



The EX Factor: Unlocking engagement for business performance

SALT^X

Welcome to SaltX

SaltX was founded on the basis that we were missing something. The research linking a highly engaged workforce to strong business performance is well-known but we were missing the key piece of the jigsaw.

Which part of the employee experience should we focus on to move engagement? What would have the biggest impact? And how would you know? With no-one responsible for the whole EX because it sits across the business, there needed to be a different solution.

Welcome to SaltX: **the strategic EX consultancy**. 'Strategic' because we look at EX holistically from end-to-end and because we're obsessed with linking EX to core business performance.

We're
obsessed with
EX driving
business
performance

Get to know us

We're lifelong students of business, people and engagement and have a rich understanding of the research that ties a highly engaged workforce with business performance that outstrips the competition.

There's a lot of it, it's robust and it's been tested across geographies and industries.

But for us, it's not just academic. We've been in senior leadership roles ourselves in businesses from large corporates with hundreds of thousands of people to exciting start ups and scale ups with a few hundred people.

We've seen what works and what doesn't. Our work doesn't end in a deck. It changes people's experiences and tracks through to better business performance.



Matt Morgan

Founder and Chief Consultant



Ben Howells

Chief Consultant

Contents

Welcome to our white paper where we share our insight into how to use EX to unlock the incredible power of your people to drive business performance.

Executive Summary

Introduction

- Ch 01** Defining employee engagement and employee experience: a language problem
- Ch 02** How EX can unlock employee engagement
- Ch 03** A methodology: What EX factors to focus on for high engagement
- Ch 04** Conclusion: Holistic EX for better business performance

Executive Summary

We know that businesses with highly engaged employees significantly outperform their competitors. There's a mountain of research that backs this up.

And yet engagement remains stubbornly low, as low as 21% (global average) according to one study. Why?

We've been going after the wrong thing. We've been trying to 'engage' our workers, which means different things to different people. The interventions we try don't have the impact we expect. There's something getting in the way.



x2
Net profit



x2.5
Revenue growth



Enter employee experience (EX)

Employee
engagement
is the
outcome.

Employee
experience is
the input.

At SaltX, we believe that a fundamental shift in thinking has the power to unlock the potential of engagement to drive better business performance.

The shift is to see *employee engagement* as the **outcome**, with *employee experience* as the **input**. An engaged workforce is like a beautiful garden (the outcome), experience is all the different plants, borders and features (the inputs) that you have to cultivate to create the garden.

By pulling the right EX levers, we can dramatically improve engagement and drive business performance.

But there's a twist. Not all EX factors are created equal, just like parts of a garden. Some are powerful engagement drivers (flowers and trees in our garden metaphor) while others are 'hygiene factors' (think soil and landscaping). These hygiene factors can act as blockers to higher levels of engagement. If you don't fix these, nothing else will work. So what's the solution?

Holistic EX

Look at the EX holistically. See the end-to-end EX and the gaps are revealed. These could be engagement drivers that aren't firing. Or there could be a hygiene factor blocking engagement.

