**Engage for Change**

Strategy through people

# Effective Employee Engagement

## Data and Insights

Incorporating results of YouGov research into employee engagement 2010

# Contents

## Welcome

This thought piece provides insight into engagement and the factors that help contribute to its creation. It offers leaders and specialists practical suggestions about driving effective engagement and business performance.

For further practical approaches, as well as our top ten tips, to employee engagement you might also like to read our companion publication to this document – 'Leader and employee engagement: tips and techniques'.

## Engage for Change

Our mission: To be the thought leader on leader and employee engagement and the preferred partner for clients seeking strategic and practical advice.

**Our role is to help you drive business performance by stimulating a culture of distributed leadership which liberates people to accelerate day to day performance and drive big ticket change.**
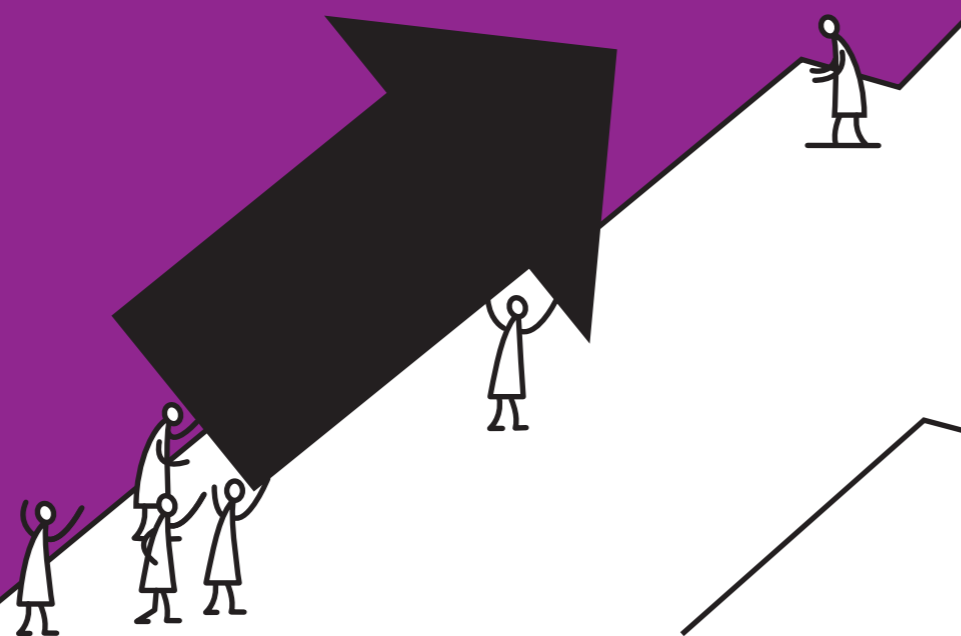
## Our methodology

To inform our consulting and advisory work in Spring 2010 we asked YouGov, a leading independent research organisation to conduct a second major piece of research looking at the commercial and cultural benefits of employee engagement and its drivers, the first having been completed in the Autumn of 2008.

During March 2010, 2,064 interviews were undertaken online with a sample selected from the YouGov panel of employees. The sample was selected to be representative of broad sector (public, private, voluntary), size of business (sole traders, micro, small, medium and large businesses), part-time and full-time working and gender. Figures have been weighted and are representative of the working population.

The research identified people who defined themselves as either being engaged with their work, not engaged or who felt that their organisation works to engage them to improve performance. The charts in this document make distinction in the results based on these categories of respondents. Overall 71% reported they were engaged with their work, 12% not engaged and 15% reported they were neither engaged nor not engaged. Responding to a separate question 41% stated their organisation works to engage them to drive performance and 34% reported this was not the case.

Throughout the report we use net satisfaction and net agree scores. Net satisfaction scores have been derived by adding together the proportion of respondents who said they were very satisfied or satisfied and taking from this the proportion who said they were dissatisfied or very dissatisfied. Net agree scores have been derived by adding together those who strongly agree and tend to agree and subtracting those who disagree and tend to disagree. Net scores are used because they are a much more accurate indicator of the strength of feeling.

