



Drilling down into employee engagement

Secretary of State for Work and Pensions, John Hutton said recently that *“The most successful companies recognise that their employees are their most valuable asset. Employee engagement is not just a buzzword – it has a clear link to increased business success”*. And there is growing evidence that business leaders are not simply paying lip service, they’re actually walking the talk. Nowadays, most companies do agree that engaged employees – those willing to ‘go the extra mile’ – can have a very strong effect on the success of a business and so are seeking effective techniques that will allow them to build engagement.

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Last September’s Stakeholder Satisfaction article explained why ‘engaged’ employees (those who desire to work to make things better and perform at consistently high levels) should be valued above all others, and emphasised the importance of being able to see what motivates and drives these employees. It explained how employee engagement can be measured, and in doing so how we can gain the knowledge required to get those who are less engaged to change their ways.

tions from senior management about vision, values and strategy will be essential.

For other organisations pay may be viewed as a motivator, although this usually only works up to a point. Most people become concerned only if their pay is not competitive with that of others doing similar work. Other factors that drive engagement include training and development and promotion opportunities but these can be undermined if employees perceive things are not fair or there is a lack of even-handedness in the way managers behave.

The drivers of engagement

It’s absolutely vital to remember that different factors work for different people so every company should aim to discover what drives engagement in its own organisation. For example, in some organisations, such as the caring professions, staff may already identify closely and feel emotionally attached with what they are doing and see their work as having a much broader purpose and value. For many other organisations emotional attachment to the purpose and value of their work will be harder to achieve, so good communica-

Variations in engagement drivers

Obviously each individual business has to treat its own employees as unique and conduct a bespoke survey to identify its own engagement drivers. However, it is interesting to explore the differences in employee engagement that can be found at Region/Industry/Gender/Job level etc. The original research conducted by The Leadership Factor last August using our own representative panel of employees provides considerable insight into variations in employee engagement.



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As already reported in the previous issue of Stakeholder Satisfaction, the main factors at the overall level that differentiated 'engaged' employees from 'indifferent' employees were:

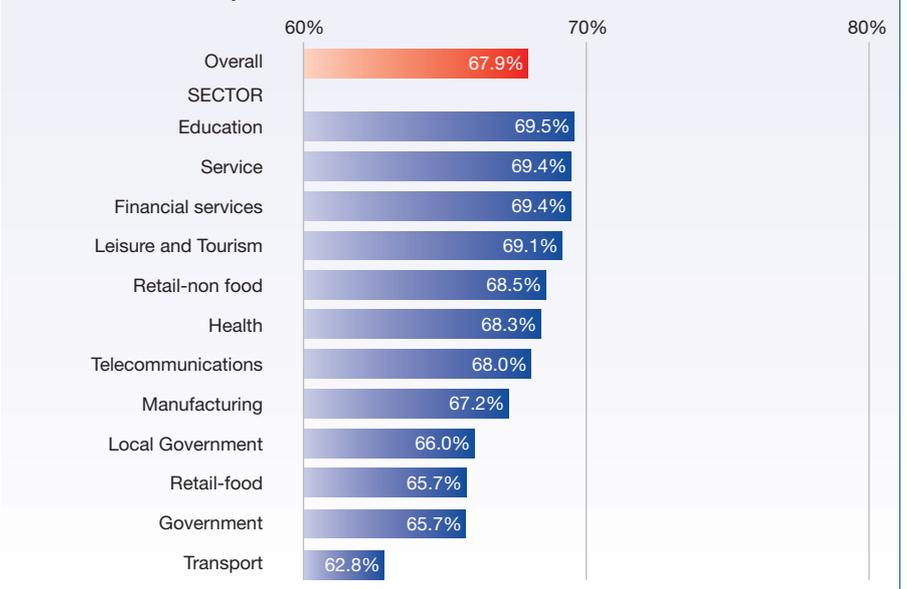
- Communication from Senior Managers
- Recognition of your performance
- Pay and benefits
- Promotion opportunities
- Training and development

Interestingly, when cross-checked against overall employee satisfaction these are also the five lowest scoring factors, suggesting that there is lots of work to be done.

Differences by Sector

To demonstrate the need to treat your employees as unique, let's now start drilling down by segment. Firstly, let's take a look by sector. As can be seen in chart 1 there is a significant difference in the satisfaction indexes, between the top performing industries (education and service industry) and those near the bottom (government and transport).

