



# Employee Engagement



- The key to  
business success

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A POSITIVE  
ATTITUDE  
HELD BY THE  
EMPLOYEE  
TOWARDS THE  
ORGANISATION  
AND ITS VALUES

In a recent survey of large UK employers conducted by Strategic Reward, we asked HR Directors “What are your top three issues, in order of priority, over the next 6 to 12 months?” The 150 respondents placed Employee Engagement in top spot, closely followed by Leadership Development. Is this what we would have expected? According to conventional wisdom – the financial crisis, decline in manufacturing output, tough times on the high street and plenty of negative press – mass redundancies and major restructuring of the workforce would be nearer the mark. But, why should conventional wisdom apply when times are definitely unconventional?



Employee engagement is now widely recognised to be at the heart of business success – in good times and not-so-good. If you're restructuring, engaging survivors is going to be a tough challenge, but it's far from impossible; If you're standing still and in "batten down the hatches mode", motivating, encouraging and supporting employees who feel insecure about their future is crucial. If parts of your business are expanding (yes, it's not all doom and gloom out there), having a compelling proposition about why people should join your organisation (and stay) is essential too.

### Engagement defined

Not surprisingly, definitions of employee engagement differ. The Institute of Employment Studies<sup>2</sup> definition includes the words "a positive attitude held by the employee towards the organisation and its values. An engaged employee is aware of business context, and works with colleagues to improve performance within the job for the benefit of the organisation". Heskett, Sasser and Schlesinger<sup>3</sup> talk about "...the frequency with which an employee refers others for employment with the organisation". Ask a group of HR Directors and they will typically say

- Employees showing high organisational commitment, job satisfaction, and who embrace the brand
- A happy, motivated, productive and loyal workforce
- Employees feel valued and that their contribution has an impact on the business
- Employees regularly work to exceed expectations, are willing to challenge the status quo and take informed risks.

While organisations may have different definitions of employee engagement, the end result is the same: desired behaviour, in particular the extent to which employees engage in the sort of discretionary behaviour which is right for customers, other stakeholders and long term growth. This behaviour is often referred to as "going the extra mile". For me, this is about

- **Customer focus: understands the customer; solves their problems**
- **Innovation: challenges assumptions; proposes new ways**
- **Teamwork: works across boundaries; shares knowledge; encourages colleagues**
- **Open communications: creates clear communications and feedback**
- **Recommending the organisation: as a place to work; as a place to do business.**

Why is behaviour so important? Surely, results are what matter most. We have to look no further than our own experience for the answer. How do we feel when we stay at a hotel where employees treat us like a VIP? Great, we book again and we tell our friends. Contrast that with a retail store where the sales assistant is interested only in "pushing" a specific product, probably because they have been financially incentivised to do so, and treats us like an inconvenience. We are dissatisfied, we tell our friends and we never shop there again.

### Barriers to engagement and overcoming them

Our experience raises two important questions. What are the barriers to employee engagement and how can we engender it? There are lots of organisations where employees don't understand how their day-to-day work affects business performance. Philip Addison, Human Resources Director, Accor UK & Ireland Hotels, puts it this way: "*Business Leaders often take some of the basics for granted and assume that employees know what's important if the business is to succeed, what's expected of them and what they can receive in return. But, if we, the Business Leaders, don't set out clearly what's expected of employees and what we'll provide in return, how can we possibly expect employees to know what's important to our business? Developing our vision and values with them really helped us clarify our own thinking*".

Other, more potentially damaging, reasons are lack of fairness and consistency in the way HR practices are implemented.

Our research tells us that this is a big concern. Among the most frequently made comments at focus groups that I facilitate for clients are

- "Pay review isn't transparent"
- "We only get negative feedback about customer satisfaction"
- "Recognition! What's that?"
- "My manager pays lip service to my training needs"

According to research by the Corporate Executive Board<sup>1</sup>, employees' perceptions of pay process fairness, that is the procedures used to evaluate and allocate pay, not the level of pay, is a 25 times stronger predictor of employee commitment than is pay satisfaction. Without fairness and consistency, emotional connections will not exist.

But not dealing with malingerers, people who go out of their way to upset working relationships and cynics who criticise the motives of the organisation, whatever it does, sets an incredibly bad example to the majority of employees and is bad for business.

This is in stark contrast to organisations where people feel valued and work together towards common objectives with which they all understand and agree. Here, business leaders work tirelessly to build and retain the trust and confidence of employees, to create a culture where employees feel engaged because their personal success and that of the organisation are tied together. These business leaders are the role model for "the way we do things around here".

### A compelling employee proposition

A truly compelling employee proposition, which attracts, engages and retains the talented people the organisation needs, must be based on everything employees value in the workplace. That's a lot to do with intangible factors such as job challenge and interest, freedom and autonomy, employees' needs at different stages of their life and reputation of the organisation. The two-way nature of the employee proposition can be set out quite simply, as shown overleaf:



We expect you to....

- Put guests at the centre of our company
- Help create a positive and engaging work environment for everybody
- Live our company values
- Engage with performance review
- Develop your skills and want to learn
- Work together, contribute ideas and share knowledge
- Be open and respectful

We provide.....

- Very competitive rewards in the hospitality sector
- A benefits package that is relevant and of value to you and your dependents
- The opportunity to earn rewards based on contribution – both results and behaviour
- Opportunities for learning, development, personal growth and career progression
- A great work environment that recognises excellence and teamwork, and provides respect and support for the individual.