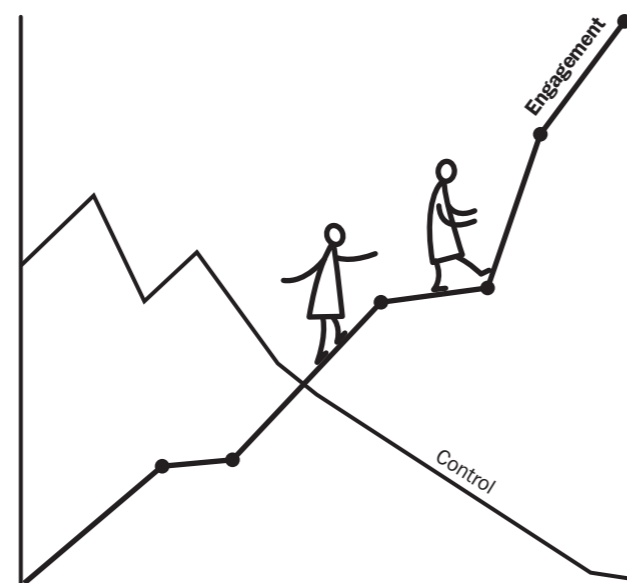# Employee engagement: Insights and ideas
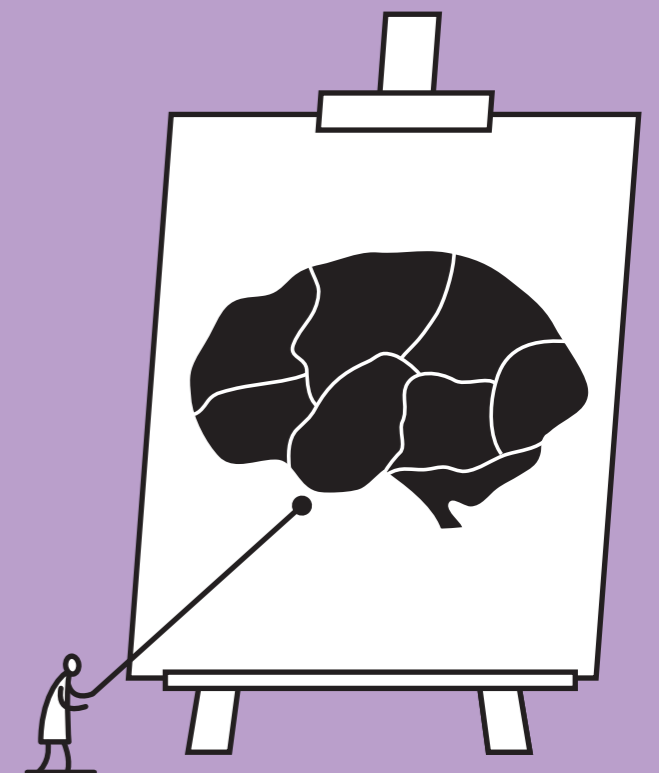
# Velvet revolution in the workplace – the rise of employee engagement, the demise of command & control

A velvet revolution is taking place in the workplace and it is gathering pace. The rise of 'the right kind' of employee engagement continues despite what is referred to as the worst downturn for decades.
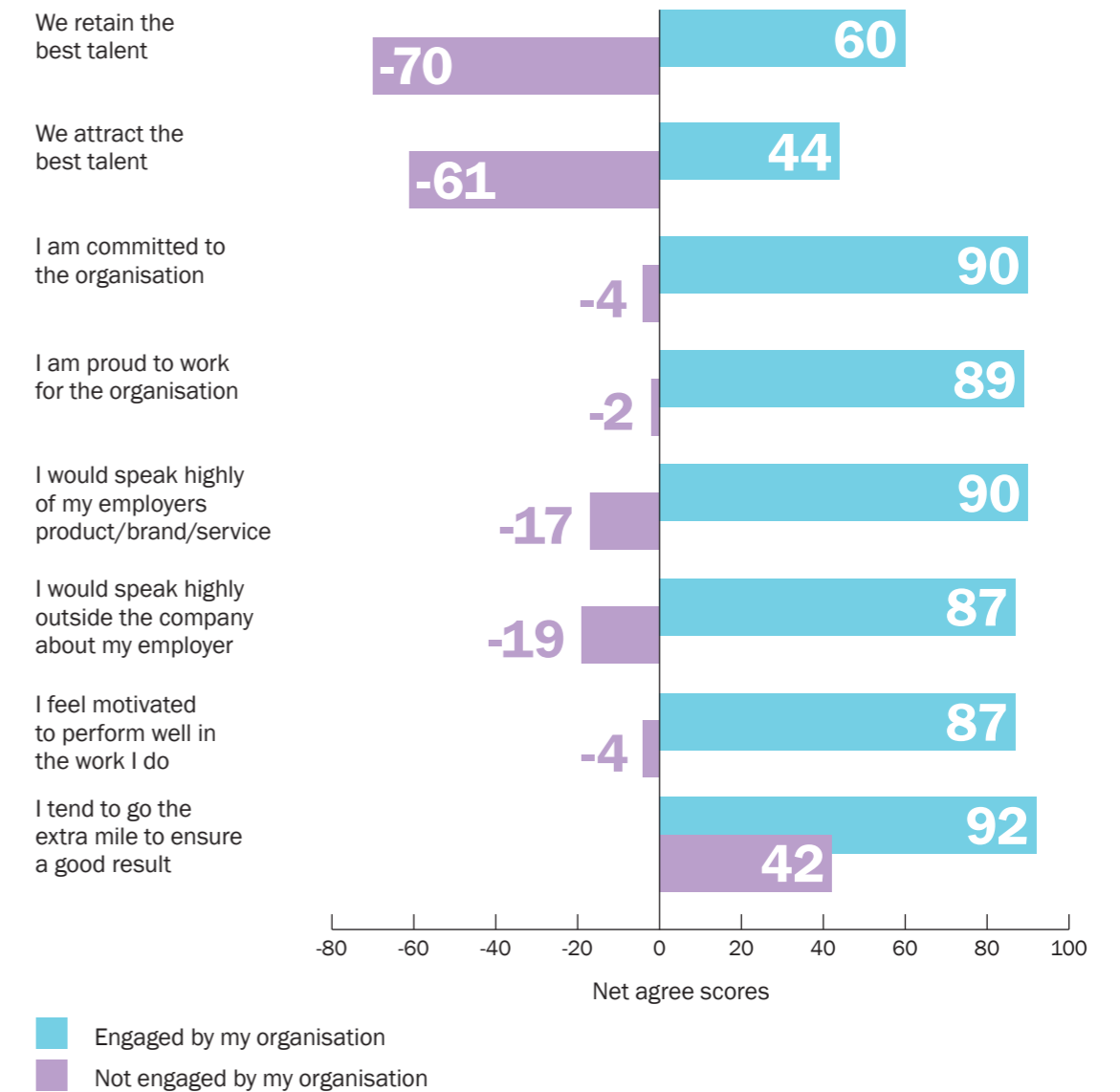
**Key conclusions from our independent research are:**

