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# How Happy Employees Lead To Happy Customers, Companies And Shareholders



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Cookies on Forbes

There is certainly a moral argument to be made for treating employees well and making sure you embrace diversity and inclusion.

But beyond this, can treating employees well actually affect individual productivity and help contribute to your company's bottom line? A fascinating body of work (via [the London School of Economics and Political Science](#)) was published in 2019, and it suggests the answer is yes: The researchers found a correlation between employee satisfaction and firm performance. Below are some of the things that I think about when it comes to employee experience, why all managers and executives should care and how they can improve their employees' satisfaction.

### **1. An employee's emotional well-being can directly affect creativity.**

This could play out in a multitude of scenarios. The overworked, overstretched parent or caregiver may not have full creative capacity at their disposal due to stress and competing priorities. An employee who feels isolated may be less inclined to collaborate for innovative outcomes. This could be physical isolation (like a remote worker with few chances for interaction or feedback) or representative isolation (e.g. the employee has few peers that they can identify with). In my experience, hiring a diverse workforce and nurturing employee culture can directly impact creativity (how employees think about new ideas) and innovation (how employees implement new ideas).

### **2. An employee's well-being is likely to determine how long they remain at a company.**

In a tight labor market where talent is king and many [jobs are unfilled](#), your best employees may be solicited continuously for competing jobs and alternative work environments. The era of employee loyalty to a company is largely over. According to the Bureau of Labor Statistics, the [median tenure](#) for surveyed workers was 4.2 years in 2018. And it isn't necessarily more money that will make an employee jump ship. Qualities that are harder to quantify, such as [company culture](#), can also play an outsized role in keeping your workforce together.

### **3. A happy employee is more productive.**

Again, this can manifest in a variety of ways. Employees who are stressed, unhappy, or overworked may also be distracted. This unhappiness could turn into chronic absenteeism. Or maybe an employee starts to gossip or complain to co-workers about leadership -- which could have larger reverberations beyond a single employee.

Research from the University of **Warwick** (*via [Fast Company](#)*) suggests you can achieve a 12% productivity gain if your workforce is happy.

#### **4. Employee well-being isn't just the feeling of being safe, respected, valued and heard.**

Employee well-being can also relate to whether or not an employee feels that the company is living its mission or adding to the greater good. [Remember high-profile walkouts and activism efforts by employees](#) who were outraged by company policies and problems? That employee energy and time to take a stand certainly takes time away from the usual business at hand -- as well as time away from your customers. A company's purpose and culture can contribute to employees' happiness and help avoid events like these.

#### **5. Providing a great employee experience can impact shareholder value and profitability.**

Engaged and fully mobilized employees or workforces could directly correlate to shareholder value creation and profitability. 2017 Gallup [research](#) found that "the behaviors of highly engaged business units result in 21% greater profitability."

Employee experience and happiness are often difficult to measure, but in reality, you can use a variety of tools and processes to make sure you are continuously listening to your workforce, changing cultural elements when you identify an issue and supporting all levels of leadership and staff. Yes, creating a positive company culture and elevating employee experience takes investment -- in the form of time, money and training. But in my opinion, the upfront costs are nothing compared to what you risk losing. Talent, creativity and productivity are all components of a vital, healthy, innovative and ultimately profitable business.

One way that companies can immediately start improving the employee experience is to implement employment appreciation programs. These can range from performance bonuses to public recognition of employee performance in internal meetings and providing employees with a free lunch or a group activity. For example you could take the company out to a sporting event. Implementing employee appreciation activities can make employees feel like their work is being recognized and exemplify the fact that your company is willing to invest in its employees.

It's also important to provide development opportunities for all of your staff so that they can stay intellectually engaged and interested in their work. And it's also important to ensure that leaders within your organization are identified and trained to provide a positive employee experience. Company leaders have an outsized role in how their teams are treated and whether programs are implemented properly. Finally, encourage a healthy work-life balance among your staff to help keep creativity levels high, absenteeism minimal and turnover low.

So I challenge all CEOs to move beyond the traditional approach of pushing company performance and start programs that improve the employee experience. If your employees are happy, customers will be happy and spend more. This can add to shareholder value and make your investors happy. This virtuous cycle benefits all of the most critical stakeholders.

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