



WHITE PAPER

Connecting the Dots Across Employee Engagement, Turnover, Recruitment & Replacement

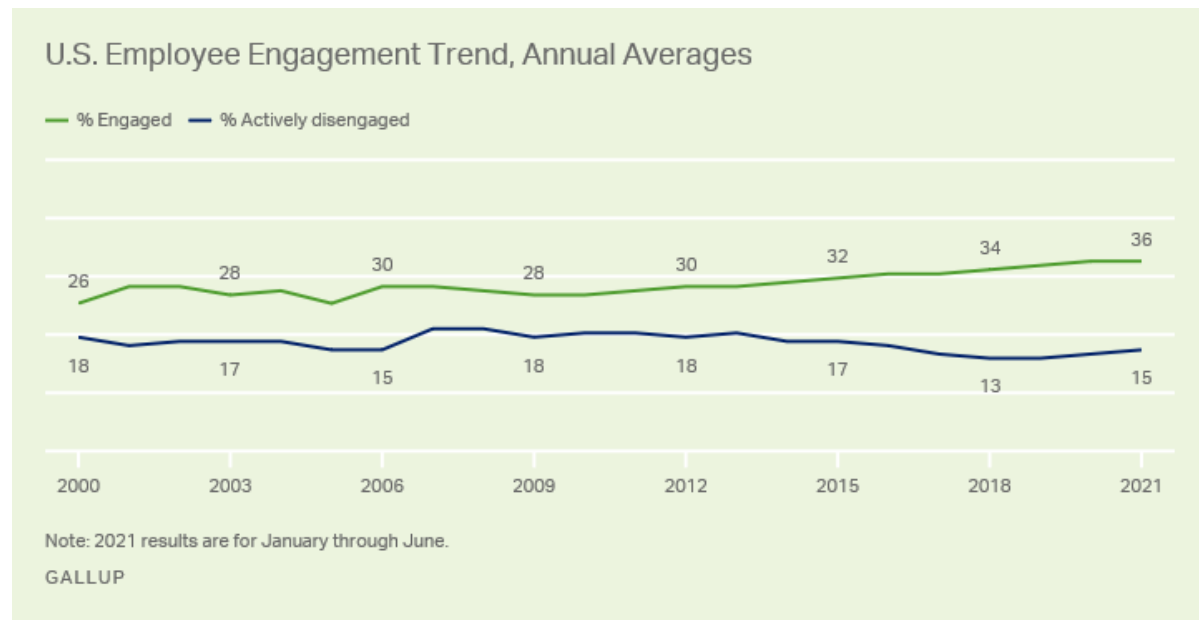
How Fostering a Culture of Long-Term Learning & Development Reduces Costs & Improves Outcomes



The Great Resignation and global pandemic have caused record-breaking disruption and upheaval across the modern workforce. In this white paper, we'll explore how facilitating personalized, self-service learning drives employee engagement, reduces turnover, supports recruitment, and minimizes replacement costs.

The Growing Importance of Employee Engagement

Employee engagement is vital in the modern workplace, but as of the first half of 2021, [just 36% of U.S. workers report being actively engaged in their work and workplace, while 15% are actively disengaged](#).ⁱ And 74% of those actively disengaged workers are actively seeking new employment.



It's important to note that employee engagement and employee satisfaction, while related, [are not the same](#).ⁱⁱ

“The main difference between ‘Employee Engagement’ and ‘Employee Satisfaction’ lies in their relationship with the individual and organizational performance aspect of it,” explains Gonzalo Shoobridge, Ph.D.

“Employee Satisfaction does not necessarily correlate with different organizational performance indicators. Employee Engagement does!”

[Recent research by Gallup](#)ⁱⁱⁱ found that creating a great workplace culture that has engaged employees who proactively drive positive business outcomes “isn’t about making employees happy or content—and organizations falter when they think it is.”

“It's true that enthusiastic and energetic employees feel better about their work and workplace,” says Gallup’s Jim Harter. “But engagement is not determined by an abstract feeling. Measuring workers' contentment or happiness levels, as well as catering to their wants, often fails to achieve the underlying goal of employee engagement: **improved business outcomes.**”

So how can organizations improve engagement and retain high performing employees? The answer may seem obvious, but it’s often overlooked: give workers the tools they need to be successful—in other words, make it easy for them to do their jobs well.