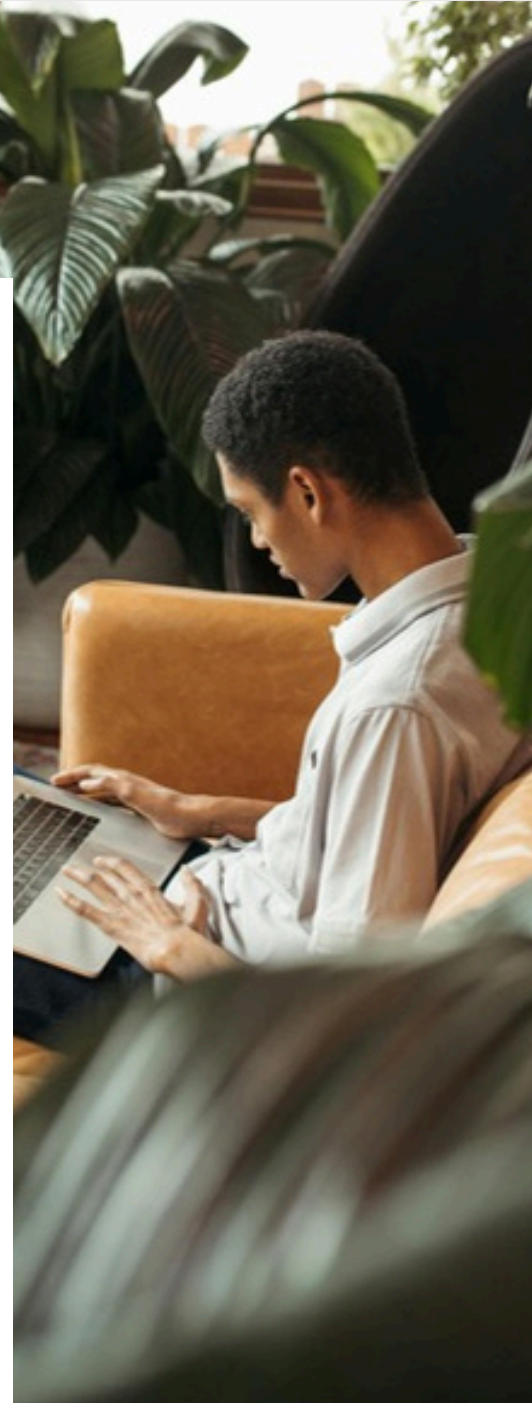
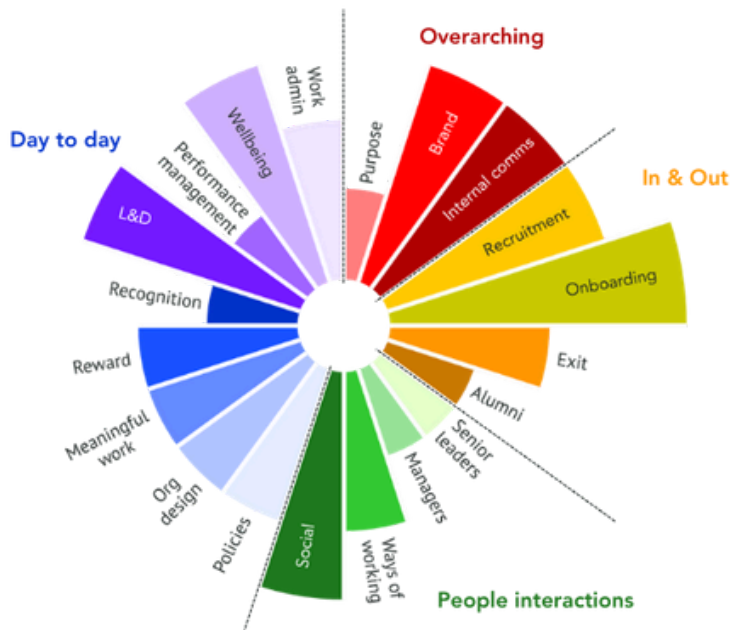
Once you have the map, the big picture, you can focus on the EX factor that will make the greatest impact on engagement, and therefore business performance.



Introducing our EX Impact Diagnostic

This is why we've developed our EX Impact Diagnostic, which gives our clients intimate knowledge of their end-to-end EX and absolute clarity for what to focus on for the greatest impact on business performance. And we provide them with all the evidence they need to back it up.

See more on our website [here](#).



Introduction

This paper makes the case for how employee experience (EX) can unlock the potential of employee engagement to improve business performance. 2 x net profit. 2.5 x revenue growth. EX are the keys to finally unlock the power of your people to drive your business.

The relationship between employee engagement and business performance is well established. Many large-scale research studies and practice across industries and geographies over the last more than 20 years have shown that high levels of engagement are correlated with high performing businesses that significantly outperform their competitors.

And yet engagement levels are low globally and haven't recovered to pre-pandemic levels (Gallup, Engage for Success). Efforts to improve engagement often do not see the results expected. What's going on?

In a nutshell, we've been missing the 'how'.

In this paper we set out how engagement is a term full of confusion and needs to be reclaimed and viewed as an outcome, rather than something to 'do'. Employee experience (EX) is the 'input' that we need to get to the positive outcome of high engagement that we need.

But there's a twist. Many EX programmes do not meet their objectives and we'll show why. We'll reveal why looking at the end-to-end EX can unlock the power of engagement to improve business performance.

So let's begin by demystifying why talking about 'engagement' is often the beginning of the problem.



1

Defining employee engagement and employee experience: a language problem

What *isn't* Employee Engagement?

As the term 'employee engagement' has become more frequently used over the last 30 years, it has brought a problem with it - language. 'Engagement' has many different meanings in different contexts. It can mean:

- 'Interested' as in 'as I was talking, they seemed very *engaged*'.
- 'Interactions' in social media, as in 'that post got a lot of *engagement*'
- 'Touchpoints' in 'customer engagement', as in 'what's the customer *engagement* journey'.
- 'Approach' as in 'we're looking at a new way to *engage* with the problem'.
- Collaboration as in, 'as we begin, let's set out the terms of *engagement*'



This has muddied the water in the ongoing discussion about 'employee engagement', particularly in how the term is used in people and communication teams in practice.