• There is increased evidence that well governed 'power sharing' is the primary driver for employee engagement

• There is substantial benefit for those who engage well, enhancement is reported in personal performance 'going the extra mile', personal motivation and job satisfaction

• Engaged employees report higher levels of customer service, financial returns, market advancement and comparative peer performance for their organisations than those who are not engaged

• Effective engagement leads to substantial brand and product advocacy by employees and results in attraction and retention of top talent

• There remains great scope to build competitive advantage through improved employee engagement

• Large FTSE and public sector organisations face more challenges in enhancing levels of employee engagement that smaller organisations and charities where workers identify in the moral mission

• Engagement is primarily brought about by the behaviours of leaders and managers – the research has validated Engage for Change's leadership and capability skills set

• Investment in employee engagement is rising and it remains a high priority in the Board room

• Measuring engagement does not lead to improvement in employee engagement effectiveness



## Advantages from Employee Engagement



| | Engaged | Not engaged |
|---|---|---|
| We retain the best talent | 60 | -70 |
| We attract the best talent | 44 | -61 |
| I am committed to the organisation | 90 | -4 |
| I am proud to work for the organisation | 89 | -2 |
| I would speak highly of my employers product/brand/service | 90 | -17 |
| I would speak highly outside the company about my employer | 87 | -19 |
| I feel motivated to perform well in the work I do | 87 | -4 |
| I tend to go the extra mile to ensure a good result | 92 | 42 |

Net agree scores

■ Engaged by my organisation
■ Not engaged by my organisation

# Power sharing is the basis of effective engagement

People cannot be coerced into being engaged, however they will volunteer their engagement if they are provided with the right conditions.

**Our work in the field and our research results all point to the same compelling conclusion – people become engaged:**

• When they are personally implicated in what happens around them

• When they have a real sense of responsibility for the work they contribute to

• When their voice is heard and respected

• When they are invited to make a difference through their participation in shaping outcomes and in influencing decisions

Engaging with staff means being inclusive and empowering them to make and contribute to decisions. An organisation that engages is far less likely to make decisions behind closed doors and much more likely to involve staff right at the outset in a well governed way.

The mutual benefits to employees and their organisations will only be available to bosses at every level including front line supervisory staff that have the courage, insight and skills to share power; albeit in a well governed way.

The evidence is now compelling for 'turning the hierarchy upside down' to drive better, faster strategy and change.

**Well governed power sharing is the basis for effective employee engagement**

Well governed 'power sharing' is the primary driver for employee engagement. The survey results illustrate that the biggest opportunity to increase engagement is to empower more to take decisions. 83% of employees who feel engaged by their organisation say they are satisfied with the extent to which they are empowered to make decisions. For those who are not engaged only 21% are satisfied.
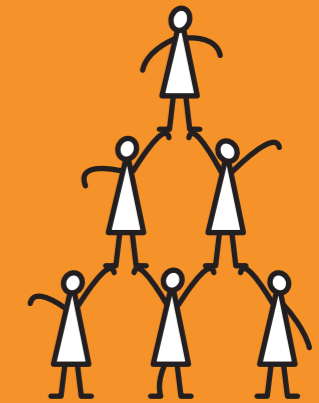
*To what extent do you agree with the statement 'I am empowered to make decisions'?*

| | |
|---|---|
| Not engaged | 21% |
| Organisation engages | 83% |
| All | 61% |
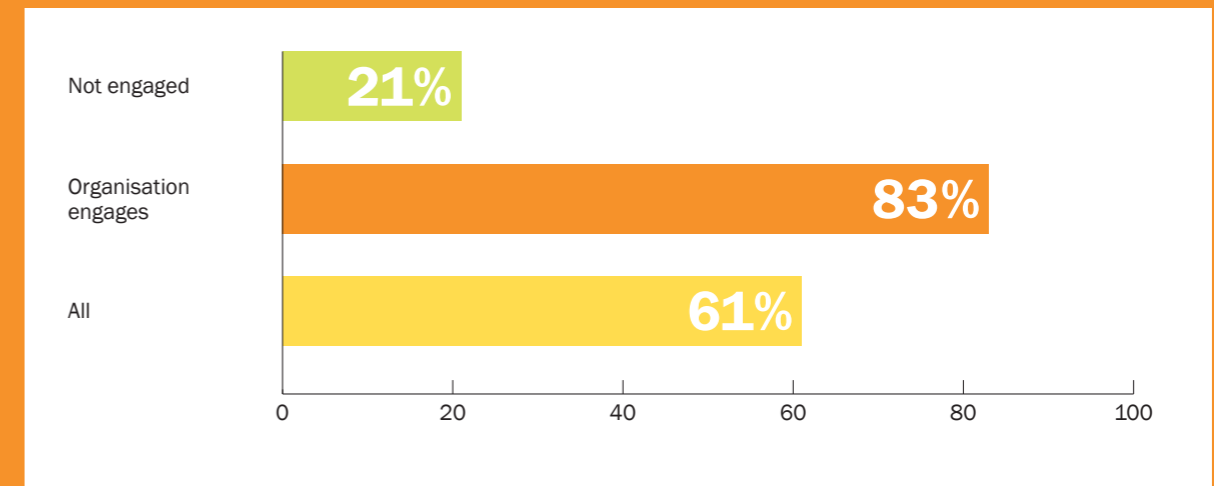
# Conditions for effective employee engagement

