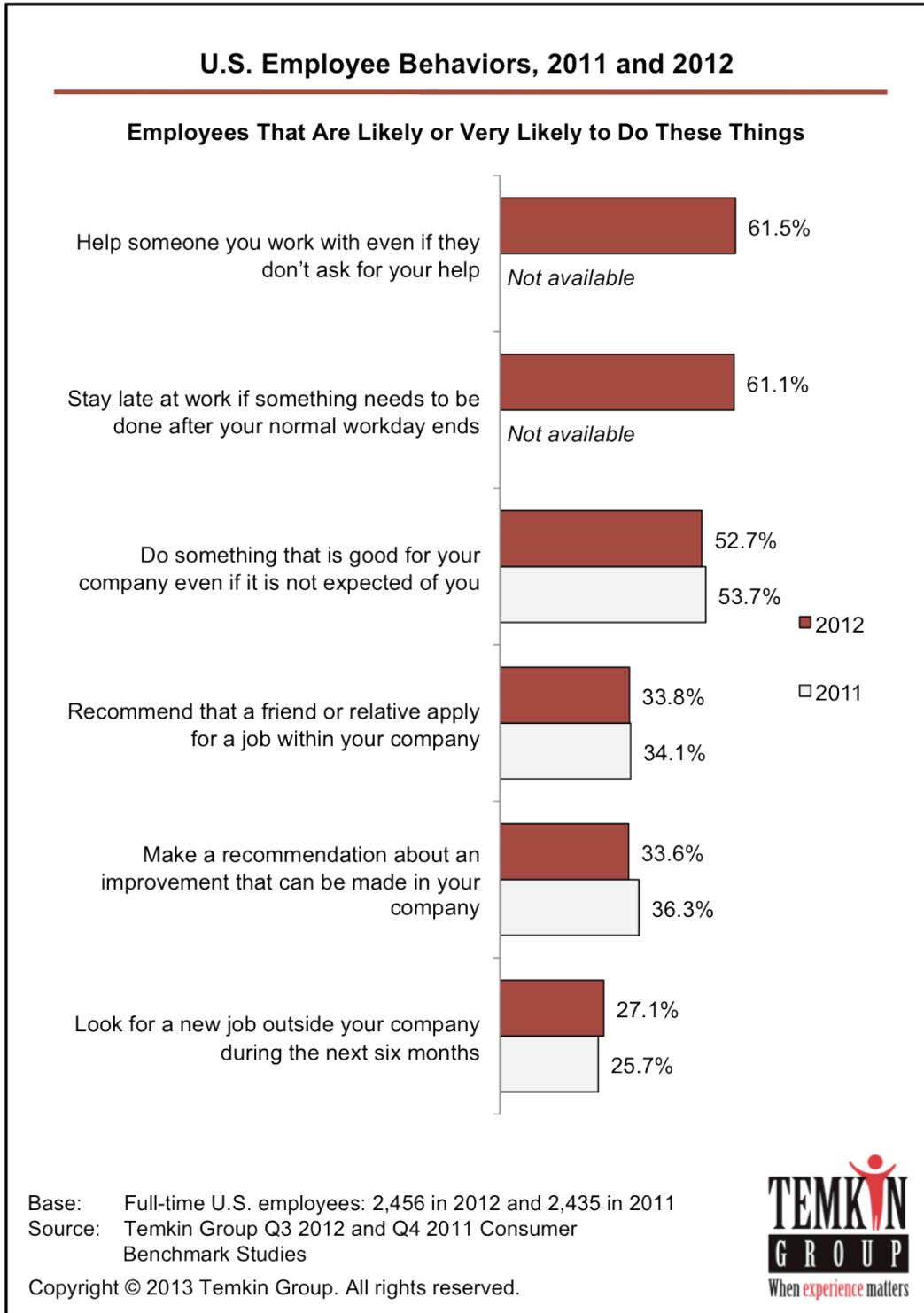


Figure 11

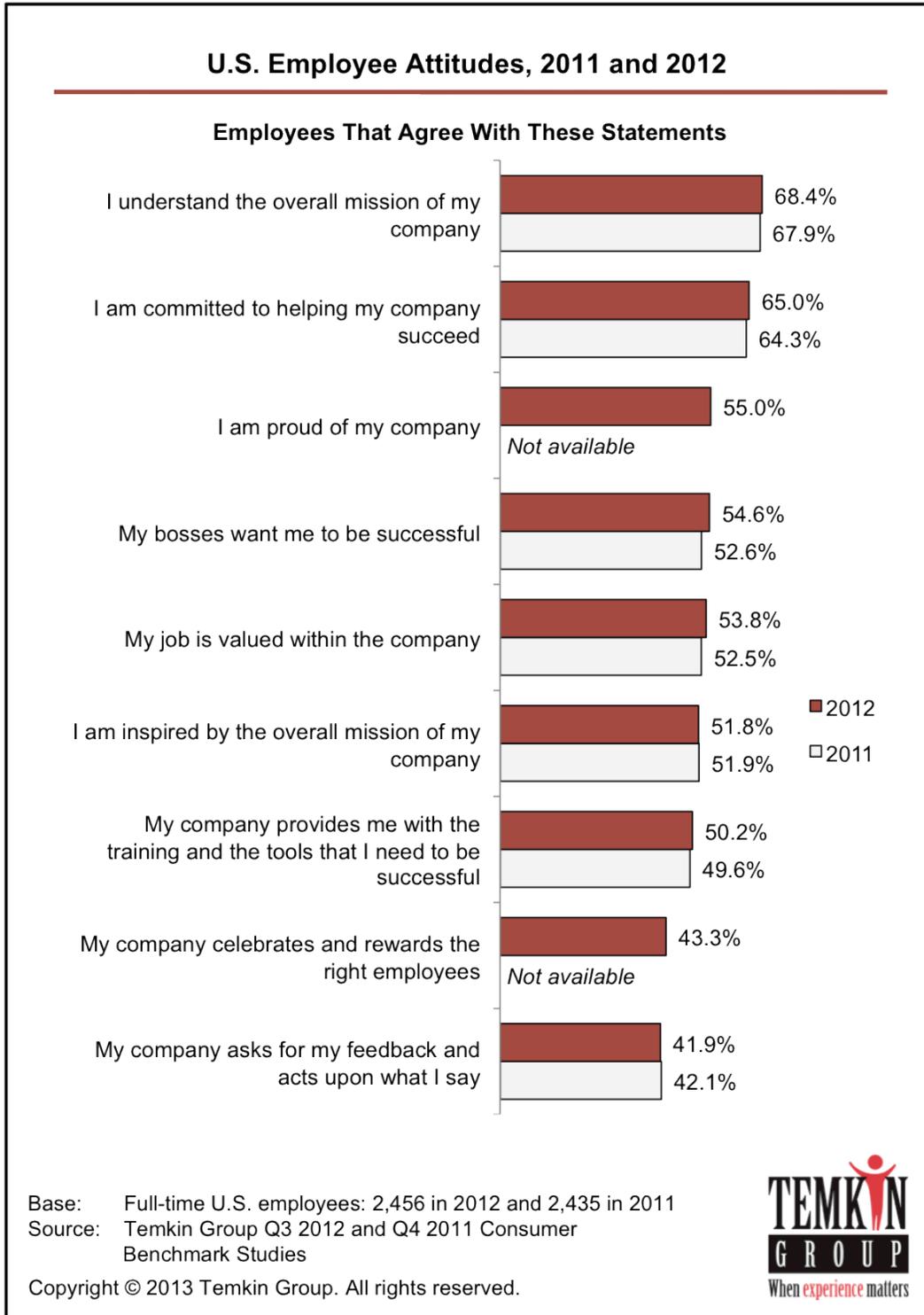


Figure 12

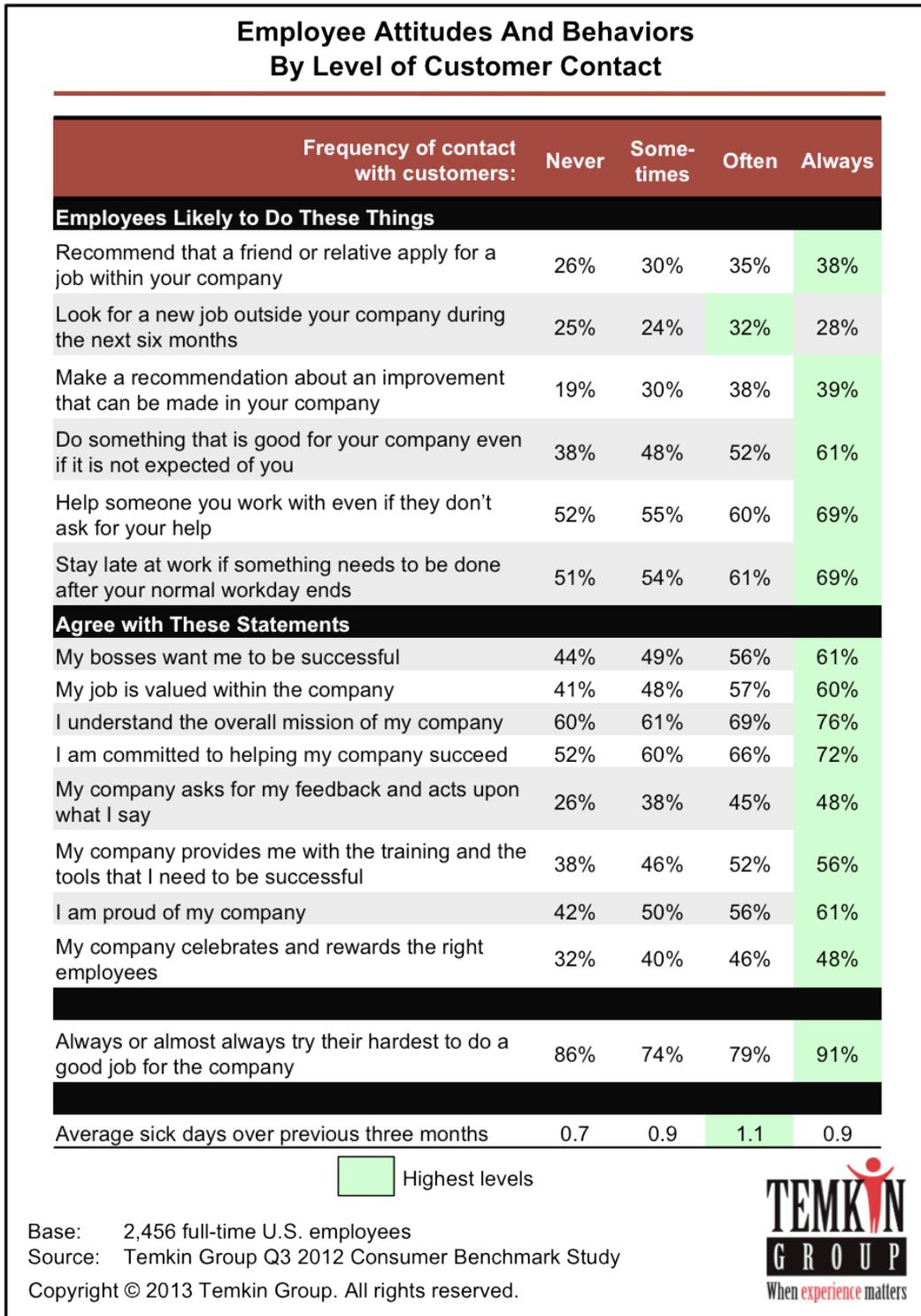


Figure 13

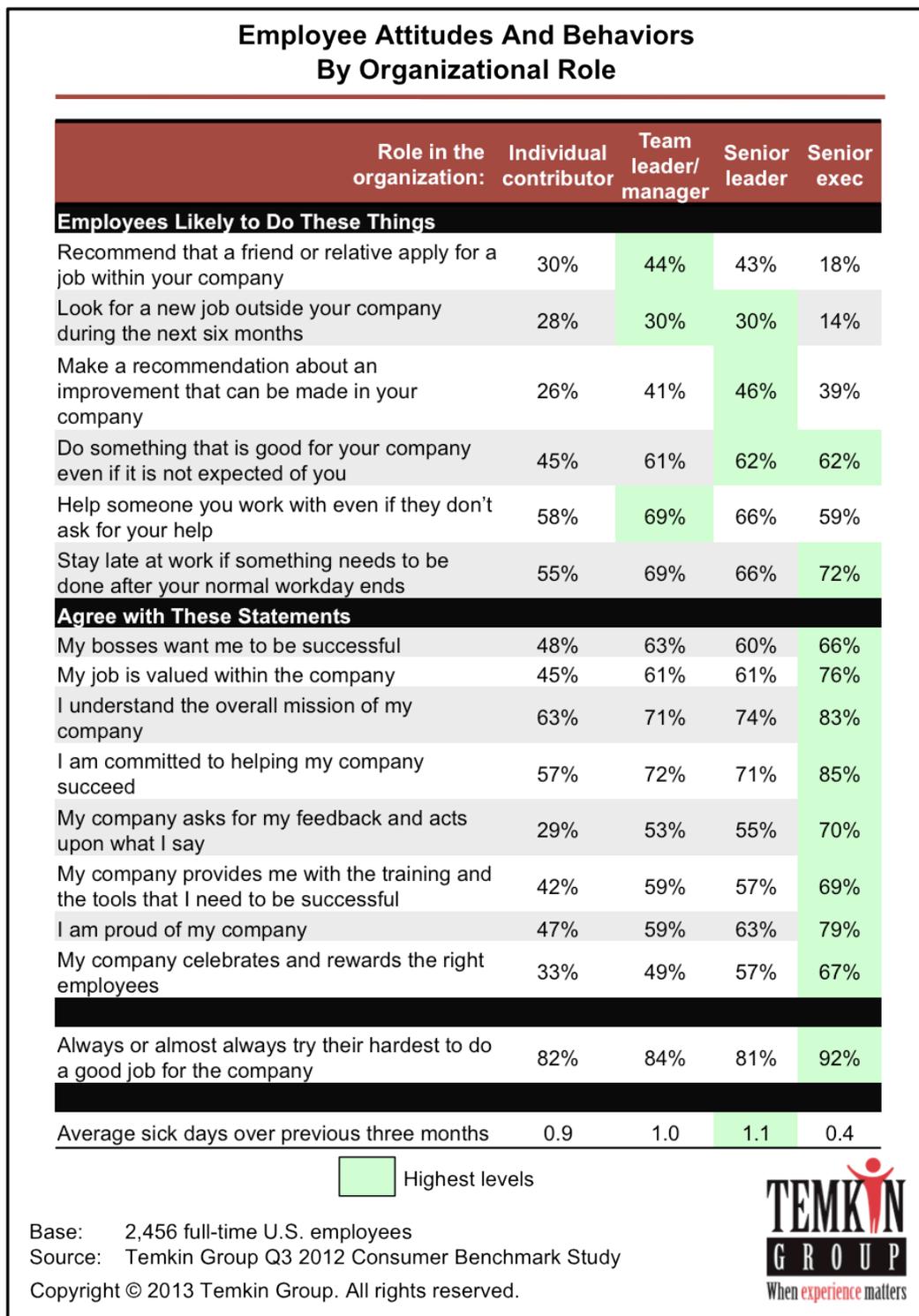


Figure 14

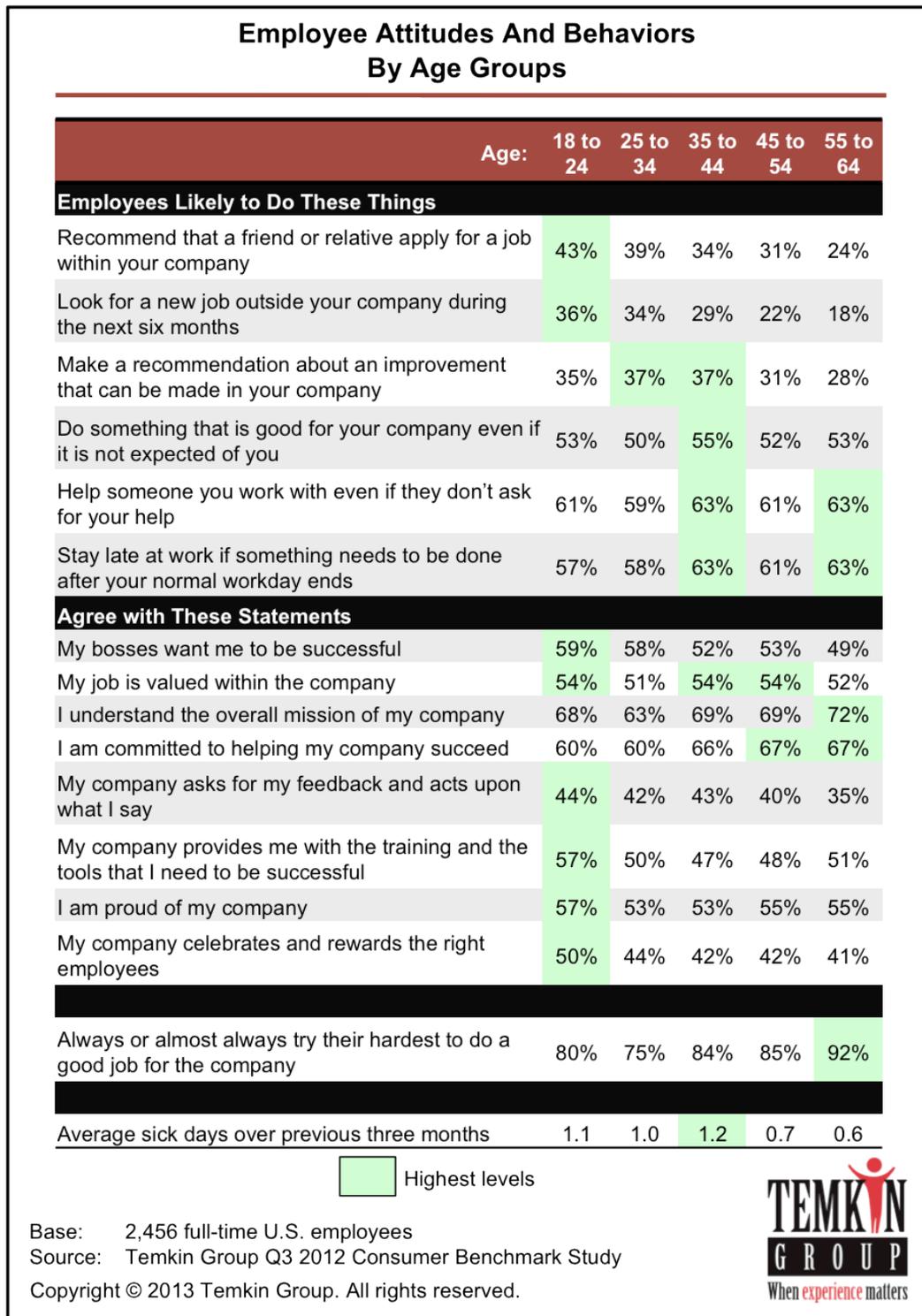


Figure 15

25 Best Practices Across Temkin Group's Five I's of Employee Engagement	
Employee Engagement Discipline	Best Practices
<p>Inform</p> <p><i>Provide employees the information they need to understand the organization's vision and brand values, along with how customers feel about the organization.