Employee engagement is not about how interested an employee is or how much they interact with company content or about the types of touchpoints they have with their employer. These are all important and are correlated with levels of employee engagement.

However, employee engagement has a far greater significance as an overarching idea with wide ranging implications for the success or failure of businesses.

What is Employee Engagement?

'Employee engagement' doesn't have a tight definition, although all the formal definitions are attempting to articulate a common understanding of what it is. Khan's definition from 1990 is one that has stood the test of time and captures the essence of what subsequent definitions attempt to capture.



Or, 'switched on'. It is quite intuitive; think of the most 'switched on' employees you know. They're highly engaged. Think of those who don't bring energy into their work or the organization. They have an engagement problem.

Employee engagement is "the harnessing of organization members' selves to their work roles," and the level of physical (what they do), cognitive (what they think), and emotional (how they feel) energy that people employ and express during their job performances.

What is Employee Experience?

In contrast to employee engagement, 'Employee Experience' (EX) can be defined literally as 'the experience of employees at work'. However, as the term has grown in usage more recently, even this simple concept has gained some different, though closely associated, meanings.



The term 'employee experience' first appeared in the published literature as long ago as 1978 but really only gained momentum in the middle of the last decade from 2015 onwards. This includes Airbnb famously scrapping their HR department and replacing it with an employee experience department, signalling a new focus on experience. In 2017, Jacob Morgan published his book, 'The Employee Experience Advantage', which cemented EX as a mainstream paradigm for thinking strategically about people at work.

The influence of Customer Experience (CX)

This built on work establishing the 'customer experience' (CX) from Pine and Gilmore's 1999 book, 'The Experience Economy: Work Is Theater & Every Business a Stage'. This is why some EX practice tends to follow CX practices more closely, focusing on 'moments that matter' and specific 'touchpoints' in the employee lifecycle.

These roots in CX also bring design thinking into EX, an intentional and strategic way of approaching people's experience at work.

The two main approaches to EX

Employee experience is usually broken down into the different factors that impact the employee's experience. Approaches to EX that follow CX more closely tend to focus on fewer EX factors, often the main contact points between an employer and employee, such as recruitment, onboarding, performance management, employee events and exit.

In contrast, other approaches take a more holistic approach, with an underlying assumption that employees have an experience of a workplace for better or worse, whether it has been designed or not. Therefore, there is an opportunity to improve that experience through design.

As an example, the SaltX EX Model (see below) takes this latter approach and categorises 20 EX factors, organised into 4 main categories, which covers the entire employee experience.

Now we've defined the two key concepts of employee engagement and employee experience, we identify how they work together and why this is important for business performance.



Overarching factors

These influence the whole EX: Purpose, values, and strategic narrative, brand (including employee brand and leadership brand) and Internal Communication.



People factors

Recognising the high level of impact that human relationships play at work: The senior leadership team and extended leadership team, managers, ways of working and social interactions.



In and out factors

As people join and leave: Attraction and recruitment, onboarding, exit and alumni (as alumni programmes can directly influence 'boomerang' rehires).



Day-to-day factors

The daily experience of workers: L&D, recognition, reward, wellbeing (including HSE and inclusion), the meaningfulness of the work itself, performance management, work admin, policies and org. design.



2

Why EX can unlock employee engagement

The business case for a highly engaged workforce

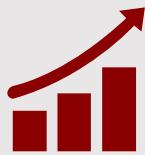
So why all the fuss about employee engagement? Right from the beginning, its proponents have made some considerable claims linking high levels of engagement with better business outcomes.

In the seminal work by Macload and Clarke, commissioned by the UK Government in 2009, extensive research backed these claims. In fact, wide-ranging research before and since has shown that companies that have high levels of engagement significantly outperform their competitors.

The case is made even stronger in that studies across industries, geographies and cultures corroborate this position, showing something universal about this focus on people and good business performance.



x2
Net profit



x2.5
Revenue growth



12%
Increase in customer satisfaction



17%
Higher productivity



56%
Fewer sick days



24-40%
Lower attrition

Research shows that businesses perform better than their competitors when they have high levels of employee engagement.