**There are three key conditions necessary for effective and sustainable employee engagement:**

- A culture of distributed leadership which enables people at work to liberate their creativity to deliver surprisingly good results for their institution and themselves

- Driving value by inviting employees who deliver the end result to contribute to day to day decisions, strategy and change in a well governed way

- Leaders at every level who have the appetite and capability to engage people in the decision making process

These conditions, are created by having the key drivers of engagement in place.

**The drivers of engagement are:**

## 1. Leader's footprint

- Trust
- Credibility/judgement
- Transparency
- Consistency of role model

## 2. The organization's compass

- A moral purpose
- Clear business purpose and vision
- Believable brand
- Line of sight between my job, the vision and strategy and our customers and community
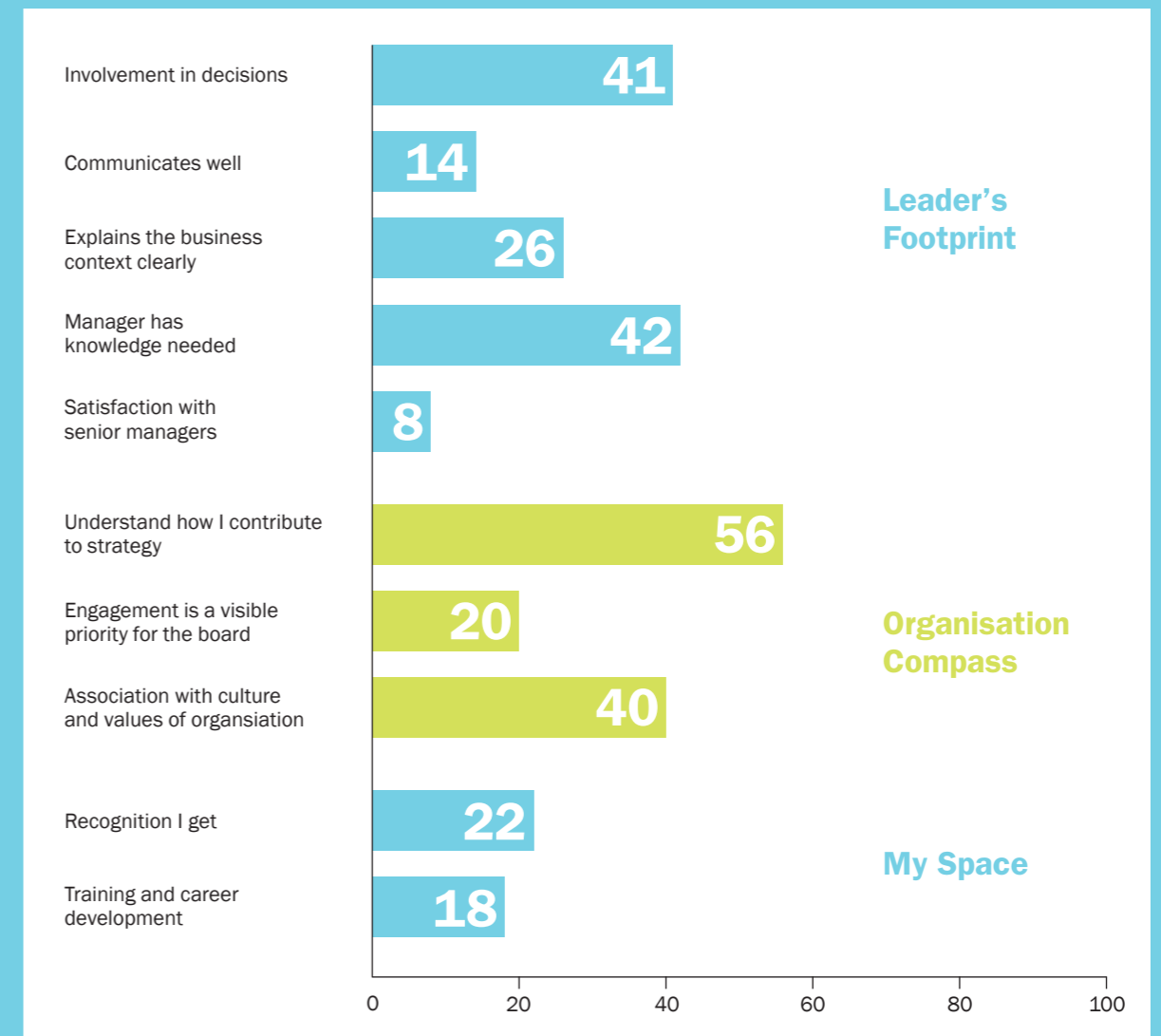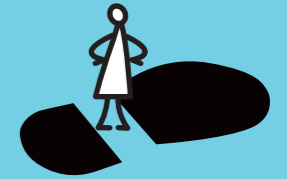
## 3. My space

- My community
- My connectivity
- My skills
- My license to engage in influencing decisions

When these various components combine in the right way they create the environment, culture and work experience that will encourage employees to lend their talents and their energy to their work and their employer.