Chart 1: Variations by sector (industries with samples less than 50 excluded)

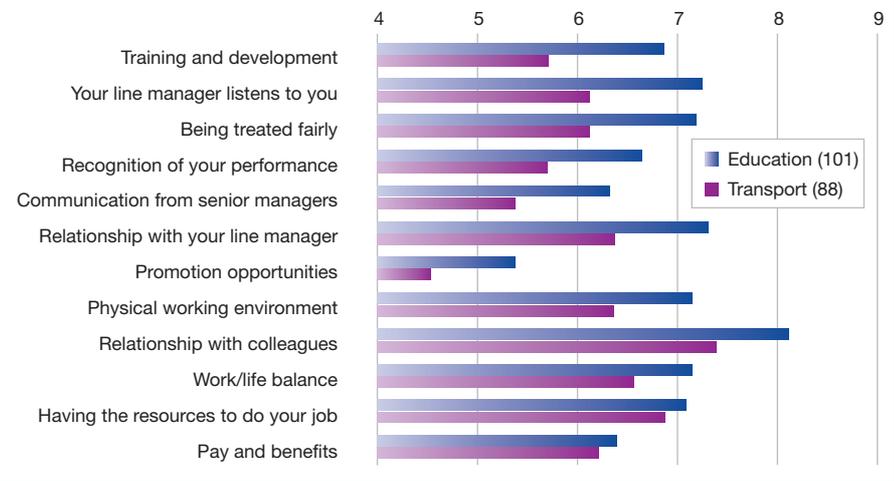


There is much support in Chart 1 for Harvard's Customer-Employee Satisfaction Mirror theory. Education is not covered by the UK Customer Satisfaction Index (UKCSI) but the service industry is in the top 2 for both customer and employee satisfaction. Others in the top half for employee satisfaction are also, if covered,

in the top half on the UKCSI and ditto for the bottom half. The only exception is food retailing, which manages to generate good levels of customer satisfaction despite lower than average employee satisfaction. For the latest UKCSI results see page 31 in this issue of Stakeholder Satisfaction.



Chart 2: Drivers of engagement by sector



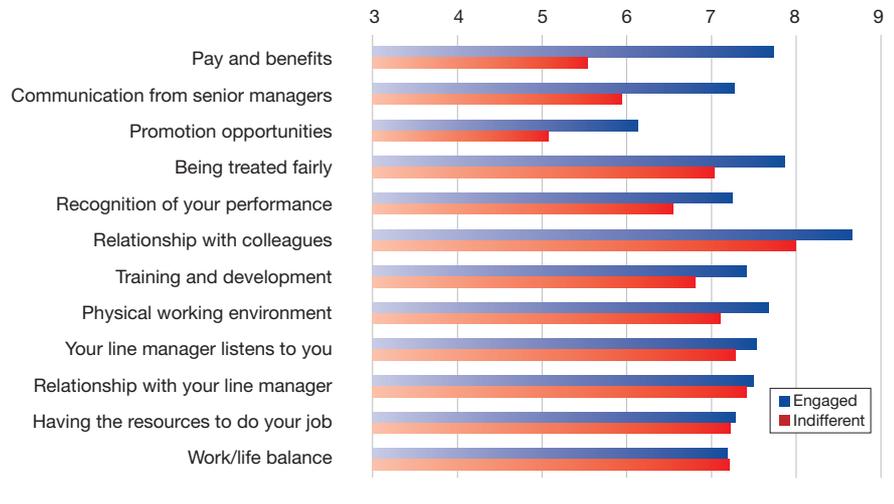
It's enlightening to look at some key factors that are driving these sector differences. Chart 2 shows the satisfaction scores of those who work in the top performing sector, education, against those in the bottom performing sector, transport. Those working in education are more satisfied with all aspects of their employment, but the biggest differences in satisfaction are recorded for 'training and development', 'your line manager listens to you' and 'being treated fairly'.

Chart 3: Net engagement by sector



Taking a step further, we can look at the number of people engaged in those industries. Shown in Chart 3, the gap looks much bigger now that we look at engagement. Education has a net engagement index (Engaged minus Disengaged) of 32.7%, whilst Transport has a negative net engagement index of -2.3%, meaning that they have more people who are actively disengaged than engaged.