Another study showed that even an incremental 5% increase in engagement levels results in 3% revenue increase (Aon Hewitt 2015)

Just one disengaged person earning £42,000 per year (average salary) costs an extra £14,280 per year on average, in lost time, productivity, sales, and turnover costs. Approximately 34% of their salary (McLean & Company, 2017).

So high levels of employee engagement are closely linked to businesses that outperform their competitors on every meaningful commercial metric.

Data based on research carried out by Engage for Success, Harvard Business Review and Gallup.

The state of engagement in 2026

And yet, engagement levels are generally low across the board. The Gallup State of the Global Workplace says that global levels of engagement have fallen to 21%. Europe is their lowest area at 13% and from a rank of 40 countries, the UK comes in at number 35. In addition, 50% of workers are actively looking to leave their current roles.

These engagement scores are very low and, while Gallup's methodology means that the numbers come in with very low scores, other studies have the same general themes. Engage for Success say that the UK is at 65% and it's been sitting around this level since the global pandemic, while Peakon say 27% of workers are at risk of burnout.

All this research shows us that high levels of engagement has a strong correlation with high performing businesses, yet the commonly stated methods and levers for driving engagement have largely failed to make the impact expected. High engagement equals better business performance. Yet engagement remains stubbornly low.

Why is this? And what is the answer?

The Gallup State of the Global Workplace says that global levels of engagement have fallen to 21%.



How EX fits in

The key to unlocking the potential of a highly engaged workforce is to embrace a fundamental shift in thinking about engagement. That shift is to consider employee engagement as an outcome, rather than an input. When considering the theory of engagement, and how we measure it, this was always the intent. But largely due to the language problem, engagement has often been seen as something to 'do' rather than as a measure, an outcome, or a snapshot state.

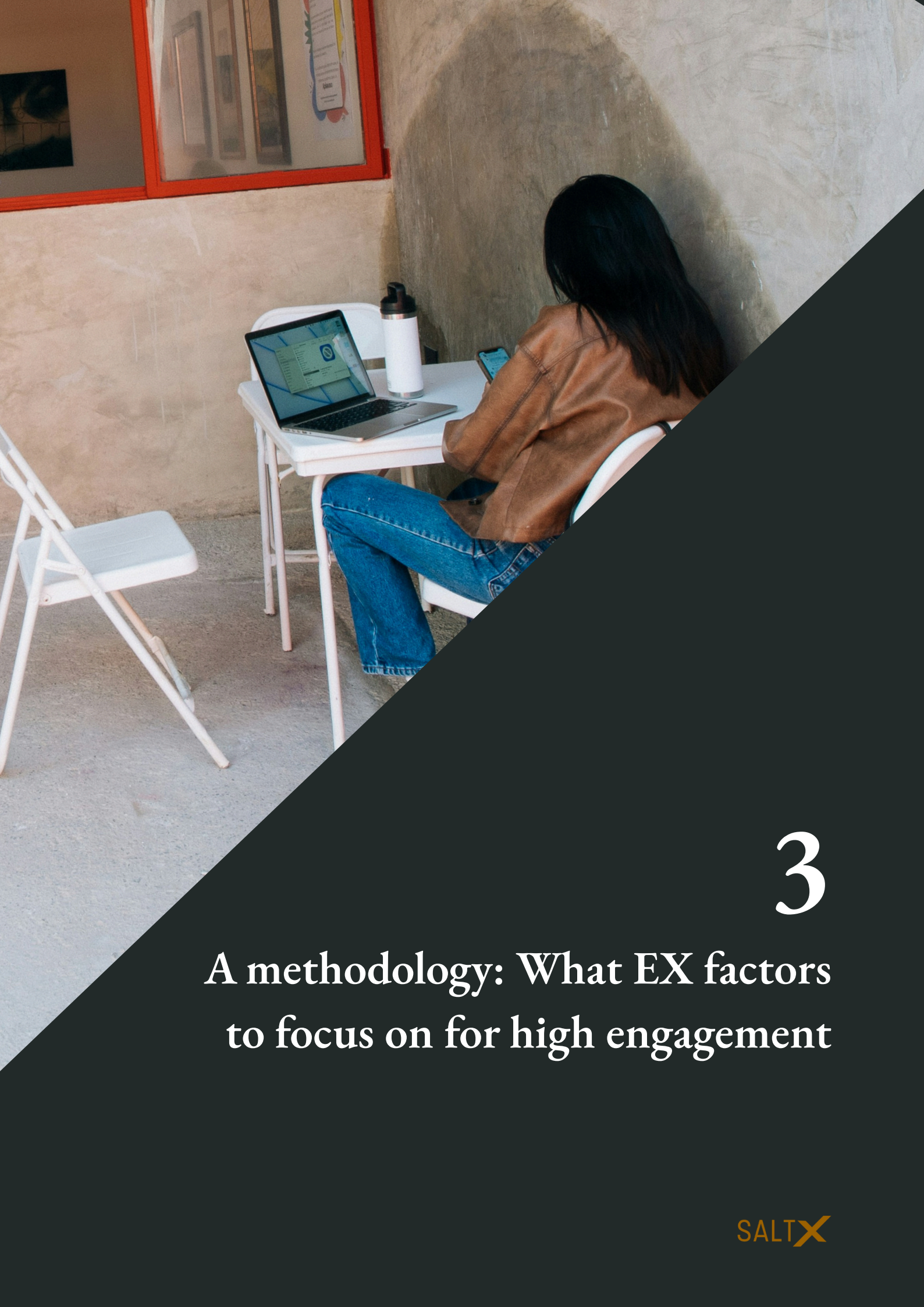
*Engagement is the
outcome.
EX is the input.*