The challenge to those hoping to enjoy the additional productivity and other benefits of engagement is to steer their organisation, it's leaders and their attitudes to a place where all of the components are balanced, distributed and delivered.

The chart shows the connection between the leaders footprint, organisation compass and myspace criteria and employee engagement.

The bars indicate the net agree scores for those who are engaged. The higher the score the higher the impact the criteria has on levels of engagement. All factors have positive impact with some, notably understanding how I contribute to strategy, having a manager who knows what they are doing, being able to contribute to making decisions and having an affinity with the culture and values of the organisation having a particularly significant impact.

| Criteria | Score | Group |
| --- | --- | --- |
| Involvement in decisions | 41 | Leader's Footprint |
| Communicates well | 14 | Leader's Footprint |
| Explains the business context clearly | 26 | Leader's Footprint |
| Manager has knowledge needed | 42 | Leader's Footprint |
| Satisfaction with senior managers | 8 | Leader's Footprint |
| Understand how I contribute to strategy | 56 | Organisation Compass |
| Engagement is a visible priority for the board | 20 | Organisation Compass |
| Association with culture and values of organsiation | 40 | Organisation Compass |
| Recognition I get | 22 | My Space |
| Training and career development | 18 | My Space |

# Increasing engagement requires less telling and more co-creation

**People at work report four approaches to being engaged**

## 1. Tell

They decide and tell me

## 2. Sell

They decide and sell their ideas to me through roadshows and other internal marketing channels
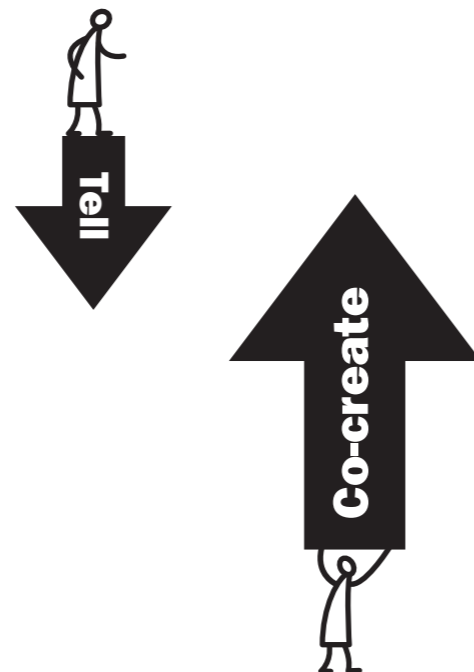
## 3. Include

I am involved in thinking about how decisions that others have made are implemented

## 4. Co-create

The right people are invited to help shape decisions and their outcomes, from the outset

Some suggest a fifth approach
*Secret Decisions are made behind closed doors and no one explains what they are.*

Each of these approaches has a different outcome

**Tell**

**Co-create**

**Approaches to engagement and the results they create**

**Telling**
the many what has been decided by the few

Hooligans or spectators

**Selling**
to the many what has been decided by the few

Compliant collaborators

**Inclusion**
Driving accountability down by implicating people as individuals in execution

Willing collaborators

**Co-creation**
Judging who will add value if included in front end decision forming for change and strategy

Personally committed reformers

# Substantial opportunity to drive enhanced competitive advantage

The research illustrates that there is quite some way to go for organisations to switch from more directional to more involving styles of engagement. This is significant as it is clear that the more power is shared, the greater the likelihood the engagement will be more widespread and the benefits of engagement realised. Herein lies substantial opportunity for enhanced competitive advantage, but the route to success is not straightforward.

Effective engagement is not about turbo charged communication, it is dependent on a different way of leading and managing and can be quite challenging of prevailing experience and practice.
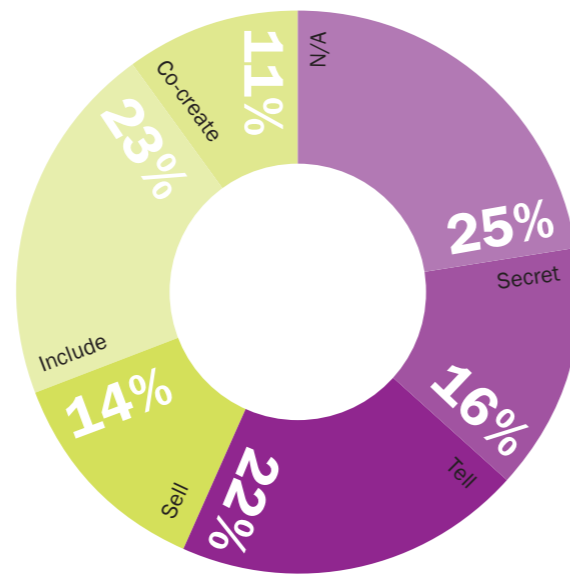