The key is making it easy for your employees to access the personalized information, training, reskilling, upskilling, and on-the-job content resources they need *at the point of need*—that is, **providing the content they need (and only the content they need), exactly when and where they need it.**

But fewer than 10% of companies in [Brandon Hall Group’s](#)^{iv} Learning Strategy Survey state that their learning environment “takes advantage of multiple technologies to create engaging, personalized learning experiences.”

Organizations often hesitate to invest in learning and development, content management, and other critical business functions because they are seen as cost centers as opposed to revenue drivers—but with the right strategy and technology tools in place, content and L&D teams can actually drive significant return on investment.

How does employee engagement drive profitability?

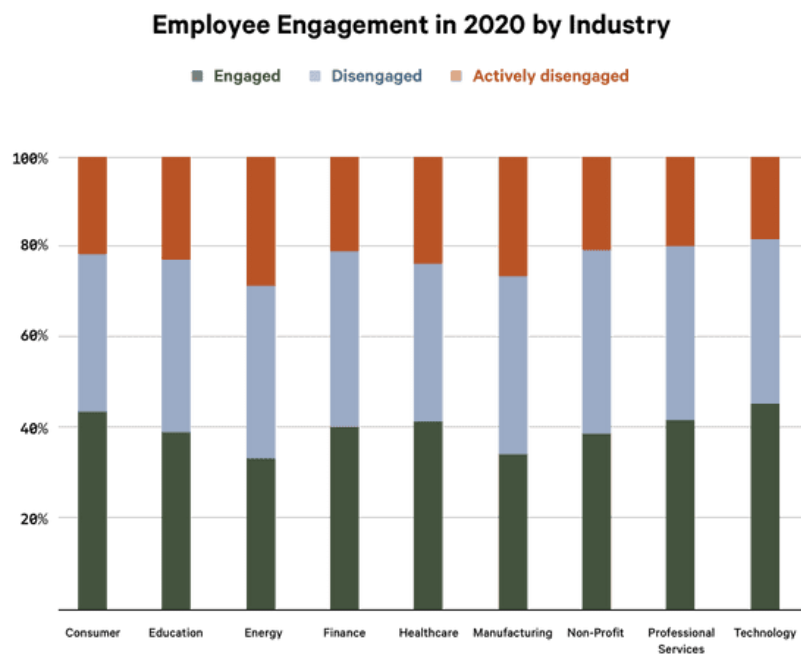
Fostering a positive and enriching employee experience and prioritizing employee engagement is no longer an optional "perk." It’s a must in the modern workplace—a critical business function that directly affects business outcomes.



Business units with engaged workers have [23% higher profit compared with business units with unengaged workers](#).^v Additionally, teams with thriving workers see significantly lower absenteeism, turnover and accidents; they also see higher customer loyalty.

“Engaged employees make it a point to show up to work and do more work—highly engaged business units realize a 41% reduction in absenteeism and a 17% increase in productivity,” according to Gallup.

On the other hand, a [study on employee engagement](#) found that **companies in the U.S. lose between \$450-\$550 billion each year due to disengaged workers**.^{vi}



Source: [Heartbeat by Workday](#)

What causes such a significant loss? It's attributed to disengaged employees' lack of motivation and a lower sense of responsibility, which results in lower productivity, more frequent errors, poor customer service, and lower profits.

A single disengaged employee can cost a company about \$3,400 in lost productivity for every \$10,000 in salary.

With [global workforce engagement at just 21%](#),^{vii} many organizations are struggling to get—and keep—employees engaged, resulting in reduced profitability and, ultimately, higher turnover.

“Simply put, engaged employees produce better business outcomes than other employees do—across industries, company sizes and nationalities, and in good economic times and bad,” explains Harter.

“Business or work units that score in the top quartile of their organization in employee engagement have nearly double the odds of success (based on a composite of financial, customer, retention, safety, quality, shrinkage and absenteeism metrics) when compared with those in the bottom quartile. Those at the 99th percentile have four times the success rate of those at the first percentile.”

[Watch our webinar with CLO Magazine](#) to learn how the right content strategy—[paired with the right technology](#)—can help you turn content into a competitive advantage to improve employee engagement and drive ROI.

[Watch the webinar](#)



How much is employee turnover costing your organization?