This leads naturally to a question. If engagement is an outcome, what are the inputs that impact engagement? The answer is employee experience, the many factors that make up the experience of employees at work. An engaged workforce is like a beautiful garden (the outcome), the EX is all the different plants, borders and features that you have to cultivate to create the garden.

We believe that this approach is supported by all the research into engagement, but simplifies the sometimes opaque discussions about the topic, and demystifies people data, turning it into actionable insights.

In summary, the various factors that make up the EX are levers that affect employee engagement and ultimately have an impact on business performance. Pull the right EX levers for maximum impact on engagement and you increase performance.



3

A methodology: What EX factors to focus on for high engagement

Let's look at the most common approaches to leveraging the EX, assessing the strengths and weaknesses, and then we'll outline a research-based approach.

Moments that matter?

A common approach to looking at EX is to look at 'moments that matter'. This follows the approach to customer experience (CX), where those seeking to improve the CX will focus on the key touchpoints a company has with their customer on the 'customer journey'. 'Moments that matter' in the employee journey are often factors such as recruitment, onboarding, performance review, learning moments and exit. These are key touchpoints that businesses and their employees share and they certainly are 'moments that matter'. However, approaches with this focus often stop here, only looking at these moments.

This leads to two key weaknesses. Firstly, these moments only account for a small proportion of the EX, and they are often one-off moments (eg. onboarding). While these are important, and have been shown to have a longer term effect than just in that moment, the majority of the EX is ignored.

A second weakness stems from its origins in CX. While EX has and should continue to learn from CX (for example, its roots in design thinking), the relationship between business and customer is fundamentally different to the relationship between business and employee. The employee is in a continuous relationship with their employer, which means that only focusing on a few explicit regular but infrequent touchpoints is insufficient.



The employee lifecycle

A second and closely related approach is to focus on the employee lifecycle. The focus of this approach is to look through time at the key events from when an employee joins an organisation until they leave. Similar to 'moments that matter', this approach focuses on specific key points in that timeline but in contrast it tends to be more comprehensive. For example, it may look at EX factors such as onboarding and performance review (like 'moments that matter'), but also look at learning and development opportunities, reward and recognition, and talent mobility.

However, the focus on regular structural elements of the EX through time limits its effectiveness. While it is more comprehensive than only looking at a few 'moments that matter', it can often miss some of the most significant EX factors linked to engagement such as an employee's relationship with their manager or the impact of the senior leadership team.



A research-based approach

We believe there is a need to view, know and understand the dynamics of the end-to-end holistic EX to truly unlock its potential. So let's outline how different types of EX factors impact engagement, and therefore business performance, and articulate why a holistic approach is more effective than a focus on only some factors.

The EX factors that are strongly correlated with high engagement.

The research into employee engagement over the last 20 years has shown quite clearly which parts of the EX are most highly correlated with engagement. Often called 'drivers' of engagement, companies excelling in these areas have high levels of engagement and they outperform their competitors. The 'four enablers' from Macload and Clarke, identified in their seminal 'Engage for Success' work are 1. a strategic narrative that is known throughout the organisation, 2. managers who are enabled to focus on their team members, 3. employee voice and 4. organisational integrity ('the values on the wall are reflected in day to day behaviours').

While these factors certainly show up in the large engagement data sets that are now available, there are other factors that are consistently shown to correlate highly with engagement. Here are the EX factors that are most highly correlated with engagement, some of which align with 'the four enablers' and some that are additional factors.

