

# AN EMPLOYEE-CENTRIC DIGITAL WORKPLACE: FROM ONBOARDING THROUGH ENGAGEMENT AND RETENTION

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## Report Highlights

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**Best-in-Class companies are 30% more likely than All Others to implement new employee engagement technologies this year.**

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**Companies with a formal engagement strategy in place are 67% more likely to improve their revenue per FTE on a year-over-year basis.**

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**Best-in-Class organizations are 50% more likely than All Others to enable employees to track their performance against their goals.**

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**The Best-in-Class are 39% more likely than All Others to measure employee engagement within onboarding to ensure employees understand expectations.**

In a time when employees are more spread out than ever before, forward-thinking companies put as much effort as possible into engaging their workforce and connecting employees via a digital workplace. To help with that, Best-in-Class companies implement a combination of resources, including performance management, onboarding, learning, recognition, and self-service. This report explores the value of these technologies in conjunction with improving employee engagement and retention.

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## The Digital Workplace: Employees Supported Everywhere

Nowadays, what with the ability to connect practically anywhere, roles aren't limited to cubes and office spaces. Instead, the workforce can handle their responsibilities anywhere there's internet. But that doesn't mean that the experiences typically associated with working somewhere get flushed. There still needs to be a culture focused on positive employee experiences, trust, transparency, and camaraderie. In addition, employees need a place — not necessarily physical — where they can communicate with others, hone current skills, develop new skill sets, and be recognized for their contributions to customers and the business as a whole.

So whether the workforce is in an actual office, logs online every day, or is on the road all the time, it's imperative to have a work environment that ensures employees feel cared for yet challenged, appreciated, engaged, and respected. The importance of such an employee experience can't be overstated. This technology-enabled digital workplace is especially important for Millennials who have grown up expecting readily available and reliable resources everywhere they go. This generation has become the focus of companies everywhere, what with predictions that Millennials will [make up nearly 75% of the global workforce by 2025](#). It's not just about Millennials though; it's about offering an ecosystem to every generation in the workforce that facilitates innovation and flexible working practices. Such a set-up should be a central, interactive intranet that's available to employees wherever and whenever.

This is where savvy companies demonstrate to the workforce that they're interested in catering to each contributor's needs and expectations. This is where extending beyond traditional goal-setting is helpful — empower Millennials to take on new

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initiatives internally. [Personality and skill assessments](#) can come in handy here, as the subsequent insights can inform managers about individuals' strengths, weaknesses, interests, and beyond.

On the flipside, however, not providing a friendly and candid workplace can result in irreparable damage to employee satisfaction, engagement, and retention, as well as attracting candidates in the first place. Savvy employers are honest wherever possible about anything that might affect employees' experiences. For instance, per Aberdeen's [Creating a Strong Culture: HR Partners Enable Success](#) report (June 2015), 28% of companies believe that a lack of transparency and communication around internal decisions is a major factor when employees leave an organization.

That's why, more than ever before in this digital era, companies need to prioritize employee engagement (sidebar) throughout their tenures. Said engagement needs to occur through every stage of the employee lifecycle — from onboarding, to learning and development, to appreciation and recognition — hence, the next section of this report will explore the state of employees today and every one of the aforementioned stages.

## Welcome to the Age of the Employee

Employees, no matter the generation, have more options than ever before of where they can work. In addition, finding the right employees with the specific, desired skill sets is harder than ever. Notably, per Figure 1 below, 53% of companies indicate that HR's biggest challenge is the shortage of required skills available today.

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### **Aberdeen Definition:**

Employee engagement is defined as a state of positive, work-related attitude, characterized by high levels of energy, emotional commitment, and satisfaction derived from the work itself. When employees are engaged, they feel a vested interest in the company's success and are both willing and motivated to perform to levels that exceed the stated requirements of their jobs.

