

Strategic Employee Engagement in Organisations

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10th February 2016



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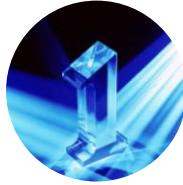
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'The application of evidence based management'



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Foreword

Welcome to the fourth published report on Strategic Employee Engagement in Organisations as part of our ongoing planned series of market investigative snapshots. The purpose of these reports is to uncover organisational reality and provide signposts for those organisations who are committed to embedding and sustaining high employee engagement. Our database has increased to over 300 participating organisations of varying sizes and locations - with 156 of these forming the latest market sample. The findings and message however reinforce that of the previous reports.

To recap from our first report published back in September 2013, employee engagement has been a hot topic since the turn of the century. Many organisations have launched various initiatives under the guise of employee engagement though some with fairly tenuous links. Employee engagement as a term has generated huge interest and comment across the globe and continues to do so. But just how far have organisations got in terms of embedding leadership and management practice that enables employee engagement in improving/sustaining productivity and performance?

To restate, as evidence-based management practitioners, we have observed, alongside a plethora of successful future-leaning projects, a certain amount of confusion and misunderstanding with regard to employee engagement. From an informed knowledge perspective, sorting the 'wheat from the chaff' requires a fair degree of due diligence.

We have consistently asked questions to fundamentals such as: What exactly is employee engagement? And what problem was it designed to solve? Whose responsibility is it in organisations? What are the key components of EE strategy and embedding it as standard practice? What are the impediments to doing so? Why definitions and measurement are critical and how do organisations evaluate progress? And so on.

Some of the answers are not always obvious nor what perhaps conventional wisdom may suggest and there remains too often a gap between organisational belief with its consequent actions and solutions to the daily conundrum of obtaining 'optimal employee engagement'.

We would like to thank all of those organisational representatives who took the short time out to complete the survey and provide this important market data. We would also like to thank **Contentive (14th Annual HR Directors Business Summit)** for their co-operation in carrying out the survey and their continued provision of high quality conferences, webinars and publications that support the industry.

Nicholas J Higgins

CEO, VaLUENTiS Ltd & Dean, International School of Human Capital Management

10th February 2016



Executive Summary

Employee engagement as a concept has been with us for 25 years. The last decade has seen an explosion of organisational intent and energy to improve employee engagement. Alongside this has been a voluminous publication of comment and 'expert' advice, some of it informed and some of it not so informed.

But when it comes to embedding practice that optimises and/or sustains employee engagement, just how well are organisations doing? How informed are organisations in terms of their understanding of employee engagement? What is the reality in comparison to the rhetoric?

We acknowledge the limitations of any pragmatically designed online survey with regard to detailed insight, yet the results of our collated research surveys reinforce previous report findings. There is no doubt that the majority of organisations are embracing at least some aspects of a professional approach towards employee engagement, but the evidence does question current commitment in a sizeable proportion of them. The evidence also challenges certain areas of current practice that are driven by what can be termed 'conventional' wisdom. Responses to the survey additionally raise some perplexing issues for many organisations in the pursuit of optimising employee engagement.

With reference to our Six Pillars© employee engagement framework¹, just (1%) of organisations polled are currently, what we would term, 'Play-Makers' – those that have seemingly embedded employee engagement practice, both strategically and tactically, to the extent of effectively sustaining and/or optimising employee engagement. 'Play-Makers' are really following the principle of the 'aggregation of marginal gains' – making connected improvements across a range of fundamental enablers inherent within the organisational infrastructure.

This suggests that there are additional steps and approaches that nearly all organisations could introduce to enhance their approaches towards defining, understanding, evaluating and enhancing employee engagement. Findings also suggest that few organisations recognise that embedding employee engagement practice in an organisation has all the hallmarks of a change programme (as we have espoused for some time), which, in some cases can be potentially 'transformational'. Thus any engagement interventions/initiatives should incorporate time-tested change principles for embedding or sustaining of actions/enhancements to take place.

With regard to the market study results :

Critical to future progress is the underlying concept and definition of employee engagement itself. Roughly half of organisations (53%) said they used a definition of 'employee engagement', but responses to a further question on the basis for measurement revealed a very worrying outcome, raising doubts with significant implications. Despite the wide-spread use of 'employee engagement' as a concept, it would appear that very few organisations have a grounded definition of employee engagement that is consistent with or utilises prior empirical theory. This inevitably leads to the problem of grounded understanding, effective measurement, communication, learning and subsequent application.

With clear linkage to this finding, just over one in three (36%) organisations reported that employee engagement was understood across managers and employees. A further (17%) of organisations identified with the statement that 'employee engagement was understood across the majority of managers'. Combining these answers provides a further disappointing finding: it suggests that only half of organisations recognise manager understanding of employee engagement as important.

¹ (i) Understanding ; (ii) definition; (iii) measurement wisdom; (iv) actioning infrastructure; (v) playbook; (vi) competent leader-managers.

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Allied to this, just under half of organisations (48%) do not currently provide structured learning on employee engagement, reinforcing why its understanding in organisations is not consistent or wide-spread (stemming from definitional challenges as noted on the previous page).

On the subject of conducting surveys, just under two-thirds of organisations (63%) conduct surveys on an annual or more than annual basis (i.e. quarterly or six-monthly) which is an encouraging finding. The rest conduct surveys of a longer frequency or on an ad hoc basis, raising the issue of perceived lack of organisation commitment and/or interest; as well as the problem of obsolete data if this is combined with other performance metrics. A significant majority of organisations (81%) that use surveys, utilise question-sets which contain greater than 20 questions.

One in two organisations (50%) link their employee survey data with other people data, whilst this drops to two in five (41%) who link their employee survey data to other organisation performance data. The answers to these two questions are encouraging (notwithstanding the previous points) and appear to confirm that organisations have increased their focus on creating greater linkage between employee survey findings and other data. Over half of organisations (55%) benchmark their employee engagement both internally and externally, whilst a further one in six (18%) benchmark internally only.

With regard to embedding employee engagement actions, one in five (22%) organisations use what can be described as an 'integrated approach' utilising the various enablers ('infrastructure') in a joined-up fashion. Two out of every five organisations (39%) do make use of an action plan off the back of survey results – a more limited approach which can easily lapse into or be perceived as, what we term, '*Pump and dump*'.

A quarter of organisations (25%) provide development to all managers and continue with ongoing programmes. The rest provide development/training but to lesser, varying degrees. Of particular note is that only one in six (16%) organisations utilise an employee engagement playbook to codify approaches and understanding, either fully or in part; with a similar limited number of organisations (16%) operating a 'license to manage' system for people managers.

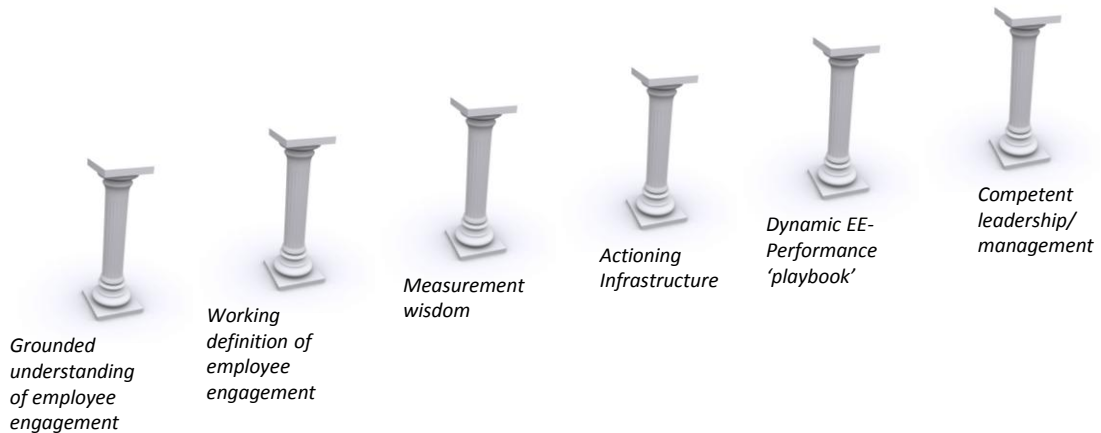
In conclusion, 'Employee engagement' in its application appears to have taken a meaning that is '*all things to all people*' with the result that it risks becoming an abstract or indeterminate phrase to use professionally. To take a parallel from Finance, the accounting concept of 'profit' has a generic meaning but with various technical interpretations and calculations, and crucially, these are all derived from the same underpinning accounting theory. Our survey findings suggest that 'employee engagement' in many cases lacks this robustness, potentially undermining the good efforts in measurement, enhancement and education that some organisations undertake. In line with this, the market study shows that some organisations survey their employees with measurement approaches that are limited or lack sufficient question depth for insight.

Given the evidence, a number of key risks and challenges emerge, most notably:

- (i) Efforts to link 'employee engagement' to organisation people/performance data will be undermined and most likely fail to meet expectations – potentially dampening organisational interest in what should be seen as a core component of organisation measurement. Similarly, external benchmarking without consistency of core concept becomes a relatively futile exercise.
- (ii) Resulting organisation actioning plans may become limited to excessive focus on chasing improvements in individual question scores, rather than enhancing employee engagement itself.
- (iii) Attempts to widen the understanding of employee engagement, a key change aspect itself, across the organisation will similarly be undermined and attempts to successfully embed employee engagement practice will inevitably become mired in confusion with any potential impact significantly reduced.

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i. Background: The Six pillars

Over the past decade, many organisations have implemented various initiatives and projects under the guise of employee engagement. But it remains questionable as to how many of these have resulted in sustained levels of increased employee engagement and/or productivity and performance.

There is evidence that, in many cases, organisations have been following what we term a *'pump and dump'* approach to employee engagement, that is – *'pump'* a survey out and *'dump'* an action plan in the form of several bullet points on managers; in the hope that this will fix *'low scores'* and lead to improvements in organisational performance. There is a danger here that the score relating to a particular question becomes the focus rather than employee engagement per se. This observation is not meant to weaken the case for organisation surveys and action planning as they are still important *'cogs in the machine'* or *'actioning infrastructure'* as we term it.

In addition, it is not unusual for various employee engagement initiatives (or those done under its guise) to have been carried out in isolation, more often than not, rather than as a part of an integrated change approach thus minimising their impact.