</i></p>	<ol style="list-style-type: none"> 1. Follow a thorough communication plan 2. Communicate across multiple channels 3. Make content employee-centric 4. Create opportunities for employees to hear from customers
<p>Inspire</p> <p><i>Connect employees to the organization's vision and values so that they believe those matter and take pride in their job and the organization.</i></p>	<ol style="list-style-type: none"> 5. Define, communicate, and live by a set of values 6. Increase accessibility to senior executives 7. Tell compelling stories 8. Give employees a reason to be proud of the company
<p>Instruct</p> <p><i>Support employees with the training, coaching, and feedback they need to successfully deliver the organization's brand promises to customers.</i></p>	<ol style="list-style-type: none"> 9. Launch company-wide CX training programs 10. Embed CX training in new employee onboarding 11. Develop training for managers and supervisors 12. Use managers and front-line employees to deliver training programs 13. Reinforce training with coaching and feedback 14. Tap into e-learning for distributed employees
<p>Involve</p> <p><i>Take action with employees when designing their jobs, improving work processes, and solving problems identified through customer or employee feedback.</i></p>	<ol style="list-style-type: none"> 15. Develop a Voice of the Employee (VoE) program 16. Establish a CX Ambassador program 17. Develop employee-driven improvement processes 18. Facilitate cross-role, cross-functional employee connections 19. Invite employees to thank customers 20. Find simple, informal opportunities to involve employees
<p>Incent</p> <p><i>Deploy appropriate systems to measure, reward, and reinforce desired employee behaviors and motivate employees to give their best.</i></p>	<ol style="list-style-type: none"> 21. Enable peer-to-peer recognition 22. Provide on-the-spot rewards 23. Formalize CX incentive programs 24. Celebrate high-performing teams 25. Turn employee engagement into a management metric



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Figure 16

About the Authors

Bruce Temkin is Customer Experience Transformist & Managing Partner of **Temkin Group**. He is also the co-founder and Chair of the **Customer Experience Professionals Association** (cxpa.org). Bruce is widely viewed as a leading expert in how organizations build differentiation with customer experience. He has worked with hundreds of organizations on the strategies, processes, leadership, and culture required to sustain superior customer relationships.