Did you know that employee turnover can cost a company [1.5-2 times their employee's salary](#)?^{viii}

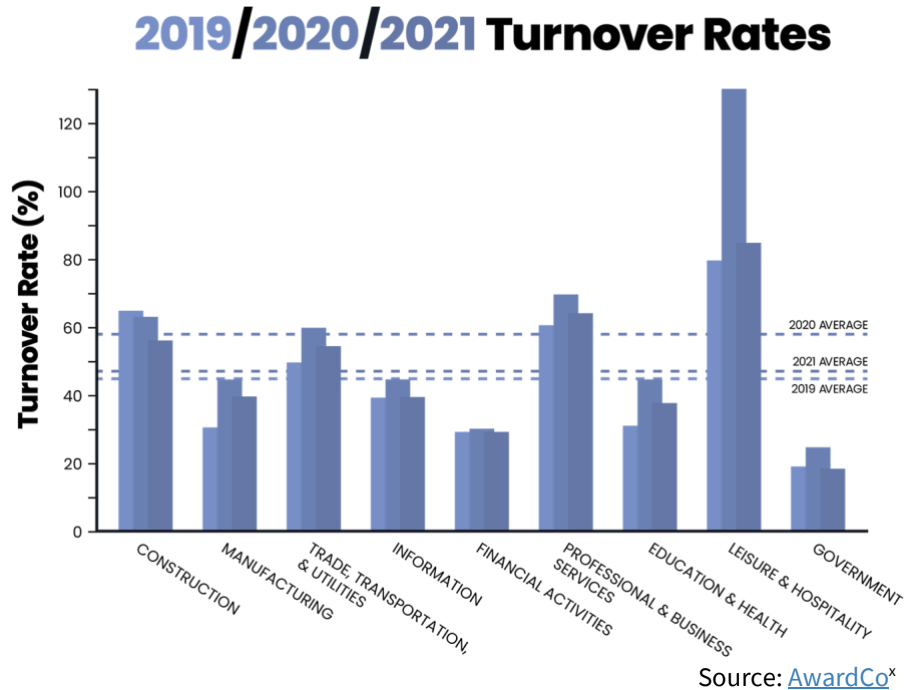
That means losing an employee who earns \$75,000 could cost your organization up to \$150,000. In high-turnover industries, these costs can quickly spiral out of control.



A 100-person organization that pays an average salary of \$50,000 could have employee turnover & replacement costs up to \$2.6 million per year.

According to a study by the [Bureau of Labor Statistics](#),^{ix} the average annual turnover rate was 47% in 2021 across all industries, which accounts for both voluntary and involuntary turnover.

The actual rate of turnover varies greatly by industry, however. The highest turnover rates in 2021 were seen in Leisure & Hospitality, followed by Professional Services, Transportation & Utilities, Construction and Manufacturing.



One of the key ways organizations can help reduce turnover is to [make it easy and convenient for your employees to educate themselves](#). And not just role-specific or on-the-job training and reskilling, but enrichment, upskilling and career advancement training as well.

“Many employees cite opportunities to grow as a reason to stay at their job—or a reason to go after another,” explains Michele McGovern of [HRMorning](#).

“But just offering employees a splattering of learning opportunities won’t cut it.”

In fact, according to a recent study by Harvard Business Review, [88% of people rank professional development and career growth opportunities as important](#) when they’re looking for a new company.



At Xyleme, we make it easy for organizations to [deliver training content anywhere it needs to be](#)—from traditional classroom courses and LMS platforms to mobile learning, custom web portals, chat bots, QR codes, and more.

Combating the High Cost of Employee Recruitment & Replacement

The cost of employee recruitment and replacement can range from [one-half to two times the employee's annual salary](#)—and that's a conservative estimate.

When employees are engaged, [87% of them](#)^{xi} are less likely to leave their company. Meaning they are 5 five times less likely to leave compared to unengaged employees.