Our premise is that for sustained employee engagement success and for one that makes a difference to productivity/performance, organisations need to adopt a more structured, integrated foundation – namely the *'Six Pillars'*. It is helpful to think of the Six Pillars as a connected system rather than as any linear step process. It is important to note here that the six pillars transcend all sectors whether private, public, not-for-profit and everything in between (accepting the natural differentiation in productivity and performance measures).

The *'Six Pillars'* approach originated from a series of employee engagement and talent management related projects over time we had conducted. We view the embedding of employee engagement in organisations as a *'macro-change intervention'* with all of the associated attributes of change/OD programmes. We trust that for those reading this for the first time, this revelation provides greater insight and understanding of our perspective/lens through which we view employee engagement projects and our subsequent engagement with clients.

The *'Six Pillars'* are explained overleaf In more detail.



(i) Grounded understanding of employee engagement

To embed employee engagement practice, organisations need to adopt a change management philosophy and mindset. Thus, one may consider a reasonable place to start would be in ensuring, as far as possible, that managers and, to a certain extent, employees have at least a rudimentary understanding of what employee engagement is and its potential impact. Grounded understanding may seem obvious but the evidence suggests that it has often been overlooked. If there is little exposure to understanding employee engagement, then attempts at carrying out employee engagement initiatives will encounter natural resistance and/or indifference. There is a high probability that any expected benefits will be limited. Any organisation latently recognising a gap in organisational understanding needs to ask why and how this occurred. Those attacking this problem will find there are different ways to achieving (and sustaining) a grounded understanding. Their goal is far more likely to be achieved through integrating and leveraging other organisation initiatives/infrastructure.

(ii) Working definition of employee engagement

The importance of organisations having a working definition of employee engagement is underestimated. There are three critical reasons for a definition of employee engagement to be in use: (i) for ease of communication in terms of understanding, (ii) to provide a reference point for measurement (as per the scientific rationale for definitions), and (iii) to provide a continued reference point for embedding practice and thus the need for future change.

(iii) Measurement wisdom

The term relates to all aspects of measurement from, for example, simple survey data through to sophisticated 'big data' organisational intelligence. The emphasis is on the 'smartness' of measuring rather than the ability to collect gigabytes of data. When it comes to productivity and performance, knowing the 'Why', 'What' and 'How' is critical alongside the measurement of engagement. One key observation - we already know, from our research, that employee engagement impacts on productivity and performance and so we are using measurement to find the related outcomes to improve organisational knowledge. Most conversations and initiatives regarding measurement and employee engagement still relate to finding proof of links which we believe is a wrong and outdated focus – a legacy of previous market confusion and misunderstanding.

(iv) Actioning Infrastructure

The 'actioning infrastructure' relates to the engine room of the 'Six Pillars'. The infrastructure here relates to any activity that is undertaken, or linked to improve/sustain employee engagement. These activities include things such as people management evaluations/assessments, management development, action planning, communications and social media, feedback systems, planning, branding/EVPs, support structures, employee survey process(es) etc. Integration with other organisational initiatives to leverage employee engagement is key.

(v) Dynamic EE-performance playbook

The playbook is an outcome of collating the cumulative knowledge residing in the organisation with regards to employee engagement. The playbook contains for example, engagement strategies for differing organisation events, operating models and analytic templates, survey design and maintenance, measurement index construction and maintenance, engagement driver analysis, project and game management, supporting issue-work-through tools, learning library and design, and so on. A playbook is also a way of signalling serious organisational intent.

(vi) Competent leadership/management

Research and experience shows that line managers, and those that act in a line manager capacity, are critical to an individual's level of employee engagement. The issue of competent people managers/leaders is a constantly re-occurring theme for organisations. The introduction of employee engagement provide a further ready-made rationale to raise leader-manager competency in organisations, as well as a manager's own level of engagement.



ii. Organisations and employee engagement: The '4-ball' practice model

When studying employee engagement in organisations, our extensive work with clients and collated market evidence has led us to identifying four types of organisation with regard to embedded practice: 'Play-Make', 'Play-Safe', 'Play-Act' and 'Play-Down'.



Using the Six Pillars framework, we've been able to identify attributes (or non-attributes) to provide an organisational profile and/or signature of the embedded practice of employee engagement. We would like to think that all organisations strive to become 'Play-Makers', i.e. those that actively leverage their 'actioning infrastructure' and management to optimise employee engagement and productivity/performance.

Those identified as 'Play-Safers' and Play-Actors' are at relative stages on the journey. Organisations identified as 'Play-Safers' have much of the support infrastructure in place but it is not fully utilised. There is a tendency for these organisations to over-focus on benchmarking survey results with a corresponding 'tick-box' mindset which can lead to complacency. At the same time, renewed efforts to eradicate 'gaps' in embedded practice can transform the organisation to a 'Play-Maker'.

'Play-Act' organisations are the enigma. These organisations can give the impression of being committed to embedding employee engagement practice but evidence suggests that this is more often ambition unrealised – perceived as nothing more than a succession of internal PR attempts that contribute to potential cynicism and lack of trust. However, with senior management vision and commitment (and hard work), these organisations can become 'Play-Makers'.

We would propose that organisations identified as 'Play-Down' should require senior management to (re-)evaluate their position vis-à-vis employee engagement and decide whether the organisation can continue to ignore the benefits of employee engagement, however successful (or not) it is currently performing.



The '4-ball' Employee Engagement reality matrix

Pillar	'PLAY DOWN'	'PLAY ACT'	'PLAY SAFE'	'PLAY MAKE'
I <i>Grounded understanding of employee engagement</i>	Little.	Limited. Mostly ephemeral in nature.	Exists in pockets with variation in line management.	Good working knowledge embedded across organisation.
II <i>Working definition of employee engagement</i>	No definition in use.	Most likely borrowed without any real ownership, or 'false' ownership.	Maybe borrowed with internalisation or adapted after some organisational focus.	Distributed 'ownership', whether borrowed, adapted or created.
III <i>Measurement wisdom</i>	Limited to absenteeism metrics, employee surveys seen as event driven if done.	Probably undertaking surveys but with no valid construct; response rate/PR main focus.	Will do measurement basics, even to the extent of engagement index etc. Tick box is main focus.	People management evaluation/measurement seen as 'core' on a par with CRM, finance etc.
IV <i>Actioning Infrastructure</i>	Probably in the form of basic training/management courses.	Probably in the form of basic management courses. Most likely carry out some form of branded programme.	Will have a number of actioning elements in place but not necessarily joined up.	Will have necessary 'toolkit' to hand with ongoing programmes to suit organisation focus.
V <i>EE-Performance Playbook</i>	Does not exist.	May have something articulated on 'strategies'. Most likely collection of irrelevant case studies.	Playbook in the form of 'manager manual' or on-line knowledge-share. Still being developed.	Easy access in different e-/physical formats at different levels. Signals 'embedded' intent.
VI <i>Competent leadership/management</i>	Will have varied mix of skilled people managers. Existing good performers more through luck.	Will have varied mix of skilled people managers. Existing good performers more through luck.	Will have varied mix of skilled people managers but level of competency higher than Play-Act organisations.	Cohort of well-trained people managers exists with talent pools. Regular evaluation/reinforcement.
Overall value to organisation performance/competitive advantage	NEGATIVE	NEGATIVE	NEUTRAL	POSITIVE

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iii. The Employee Engagement Reality Matrix

The summary matrix above was borne out of a structured assessment exercise used with client organisations over a number of years. A progressive table of attributes (or, alternatively, organisational competencies) was constructed for each of the 'Six Pillars' – the combination of which created the four identifiable organisation types (or stages).

The matrix is a useful reference guide for anybody to quickly gauge how embedded employee engagement practice is with regard to their respective organisation. The construct behind the matrix is more detailed with a subset of questions being the base for the online survey used for this report.

The proposition is that organisations with 'Play-Down' or 'Play-Act' attributes are, in all probability, achieving their 'success' despite the lack of employee engagement embedded practice but the questions are: for how long? And what could be achieved if they became Play-Makers?

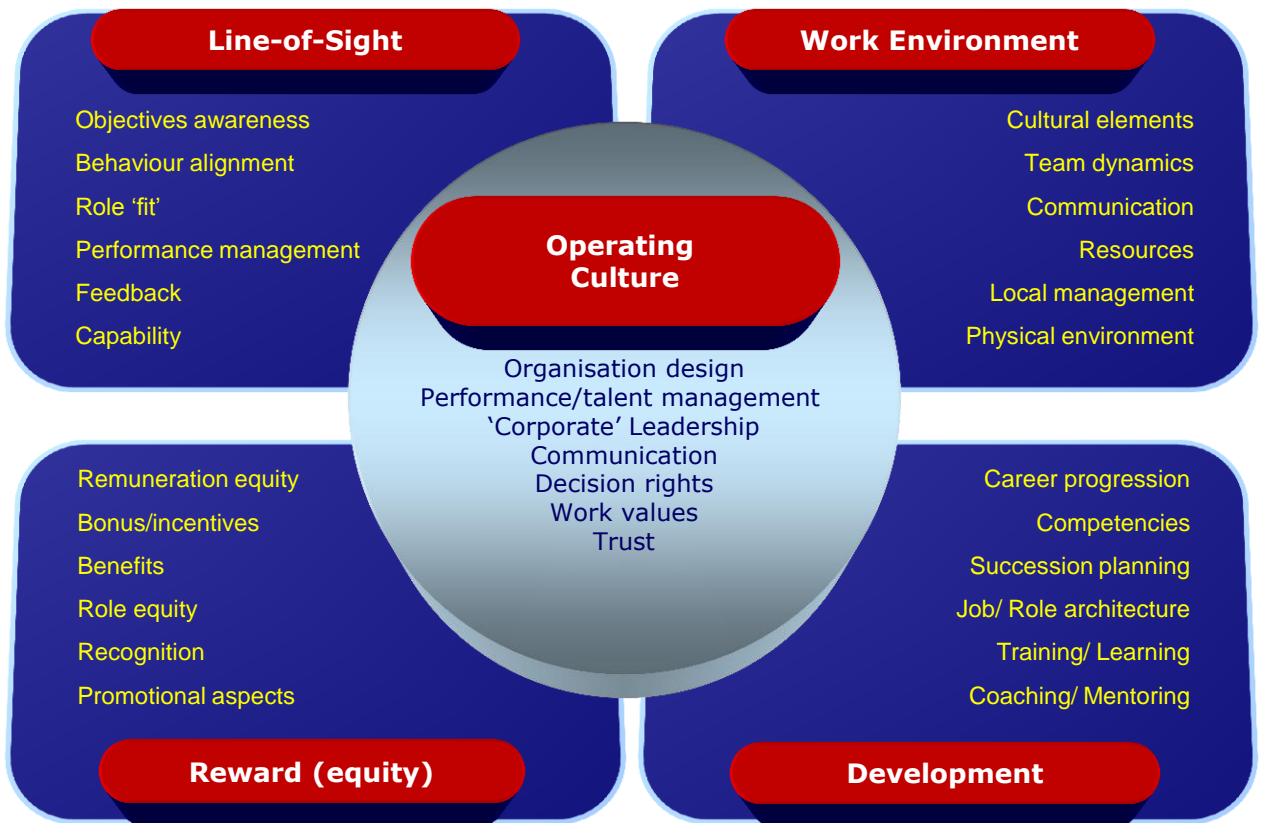
Those organisations identified as 'Play-Safe' have managed to partially embed effective employee engagement practice but either have reached a plateau that doesn't leverage their potential or these organisations may have lapsed into a more defensive 'tick-box' mindset – the danger here being an easy step to regress to 'Play-Actors'.

