



## IS EMPLOYEE HAPPINESS ENOUGH TO KEEP CUSTOMERS HAPPY?

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### **No! Employee happiness is not enough to keep your customers happy.**

Imagine a workplace with state-of-the-art technology, beautifully designed office spaces, and perks like gourmet lunches or yoga classes. Yet, despite all this, the employees are disengaged, uninspired, and unproductive. This mismatch is more common than you think. Companies are pouring resources into improving the employee experience (EX) but are neglecting the emotional and motivational drivers of employee engagement — and it's costing them. Worse, this imbalance is directly impacting the one thing every company should care about: customer experience (CX).

### **When Employee Experience Fails to Engage**

Consider a leading tech company that invested millions in redesigning its headquarters to enhance employee satisfaction. They provided everything from ergonomic furniture to on-site wellness programs. Yet, a year later, surveys revealed that while satisfaction with workplace amenities had improved, employee engagement metrics — like motivation, productivity, and alignment with company values — remained stagnant. The result? Customer complaints about slow responses and uninspired service rose by 15%, damaging the company's reputation and bottom line.

This scenario illustrates a troubling trend. Companies are mistaking improved experience for enhanced engagement without realizing that genuine engagement goes beyond material perks. It's about fostering a deeper connection between employees and their work — a connection that directly influences how they treat customers.

## The Data Paints a Clear Picture

### Employee Engagement vs. Employee Experience

#### 1. Engagement Drives Results:

- Organizations with highly engaged employees report 21% higher profitability than those with low engagement. (Gallup)
- Disengaged employees cost U.S. businesses an estimated \$450–550 billion annually in lost productivity. (InStride)

#### 2. EX Alone Is Not Enough:

- 77% of companies focus on employee experience improvements to increase retention, yet only 20% of employees globally feel engaged at work. (Gallup)
- While better perks and tools improve satisfaction, engagement depends on intrinsic factors like purpose, recognition, and connection to leadership.

### Intrinsic vs. Extrinsic Motivation

**Recent research highlights the distinct roles intrinsic and extrinsic motivators play in employee engagement.** While extrinsic factors (e.g., salaries, perks, and benefits) may improve satisfaction, intrinsic motivators drive long-term engagement and productivity.

- A 2017 *Industrial and Organizational Psychology* study found that **intrinsic motivation surpasses extrinsic motivation in driving employee engagement.** Organizations focusing on intrinsic motivators achieved significantly better engagement outcomes.
- Intrinsic motivators such as purpose, mastery, and autonomy provide employees with a deeper emotional connection to their work, which directly impacts performance and commitment.

**What does this mean for companies?** While material perks are a good starting point, they must prioritize fostering intrinsic motivation by offering meaningful work, career development opportunities, and a sense of purpose.

### Engagement Drives Better Customer Outcomes

#### 1. Disengaged Employees Harm CX:

- Disengaged employees are 50% less likely to provide exceptional customer service. (Harvard Business Review)
  - Companies with low employee engagement experience a 10% decrease in customer satisfaction, while those with high engagement see a 10% increase in customer loyalty. (Temkin Group)
2. **Engaged Employees = Happy Customers:**
- 79% of customers say they are more likely to stay loyal to a brand if they have a positive interaction with an employee who appears motivated and engaged. (Forbes)

## **The Solution: Shift the Balance**

To bridge the gap between employee experience and engagement — and ultimately improve customer experience — companies must take a holistic approach:

1. **Start with the "Why":**
  - Employees need a sense of purpose. Show them how their work contributes to the organization's mission and customer outcomes.
2. **Focus on Emotional Drivers:**
  - Prioritize intrinsic motivators like recognition, trust, and opportunities for growth.
3. **Align EX with Engagement Metrics:**
  - Instead of just tracking employee satisfaction, measure engagement through indicators like alignment with company values and commitment to goals.
4. **Connect EX to CX Initiatives:**
  - Ensure that employee-facing improvements (e.g., better tools or training) are directly aligned with enhancing the customer experience.

## When companies balance experience and engagement, they unlock a multiplier effect that benefits everyone:


- **For Employees:** Greater satisfaction and a sense of purpose lead to higher productivity and lower turnover.
- **For Customers:** Engaged employees provide personalized, attentive service that fosters loyalty.
- **For the Company:** Increased profitability, better brand reputation, and sustainable growth.

For instance, companies in the top quartile for both employee engagement and customer satisfaction outperform their competitors by 147% in earnings per share. (Gallup)

## Balance the Scale Today

The takeaway is clear: employee experience is important, but engagement is essential. Organizations must stop treating these concepts as interchangeable and start investing in strategies that cultivate both.

By making this shift, companies can ensure their efforts resonate where it matters most — with their employees, their customers, and their bottom line.

Need help aligning your purpose, passion, and people? [Lets talk!](#) 



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Co-founder and President of Imprint CX, a modern marketing and customer experience services company. Ed has achieved a very successful career by building relationships and providing innovative solutions to meet clients' needs. With over thirty years as a global researcher, management consultant, and business leader, Ed brings his experience, expertise, and passion to every consulting assignment. To learn more about ImprintCX contact Ed at [Ed@imprintcx.com](mailto:Ed@imprintcx.com).



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