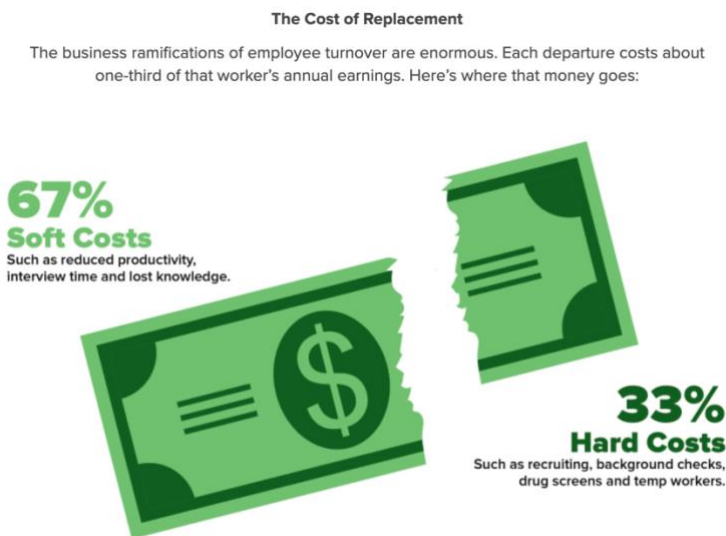
Of those that do leave, **52% of voluntarily exiting employees say their manager or organization could have done something to prevent them from leaving their job.**

Additionally, [employees under age 25](#) said they stay with their current employer because of training and development (69%) and career opportunities (65%).^{xii}

Prioritizing employee engagement from day one is key when trying to reduce employee recruitment and replacement costs—in other words, preventing turnover to begin with.

In fact, research by [the Society for Human Resources Management](#) found that, “when a company has great onboarding, 69% of employees are likely to stay for at least 3 years.”^{xiii} Considering that recent studies have found up to [33% of employees leave a new job after 6 months](#),^{xiv} this presents significant opportunities for turnover reduction.

The most common reason for leaving an employer? Poor management practices. The second-most cited reason: lack of career development opportunities. And third on that list: bad culture fit.



Source: Work Institute.

One survey found [94% of employees who left a position would have stayed if they invested in their long-term learning.](#)

“Organizations will need to prioritize reskilling and upskilling to attract and retain the talent they need to make their businesses grow,” explains Tim Minahan at [Harvard Business Review](#). “Those that do will not only boost the motivation of their existing workers but will gain the attention of the brightest new recruits.”

A recent study by Harvard Business Review found that, in order to combat turnover and improve employee recruitment and replacement, [leaders need to prioritize learning and development](#):^{xv}

1. Leadership and management training
2. Upskilling or reskilling employees
3. Digital upskilling / digital transformation
4. Diversity, equity, and inclusion
5. Employee performance support
6. Implementing learning tools and analytics

- 82% of employees and 62% of HR directors believe that workers will need to hone their current skills or acquire new ones at least once a year in order to maintain competitive advantage in a global job market.
- HR directors believe that ensuring that an organization has the latest collaborative technology in place to enable agile learning is the most important factor in recruiting and retaining the best talent, and 88% of employees confirm this notion, saying that they look for this when searching for a new position.

Employees of the Future Demand Ongoing Learning Opportunities

It’s no surprise that 46% of Learning and Development leaders surveyed in [LinkedIn Learning’s 2022 Workplace Learning Report](#) said Reskilling and Upskilling were a top focus area this year, second only to Leadership and Management Training, and followed closely by Digital Upskilling / Digital Transformation.^{xvi}

Employee Performance Support and Implementing Learning Tools and Analytics ranked fifth and sixth, respectively.

And these trends are expected to continue.


By 2030, it's predicted that [75% of the U.S. workforce will be made up of Millennials](#).^{xvii}

Millennials have consistently reported that on-the-job training has a major impact on their decision to accept a position or remain with an employer.

In fact, [93% of Millennial and Gen Z workers](#) surveyed said they expect employers to provide learning opportunities.^{xviii}

It's clear that reskilling and upskilling programs will only become more important in the modern workplace.

But creating and delivering—not to mention maintaining—personalized learning [content that can be easily reused across experiences and publication types](#) as your organization grows and evolves, is no small task.



An [effective enterprise learning and development program](#) goes far beyond onboarding and job-specific training, extending throughout the employee journey to include upskilling and reskilling, professional development, soft skills, and more.

Prioritizing continuous learning across the entire employee journey helps organizations keep employees engaged and drive continued growth and personalized value—both of which are key to improving retention, supporting recruitment by differentiating your organization from your competitors, and driving long-term employee engagement and satisfaction.



Schedule a free consultation to explore how Xyleme's award-winning CCMS helps global brands streamline their enterprise content strategies to drive up to 4X higher content engagement, reduce content development time by 50%, and cut content maintenance time by 60% or more.

[Schedule a free consultation](#)

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