Those organisations with 'Play-Maker' attributes are fully leveraging embedded employee engagement practice and are deriving a positive return that is feeding into their success, whatever the limitations of their business model.



iv. What is Employee Engagement? The 5D framework as example

In the past decade, there has been much published work on employee engagement with differing definitions and perspectives trying to uncover the components of its construct. We believe that the concept of employee engagement has been, too often, overly simplified leading to problems with measurement and organisational impact, as well as false expectation. We defaulted to Einstein’s dictum “*Everything should be made as simple as possible, but no simpler*”. Our work led us back to first principles reviewing published antecedent research stretching back over 100 years (our summary graphic is provided in Appendix III on page 37). From this we started to piece together from the competing theories, the factors/drivers/forces that constitute employee engagement as applied to individuals and teams at work and the resulting impact on productivity/performance.



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Having formulated a definition (see below) the best way to understand employee engagement was to construct a measurement framework and related indices consistent with scientific principles. This led us to the 5D (Domain) model as shown in the diagram above. We identified five clusters which had bearing on individual/team productivity and performance. These were termed: *Line-Of-Sight*, *Work Environment*, *Development*, *Reward (equity)* and an organisation’s *Operating Culture*. Leadership/management is implicit throughout the Domains. Our definition of employee engagement which is utilised/adapted by a number of organisations is:

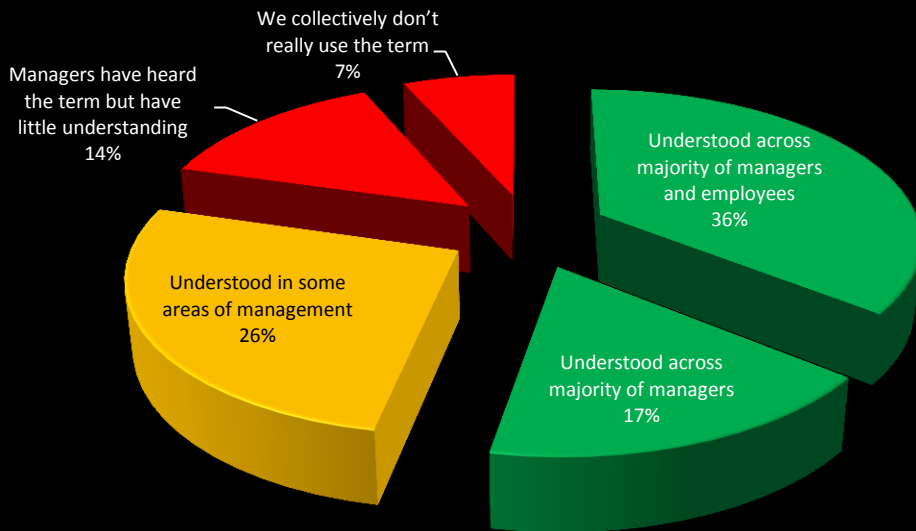
“Employee Engagement is an outcome-based concept. It is the term used to describe the degree to which employees can be ascribed as ‘aligned’ and ‘committed’ to an organisation such that they are at their most productive.”

Standard definitions for ‘aligned’ and ‘committed’ and ‘productive’ are also available though organisations can customise to their own particular circumstances within guidelines to maintain consistency.

SURVEY RESULTS



In your organisation/business unit, how well is the concept of employee understood (and its potential impact in the workplace)...



1. Employee Engagement: How much understanding?

Findings

The most popular response, in just over a third of organisations (36%), was that a majority of managers and employees understood employee engagement. One in six (17%) organisations identified with the statement that employee engagement was 'understood across majority of managers', meaning that around half the organisation respondents identified with a positive finding. Disappointingly, one in four (26%) organisations identified that employee engagement was 'understood in some areas of management' together with (14%) whose managers had 'little understanding'.

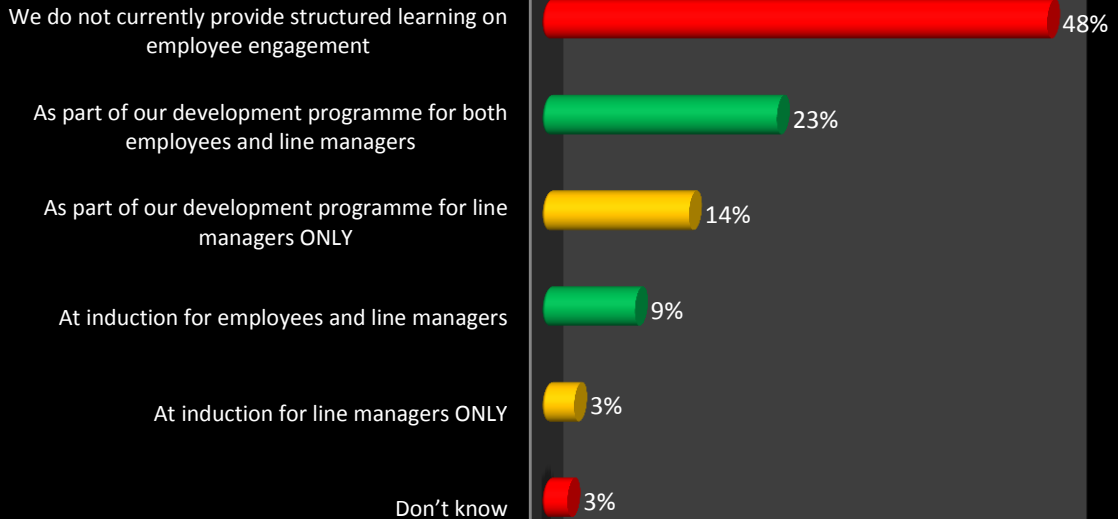
Observations

The answers raise some very important questions for organisations. First of all, why would a significant number of organisations overlook the question of understanding across their workforce and particularly across managers with people responsibility?

There is, perhaps, more than one answer to this question, for example: (i) Employee engagement is not viewed in most organisations as sufficiently important to managers; (ii) Employee engagement is seen as a limited productivity/performance data project and understanding is **assumed** through action planning, and (iii) In conjunction with the previous reason, organisations do not see embedding employee engagement as a change intervention and thus little importance would seemingly be attached to understanding. Whatever the rationale given organisations should view this in an unsatisfactory light, particularly when linking to other answers provided around definition and the measurement (or not) of 'employee engagement'.



As an organisation/business unit, we provide learning on employee engagement and its impact...



2. Employee Engagement: Learning in organisations

Findings

Just under half (48%) of respondent organisations do not currently provide structured learning on employee engagement, underlining one of the reasons why the understanding of employee engagement in organisations is not as common as one would expect. Two in five organisations (37%) have some form of development programme that provides employee engagement learning, whilst one in eight (12%) provide some learning at induction.

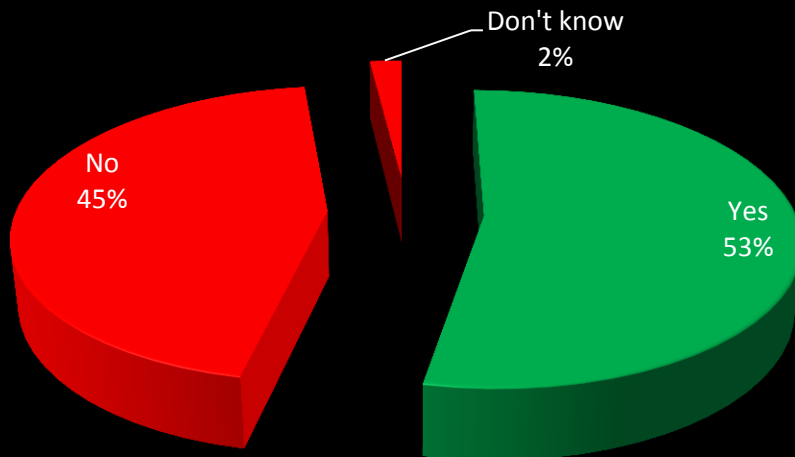
Observations

The answers raise some very important questions for organisations. First of all, in conjunction with the previous question too many organisations do not look to provide some form of learning, whether structured or unstructured, to enable understanding of employee engagement.

It is mostly acknowledged that employees have a responsibility for their own employee engagement as much as any other factor whether it is their immediate line manager or aspects of their organisation's operating culture. And yet employees seem to be exposed to very little. Even enabling employees to view employee surveys as a vital piece of organisation intelligence would be a useful benefit alongside their understanding and expectation of systems like performance appraisals etc. With a little more thought organisations can leverage existing infrastructure inexpensively.



Does your organisation/business unit use a definition of employee engagement...?



3. Employee Engagement defined

Findings

Just over half (53%) respondent organisations said they used a definition of employee engagement. This figure has marginally increased since the first survey was conducted back in 2013.

