

# UNDERSTANDING EMPLOYEE ENGAGEMENT.

## Checklist 245

### » INTRODUCTION

Employees who are positively engaged at work perform better and are more productive. Similarly, organisations with high engagement outperform those with low engagement. A study carried out by the Gallup Organisation in 2012 confirms this. It found that business units with engagement scores in the top quartile averaged 12 per cent higher profitability than those with engagement scores in the bottom quartile. Organisations where employees showed high levels of engagement demonstrated a greater capacity for innovation, experienced higher retention rates, less absenteeism and fewer work-related accidents. More recent Gallup research reports that low levels of employee engagement are only too common with only 13% of the global workforce being engaged. The UK workforce fares slightly better with an engagement score of 17%.

Interest in the concept of employee engagement has grown over the past few years and has been reinforced by the pressures of the recent economic recession. During recessionary times employers may have fewer skilled staff available and be working in situations where there is little slack in the system. In these circumstances, making the best use of employees' skills and experience and keeping employees happy is important.

The MacLeod report, 'Engaging for Success' commissioned by the UK government and published in July 2009 highlighted the importance of employee engagement, identifying and illustrating significant improvements in a wide range of business performance indicators from studies of a cross-section of organisations. This work was extended in 2011 with the creation of a Government backed Employee Engagement Task Force chaired by David MacLeod and Nita Clarke, the report's authors. This has led to a widely supported movement, Engage for Success.

For the individual, engagement provides a sense of satisfaction and meaning in work, a feeling of belonging and the opportunity to develop and use personal skills and abilities to make a contribution that is valued and appreciated. Optimal engagement occurs when there is a feeling that the organisation recognises individual requirements and aspirations and is seen to take policy, strategic and operational decisions which reflect this recognition. Encouraging participation in such decision making will empower employees and improve engagement.

For the organisation employee engagement can improve performance and productivity, release innovation and creativity, lead to high levels of customer service, facilitate the management of change, increase retention levels and boost interest in employee development. It is also a valuable source of competitive advantage.

The MacLeod report, as well as several other studies, indicates that the release of the 'discretionary performance' of managers and staff (that is, the performance capability and commitment that is not utilised or even withheld due to lack of engagement and motivation) can add as much as 40% to productivity – making it one of the most significant sources of performance improvement available to an organisation.

There are many definitions of employee engagement. One simple definition cited by the McLeod report, emphasizes reciprocity for mutual benefit:

“When the business values the employee and the employee values the business”.

The McLeod report concludes that it is helpful to see employee engagement as:

“a workplace approach designed to ensure that employees are committed to their organisation’s goals and values, motivated to contribute to organisational success, and are able at the same time to enhance their own sense of well-being.”

The above definition focuses on the employee’s sense of purpose and energy directed towards organisational goals. By comparison with the more traditional but related term ‘employee commitment’, the emphasis is not just on a commitment to do one’s job faithfully and effectively, but on an active and/or proactive engagement with the overall organisational aims and objectives which may involve ‘going the extra mile’ (or giving the ‘discretionary performance previously mentioned). This involves a willingness to:

- › go beyond individual job roles to assist colleagues or customers
- › take advantage of new opportunities
- › adapt readily to new circumstances
- › make suggestions for improvements
- › put forward new ideas

### 1. Review the current situation

Start by assessing the current climate in the organisation, identifying areas of strength and weakness and uncovering any factors which are acting as barriers to engagement and need to be addressed. Many organisations choose to do this by means of an employee survey. This option can be expensive and time consuming and requires careful consideration. The commitment of senior management is vital – both to provide the resources required and to take action on the findings. Resources will be needed for the selection or development of a suitable survey, the conduct of the survey and the implementation of any improvements found to be necessary – increases in training budgets, for example. It is also vital to communicate clearly with employees about the aims and purpose of the survey, to ensure confidentiality and to assure employees that their views will be taken seriously. Without a clear commitment on the part of the employer to act on the results, a survey could be counter-productive. Nonetheless, an employee survey can give a clear indication of levels of engagement. Our checklist on Employee Attitude Surveys gives more information on this option. (See Related checklists below).

Additional methods for gathering information include:

- › employee focus groups
- › exit interviews with employees leaving the organisation
- › well-being audits

Regular tracking of staff turnover, absence rates and grievances can also help to identify patterns and trends and to gauge current levels of engagement. A review of the workplace ‘hygiene factors’ and ‘motivators’ identified by Frederick Herzberg could also be helpful. For further information see Related thinker below.