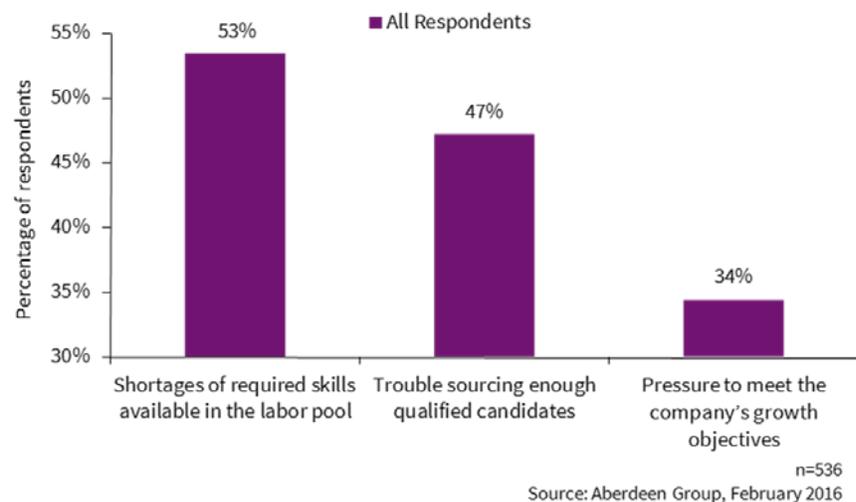
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In Aberdeen's 2015 Human Capital Management study, the following key performance indicators (KPIs) were used to distinguish the Best-in-Class (top 20% of aggregate performers) from the Industry Average (middle 50%), and Laggard (bottom 30%) organizations (All Others equals the average between the two), with mean-performance among the Best-in-Class as follows:

- 86.9% of employees rated as “highly” engaged
- 30.3% increase in customer satisfaction rates
- 9.9% decrease in voluntary (unwanted) employees

Figure 1: Bringing in the Right Talent is Harder Than Ever



However, savvy employers don't sit on their laurels and wait for top talent to come to them. Instead, they take decisive actions to ensure they more-than-adequately prepare for future hiring needs. Case in point, per Aberdeen's [Best Practice: Use Modern Recruiting to Stay Cutting Edge](#) (January 2016), Best-in-Class organizations (sidebar) are 55% more likely (68% vs. 44%) than All Others to proactively build and expand the candidate pipeline, regardless of current hiring needs. They understand that top-tier candidates, whether Millennials or other generations, don't come along every day. By building an extensive candidate pipeline — no matter what the current hiring needs are — top companies are able to more easily overcome the [skills gap](#) and reach passive candidates, too.

To make matters a little bit easier, top companies make investments in resources that help ensure that candidates and new hires alike are continuously engaged and connected with the business. Timely investments such as these give employers a leg up against the competition and these ongoing hiring challenges. Notably, Best-in-Class companies are 35% more

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likely than All Others to invest in new technology to make recruitment more engaging for candidates.

Such efforts are aptly timed, as employee engagement is an ongoing challenge for businesses worldwide. Per Gallup's 2014 poll, [The State of the American Workplace](#), 68.5% of employees indicate that they are not engaged or they are actively disengaged with their work. To make matters even more challenging for any organization looking to grow, [75% of the fully employed workforce considers themselves passive candidates](#) (i.e., they're not actively looking for new roles but are receptive to other options). That's particularly frightening for any employer as it means that three quarters of the workforce can be poached, especially if they don't stay motivated and engaged.

That doesn't bode well for hiring and retaining employees, whether they're Millennials, high-performers, or [high potentials](#). Savvy organizations understand that specific actions must be taken to improve employee engagement. That's why Best-in-Class companies are 30% more likely (35% vs. 29%) than All Others to implement new employee engagement technologies in the coming year. With that being said, the next section will explore why ongoing employee engagement is a necessity.

## The Return on Investment of Employee Engagement

Employee engagement needs to be a requirement nowadays, whether you're using specific technologies or implementing other internal processes and initiatives. If you want your employees to be successful, let alone retain them (see sidebar for more), engagement should be top of mind. But to get to that point, it's important to reframe employee engagement. Instead

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**Best-in-Class companies are 30% more likely than All Others to implement new employee engagement technologies in the coming year.**

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It's a necessity for any organization looking to acquire and retain top talent — whether Millennial or otherwise — to be recognized and known as a place that cares for employees. To help with that, start by committing just as much time and effort into employees' development as is put toward the bottom line. Most members of the workforce care more about intrinsic qualities and their actual impact than more material priorities. This is so true, in fact, that Aberdeen's [Young & Talented but Lazy? Not So Fast, Millennials are the Real Deal!](#) (February 2015) revealed that employees are 2.5 times more likely (57% vs. 28%) to commit to their jobs if they are challenged by their work, compared to having a competitive salary.