*To what extent does your organisation involve you in bigger issue decisions?*

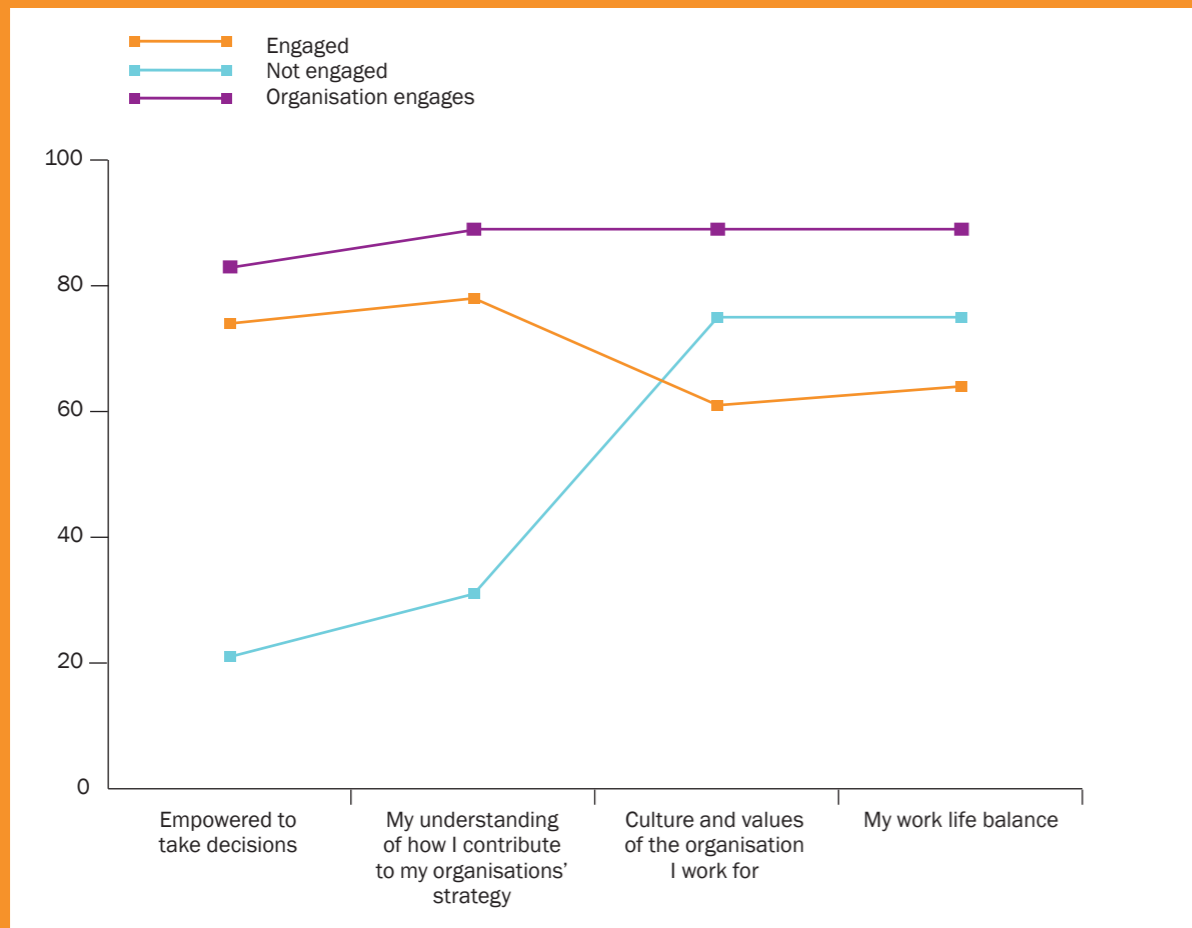**Engagement increases as more power is shared**

The chart maps the increase of those engaged given more opportunity to influence decisions. Whilst it is clear that engagement increases as more power is shared there remains substantial opportunity to drive up levels of engagement overall and to drive the engagement curve up higher at the include/co-create end. Therein lies the opportunity and the challenge.
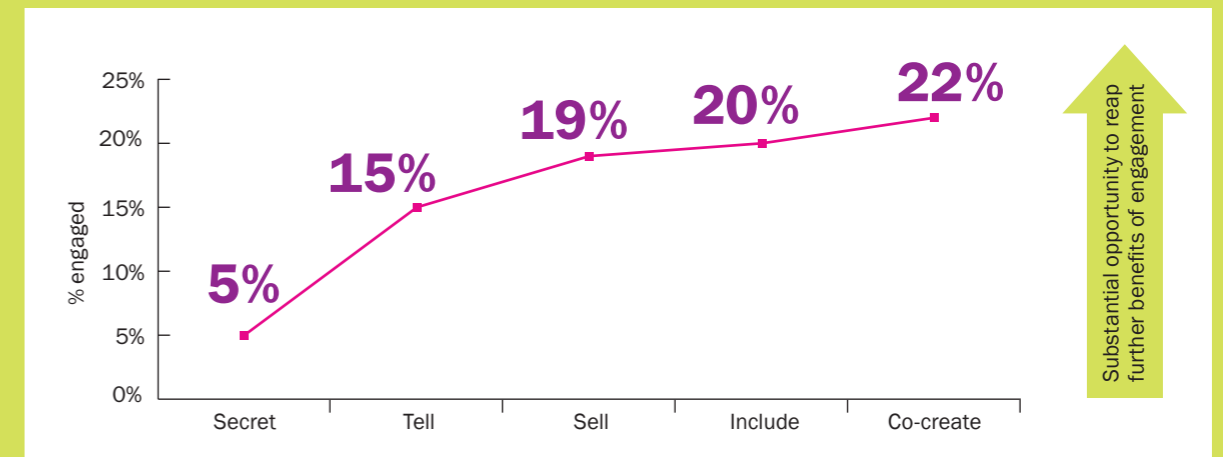