Chart 4: Improving employee engagement in education



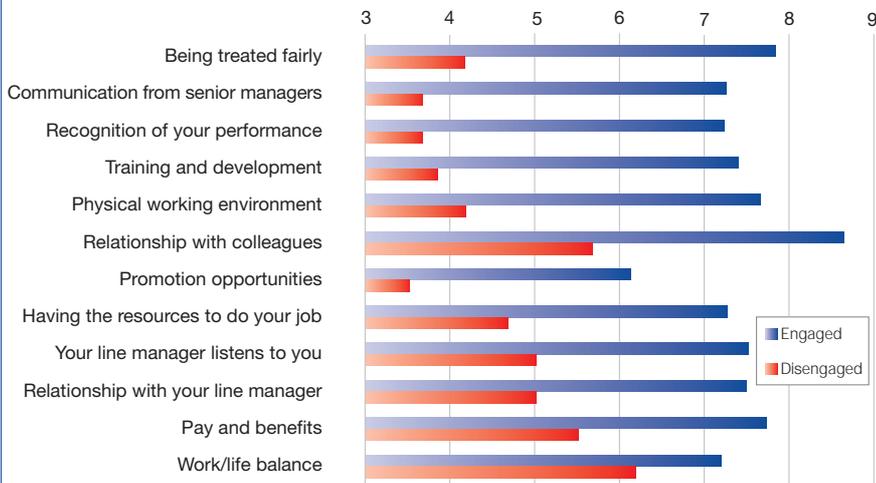
To improve any index, you need to understand what's driving it. This can be done by comparing the scores for each factor given by the engaged and the less engaged employees. If there is little or no difference in the scores, the factor is obviously not making much difference to engagement. A big difference in scores makes it a key driver of employee engagement.

As 'education' has so few disengaged staff their priority would be to try and move employees from their 'indifferent' status towards active engagement and we can see from chart 4 that they need to prioritise 'pay and benefits' and 'communication from senior managers' to do this.





Chart 5: Improving employee engagement in transport

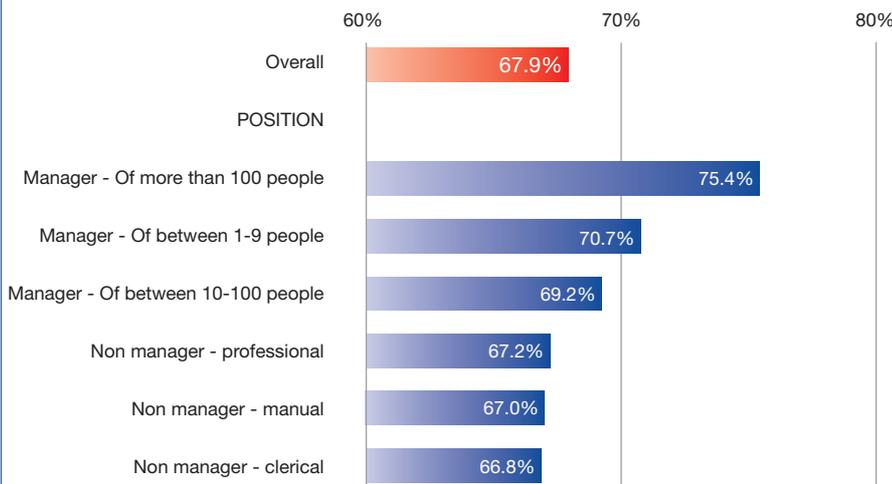


Transport meanwhile needs to explore why so many staff are disengaged, and needs to make totally different factors their priority, especially 'being treated fairly', 'communication from senior managers' 'training and development' and 'recognition of your performance' as these show the biggest gaps for the sector.

Differences by job role

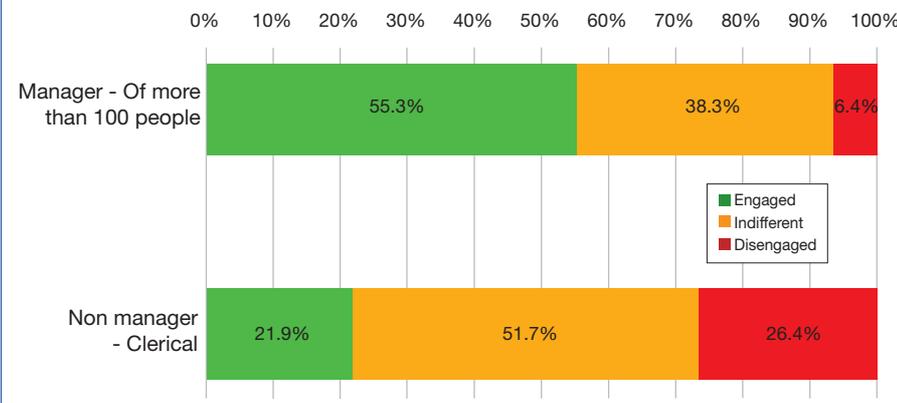
As might be expected, managers in general are more satisfied than non-managers. This is important as an organisation is represented at all levels by its management, and an employee's sense of what the company is like will usually be heavily influenced by the way immediate managers and senior managers behave.