A sense of meaning in something bigger

- Trust in senior leaders and their strategy/plan.
- Understanding the organisational purpose, relate to it and believe in it.

Feeling proud

- Recognised and valued by managers.
- Construed external image (what employees think that the outside world thinks about the organisation).

Being seen and supported

- Manager relationship with psychological safety.
- Supported in the work itself, feeling included, wellbeing considered.

Growing

- Learning culture for personal development.
- Clear opportunities for progression.

In the SaltX EX Model, we group these into Purpose (including values and strategic narrative), Senior Leadership Team, Managers, L&D, Recognition, Brand (including employer brand and leadership brand) and Internal Comms.

Other EX factors have a correlation with engagement but rarely as strong an association as these factors.



So, if we know that these EX factors correlate the most with engagement, isn't it a simple matter of pulling these levers to have the greatest impact?

Not quite!

It's common for this logic to be followed but it's equally common for programmes and initiatives that focus on these factors not having the impact that's expected. For example, an initiative boosts learning opportunities but engagement remains low.

The reason is a host of factors that are often overlooked but are in fact foundational and operate as 'hygiene' factors.

Hygiene EX factors and how they operate

In the 1960s Frederick Herzberg coined the term 'hygiene factors' from his research that built on Maslow's 1943 research on motivation theory.

'Hygiene factors' are factors that are highly destructive to motivation when not present, but do not have a positive affect on motivation when present.

We apply these ideas to how EX factors impact engagement. Given that employee engagement theory evolved from motivation, it's perhaps no surprise that they operate in the same way.

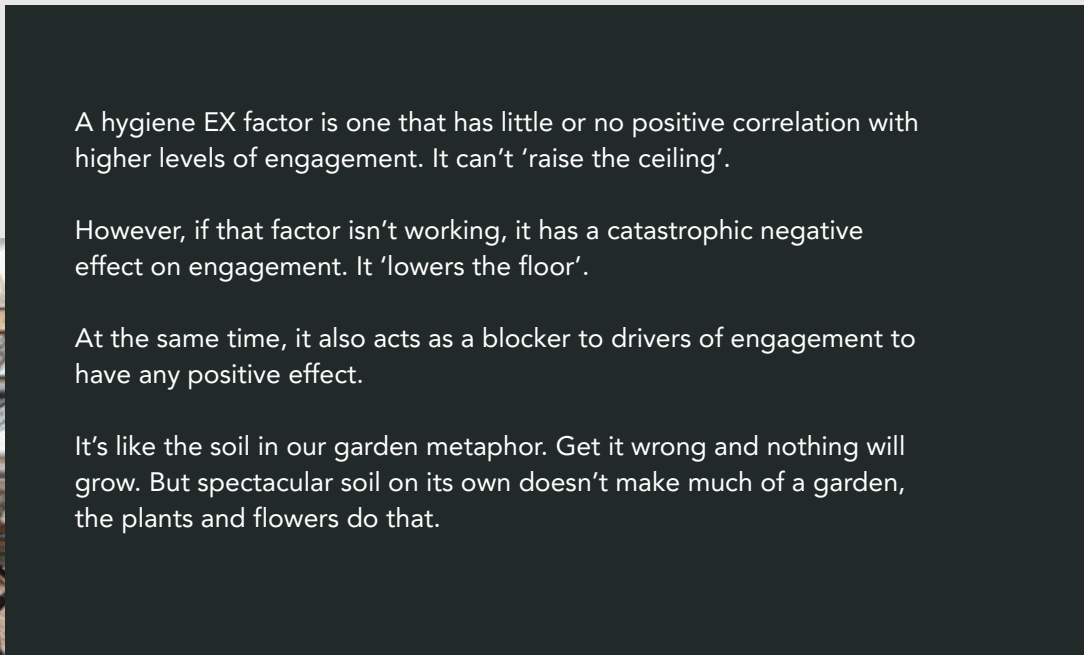
And yet they are rarely acknowledged. So how do they operate?

A hygiene EX factor is one that has little or no positive correlation with higher levels of engagement. It can't 'raise the ceiling'.

However, if that factor isn't working, it has a catastrophic negative effect on engagement. It 'lowers the floor'.

At the same time, it also acts as a blocker to drivers of engagement to have any positive effect.

It's like the soil in our garden metaphor. Get it wrong and nothing will grow. But spectacular soil on its own doesn't make much of a garden, the plants and flowers do that.