| | |
|---|---|
| Secret | Big decisions are made behind closed doors and the organisation expects me to catch on to what has been said |
| Tell | Big decisions are made behind closed doors and I am then instructed on what has been decided |
| Sell | Big decisions are made behind closed doors but the organisation makes an effort to explain the decision to me |
| Include | Big decisions are made behind closed doors but the organisation involves me in deciding how those decisions are implemented |
| Co-create | The organisation involves me from the outset in contributing to and shaping big decisions |

**The biggest opportunity to move those who are not engaged to become engaged lies in providing them greater opportunity to take decisions**



Legend:
- Engaged
- Not engaged
- Organisation engages

(Chart axis values: 100, 80, 60, 40, 20, 0)

X-axis categories: Empowered to take decisions | My understanding of how I contribute to my organisations' strategy | Culture and values of the organisation I work for | My work life balance

The biggest opportunities to drive up levels of employee engagement are:
1. The extent to which people are empowered to make decisions
2. Helping people understand how their efforts contribute to achieving the strategy

## It's all about leaders

First and foremost effective employee engagement is a leadership philosophy requiring leaders at every level to become well versed in particular tools, techniques and capabilities.

Enabling effective engagement cannot be the preserve of just one area, it requires the combined and aligned efforts of communication and HR as well as the co-operation of those responsible for technology and the acceptance of well governed power sharing as a way of working by leaders at every level.

The new work place must offer real opportunities for employees to be engaged in every day performance and big ticket change. The real war for talent is just beginning and the winners will be organizations which have a culture of distributed leadership and adult to adult relationships.

The old workplace was and in many cases still is characterized by hierarchy and bureaucracy. The new work place is characterized by adhocracy and fluid and devolved structures.

The new workplace is shifting fast from 'my loyalty for security' to 'my talent for more voice'. Our 2010 research confirms that to enjoy the benefits of engaged people, organisations need to be radical in how they govern decision making in a much more considered and involving way.
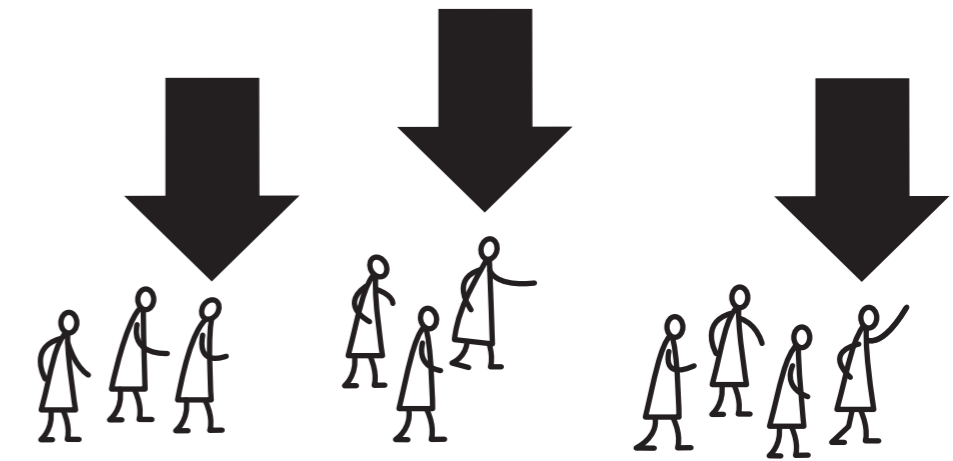
# Competences to drive employee engagement

In the research we tested 11 attributes of leadership that appeared to build effective engagement. They are:

## Articulate

Communicates clear messages about what needs to be done

## Authentic

Provides personal insight and narrative to create meaningful context

## Expert

Has the knowledge needed to lead our team in the work we do

## Empathetic

Tailors the message and delivery style to best suit the audience

## Open

Accepts challenge and addresses questions

## Coaches through change

Helps members of the team overcome resistance to change

## Negotiation

Gains agreement to extend involvement beyond those entitled by hierarchy

## Discernment

Identifies the right people to contribute given the demands of different situations

## Sharing power

Creates value by engaging others

## Balancing pace and pressure

Creates space for teams and individuals to test and explore whilst ensuring short term demands are met

## Facilitation

Helps groups integrate different perspectives to create sustainable solutions

The chart clearly shows that the greater the competence of the line manager in each of the factors, the greater the level of employee engagement.

For each competency there is a significant gap between those who are engaged and those who are not. For some of the competencies the gap is greater than 50 per cent.

# Measurement: A cautionary word

As the saying goes, 'what doesn't get measured, doesn't get managed'. In the case of employee engagement it would appear that what get's measured is not necessarily the right thing and that the results generated do not lead to effective management of what's required to deliver enhanced engagement. The habit of regular measurement is in place, but interrogation of the focus of the measurement and how to apply the results to make a difference needs more challenge.

Those who are engaged rate the impact of measuring employee engagement more highly than those who are not, but even this group feel the measurement approach is not helping as much as it might in helping to drive up levels of employee engagement.