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**Companies with a formal engagement strategy in place are 67% more likely to improve their revenue per FTE on a year-over-year basis.**

of focusing on the workforce’s bottom-line contributions (akin to performance management, which we’ll explore in a bit), engagement is about ensuring that employees are passionate about what they’re doing.

While employees certainly reap the benefits of being looked after and appreciated (more on that below), business will definitely grow effectively, as well, when there is an engagement plan in place. For instance, per Table 1 below, organizations with formal employee engagement plans in place are more likely to have productive employees who consistently assist with growing the annual company revenue. In addition, such companies enjoy the sustained benefits of happier customers who consistently return for more quality service from engaged employees.

**Table 1: A Formal Engagement Plan’s ROI for the Business**

Key Business-Facing Metrics	Companies with formal employee engagement plans	All Others
Annual company revenue	15.5%	12.3%
Customer win-back rate	11.0%	3.3%
Revenue per full-time equivalent (FTE)	8.7%	5.2%

Source: Aberdeen Group  
n=213

Companies with a formal engagement strategy in place are 67% more likely to improve their revenue per FTE on a year-over-year basis. HR can get behind the notion that their investment means greater average performance per employee. In turn, businesses with a formal strategy in place are 8% more likely than All Others (81% vs. 75%) to retain their first-year employees. Not only does an engagement strategy have an impact on performance, but it also pays off for retention. In today’s digital workplace, small returns like that can’t be overlooked. To help with employee engagement, businesses should incorporate other technologies

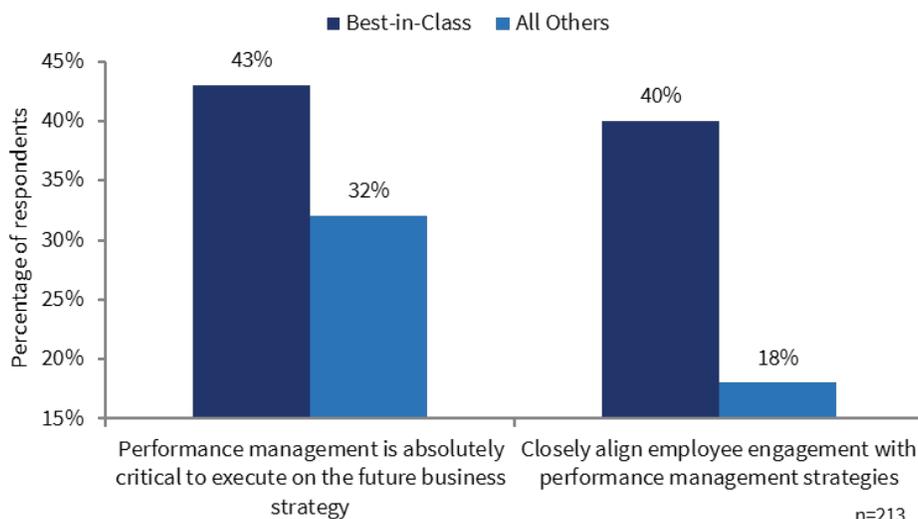
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(we'll explore those later on) and strategies, such as performance management.

### *Performance Management: Employee-Centric First and Foremost*

While employee engagement needs to be distinguished from performance management (sidebar), per Figure 2 below savvy companies closely align their the two. But the difference between the two should be clear to employees from the onset of their employment through their tenure. As such, the biggest factor that has made the largest impact on employee performance, as cited by 41% of companies, is aligning individual and overall organizational goals.

**Figure 2: Best-in-Class Prioritize Performance Management**



Source: Aberdeen Group, April 2016

After all, per the importance of transparency, it follows that employees' priorities should be interconnected with the organization's. Ultimately, in today's always-on lifestyle, when

#### **Aberdeen Definition:**

Performance management is a process wherein a business sets company-wide goals and involves all members of the workforce in order to improve organizational effectiveness. In essence, as the Musketeers once said, "One for all, all for one." Performance management is about tying individual contributions to the bottom line.

**Best-in-Class companies are 2.2 times more likely than All Others to closely align their employee engagement plan with their performance management strategies.**

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## Best Practices for Goal Setting:

To help with that, businesses should ensure that employees have access to their goals and the necessary resources to meet and exceed them.