Observations

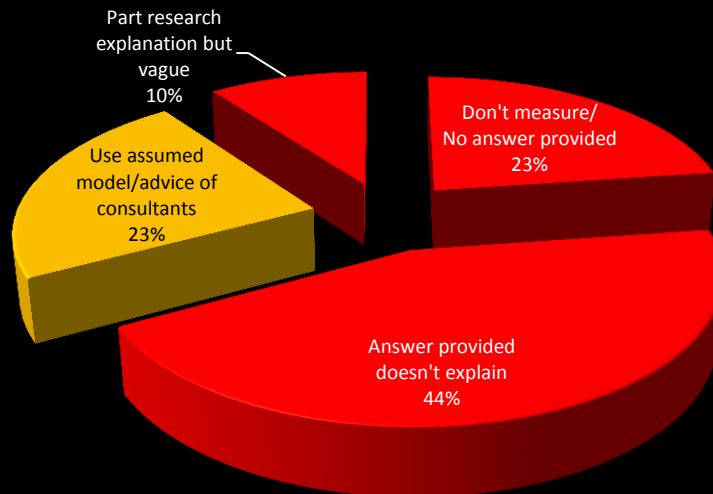
On the surface this answer may provide some comfort that organisations at least recognise the need for a definition of employee engagement for communication and measurement purposes as well as focus. But it is a false dawn. Answers to the next question (overleaf): 'how do we know we're measuring employee engagement' highlight a very concerning finding that raises the question regarding definitions in use.

We would suggest that organisations review their 'definition-in-use' and ascertain whether it is 'fit for purpose' given this report's findings and rationale. Similarly, we would ask those organisations who are not currently using a definition the question: Why is a definition not being used for communication and measurement purposes? There is potential here to widen learning and understanding of employee engagement that can only benefit the organisation.

The other observation to make is for those organisations who are measuring employee engagement and linking to other organisational performance data. Is your definition or lack of definition leading your measurement efforts up potential blind alleys? Or is there something that you are not measuring that is factor of employee engagement that may be going undetected?



How do we know what we are measuring is employee engagement...?



Note: Categories derived from open text reclassification

4. Employee Engagement: How do we know what we are measuring is employee engagement?

Pretext

This question was intentionally set as an open text answer in order to provide further qualification to previous questions asked on definition and understanding. The resultant open text answers were 'themed' and 'reclassified' into the answer categories above. Our expectation of respondent organisations was for their answers to clearly relate to underpinning empirical theory, rationale or model, for example motivation, expectancy, leadership, equity, team or combination thereof and so on (refer to 'Employee Engagement antecedents' Appendix III on page 37).

Findings

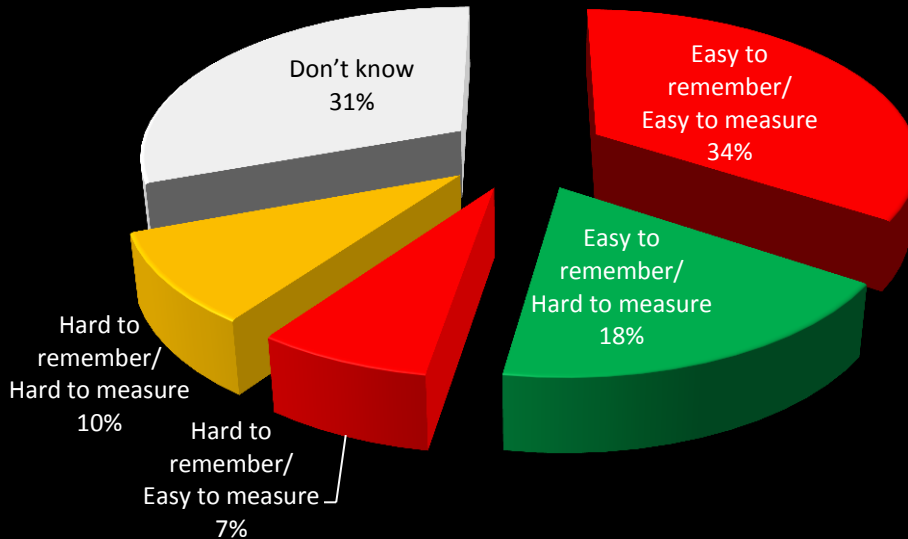
(44%) of organisations provided a response that didn't explain the answer. A further (23%) reported that they didn't measure or did not provide an answer to the question. Just under a quarter of respondents (23%) had used or were using 'expert consultancy' help, though none of the answers effectively provided a related model suggesting that there is perhaps an over-reliance on trusting 'a brand' without checking sources or underlying rationale. In our evaluation of the answers, no organisation met the criteria to classify as a satisfactory answer to the 'underpinning theories or rationale' category - though a few organisations (10%) did classify as 'part-answers' but they were vague or incomplete. Most often answers defaulted into a process or comment. Some respondents conceded that their organisations weren't measuring employee engagement even though they were measuring something.

Observations

To us this question provided the biggest revelation and the key to perhaps why there is so much confusion and misunderstanding about what employee engagement actually is and how it is measured. All organisations need to revisit the question of employee engagement – namely, what is it and what are we measuring?



How easy is this definition for communication and measurement purposes across the organisation...?



5. Employee Engagement definition and the ease for communication and measurement

Findings

Notwithstanding the issue of definition as previously identified and noting the second-most common answer of 'Don't know', one in three (34%) respondent organisations identified with their definition being 'easy to remember and easy to measure'. 'Easy to remember and hard to measure' was identified by one in six (18%). A further 10% alluded to their definition being 'hard to remember and hard to measure'.

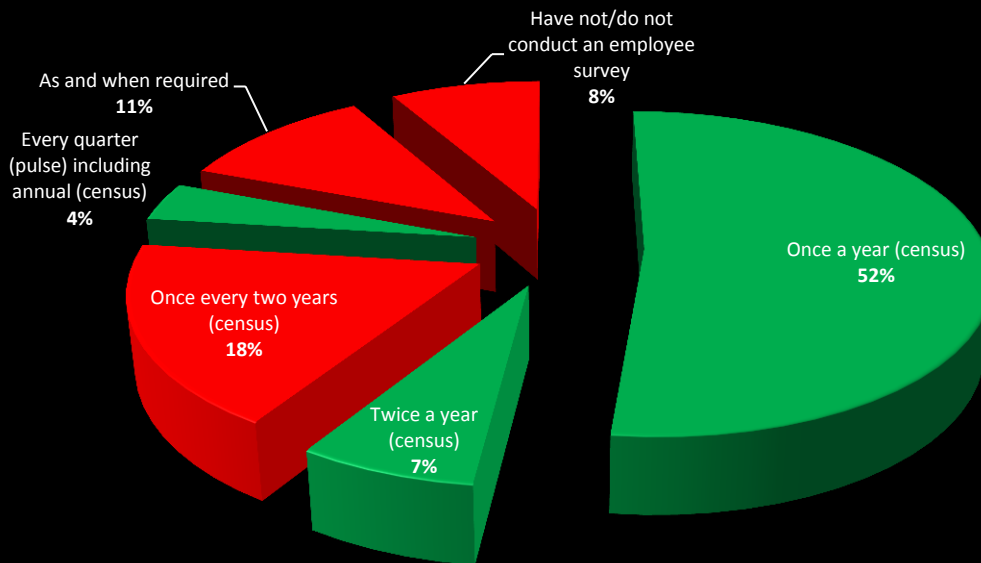
Observations

We would argue that the ideal answer here is 'easy to remember and hard to measure' reflecting the balance of a definition that is perceived to be sufficiently easy to communicate/remember the message whilst acknowledging the complexities of the employee engagement construct when measuring. We would also acknowledge those respondents who answered 'hard to remember and hard to measure'. Our major concern is those respondents with 'easy to measure' in their answer. Many organisations seem to be underestimating the complexities inherent in measuring employee engagement or worse measuring 'something' to which employee engagement is just a mere label – a recurrent theme throughout this report. This will provide particular problems if trying to link with other organisational data or worse set expectations that are false or conversely cannot be met.

Easy to remember Easy to measure	Easy to remember Hard to measure
Hard to remember Easy to measure	Hard to remember Hard to measure



Our organisation conducts an employee survey...?



6. The Frequency of conducting employee surveys

Findings

The most common response was over half of respondent organisations conducting a census survey once a year (52%) with those conducting once every two years (18%). Around one in nine (11%) organisations conduct surveys with more frequency either every quarter or every six months. (11%) of organisations appear to conduct surveys on an infrequent basis with (8%) not conducting them at all.

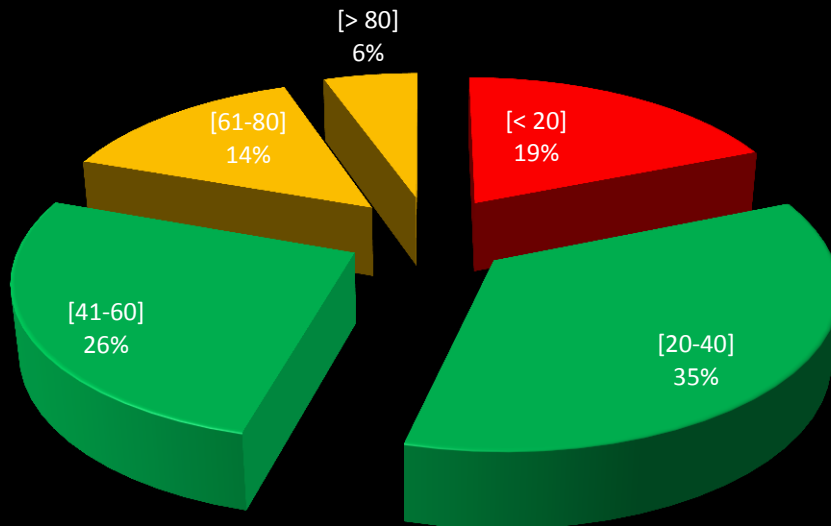
Observations

Well-designed employee surveys provide one of the best platforms for organisations to collect regular data on employee engagement matters amongst other data collation exercises. A correctly engineered survey process with actioning also provides a signalling of organisation intent and reinforcement in embedding employee engagement practice (which is an oft-missed reason for those questioning the use of surveys). We often provide an accounting corollary in that **regular** employee engagement surveys should be akin to quarterly/annual accounts.

As 'evidence' is emerging (see page 23) that organisations are linking 'employee engagement' data more often with other organisation performance data – frequent employee engagement data is critical. Less frequent surveying renders any data out of date and unusable. Thus we would propose that organisations should at least conduct census surveys every twelve months supported by more frequent 'pulse' surveys. And just like accounts these should be conducted on set dates and not subject to moving (as commonly happens).



Our survey question set includes how many questions...?