What is needed is a rethink of what the measurement is there to do in the first place:

• The outcome being sought

• What exactly is being measured

• The questions being asked

• How it's results will be applied

• What they will impact

• The degree to which the measurement is likely to contribute to meaningful change

• The readiness of leaders at every level to act on the results

• The ability of the organisation to monitor in a meaningful way the degree to which leaders at every level are adjusting behaviours to enable engagement to flourish

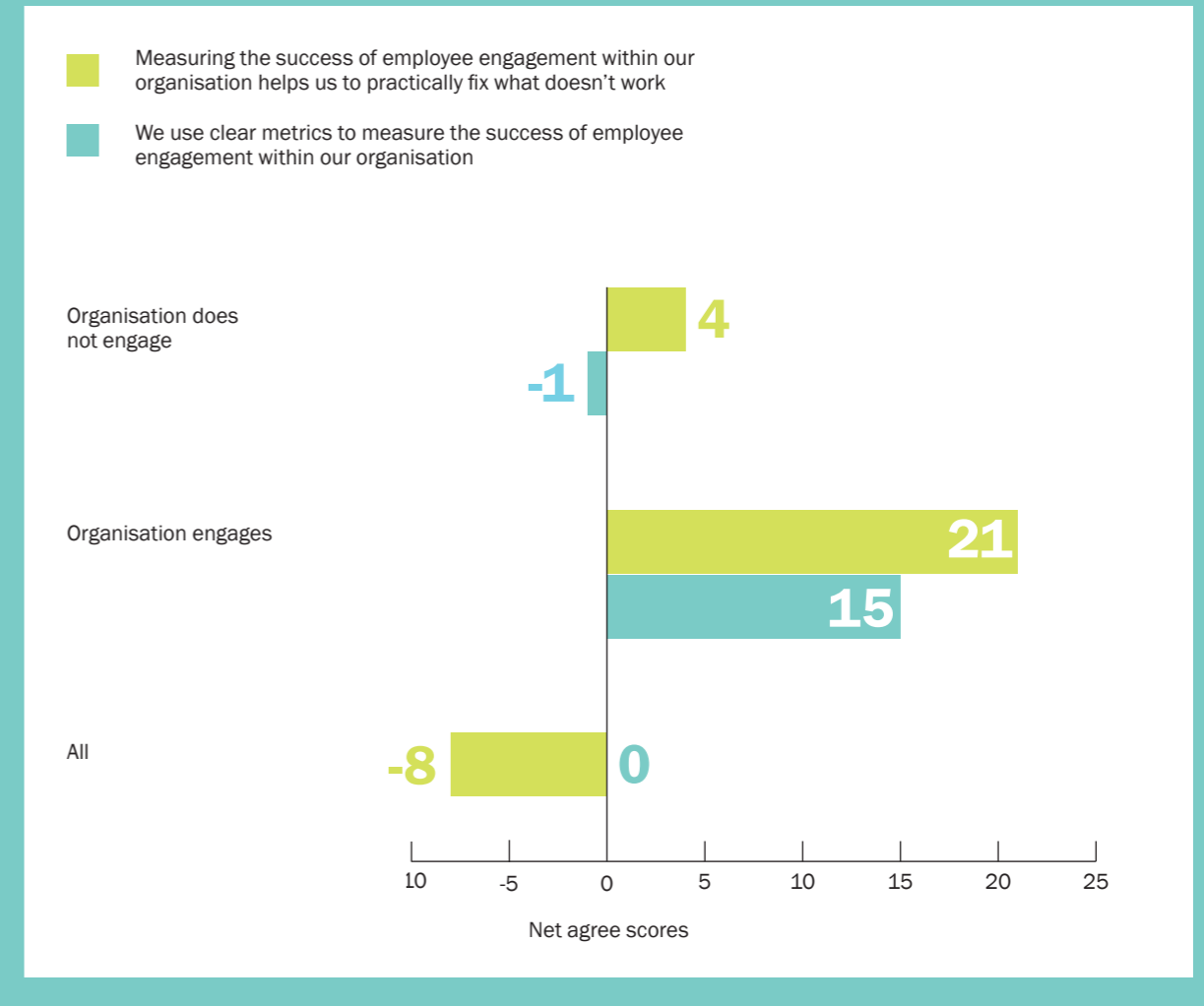**Measurement is not the route to effective engagement.**
Those who are engaged rate the impact of measuring employee engagement more highly than those who are not, but even this group feel the measurement approach is not helping as much as it might to drive up levels of employee engagement.

Legend:
- **Measuring the success of employee engagement within our organisation helps us to practically fix what doesn't work**
- **We use clear metrics to measure the success of employee engagement within our organisation**

| | Net agree scores |
|---|---|
| Organisation does not engage | 4 (green), -1 (teal) |
| Organisation engages | 21 (green), 15 (teal) |
| All | -8 (green), 0 (teal) |

Net agree scores

## Use our survey data and expertise to make the business case for leader an employee engagement

**We can help you**

- Build a business case rooted in you institution's situation and strategy

- Construct an intelligent platform to engage senior leadership in this conversation

- Develop or refresh a measurable, practical and actionable engagement plan and programme to help drive performance

- Create the right internal coalition of business and functional leaders to make the engagement approach sustainable

**Contact us to discuss how to make this work for you.**

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