- Best-in-Class organizations are keen on that and are 50% more likely than All Others (33% vs. 22%) to enable employees to track their performance against their goals.
  - Savvy companies trust their workforce to make the right decisions while simultaneously providing them with assistance, feedback, and positive reinforcement along the way.
  - Companies should set expectations for their employees to meet their goals. Doing so will demonstrate to employees that they are trusted, respected, and challenged.
- For instance, 67% of companies hold their employees accountable for their own goal attainment progress, and 20% plan to in the coming year.
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we have access to information at the swipe of a screen, continuous performance management is powerful for keeping employees abreast of their individual contributions, overall skills, goals, and more on a continuous basis. Best-in-Class businesses understand just how valuable performance management is; in fact, per Figure 2, they are 34% more likely than All Others to indicate that it is absolutely critical to execute their business strategy for the future. The antiquated method of conducting performance reviews twice, or even once, per year isn't enough.

Employees want insight. They want information. They want suggestions and feedback on how to learn and grow, both professional and personally. This isn't lost upon top-performers; notably, Best-in-Class companies are 58% more likely than All Others (60% vs. 38%) to have a flexible goal-setting process that allows for frequent updates and modifications. Just like consumers and their buying decisions, employees want pertinent details about their performance at the point of need, so they can be more informed and stay active (see sidebar for more insight on empowering employees for goal setting). To successfully support employee engagement, companies should provide employees with a strong [onboarding](#) initiative, extensive [learning and knowledge management](#) programs, [recognition and appreciation](#), and [self-service portals](#). More on each next.

## Technology to Optimize Employee Engagement

There's a slew of HR technologies available today that can aid with engaging, exciting, and retaining employees. Naturally, not all are made equal, but the ones that are top-notch have great potential for super-charging any company's engagement plans. As discussed, the digital workplace brings separated employees together, so it's imperative to have technologies that can

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support engagement strategies while doing wonders for the business and a geographically dispersed workforce as well.

Such tools need to be relevant at every stage of the employee lifecycle, from before day one onward. But in a day and age when employees don't have a lot of free time on their hands, it's a necessity for such resources to be available via a seamless intranet portal designed for employees that unifies everything. When implemented appropriately and in conjunction with one another, each of the following technologies can do wonders for employees' experiences and engagement.

### *The Importance of a Strong Onboarding Program for Engagement*

Technically, the onboarding process starts right after an employer receives the signed offer letter. Oftentimes, however, there's a lull period until employees' first days. There's a great opportunity here for new hires to become engaged and excited by immersing them in the company culture before they formally start. This is why onboarding is more than just a checklist — it's an opportunity to immerse employees in the company culture, while simultaneously equipping them with the right tools, the right context, and the right connections to get started on the right foot. Such a tactic aligns perfectly with what a digital workplace aims to do. Fifty-eight percent of all companies indicate that the biggest influence on onboarding efforts is the need to engage new hires in the company culture. Most people want to feel connected, and that goes double for new recruits.

Hence why, per Figure 3 below, Best-in-Class companies are 53% more likely than All Others to begin the onboarding process before day one, also known as pre-boarding.

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**Almost 60% of all companies indicate that the biggest influence on onboarding efforts is the need to engage new hires in the company culture.**

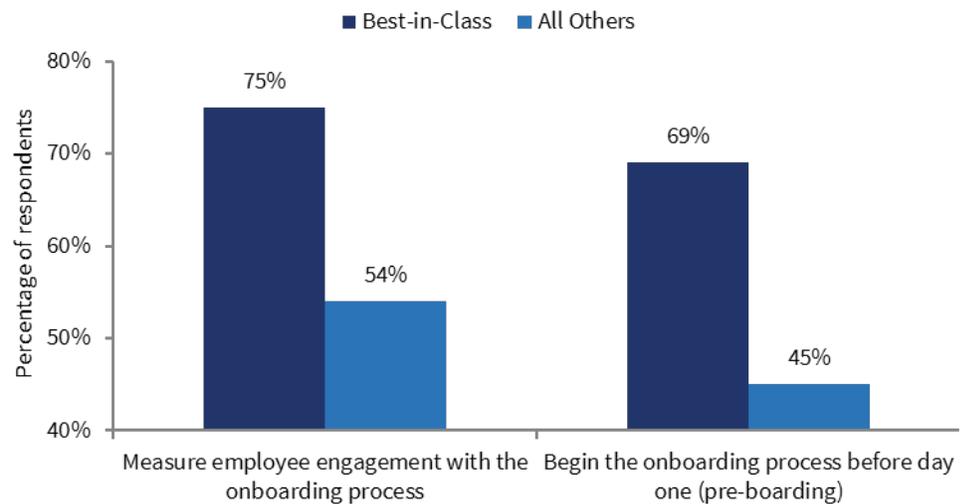
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**Best-in-Class organizations are 39% more likely than All Others to measure employee engagement with the onboarding process to ensure employees understand what's expected of them.**

