



- Human resources teams struggle to make communications relevant to a globally diverse employee base, but often fail to make their messaging personal enough to resonate with their target audience. The proof? Over 60% of employees are dissatisfied with their benefit plans.
- Almost 70% of employees in global organisations want benefits around key life stages, but only 46% of employers use this opportunity to engage with their workforce.

Overall, companies spend over US\$720 million each year on employee engagement, a figure that is projected to rise to over US\$1.5 billion. Once again, despite the huge outflow of funds, employee engagement is at record lows – 13% according to Gallup[5].

The Need for a Different Accounting System

To get a better handle on the success of company strategies, an article in the McKinsey Quarterly suggested a forward-looking alternative[6]. “Companies focus far too much on measuring returns on invested capital (ROIC) rather than on measuring the contributions made by their talented people. The vast majority of companies still gauge their performance using systems ... based on metrics that don’t take sufficient

notice of the real engines of wealth creation today: the knowledge, relationships, reputations, and other intangibles created by talented people and represented by investments in such activities as R&D, marketing, and training.”

An analysis of industry averages, in the following chart, provides an interesting perspective on revenue per employee[7]. Oil and gas companies make at least twice as much revenue per employee than other sectors, while healthcare and utilities companies also have high ratios. A possible explanation involves the cost of doing business. Oil and gas companies spend billions of dollars on capital expenditures to build and maintain plants and rigs, while paying extra taxes and royalties. Healthcare companies spend a lot on R&D to stay competitive, while utilities maintain vast amounts of infrastructure. These sectors generally hire specialised employees and pay higher salaries for such expertise and knowledge.

What, Then, Should Companies Spend Their Money On?

The answer lies not so much on implementing costly HR programmes or purchasing expensive tools, but in taking practical, common sense steps. Whether or not corporate funds are abundant, leadership should recognise the urgency to allocate resources in ways that will garner the

Rank	Sector	Avg. Revenue Per Employee (US\$)
#1	Energy	\$1.79 million
#2	Healthcare	\$0.89 million
#3	Utilities	\$0.81 million
#4	Consumer Staples	\$0.70 million
#5	Financials	\$0.65 million
#6	Telecommunications	\$0.61 million
#7	Materials	\$0.60 million
#8	Tech	\$0.48 million
#9	Consumer Discretionary	\$0.42 million
#10	Industrials	\$0.32 million

“No matter how financially successful a company may be, smart leaders know how to spend funds wisely, efficiently, and effectively.”



most profitable results in terms of revenue, shareholder satisfaction, and employee engagement. Throwing money at traditional human resources systems and approaches that have been proven to fail (or, succeed only minimally) is not the answer to ensuring alignment of employees with corporate strategies.

A key ingredient of success is getting to know your workforce. If you understand the needs and desires of your employees deeply, in conjunction with company goals, the result will prove beneficial to all parties. Listening, interacting, and responding — essentially, communicating — represent the common sense approach to determining how best to engage lackluster employees.

[1] Rob Markey, “The Four Secrets to Employee Engagement,” *Harvard Business Review* (January 27, 2014), citing a survey by Bain & Company, in conjunction with Netsurvey.

[2] 2015 Training Industry Report, cited in *Training Magazine* (November-December 2015).

[3] Press release “US HR Organizations Spending Increases, Following a Rise in Employee Turnover” (January 14, 2015).

[4] Stephen Miller, “Missing the Mark: Employees Don’t Appreciate Benefits Spending,” *SHRM.org* (October 3, 2016), citing Thomson’s Online Benefits report, *Global Employee Benefits Watch 2016/17*.

[5] Cited by Susan LaMotte, “Employee Engagement Depends on What Happens Outside of the Office,” *Harvard Business Review* (January 13, 2015).

[6] Lowell Bryan, “The New Metrics of Corporate Performance Profit per Employee,” *McKinsey Quarterly* (February 2007).

[7] Jeff Desjardins, *visualcapitalist.com* (June 15, 2017).



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