7. Employee surveys: How many questions?

Findings

Three in five organisations (61%) use question sets of between 20-60 questions. A small number of organisations (6%) use sets with over 80 questions. Around one in five organisations (19%) use less than 20 questions.

Observations

It is important to note here that employee surveys may be multi-purpose and not just measuring employee engagement, which may account for some of those reporting high volume question sets. This suggestion may of course raise further questions regarding the meaning and use of these specific surveys and the challenges they present for the organisation. We find the most common surveys measuring or gauging employee engagement include around 40 questions with the rider that these questions are valid employee engagement related questions. While there is nothing particularly wrong with larger question sets in excess of 60, organisations need careful application of a construct like employee engagement to avoid duplication or data redundancy.

Our biggest concern is with organisations using question sets of less than 20. We have strongly argued since our inception that we consider it difficult to measure employee engagement comprehensively or indeed accurately with a small number of questions. Our 5D framework presented on page 13 provides a fairly robust challenge to those using less than 20 questions. Two issues for those utilising these question sets: (i) the fewer questions asked the more likely there is a better EE-related question not chosen, (ii) when it comes to linking engagement data to organisation productivity/performance, what has not been measured through questions *not* asked which may have potentially important correlation/causation. This is a critical point in terms of setting expectations.



With regard to the evaluation/measurement of people management in your organisation/business unit, which onw of the following statements is the most accurate...?

We have some form of evaluation across the various supporting people processes/systems...



We have basic scorecard of HR metrics plus employee engagement scores



We have a basic scorecard of HR metrics like absenteeism, turnover etc



We don't measure on an ongoing basis



We use a sophisticated mix of measurement approaches...



Don't know/Can't decide



8. The evaluation of people management in organisations

Findings

Around two in five organisations (38%) state that they perform an evaluation of supporting people processes such as performance appraisal, reward, talent management etc. Two in five organisations (41%) use some form of scorecard linking either employee engagement or HR metrics. Less than one in twelve organisations (8%) report that they are using a sophisticated mix of measurement approaches with the same number stating that they did not measure on an ongoing basis.

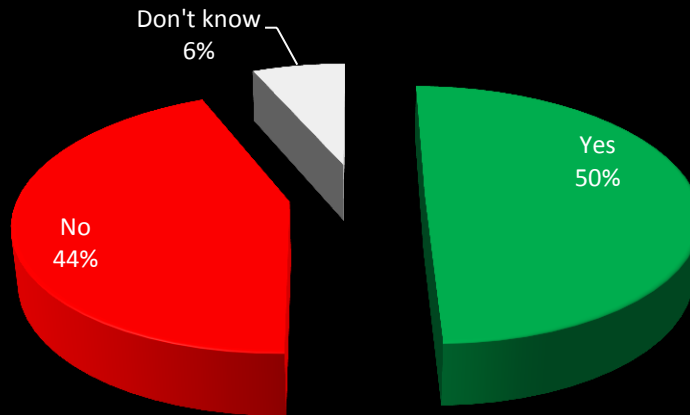
Observations

Given the importance of people's contribution to organisation efforts and the investment and usage of the various HRM/HCM approaches, processes and systems, it is perhaps surprising that a minority invest sufficient time in evaluating effectiveness. The fact that a fair proportion of organisations have some form of scorecard link to employee engagement is encouraging but this has to be tempered given the issues identified with the lack of an employee engagement definition in use. Organisations, perhaps in too many instances are limiting their knowledge or worse 'setting themselves up to fail'.



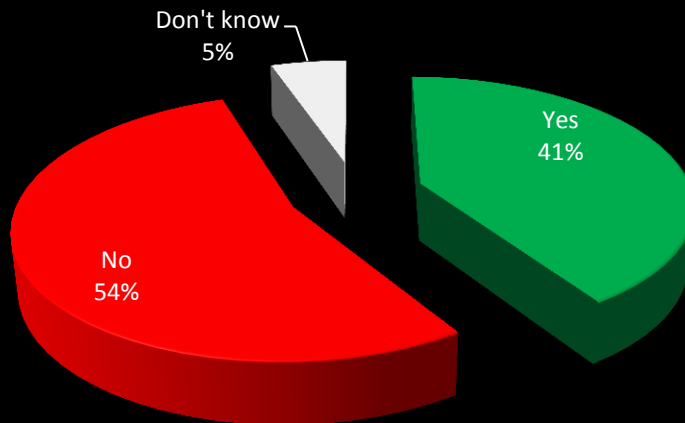
9A. Employee surveys: Linking to other people data

As an organisation/business unit, we link our employee survey data with other people data (e.g. appraisals, exit, absence etc)?



9B. Employee surveys: Linking to organisational performance data

As an organisation/business unit, we link our employee survey data with other performance data (e.g. sales, customer, patient,





Employee surveys: Linking to other people data and organisation performance data

Findings

Half of organisations (50%) link their employee survey data with other people data (refer chart 9A), whilst this drops to two in five (41%) who link their employee survey data to other organisation performance data (refer chart 9B). The answers to these two questions are encouraging to some degree and appear to confirm that organisations have increased their focus on linking their survey data over the past few years. However the online questions did not ask about the actual mechanics of what organisations are actually measuring, nor how the resulting intelligence is used.

Observations - people data linkage (with reference to Appendix IV on page 38)

We would make three points here. First the issue that has been flagged previously in terms of what surveys are actually measuring with regard to employee engagement. Any construct measurement flaw will render the resulting intelligence of limited insight or value or worse, being inappropriate. Second, organisations should be aware of the potential 'expectation gap', i.e. thinking that finding correlation/causation will be an 'easy' task and being able to act upon it. Third, good use of linking employee survey and people data can result in revealing predictive trends with regard to, for example, absenteeism and voluntary turnover. More emerging analysis has begun to focus on predictive aspects with regard to recruitment, talent management and employee engagement itself.

One final point to consider: a number of organisations are linking employee survey data directly to individual teams or managers. On the surface, this would seem to be an intuitive move for organisations to make but we would advise caution as it raises questions regarding the integrity of the employee survey itself and that an employee survey, in some cases, has 'morphed' into some form of 360° appraisal process. Further, there is a danger of organisations lapsing into what we term 'pump and dump' – 'pump a survey out' and 'dump an action plan' on managers with limited support/actioning 'mechanisms' like management development or coaching. An unintended consequence can be the emergence of game-playing which works against trust, openness and measurement itself.

Observations - organisation performance data linkage (with reference to Appendix V on page 38)

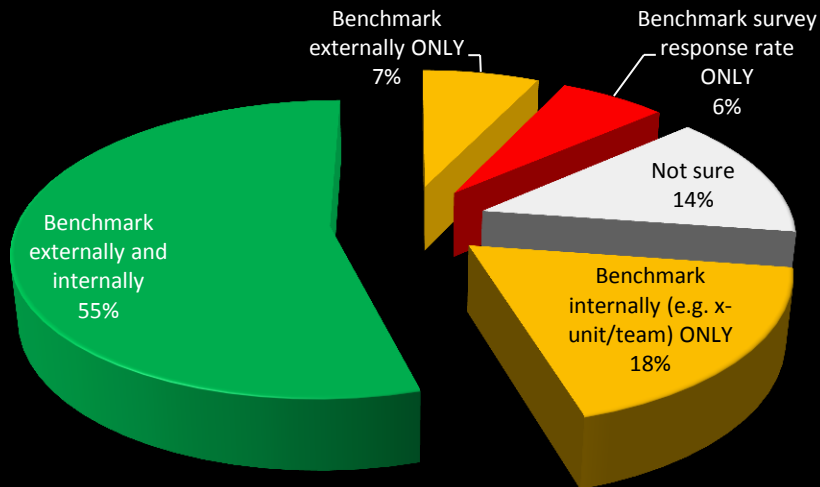
Again three points of note. First, If the motivation for organisations to link employee survey data with organisation performance data is to 'prove' the impact of employee engagement, then it is the **wrong** rationale. Linking employee engagement data to organisation performance data should be viewed as another (though rather belated) component of understanding/improving an organisation's productivity and performance with fairly sophisticated modelling analytics – an idea we have encouraged for some time.

The second point is to repeat the concern as to the validity of the organisation's measuring of employee engagement (and its components). If flaws exist, this could lead to 'garbage in – garbage out' (GIGO) syndrome, dashing any expectations set or far worse – seeing efforts in this area of no value and subsequently halting them. The third point is to repeat the danger of expectations of easily finding correlations and/or causations. Organisations should be under no illusions that finding links across multivariable data is a complex process, particularly when people are involved. Expectations should be set in relation to the first point of accumulating organisational intelligence and insight. This should not deter any efforts organisations make in this field. We do not wish to downplay any resulting valid findings that can improve productivity/performance - that's a great outcome.

As a final comment, we believe that the greatest benefit derived from the above 'modelling analytics' approach is a greater understanding at ground level of the interactive dynamics of the individual, team, managerial leadership, and resulting productivity; and a greater understanding of the dynamics of the organisation's business operating model(s). For ultimately that's what good measurement does.



What is your approach towards benchmarking employee engagement scores?



10. Employee Engagement and benchmarking

Findings

More than half of organisations (55%) benchmark their employee engagement both internally and externally, with a further one in six (18%) benchmarking internally only.