Example: Tech company pay

For one large tech company, engagement was high in the lead up to a more difficult economic environment. The decision had been made to move from an annual inflationary pay increase to a benchmarking exercise. The rationale was robust in that any inflationary increase would be reflected in the benchmarked salaries. However, the benchmarking was delayed, and then delayed again. This resulted in workers not receiving a pay increase in 18 months, during a time of very high inflation at around 10%, meaning real-world salaries had gone down significantly.

Engagement scores decreased dramatically and nothing the senior leadership team and engagement team did, using their knowledge of the key drivers of engagement, seemed to have any effect.

Looking at their engagement data before it plummeted, their high engagement score of 77% had no correlation with pay. And yet, when it moved from 'satisfactory' to something that dominated the relationship between employer and employees, it became a considerable blocker. Until pay was addressed, nothing else they tried worked.

Hygiene EX factors that operate like this are factors like reward (including pay), wellbeing, health and safety, performance management, and work administration. They're the soil, the borders, the landscaping. Vitaly important so the flowers and trees can grow.

In summary, it's vital to ensure that these hygiene factors are operating at a reasonable level so that EX factors that are engagement drivers (the flowers and trees) can have their effect. They don't have to be operating at the highest levels (in fact it could be argued that investing too much into these factors beyond getting them to a 'satisfactory level' is a waste of resources from an engagement and commercial point of view), but it's vital that they are maintained or engagement will plummet.

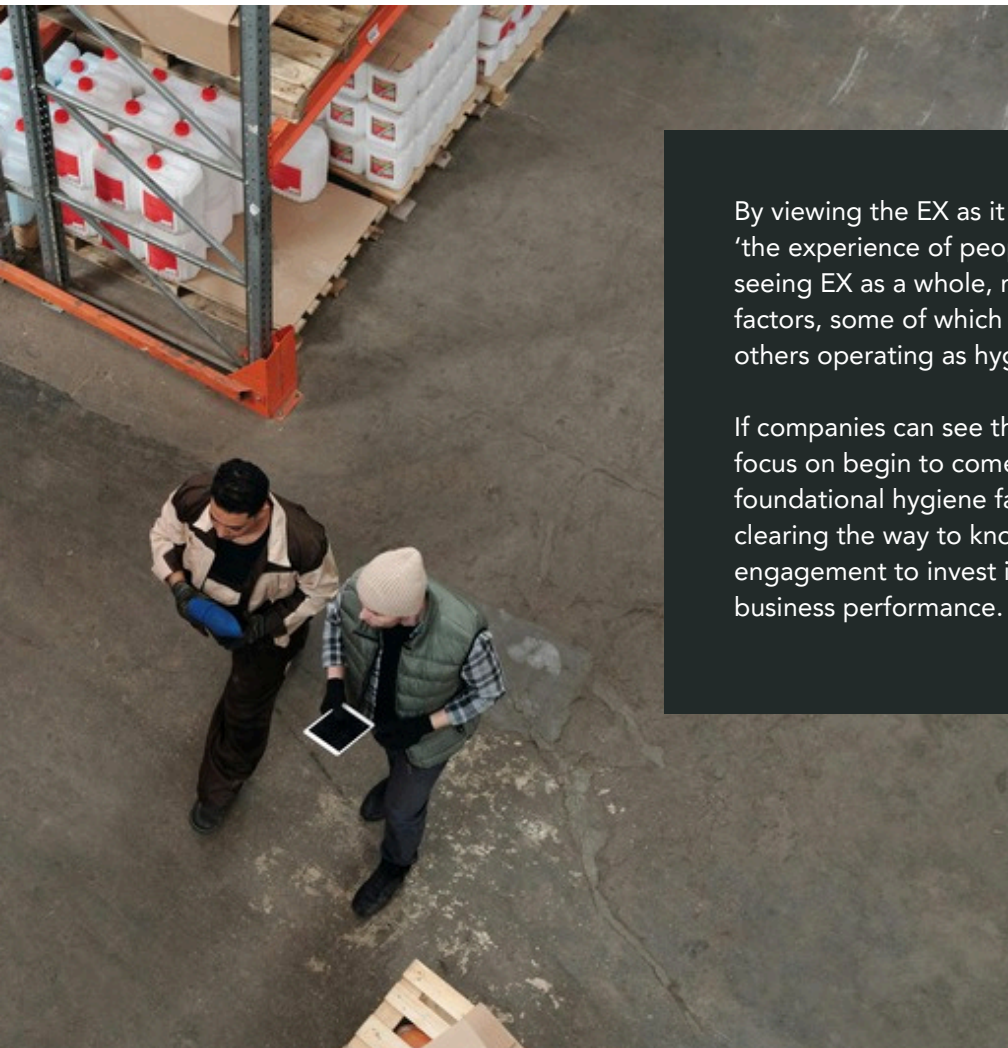
The case for holistic EX

So many programmes that are aiming to boost engagement and show a positive impact on business metrics fail to meet their targets, often because they don't see engagement as an outcome.

