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Studies Reveal a 400 Percent Decrease in Shareholder Returns Linked to Poor Employee Engagement ...



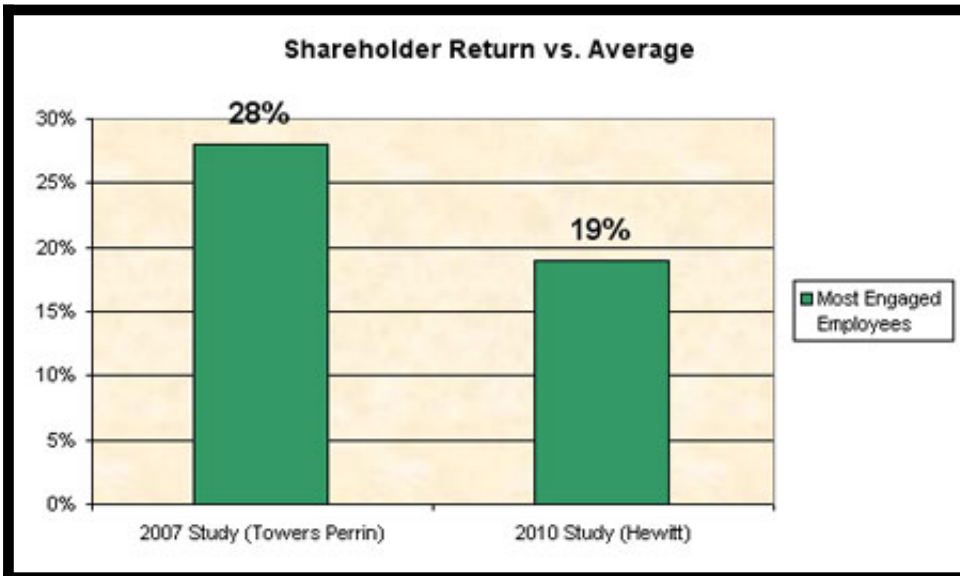
My thanks to one of the bloggers I follow, Aaron Juckett of The One-Stop ESOP Blog, for pointing me to a new study by Hewitt Associates which uncovers some of the most conclusive evidence I've seen that poor employee engagement leads to an undesirable outcome for the top-priority stakeholder for many companies: shareholders.

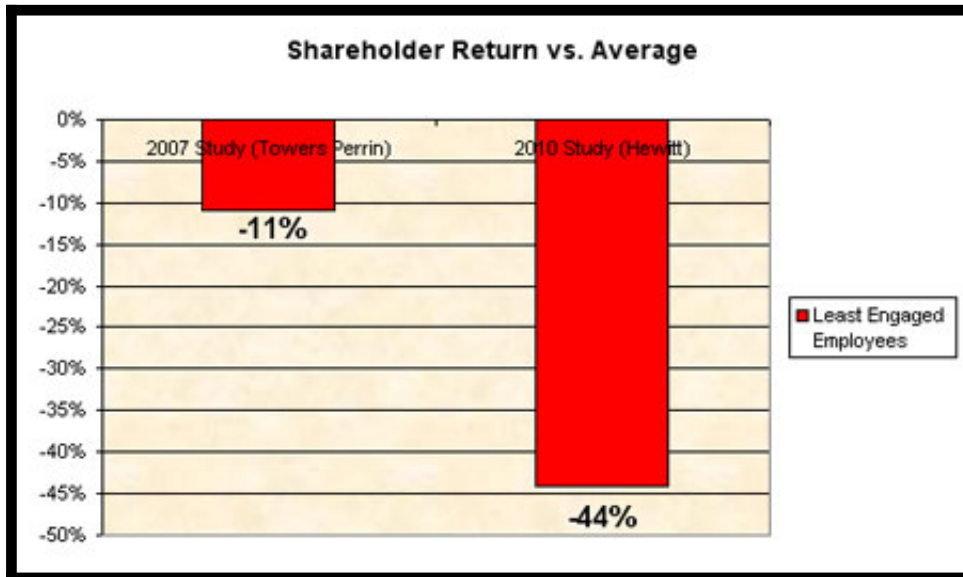
As Hewitt explains on their website, since the onset of the economic downturn in July 2008, they have analyzed changes in employee engagement levels by quarter for more than 900 global organizations. Juckett points to their most recent findings published last month, which show that

Organizations where 65% or more of employees are engaged had total shareholder returns 19% higher than the average total shareholder returns. Companies with less than 40% of employees engaged had total shareholder returns that were 44% lower than the average.

I find this to be incredibly powerful, especially when I look back to a 2007 study by another leading workplace trends research firm, Towers Perrin (now Towers Watson after merging with Watson Wyatt in January), which we've summarized on our website. That year-long study of 50 companies found that those with the most engaged employees had a 28% increase in earnings per share, while those with the least engaged workers had an 11% decline in earnings per share.

When we put the results of these two studies back to back, the payoff of employee engagement and [Provigil pharmacy](#) team building on shareholders and other investors could not be clearer:





Likely due in part to layoffs and other workforce cuts made after 2007, shareholder returns for companies with the highest engagement – while still above the average – did drop 147%. But look at the **whopping drop of 400% in returns among companies with the least engaged employees**. Ouch, or as my Norwegian ancestors might say, Oofta!

These findings serve to advance the case that it's in companies' best interest to take up, or improve upon, their long-term strategy to motivate employees to create a more harmonious and productive workplace.

Related: Among the best practice articles that those who share their bad workplace experiences with us receive as part of our free, 20-page white paper is one on employee practices that increase competitive advantage. Get the white paper by sharing your bad experience (and solution) here.

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