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**Figure 3: Best-in-Class Are Savvy About Onboarding**



n=216  
Source: Aberdeen Group, April 2016

Doing so enables new hires to make connections with peers and experts internally so they can be better prepared once they start. In addition, it shows new hires that their connection and engagement with the company is top of mind. Via the intranet portal, new hires can log in soon after accepting the offer and begin to consume relevant onboarding content. Doing so can mean less work on employees' first days and can simultaneously excite new hires from the onset. To help ensure new hires are connecting early on, Best-in-Class companies are 39% more likely than All Others to measure employee engagement with onboarding to ensure they understand what's expected of them.

### *Connecting Learning Development and Engagement*

In a time when it's estimated that [less than 1% of an average employee's work week is available to learn something new](#), savvy companies don't force their employees to learn in one particular way. Instead, they utilize a combination of formal learning, internal experts, user-generated content, and

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contemporary modalities, such as [microlearning](#), [social](#), [mobile](#), video, and [collaboration](#). Best-in-Class companies comprehend the value of variety and are 76% more likely than All Others (37% vs. 21%) to deliver learning in different ways to appeal to a variety of learners. Such diversity can help foster an environment of informal, continuous learning. When such resources are available via a single sign-on portal, employees can learn new concepts at the point of need, which aligns perfectly with what the digital workplace aims to do.

With such a portal at their disposal, employees can freely access information that will not only help them solve their current challenges, but also teach them new concepts. In turn, this technology helps employees achieve their goals and individual growth. In fact, per Aberdeen's [The State of the US Workforce: How to Overcome the Skills Gap](#) (November 2015), Best-in-Class companies are 2.6 times more likely than All Others (50% vs. 19%) to empower employees to access learning resources that are directly tied to their career goals. This enables employees to grow faster, remain intrigued by their work and the company, and stay committed to the organization as a whole.

### *The Impact of Recognition Tools on Employee Engagement*

While employees might love the challenge and intrigue of their work, it's hard to stay engaged, let alone committed, if all their efforts go unnoticed. A pat on the back or a rousing thank-you is certainly a great starting point, but top-performing companies go way beyond that to demonstrate their appreciation for excellence. Case in point, per Figure 4, Best-in-Class companies

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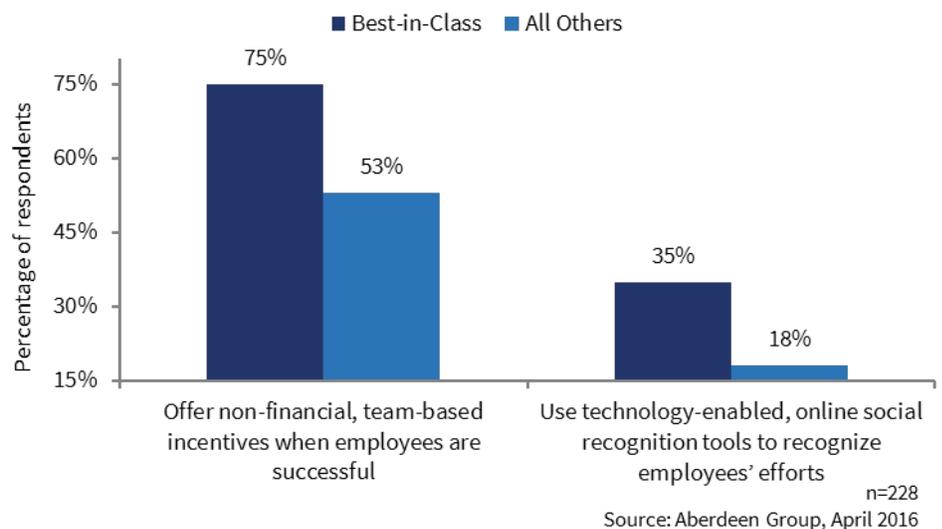
**Best-in-Class companies are 2.6 times more likely than All Others to empower employees to access learning resources that are directly tied to their career goals.**

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are 94% more likely than All Others to use technology-enabled, online social recognition tools to recognize their employees.