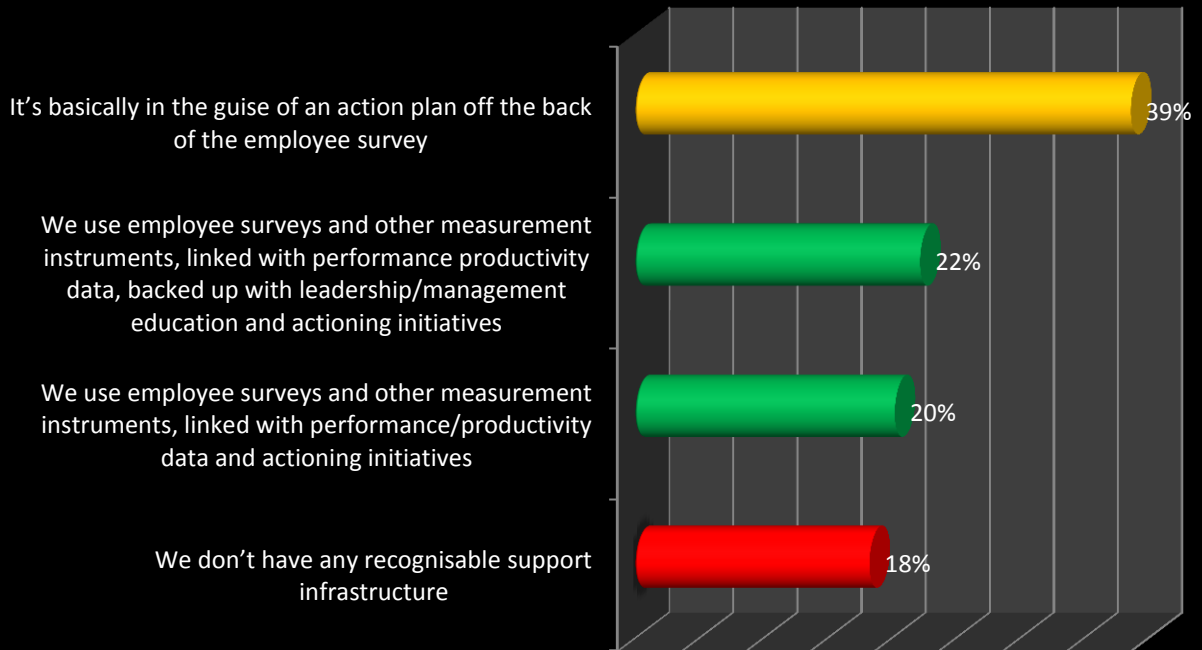
Observations

Benchmarking as a discipline (being a component of measurement) generates much debate. It is a fairly easy process to generate and in some special cases highly useful. However, in the realm of people management and organisation performance we believe, as do others, that it is over-used and over-relied upon as a management tool. Utilising external and internal benchmarks on employee engagement is preferable to not benchmarking at all. However, we would not argue against those using benchmarking internally only. This can sometimes be of greater value. The central question for organisations is: what are we using benchmarking for? Again three answers to ponder:

The first, as we have previously mentioned, is the issue of the employee engagement construct itself. Benchmarking an employee survey that doesn't measure employee engagement will quickly become an academic 'tick-box' exercise providing false comfort for management. Second, If organisations are defaulting into reporting line items (i.e. the questions themselves) on one-by-one basis, this is very limited in scope which can lead to 'action plan tunnelling' or 'insight myopia'. Over-focus on a particular question score misses the essential science of measuring employee engagement as a construct. Third, we would argue that external benchmarking has very limited value when applied in a line-item way and particularly when it becomes the sole focus of management attention.



Which of the following statements describes our organisation/business unit's approach to embedding employee engagement infrastructure?



11. Embedding Employee Engagement Infrastructure

Findings

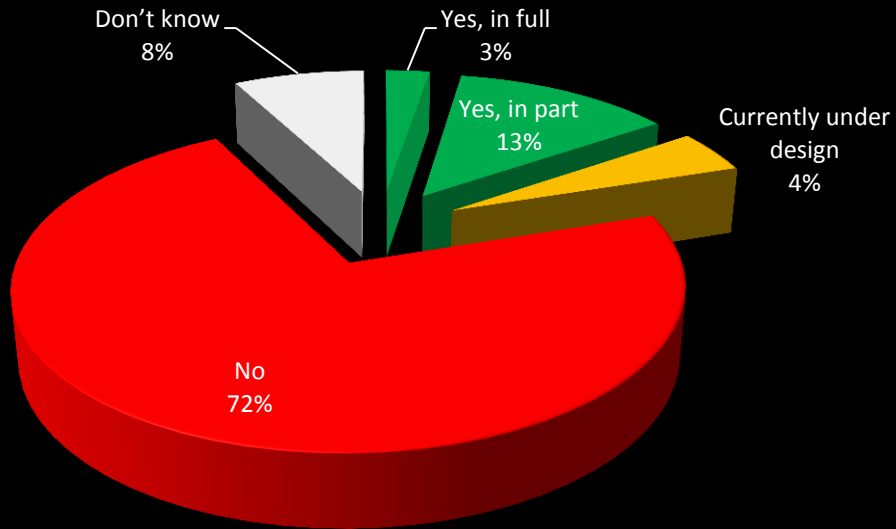
With regard to embedding employee engagement infrastructure, two in five organisations (39%) utilise an action plan off the back of survey results. A further one in five organisations (20%) use a slightly more sophisticated approach utilising various measurement data and actioning initiatives. Just over one in five (22%) organisations use what can be described as an 'integrated approach' to the challenge of embedding employee engagement infrastructure. Around one in five (18%) organisations do not have any recognisable support structure.

Observations

With regard to this particular question, It is encouraging to see a fifth of organisations adopting the 'Play-Maker' integrated approach. It is also good to see that the vast majority of organisations are at least following up on their survey data in some form of actioning process. As we have mentioned previously, those organisations just creating an action plan off the back of the employee survey need to be wary of falling into the trap of the perception of 'pump and dump'. Given the fairly positive picture that emerges here, our note of caution relates back to comments made previously with regard to issues surrounding understanding, definition and subsequent measurement which could be undermining these approaches.



Does your organisation/business unit utilise an 'Employee Engagement Playbook' ...?



12. Utilising an Employee Engagement playbook

Findings

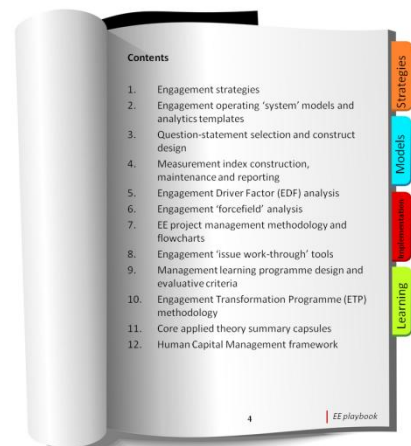
Currently seven in ten (72%) of organisations do not make use of an employee engagement playbook, whether in physical or e-format (or both) form. Around one in six (16%) organisations are utilising a playbook to some degree.

Observations

We believe that many organisations are potentially 'missing a trick' here in not utilising some form of EE playbook – an organisation resource or repository for accumulated knowledge on strategy and tactics used in improving, sustaining or repairing employee engagement and organisation productivity/performance.

The presence of an EE playbook 'earths' any corresponding EE strategy and a great way of signalling intent by the organisation. It can also protect against the danger of duplicating effort and resource spent on 'reinventing or redrawing wheels' in EE matters. Also, mini-playbooks provide an excellent resource for managers as well as ensuring consistency of approach and understanding. We expect the use of playbooks to become more prevalent in future, as organisations discover their benefits.

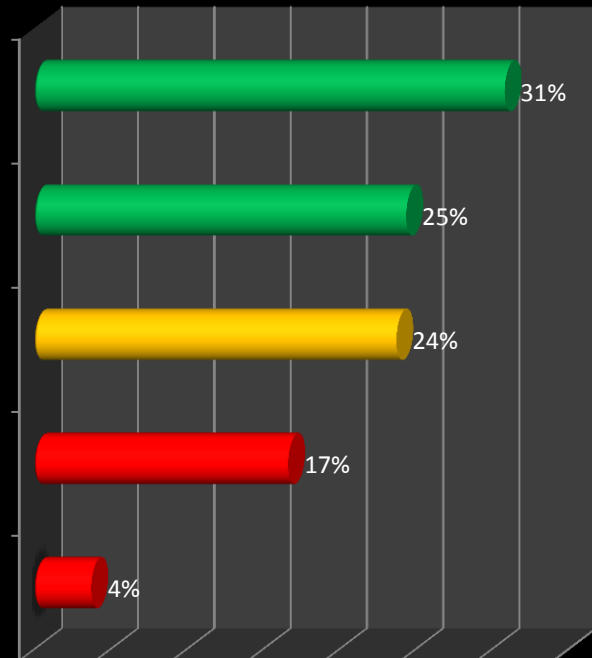
Playbook content example





With regard to the competencies of people managers which of the following statements best describes your organisation/business unit?

- Some of our managers (through selection) have been exposed to some form of structured leadership/management development
- Most, if not all, of our managers have been exposed to some form of structured leadership/management development and continue to do so ongoing
- Most, if not all, of our managers have been exposed to some form of structured leadership/management development
- Current people managers with requisite skills are there by luck through the recruitment process rather than anything else though some managers have...
- Current people managers with requisite skills are there by luck through the recruitment process rather than anything else



13. The competencies of people managers

Findings

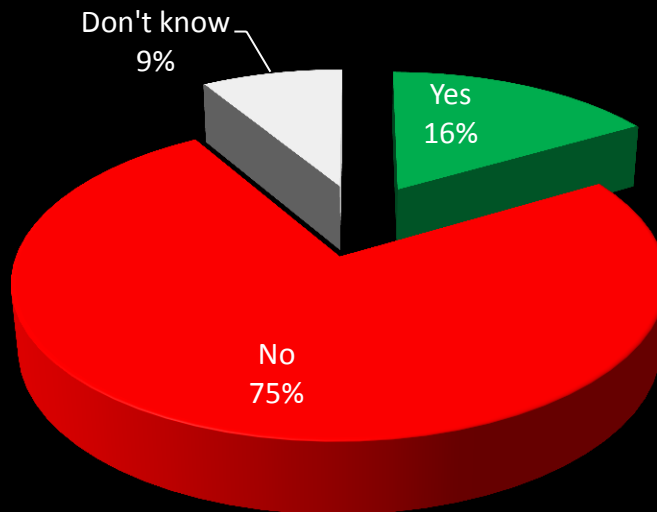
All respondent organisations appear to provide at least some form of training or development to help management competency with regard to managing people. Around one in four organisations (25%) provide development to all managers and continue to do so. The rest do so to varying degrees.

Observations

We would like to see all organisations provide structured management development on an ongoing basis to all managers with people responsibility, and would like to think that employee engagement forms a central platform of the content, whatever the various blended formats this takes.



Does your organisation/business unit operate a 'License to Manage' threshold for managers to become people managers?



14. Employee engagement: Operating a 'License to Manage'

Findings

Three-quarters of organisations (75%) **do not** operate a 'license to manage' system for people management promotion/ competency.