While this “generic” proposition communicates the key principles which underpin employment, what one type of employee group finds interesting and engaging, another may find boring and de-motivational. So, variations in employee proposition may be appropriate. Segmenting the workforce can reveal powerful insights about what employees value, and consequently the drivers of engagement. Categories include

- Employment arrangement – full-time, part-time, fixed term contract, telecommuter
- High performers – do they have unique needs and expectations?
- High potential employees – those whom the organisation believes have the capability to become top leaders and the vision to take the organisation to greater success in the future. What engages them?
- Critical groups – do groups of employees, such as graduates, customer-facing or product development have different views about the workplace experience?

The case study describes how one organisation, Southern Housing Group, delivers three key aspects of its employee proposition – providing a talent pipeline, encouraging and rewarding learning, and giving employees the opportunity to work flexibly.

### Change Blueprint

Contrary to much conventional wisdom in HR, the drivers of engagement are specific to individual organisations, so general prescriptive actions to improve engagement levels are of limited use. Actions should focus on the specific results of the engagement survey. The following five-point plan is a good way to get things started:

1. Communicate key results of your engagement survey openly, via team talk, round tables and business forums, and say what action will be taken with an indication of timescale
2. Build on your employee proposition: what does it really mean for your brand and employee engagement?
3. Ensure you understand employees’ perceptions and the importance they attach to them
4. Recognise and celebrate success at individual, team and organisational levels, especially in non-monetary ways
5. Invest in managers and team leaders. Help them delegate, trust, coach and reward.

Employee engagement is not an end in itself. It is worthwhile only if translated into business results, such as increased customer or stakeholder satisfaction (ultimately leading to their loyalty), sales growth, higher productivity, lower cost-income ratio or higher profits. Will your organisation take up the challenge?

### References

1. Corporate Executive Board: Driving Performance Through Pay-January 2006
2. Institute of Employment Studies, The Drivers of Employee Engagement, Report 408
3. The Value-Profit Chain, Heskett, Sasser & Schlesinger, The Free Press



### CASE STUDY: Southern Housing Group

Southern Housing Group is one of southern England’s largest housing associations. Founded over 100 years ago, Southern Housing Group owns and manages 24,000 homes with more than 66,000 residents, employs 900 people and works with 80 local authorities. Southern Housing Group believes that building communities is as important as building homes. So as well as developing and managing quality affordable housing for rent and ownership, Southern Housing Group invests considerable resources to provide an environment where people really want to live. Southern Housing Group also invests in HR practices which are designed to encourage high levels of customer service and meet the needs and aspirations of employees. This case study looks at three aspects of its HR approach.

#### 1. Providing a talent pipeline

The Graduate Development Programme (GDP), which has been running for seven years and is recognised to be one of best in the Housing sector by the National Council for Work Experience, provides a successful talent pipeline for Southern Housing Group. The GDP is a three-year programme which fast-tracks graduates into established jobs in Southern Housing Group and gives them the opportunity to continue with specialised postgraduate studies.

During years 1 and 2 graduates gain experience in all areas of Southern Housing Group. They start their training in the Customer Service Centre and move onto frontline housing management, policy work at head office, housing development projects and group departments, such as community regeneration, finance, IT, human resources, and sales and marketing. In year 3, graduates take on a specialist job.



Throughout the GDP, graduates have a personalised career development plan and attend well-established in-house training courses and management development workshops. Each graduate has a mentor (a director or senior manager) who acts as a sounding board and helps them achieve their full potential.

According to Karen Harvey, Head of HR and Employee Development: "Southern Housing Group has a 100 per cent success rate for graduates passing their professional examinations and several of them now hold key jobs in Southern Housing Group".

### 2. Rewarding learning

Southern Housing Group's approach to reward includes three schemes which are designed to encourage learning. First, The Brick Plan is a structured six month development and reward scheme for all employees starting work in the Customer Service Centre. The scheme gives financial rewards to employees on successful completion of each stage of the scheme. These rewards are designed to give employees a personal development incentive to gain a good, foundation knowledge of Southern Housing Group and the Housing sector. Karen Harvey says: "Southern Housing Group's recent successful Investors in People review found that employees working in the Customer Service Centre said that, compared to some call centre environments, the Brick Plan offered them a better career path and had a strong learning focus.



Several employees have progressed from the Customer Service Centre into other more senior housing roles in Southern Housing Group. Since introducing the Brick Plan, employee retention rates in the Customer Service Centre have improved".

Second, Southern Housing Group have recently introduced a new reward scheme providing employees with Learning Vouchers which can be used for any learning activity, work or non-work related. The scheme enables employees to learn something new, for example a language or cooking which may not be work related, but could bring additional personal benefits.

Third, Southern Housing Group are required to have a certain number of qualified employees working in their care schemes and services, so it offers financial rewards to employees undertaking an NVQ in Care. Karen Harvey again: "The extra financial incentive can encourage employees to take on the extra challenge of studying and developing, especially as some of them haven't studied for a number of years. Since introducing this incentive, we have seen an increase in the number of employees taking up NVQ qualifications".

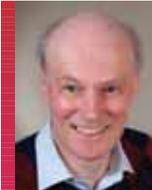
### 3. Working flexibly

Southern Housing Group's Flexitime scheme gives all employees the opportunity to apply for flexible working. The scheme is designed to enable employees to work hours that are more sympathetic to their lifestyle and personal commitments. As long as their manager

considers there is no adverse business impact, employees are able to accrue additional hours to allow them to take up to one day off every 4 week period, with prior agreement from their line manager.

In addition to Flexitime, Southern Housing Group offer all employees the option to apply for compressed working. This is where employees work 70 hours (2 x 35 hour full-time equivalent weeks) over 9 rather than 10 days.

Currently approximately one third of employees across Southern Housing Group take advantage of flexible working opportunities, with around two thirds on flexitime and a third work on compressed hours. According to a recent employee opinion survey, 76% of employees felt Southern Housing Group allows them to adopt working patterns which help them balance their work and home life and 70% felt that overall, their terms and conditions of employment were good. **S**



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