Whereas EX programmes that focus on 'moments that matter' or the employee lifecycle have value but don't account for some of the EX factors that are most highly correlated with engagement.

And the presence of EX hygiene factors means that initiatives that focus only on the known drivers of engagement are often surprisingly ineffective.

Given the huge potential of EX to drive a highly engaged workforce, how can we approach EX to finally realise that potential?



By viewing the EX as it was originally defined as simply 'the experience of people in the workplace'. This is seeing EX as a whole, made up of a collection of EX factors, some of which are drivers of engagement with others operating as hygiene factors.

If companies can see the end-to-end EX, the factors to focus on begin to come into view. It may be that fixing a foundational hygiene factor will have the biggest impact, clearing the way to know which EX factor driver of engagement to invest in to have the greatest impact on business performance.



4

**Conclusion: Holistic EX for
better business performance**

Conclusion

There's a strong evidence base for working towards a highly engaged workforce because having highly engaged employees is highly correlated with strong business performance. And yet, despite all the evidence, employee engagement generally remains low.

There continues to be a lot of confusion over what engagement is and how to improve it. Much time is spent talking about engagement, but in those conversations different people mean different things when they use the term.

The key is to see employee engagement as an outcome. It's simply a measure of how 'switched on' your people are or how much physical, mental and emotional energy they put into their work.

The concept of employee experience, defined as 'the experience of people at work', is the input, broken down into factors that each have an impact on engagement.

If you want to improve engagement, look at your EX.

Programmes that have focused on EX 'moments that matter' or factors that are clear engagement drivers, can make a difference. Yet they often fail to meet their objectives and have a disappointing effect on engagement and on business performance. They fail to take account of the powerful 'hygiene factors', which can not only have a detrimental effect on engagement themselves, but also block other EX drivers of engagement.

To avoid investing in the wrong EX factor, businesses should look at the holistic EX, end-to-end. By doing so they can identify where the gaps are in their EX, which of these are hygiene factors or drivers of engagement and then make targeted interventions that will improve engagement.

To realise the huge potential of engagement to improve business performance, we need to see engagement as the outcome and view the EX as the inputs. Getting a holistic view of the EX enables businesses to know which specific EX factor to target to make the biggest impact on performance.

Introducing our EX Impact Diagnostic

Your EX Impact Radar

Like EX everywhere, AND Digital has some clear EX strengths along with some experiences that could be improved. The results pages go into the detail for each factor and the recommendations are based on the level of impact on business performance combined with the overall score of each factor.

About the EX Impact Radar

The radar shows your full end to end EX and clearly reveals where your EX is strong and where improvements can be made. The results are based on the interviews, focus groups and employee voice data analysed. It's sorted into the following categories:

- Overarching factors, which affect the whole EX.
- In and Out factors, which measure the EX of joining and leaving.
- People interactions, which have a big impact on engagement.
- Day to day EX, which are the key factors that impact employee experience each day.

The following pages unpack the impact of these parts of the EX on engagement and business performance.

EX Impact on business performance

Bar charts showing the correlation between EX factors and business performance metrics.

Factor: Managers

Score: 83 | Benchmark: 85.86

Overall score: 2

Key quote: "My manager is a great role model for employees."

Key quote: "My manager seems to understand our client's business much better than me."

Key quote: "Good management and good role models are what they need. They seem to really care for our wellbeing."

Factor: Senior Leadership

Score: 83 | Benchmark: 85.86

Overall score: 2

Key quote: "Senior leadership sets the tone for the whole organization."

Mapping your EX by impact

High EX score	Retention	Flexibility	Life
Medium EX score	Flexibility	Flexibility	Flexibility
Low EX score	Flexibility	Flexibility	Flexibility

- Intimately know your end-to-end EX.
- Have **absolute clarity** on what to focus on to have the greatest impact on business performance.
- Feel confident to make decisions knowing you have the **data to back it up**.

See more at saltxconsulting.com

Put your EX to work

We'd love to hear from you.

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