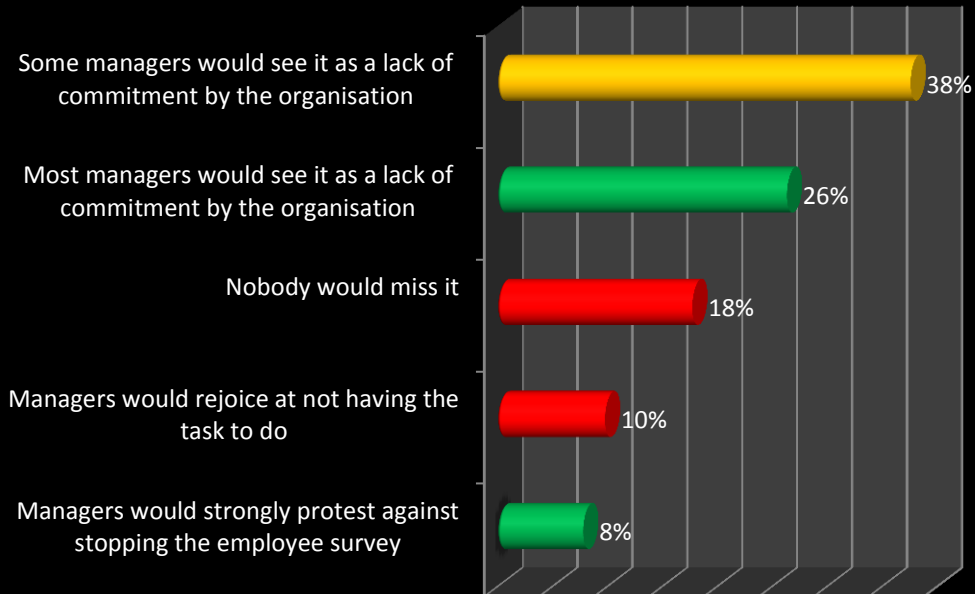
Observations

With regard to people management, a 'license to manage' system is not a new concept, as it appeared in the 1980s, but it is one with undoubted quality when looking at improving/sustaining employee engagement. 'License to manage' has many corollaries, the most often quoted being that of a pilot. To fly a plane a pilot needs to acquire a license – achieved through absorbing flying knowledge and undertaking flying-time experience. Thus the premise is that those thrust into managing people should go through a similar process in any organisation (at the organisation's discretion of accreditation).

There are many benefits to a 'License to manage' programme include setting a recognisable performance level; signal of intent by the organisation; providing a focus and/or frame around current management development activities. Introducing a 'License to manage' does not need to be expensive or to be seen as a grand gesture as it can be flexibly introduced on existing infrastructure. The question for organisations is perhaps: Why not? rather than Why?



With regard to your organisation/business unit, if you stopped conducting employee surveys tomorrow – which statement best describes what you think would happen?



15. Employee Engagement: Gauging reaction and reality

Findings

The most common answer provided by respondent organisations (38%) was that of *'some managers would see the act of stopping surveys as lack of commitment'*, followed by *'most managers would see the act of stopping surveys as lack of commitment'* (26%).

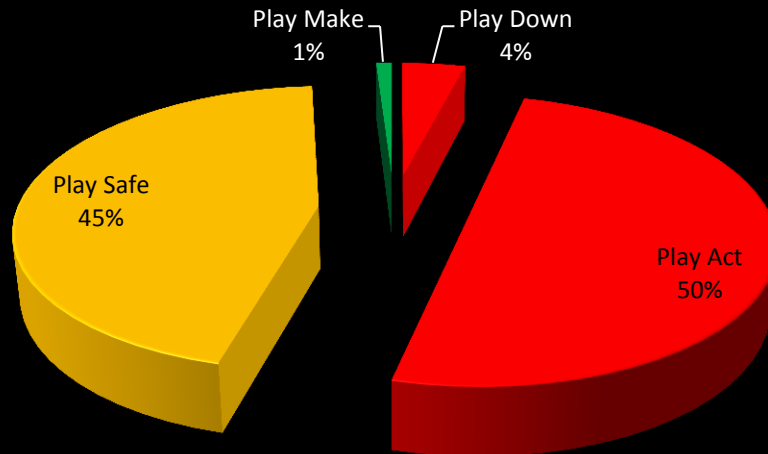
Observations

This question was designed to evoke the respondent's expectation given the circumstances suggested. The answer to this question is usually a good 'litmus' test of where an organisation is, at least, when it comes to survey experiences and by association employee engagement. Whatever an organisation may espouse or achieve, asking this question can be quite revealing particularly if conducted across a range of stakeholders.

Clearly for a significant proportion of organisations there is an uphill battle for employee surveys to be recognised for what they can do. These organisations need to clarify what is driving the culture or parts thereof to generate such a lukewarm or negative managerial attitude.



Strategic Employee Engagement in Organisations



16. Employee Engagement in organisations: The path to Play-Maker

The results above, derived from a sophisticated scoring mechanism, are consistent with straw polls conducted at previous conferences, initiated client analyses and previous 'EEiO: State of The Notion' reports.

Just 1% of organisations currently attain 'Play-Makers' status, suggesting a very small lead echelon. The vast majority of organisations are evenly split between 'Play-Safe' (45%) and 'Play-Act' (50%) with a significant number residing on the cusp of both. A small number of organisations are classed as 'Play-Down' types (4%).

The point of this classification is not to get over-focused on the scoring minutiae but the relative position with regard to the attributes of 'Play-Maker' organisations. For here lies the performance leverage derived from sustainable embedding of employee engagement practice.

Those finding themselves in the 'Play-Act' space should revisit their premises for employee engagement and ask as an organisation: Are we really committed or are we just 'PRing' our way through, promising more than is delivered? Any benefits of employee engagement initiatives will tend to be short-lived and growing cynicism will result over time.

Organisations in the 'Play-Safe' space have much of the infrastructure in place but it is not being leveraged sufficiently to provide performance advantage or to guard against deterioration. The danger is the potential onset of complacency or a perception that the organisation is simply 'going through the motions'. Yet these organisations with vision and appropriate HR/management attention can make the step-up to become 'Play-Makers'.

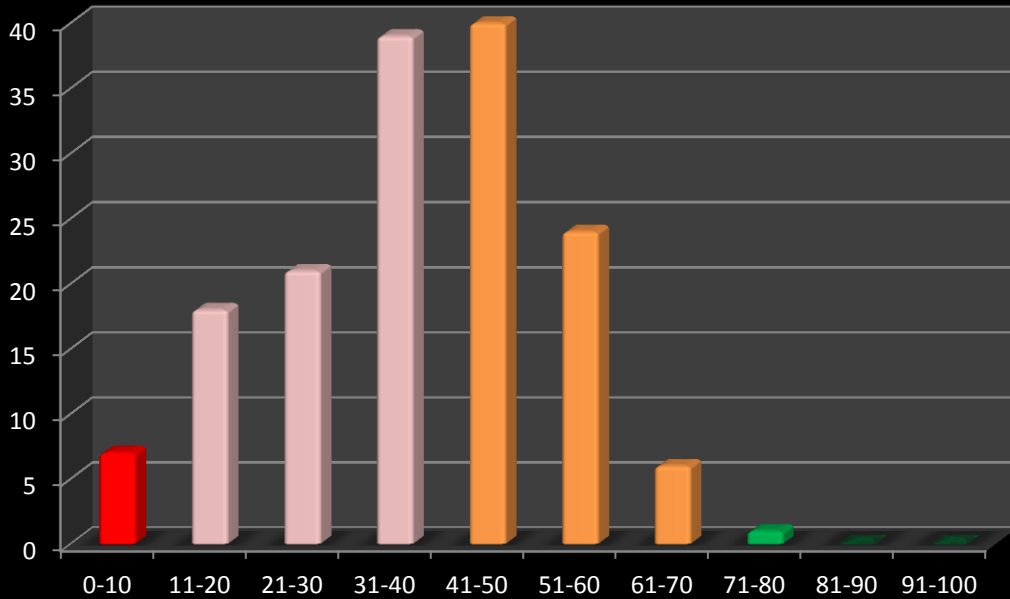


17. Six Pillars: Common shortfalls table

	Play-Maker attribute	Common shortfalls found in organisations
Understanding across organisation	Good working knowledge embedded across all levels of management within the organisation and employees have an appreciation of why it's important.	<ul style="list-style-type: none"> • Too few managers with understanding of employee engagement ('EE') • Evidence Based Management principles not widespread • EE concept is 'over-simplified' with insufficient appreciation of existing empirical research
Definition	The organisation has engineered or adapted a definition that facilitates the communication of the concept employee engagement; as well as the basis for measurement.	<ul style="list-style-type: none"> • Many definitions omit link to productivity and/or performance • Definitions too vague – difficult to translate to frontline • Too few involved in the 'understanding/forming process'
Measurement wisdom	The organisation recognises 'smart' measurement and its underlying principles (i.e. its just about measuring and metrics). People management evaluation/measurement seen as 'core' on a par with CRM and Finance.	<ul style="list-style-type: none"> • Inadequate survey design leading to problems with measurement and analysis • Many organisation EE surveys not conducted frequently enough • Too narrow focus or inappropriate measurement with over-focus on line item benchmarking
Actioning Infrastructure	The organisation has an employee engagement support infrastructure and necessary 'toolkit' to hand with ongoing programmes/initiatives to suit organisation focus.	<ul style="list-style-type: none"> • EE initiatives tend to be on 'one-off' basis rather than as an integrated change approach • Organisations not leveraging existing infrastructure to optimise EE initiatives • EE initiatives tend to over-focus on PR/branding
EE Playbook	The organisation utilises an employee engagement playbook that is a central resource encompassing all employee engagement strategies and tactics, whilst simultaneously signalling 'embedded' organisation intent.	<ul style="list-style-type: none"> • EE playbooks not used by the majority of organisations • Little evidence that organisations carry out efforts to capture knowledge relating to EE • Organisation signalling opportunities missed
Competent leadership/management	The organisation has a cohort of well-trained people managers supported by emerging talent pools. Regular evaluation/reinforcement programmes continue as part of ongoing development.	<ul style="list-style-type: none"> • Too few managers exposed learning and development on employee engagement • Little focus on managers own 'engagement' • Still too much tolerance of poor or average leadership/management



E3 Scoring Distribution



18. Employee Engagement in organisations: E3 index scoring distribution

Organisation scores were calculated using a weighted Fibonacci-based scoring system. The overall distribution followed to some degree the typical bell curve shape associated with normal distribution. The mean score = 38 with the median = 38 and the standard deviation = 15. In other words, around two-thirds of organisations in the study have a score between 23 and 53.