Chart 6: Satisfaction by job role



Senior Managers (defined here as managing over 100 people) are much more satisfied than all other roles, especially with 'promotion opportunities', 'training and development' and recognition of your performance'. Not surprisingly, senior managers are also far more engaged, with a net engagement index of 48.9%. Indeed, any other result would be very worrying, since engagement starts at the top. If Senior Managers are not engaged there is little chance that they will inspire engagement amongst those working for them. It must therefore be of some concern that 38% of senior managers are indifferent and a further 6% actively disengaged!

Chart 7: Net engagement by job role



Clerical employees record a negative engagement index of -4.5%. To improve this situation, organisations need to address 'recognition of performance', 'training and development' and 'being treated fairly'.





Chart 8: Employee engagement by gender



Chart 9: Satisfaction by hours of work and gender

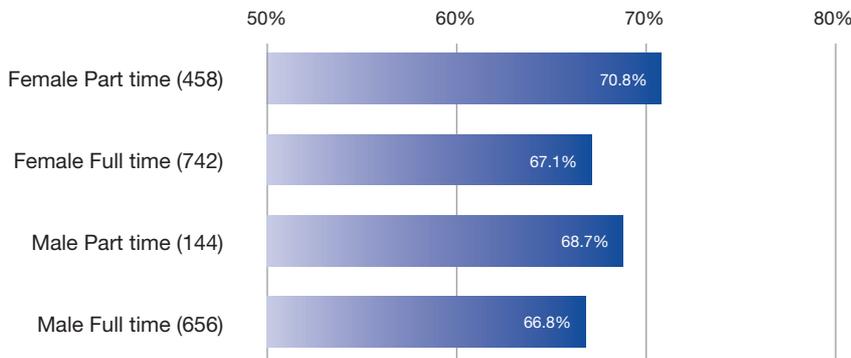


Chart 10: Engagement by hours of work



Differences by gender

Gender differences are not large, but women are more engaged than men, showing a net employee engagement index of 17.2% compared with the men's 11.2%.

However, when we dig deeper, the picture becomes more complex. As shown in Chart 9, part-time employees are more sat-

isfied than full time employees, and more women work part time than men. It is clear that female part timers are more satisfied than male part timers (partially down to work/life balance, are they making the choice to work part time?) whilst there is little difference between gender satisfaction if comparing full time employees only.

Having established that part time staff are

more satisfied than full time, it is interesting to note that the reverse is the case when comparing engagement. Shown in Chart 10, we can see that the net engagement index for full time employees is 16.3% but that it's only 11.3% for part time staff. Clearly part time staff are happy with their work-life balance choice, but are often not particularly engaged in driving the success of their company or their own career.

Two of the top three drivers of engagement for full time employees are 'recognition of your performance' and 'promotion opportunities'. The third is 'communication from senior managers', which is also important to part timers. However, the key driver of engagement for part time employees is 'pay and benefits'.

What have we learnt?

Most importantly, that you must treat your own employees as unique and that any generic study of employees is unlikely to be transferable to a specific organisation. Not only do you need to treat your own staff as different from other organisations, but it's very likely that you also need to explore what is driving different groups of people within your organisation, because managers have different needs from staff, and that age, gender, full time/part time workers may all have differing needs and expectations that need to be met.

Another key learning point is just how important in driving engagement, 'communication from senior managers' is to most employees. When measuring satisfaction alone, this factor is rarely top of the list of priorities, but it has emerged as a vital factor in turning 'indifferent' employees into fully engaged staff.

As the credit crunch bites, and companies need their employees to work smarter and better to differentiate them from the rest, employee engagement continues to become ever more vital to long-term success.

After a decade that has seen employee engagement levels staying at much the same level right across the globe, perhaps we are finally going to see employees treated as companies' 'most valuable asset'. S