### 2. Develop a tailored organisational strategy

Employee engagement programmes may encompass a wide range of initiatives and research has suggested that the best results are achieved with programmes that are tailored to an organisation and its employees. You may need to consider the needs and motivations of different groups of employees – older workers, younger workers, or disabled workers for example. When drawing up a strategy, don’t try to tackle everything

at once. Based on your findings you should be able to identify the areas most in need of attention. This will help you to put together an incremental programme of improvements.

The McLeod report identified four key enablers of employee engagement:

- › empowering leadership
- › engaging managers
- › employee voice
- › organisational integrity

The following action points expand on these factors and outline key areas to consider when developing a strategy for employee engagement.

### **3. Set a clear vision and strategy and create a shared sense of purpose**

It is easy for leaders to assume that everyone knows and understands what the organisation is for and what it is trying to achieve. But vision, strategy and a sense of purpose need to be clearly articulated and communicated so that employees in all areas of the business develop a shared understanding of organisational aims and objectives and understand how their job role fits in with and contributes to them. Everyone needs to be able to look beyond their day to day work and get the 'big picture' of what is happening across the organisation and where the organisation is heading in the future.

### **4. Recognise the role of line managers**

For the majority of employees, their most important working relationship is with their line manager. Line managers, therefore, play a key role in engaging employees. Bear in mind that to do this, they must themselves be fully engaged by their managers. They must be able to:

- › develop constructive and open working relationships with their team members
- › communicate messages and information clearly to ensure that employees know what is expected of them in their job roles
- › facilitate and empower rather than control and restrict
- › give regular feedback on good and poor performance
- › express appreciation for the contribution of team members
- › provide support, coaching and opportunities for training and development as necessary

It is also crucial that line managers are seen to treat employees as individuals, with fairness and respect and that they show concern for the well-being of employees. Consider whether line managers need training and development in management and leadership skills, especially soft skills, and take account of these characteristics in your recruitment and promotion processes.

### **5. Make effective communication a priority**

A whole range of different methods are used by organisations to keep their employees informed and up to date. These include meetings, briefings, newsletters and corporate intranets. What matters in relation to engagement is not so much the methods used, but the effectiveness, regularity and consistency of communication. It should also be open and honest, focusing on positive progress and achievements as well as the challenges and difficulties faced by the organisation. No one likes to feel that they are being kept in the dark or being given a false impression of the true situation. This undermines confidence and trust in leaders and can lead to disillusionment and disengagement.

### **6. Listen to your employees**

Communication should be two-way – being listened to helps employees to understand that they are valued and respected and that their expectations and aspirations are taken seriously. Employees need to know that their views and opinions will be heard and taken into account and that they can safely raise issues which concern them. It is particularly important for senior managers to be visible and approachable. Some organisations provide email access to senior management so that employees can ask questions or put forward ideas, for example. Others encourage a culture of MBWA - management by walking around.

There are many different ways to consult with employees and develop 'employee voice'. Formal methods include:

- › employee suggestion schemes
- › staff councils
- › workshops and consultations
- › partnerships with trade unions

Whatever methods are used, however, they must be seen as genuine or they will lead to frustration on the part of employees. For example, where a suggestion scheme is introduced the processes for evaluating suggestions should be clearly defined; suggestions which are accepted should be acted on; and the reasons why other suggestions cannot be acted on should be explained.

## **7. Develop relationships based on trust**

Employee engagement is essentially to do with relationships rather than processes and procedures and trust is a vital ingredient here, especially in times of uncertainty. It is important for employees to know that their leaders are not just focused on their own personal agendas but have the interests of the whole organisation and its workforce at heart. To earn the trust and loyalty of their employees, leaders and managers must be visible and authentic. They must be seen to speak the truth and act with integrity. If there is a statement of organisational values, leaders should model those values in their own behaviour. As mentioned at point 5 above, open and honest communication also helps to build trust. For more on trust see our Management Checklist on Developing Trust, (See Related Checklists below).

## **8. Review reward and recognition systems**

Studies have shown that financial incentives are generally not the prime motivator of commitment and engagement. Nonetheless, perceptions of unfairness can be a powerful disengaging factor. It is important for employees to feel that they are being fairly compensated for their efforts, that pay and reward structures, including bonus schemes, are fair and equitable and that performance appraisals and performance management systems are applied fairly and consistently across the organisation. Packages of employee benefits can help to create positive attitudes towards an employer, especially where the benefits offered fit the perceived needs of the workforce. Some organisations offer flexible benefits packages which can be tailored to individual needs and priorities.

Recognising the achievements and contributions of employees can have a significant impact on engagement if it is done in a way which makes the employee feel valued. This may be informally through genuine expressions of thanks and appreciation on, for example, the successful completion of a project, or more formally through schemes involving cash or non-cash rewards, such as, vouchers or cinema tickets.