Scoring:

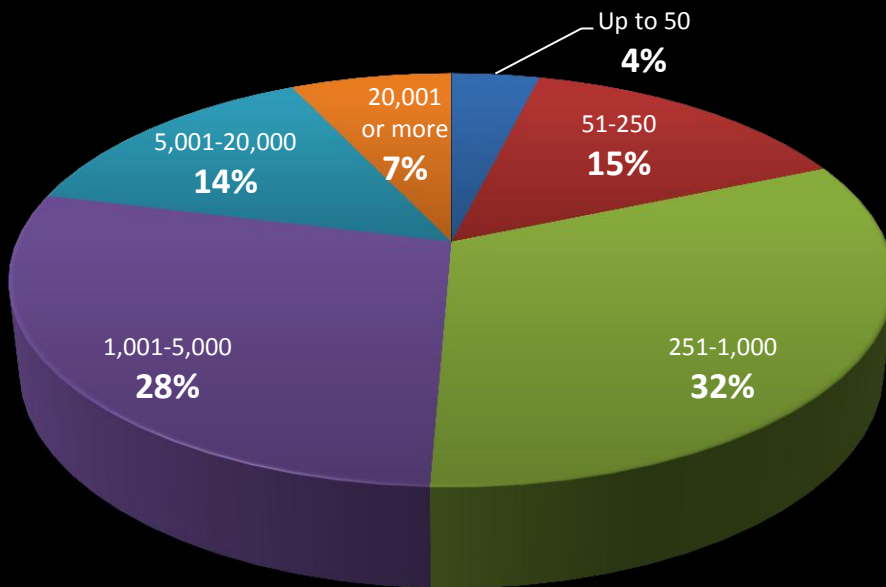
Play Make	71-100
Play Safe	41-70
Play Act	11-40
Play Down	0-10

APPENDICES



Appendix I: Respondent organisations demographics (by size)

Organisation size (by employees)



Sample n = 156



Appendix II: Original online survey question set

1	What three words would you most associate with the term employee engagement? (Pick the first three that come to mind)
2	As an organisation/business unit, our employee population is?
3	As an organisation/business unit the number of line managers we have with people responsibility is?
4	Our organisation conducts an employee survey :
5	When did your organisation last conduct an employee survey?
6	When is your organisation conducting its next survey?
7	Our survey question set includes how many questions?
8	As an organisation/business unit, we link our employee survey data with other people data (e.g. appraisals, exit, absence etc)?
9	As an organisation/business unit, we link our employee survey data with other performance data (e.g. sales, customer/patient/team productivity, safety etc)?
10	Does your organisation/business unit use a definition of employee engagement?
11	How easy is this definition for communication and measurement purposes across the organisation?
12	How do we know what we are measuring is employee engagement?
13	In your organisation/business unit how well is the concept of employee engagement understood (and its potential impact in the workplace – the Why)?
14	With regard to the evaluation/measurement of people management in your organisation/business unit, which one of the following statements is the most accurate?
15	What is your approach to wards benchmarking employee engagement scores:
16	Does your organisation/business unit utilise an ‘Employee Engagement playbook’ (doesn’t matter whether it’s in hard or web based formats)?
17	Which of the following statements describes our organisation/business unit’s approach to embedding employee engagement infrastructure?
18	As an organisation/business unit we provide learning on employee engagement and its impact:
19	Does your organisation/business unit operate a ‘license to manage’ (or similar) threshold for managers to become people managers?
20	With regards to the competencies of people managers which of the following statements best describes your organisation/ business unit?
21	With regards to your organisation/business unit, if you stopped conducting employee surveys tomorrow – which statement best describes what you think would happen?

Note: The questions were extracted from VaLUENTiS E3 Index audit set. Questions 4-21 were formatted for multiple choice responses with the exception of Q12 which required an open text response. Please also note that some of the questions do not contribute to the overall index score presented in the report.

Appendix III:

The concept of Employee Engagement:

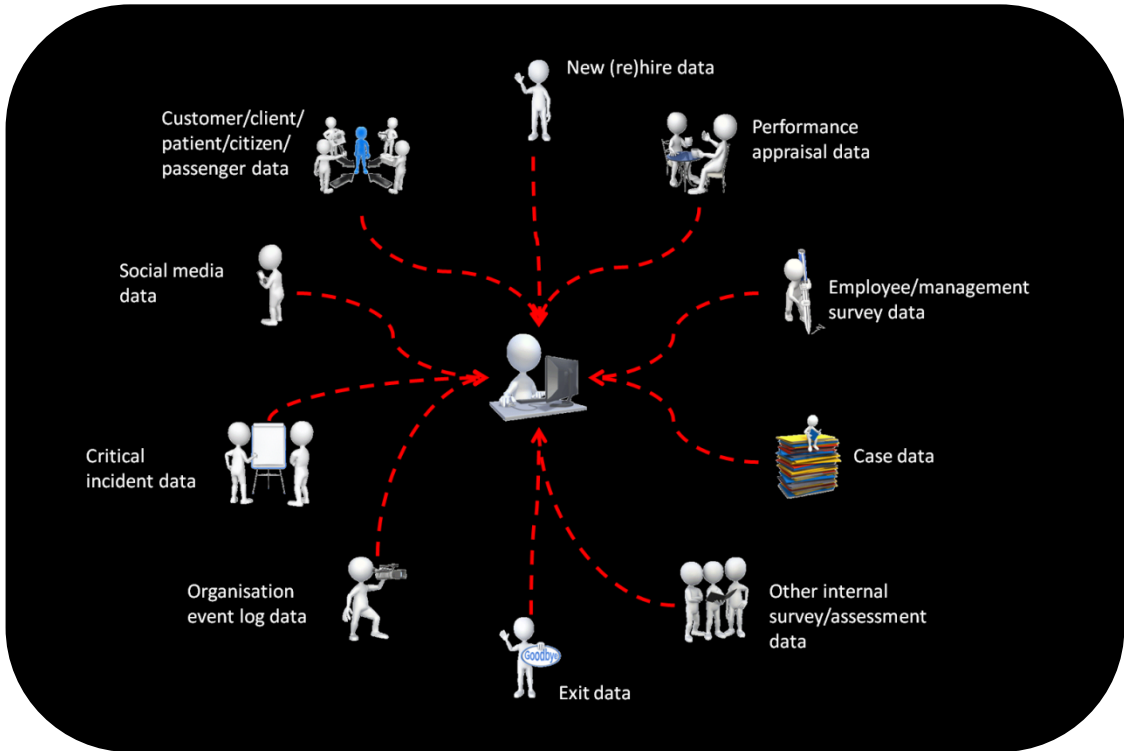
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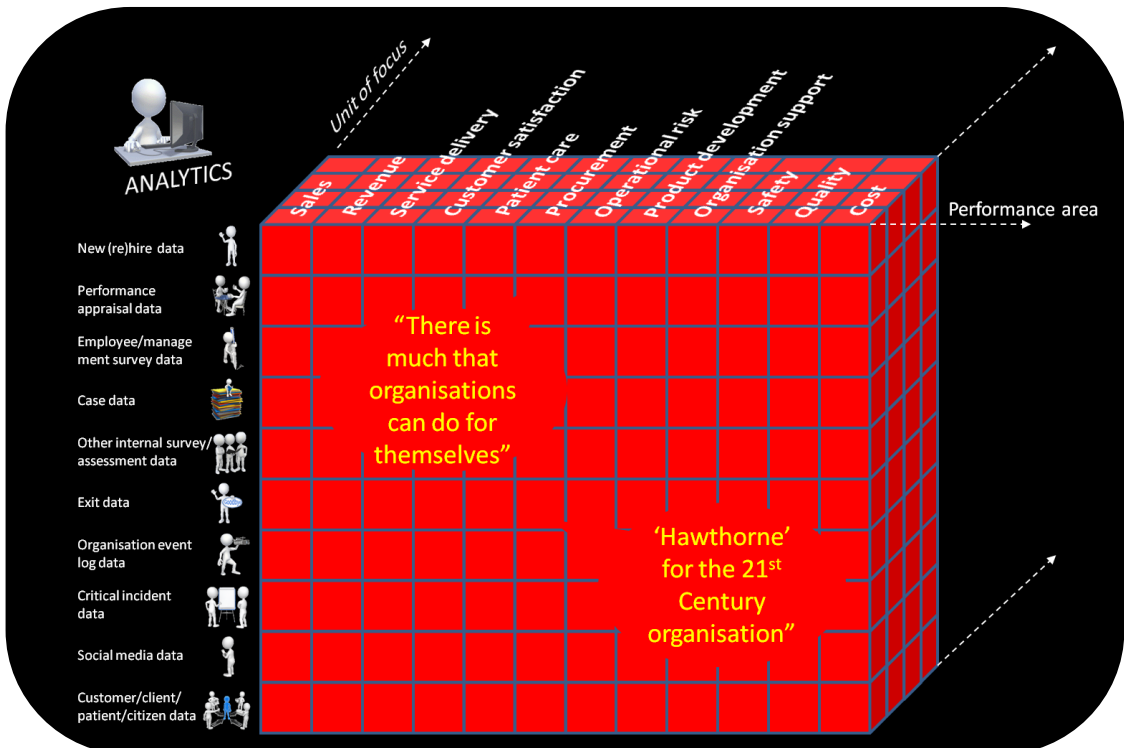
Source: The antecedents of Employee Engagement, Nicholas J Higgins - ValUENTIS technical paper 2003



Appendix IV: People data triangulation



Appendix V: People and performance analytics cube





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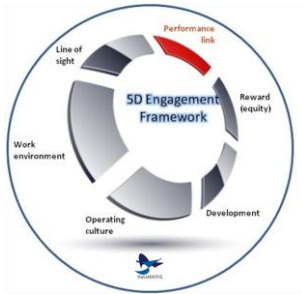
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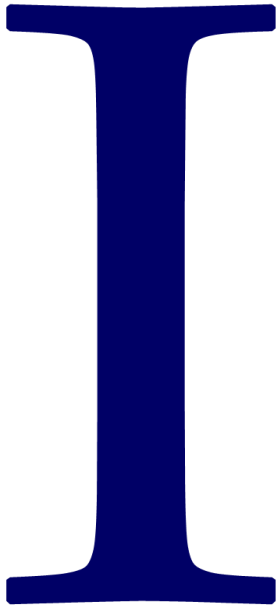
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