**Figure 4: Best-in-Class Businesses Recognize Success**



**Best-in-Class organizations are 42% more likely than All Others to offer non-financial, team-based incentives when employees are successful.**

Best-in-Class organizations extend their efforts beyond social recognition, as well, to offer more physical rewards. For instance, Best-in-Class organizations are 42% more likely than All Others to offer non-financial rewards when employees are successful, such as after-hour events, trips, and office parties.

Top companies don't stop at individual or team recognition, though; instead, they incorporate continuous, ongoing recognition with performance management strategies. By recognizing excellence internally, businesses can demonstrate what exceptional or ideal behaviors look like and can then offer feedback on how to meet such goals for the future. In doing so, companies can reinforce a high performance culture that is accessible whenever it's needed. So regardless of whether employees are separated by cubes or country lines, they'll still have the ability to recognize and be recognized.

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## *Self-Service Portals to Ensure Employees Are Always Supported*

Last, but certainly not least, is the employee self-service portal. Via such a resource, employees can take charge of their own information, which increases employee independence, decreases the work required by HR, improves company transparency, and helps build stronger relationships between the workforce and their employers. For starters, employee self-service technologies encourage peer-to-peer support — empowering members to communicate with one another. This in turn reduces HR's support burden, so they can focus on more strategic initiatives.

In turn, employee self-service technologies give employees immediate access to pertinent information anytime, anywhere, and on any device, namely via mobile and an intranet portal. Such content can include time-off requests, scheduling, healthcare and benefits, wellness enrollments, and a whole lot more. Adoption of self-service is on the rise, too. Notably, per Aberdeen's [\*Want to Be a Progressive Company That Retains Top Talent? Collaborate with the CIO on Mobile Self-Services\*](#) (September 2015), companies nowadays are 2.4 times more likely (52% vs. 22%) than companies in 2013 to provide their employees with access to self-service. With such capabilities in place, employees can feel empowered to own their own information. While self-service is seemingly not as powerful as everything else, without an easily accessible, unified experience, information can seem distant.

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**Companies nowadays are 2.4 times more likely than companies in 2013 to provide their employees with access to self-service.**

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## Areas to Focus on for Employee Engagement:

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- Onboarding
- Learning
- Recognition
- Self-service

## Conclusion

In a time when having an actual office is no longer a necessity, and the digital workplace is growing in popularity, forward-thinking companies provide employees with a flexible, adaptable structure and experience. On top of that, such companies are also more keyed in than ever before about how important engagement is for employee commitment and retention. As demonstrated above, there's a bevy of ways to help build out your engagement endeavors.

A great way to get things rolling is to develop a plan. To do that, first ask yourself: what's the goal of this engagement effort? If it's to get employees more motivated to contribute to the bottom line, then you're thinking about it all wrong. Recall that employees have more choices than ever before about where they can work, so don't push them away by thinking about you first. Do the following, and you'll be better off than before:

- **Onboarding.** Support employees from the offer letter onward, giving them an immediate overview of what's going on, even before day one, i.e. pre-boarding.
- **Learning.** Enable employees to learn new skills and reinforce old ones to help them reach their goals via continuous, cohort learning experiences.
- **Recognition.** Recognize excellence in your employees and have them celebrate each other's everyday victories.
- **Self-service.** Provide employees with easily accessible information, so they can be in control, along with tools for peer-to-peer support.

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Remember, reframe employee engagement around exactly that — your employees.

For more information on this or other research topics, please visit [www.berdeen.com](http://www.berdeen.com).

## Related Research

[\*Best Practice: Use Modern Recruiting to Stay Cutting Edge\*](#); January 2016

[\*Best Practice: Establish Strong Internal Relationships to Improve the Employee Experience\*](#); January 2016

[\*The State of the US Workforce: How to Overcome the Skills Gap\*](#); November 2015

[\*Want to Be a Progressive Company That Retains Top Talent? Collaborate with the CIO on Mobile Self-Services\*](#); September 2015

[\*Creating a Strong Culture: HR Partners Enable Success\*](#); June 2015

[\*Young & Talented but Lazy? Not So Fast, Millennials are the Real Deal!\*](#); February 2015

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### About Aberdeen Group

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