Bruce's research focuses on identifying current and emerging best practices. He has published seminal reports such as *The ROI of Customer Experience*, *The Future of Customer Experience*, and *The Four Customer Experience Core Competencies*. He uses this insight to advise companies on their customer experience journeys, identifying opportunities for breakthrough performance.

Bruce is the author of the popular blog *Customer Experience Matters*[®]. His eBook—*Six Laws of Customer Experience*—that is available for free on the blog has been downloaded by tens of thousands of people.⁴

Prior to forming Temkin Group, Bruce was VP & Principal Analyst with Forrester Research. During his 12 years with Forrester, he led the company's B2B, financial services, and customer experience practices. Bruce was Forrester's most-read analyst for 13 consecutive quarters and created Forrester's Customer Experience Index as well as its Voice of the Customer Award.

Prior to Forrester, Bruce co-founded and ran a couple of Internet start-ups. He also held management positions with GE, Stratus Computers, and Fidelity Investments.

Bruce has been widely quoted in the press and is a highly demanded public speaker. He combines deep expertise with an engaging, entertaining style and has delivered hundreds of keynote speeches at industry and corporate events.

Aimee Lucas is Customer Experience Analyst at **Temkin Group**. She has over 15 years of experience improving service delivery and transforming the customer experience through people development and process improvement initiatives. Her areas of expertise include market research, program management, marketing, instructional design, and training.

Prior to joining The Temkin Group, Aimee was responsible for implementing the client experience strategy and managing the Voice of the Customer (VoC) program for one of the top 10 public accounting and consulting firms in the U.S. Her work included planning and managing strategic initiatives, collaborating with cross-functional teams to introduce new-to-company functions and improvements. Past projects include starting the firm's internal market research function, managing the design and implementation of its sales and relationship management process, and delivering instructional design and training services across the organization.

Aimee is a graduate of the University of Notre Dame with a bachelor's degree in marketing management. In her free time, she volunteers as a marathon coach for the Leukemia and Lymphoma Society's Team in Training program.

⁴ *Customer Experience Matters* is a registered trademark of Temkin Group.

About Temkin Group

Temkin Group is a consulting and research firm that helps clients increase customer loyalty by improving their customer experience. The company was founded based on four core beliefs:

Customer experience drives loyalty.

Our research and work with clients has shown that interactions with customers influences how much business they'll do with you in the future and how often they recommend you to friends and colleagues.

It's a journey, not a project.

Building the capabilities to consistently delight customers doesn't happen overnight. Companies need to plan for a multi-year corporate change program.

Improvement requires systemic change.

Companies can improve isolated customer interactions, but they can't gain competitive advantage until customer experience is embedded within their operating fabric.

We can help you make a difference.

Transformation isn't easy, but leading your company to be more customer-centric is worth the effort. We help our clients accelerate their results and avoid many of the bumps along the way.



Temkin Group combines customer experience thought leadership with a deep understanding of the dynamics of large organizations to accelerate results.

We help companies build the four competencies required for long-term success:

1. **Purposeful Leadership.** Does your leadership team operate consistently from a clear, well-articulated set of values?
2. **Engaged Employees.** Are employees fully committed to the goals of your organization?
3. **Compelling Brand Values.** Are your brand attributes driving decisions about how you treat customers?
4. **Customer Connectedness.** Is customer feedback and insight deeply integrated throughout all of your internal processes?

Temkin Group provides a number of services that include:

- **Interactive workshops** to instill a common mindset, vocabulary, and approach across an organization.
- **Strategic reviews** of customer experience plans and objectives to identify opportunities for accelerating efforts and avoiding missteps along the way.
- **Assessments** of customer experience competencies to identify and close critical gaps.
- **Senior executive sessions** to ensure appropriate levels of alignment and commitment.
- **Executive coaching** to help executives leading customer experience efforts.
- **Speeches and webinars** to teach customer experience concepts.
- **Temkin Ratings** that provides quantitative data on customer experience and loyalty.