## **9. Provide learning and development opportunities**

The provision of opportunities for appropriate training and development will help employees develop their skills and work effectively in their current job roles, giving a sense of achievement, personal growth and job satisfaction. It can also help to identify latent talents and abilities and open up opportunities for promotion and career progression.

## **10. Build a culture of engagement**

Employee engagement is not a one-off exercise. Organisations need to develop and maintain a culture which:

- › values and respect its employees
- › demonstrates fairness and integrity
- › promotes open communication across the organisation
- › empowers employees to make decisions and take initiatives within their area of responsibility
- › encourages participation and involvement

This will involve regular ongoing monitoring of improvements or setbacks and the tackling of issues as they arise.

Managers should avoid:

- › seeing employee engagement as a 'quick fix' for organisational problems – engagement is a process which requires time, patience and consistency
- › regarding employee engagement as a way of manipulating or pressurising employees into working harder – this will ultimately be counter-productive
- › seeing a strategy for employee engagement as an add-on or an optional extra – it needs to be integrated into the culture and daily working practices of the organisation
- › thinking that a 'one size fits all' approach is all that is needed
- › delegating responsibility for driving employee engagement to HR or external consultants. While they may have an important contribution to make, employee engagement must be driven from the chief executive and the senior management team at every stage and seen as the responsibility of all managers

## BOOKS

**Employee engagement**, Emma Bridger,  
London: Kogan Page, 2015  
This book is also available as an [e-book](#)

**Nine minutes on Monday: The quick and easy way to go from manager to leader**, James Robbins,  
New York NY: McGraw-Hill, 2013

**The happy manifesto: make your organisation a great workplace**, Henry Stewart,  
London: Kogan Page, 2012  
This book is also available as an [e-book](#)

**Beyond the call: why some of your team go the extra mile and others don't show**, Marc Woods and Steve Coomber,  
Chichester: John Wiley, 2012  
This book is also available as an [e-book](#)

**Employee engagement and communication research**, Susan Walker,  
London: Kogan Page, 2012  
This book is also available as an [e-book](#)

**Engaged: unleashing your organization's potential through employee engagement**, Linda Holbeche and Geoffrey Matthews,  
Chichester: John Wiley, 2012  
This book is also available as an [e-book](#)

**Employee engagement surveys**  
IDS HR Studies, no 910, 2010

**Engaging for success: enhancing performance through employee engagement**,  
David Macleod and Nita Clarke  
London: Department for Business Innovation and Skills, 2009

**The extra mile: how to engage your people to win**, David Macleod and Chris Brady  
Harlow, Financial Times Prentice Hall, 2008

This is a selection of books available for loan to members from CMI's library. More information at:  
[www.managers.org.uk/library](http://www.managers.org.uk/library)

## JOURNAL ARTICLES

### Increasing employee engagement: the role of interpersonal leadership

Strategic Direction, Feb 2015, vol 31 no 2, pp 34-36

**Leading engagement**, Sarah Cook,  
Training Journal, Feb 2015, pp 33-36

**Improve engagement**, Adrian Duncan,  
Training Journal, Mar 2015, pp 42-45

### Why do I feel valued and why do I contribute? A relational approach to employees organization-based self-esteem and job performance, Jun Liu, and others

Journal of Management Studies, Sep 2013, vol 50 no 6, pp 1018-1040

**After MacLeod**, Ian Luxford,  
Training Journal, Sep 2011, pp 49-52

These articles are available for members to download from CMI's library. More information at

[www.managers.org.uk/library](http://www.managers.org.uk/library)

## RELATED CHECKLISTS

- 243** Developing trust
- 078** Undertaking employee attitude surveys
- 068** Motivating your employees in a time of change
- 221** Motivating the demotivated
- 161** The psychological contract

## RELATED THINKER

- 001** Frederick Herzberg: the hygiene motivation theory

## INTERNET RESOURCES

### ACAS Employee Engagement [www.acas.org.uk](http://www.acas.org.uk)

Guidance on employee engagement is available within the a-z listing and includes access to the [ACAS guide The People Factor](#).

### Engage for Success <http://www.engageforsuccess.org/>

A voluntary movement committed to employee engagement and widely supported throughout the UK. It builds on the Macleod report, [Engaging for Success](#) which includes examples of successful employee engagement strategies at private and public sector organisations.



## NATIONAL OCCUPATIONAL STANDARDS FOR MANAGEMENT & LEADERSHIP

This checklist has relevance for the following standards:

Unit DD1 Develop and sustain productive working relationships with colleagues



## MORE INFORMATION

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