

# Employee Engagement



**"Engaged"** employees work with enthusiasm and passion. They want to know the desired expectations for their role so they can meet and exceed them. They perform at consistently high levels. They want to use their talents and strengths at work every day. They have an intuitive connection to their company and will constantly endeavour to drive innovation and move their organisation forward.

**"Indifferent"** employees aren't necessarily negative or positive about their company. They take a wait-and-see attitude toward their job, their employer, and their co-workers. They hang back from becoming engaged, and they don't commit themselves. They go to work for the money and watch the clock.

**"Disengaged"** employees are "Consistently Against Virtually Everything." Not only are they unhappy at work; they're constantly acting out their unhappiness. Every day, actively disengaged workers undermine what their engaged co-workers accomplish.



OUR PEOPLE ARE OUR MOST IMPORTANT ASSET

**- how often do we hear that said? Well if they really are that important then there is an obvious need to treat them accordingly and be confident that you are in fact doing just that.**

With that in mind, many companies already measure employee satisfaction and are attempting to improve it.

## **Traditional employee satisfaction measurement**

If you wish to measure employee satisfaction, you should allow the employees themselves to define the component elements of that satisfaction, the areas that they think are most important, rather than hoping that managers have a totally accurate view of employees' priorities. Typically, this can be completed at staff focus groups.

Once you have established what is important you can check whether you are doing best what matters most to employees, via a staff survey of the entire workforce.

Employee satisfaction surveys give employees an opportunity to communicate their views and opinions on a wide range of issues in total confidence. Importantly, they also allow management to build up an accurate picture of how employees perceive the organisation and help pinpoint problematic areas that cause dissatisfaction.

In short they give management the information that they need to make decisions on how to improve staff morale.

## **Employee engagement**

However in recent years, employee engagement has become the new management mantra. Everybody wants it, but what exactly is it and can you actually measure it?

If you can measure it, should you measure employee engagement instead of satisfaction or is there a link between the two?

Well, lets start with what it is and explore why engagement has become that new 'must have' for H.R.



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Engaged 33%



Indifferent 49%



Disengaged 18%



UK Engagement Index 14.8%

### What is employee engagement?

Engagement is generally viewed as managing employees' discretionary effort. In other words when an employee has a choice they will act in a way that is in the organisation's best interests. Therefore 'engaged' employees are fully involved in, and enthusiastic about their work and generally feel positive and passionate about their job.

In short, they are exactly the kind of employee that you want working for your company, and importantly are also exactly the kind of employee your competitors would like working for them.

It's little wonder then that companies want to measure it, and explore what they need to do to keep their most engaged staff, and to increase engagement amongst other employees.

### So can we measure levels of engagement?

Let's first of all split employees into three groups 'engaged', 'indifferent' and 'disengaged', and try and define their behaviours.

As described in the box at the beginning of this article, it is engaged employees that are really striving to move the company forward, Indifferent employees who are just there for the money and Disengaged employees who take pleasure in undermining the endeavours of the rest.

This makes the ratio of 'engaged' versus 'disengaged' employees a vital metric for companies to monitor.

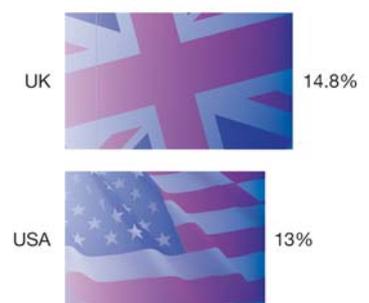
In the USA, Gallup estimates that these 'disengaged' employees, the least productive workers, cost the American economy up to \$350 billion per year in lost productivity.

They further point out that Increasing employee engagement will:

- Benefit employee retention,
- Decrease sickness/unauthorised absence levels
- Increase productivity
- Deliver a better customer experience.

In short, measuring levels of engagement, and identifying the key drivers of engagement will help give you the information you need to increase engagement and in turn increase your profit.

Chart 2: Engagement Index



However, it's not simple. We know that employees' engagement levels often deteriorate over time. Gallup's recent research in the USA suggests that only 29% of the U.S. workforce is 'engaged', 55% is 'indifferent', and 16% is 'disengaged', a net engagement index of only 13%.



From our previous experience we know that the reasons why employees are 'engaged' or 'disengaged' are unique to each organisation. They will often include requirements such as staff empowerment, relationships with immediate managers and believing in senior management's vision.

### Measuring employee engagement

To further research and update our own knowledge The Leadership Factor decided to conduct a large scale nationwide survey using our own representative panel of employees, to investigate engagement by Region/Industry/Gender/Job level etc. Also, it would allow us to explore in much more detail what the key drivers of engagement are for each industry, and how employee satisfaction links and drives it forward.

To achieve this, we required a sample of 2,000 employees split by region, gender and industry to complete a web survey with questions relating to engagement and satisfaction during June/July 2008.

Similar to the research completed by the Chartered Institute of Personnel and Development in 2006 we believe that there are four key elements in measuring employee engagement.

- **Emotional engagement: how emotionally involved people are at work**
- **Cognitive engagement: how hard people focus while at work**
- **Physical engagement: the willingness of staff to go the extra mile for their employer**
- **Vocal engagement: the willingness to recommend their company**

We then used the following questions to measure these elements of employee engagement.

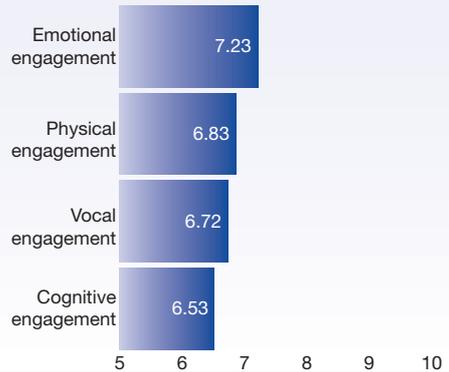
#### Emotional Engagement

- I really put my heart into my job
- My own feelings are affected by how well I perform my job
- I get excited when I perform my job
- I often feel emotionally attached to my job

Chart 3: Individual Engagement questions



Chart4: Engagement elements



- I would encourage my friends and relatives to do business with my organisation

Scored on a ten point scale, the average scores for the above questions are shown in Chart 3. The composite scores for the 4 elements of engagement are shown in Chart 4.

Interestingly, vocal engagement, 'the likelihood to recommend' is one of the lower scoring elements. It is quite an eye opener for many businesses to see just how few people would strongly recommend their own company to buy from them (Scores for 9s and 10s) or as a place to work (same).

In the next 'Stakeholder Satisfaction', we will investigate in much further detail the overall engagement by sectors e.g. Part time v Full Time, Regional splits, management levels, demographics and industry, where there are some very real differences.

### So how does satisfaction fit in?

We now need to look at employee satisfaction, how it links to engagement and why it is still a key measure both in its own right and in giving us the information we need to drive engagement higher along with satisfaction.

We asked our panel of 2,000 employees to rate their satisfaction with a list of key requirements, and to score the relative importance of those requirements.

#### Cognitive Engagement

- Time passes quickly when I perform my job
- I often think about other things when performing my job
- I am rarely distracted when performing my job
- Performing my job is so absorbing that I forget about everything else

#### Physical Engagement

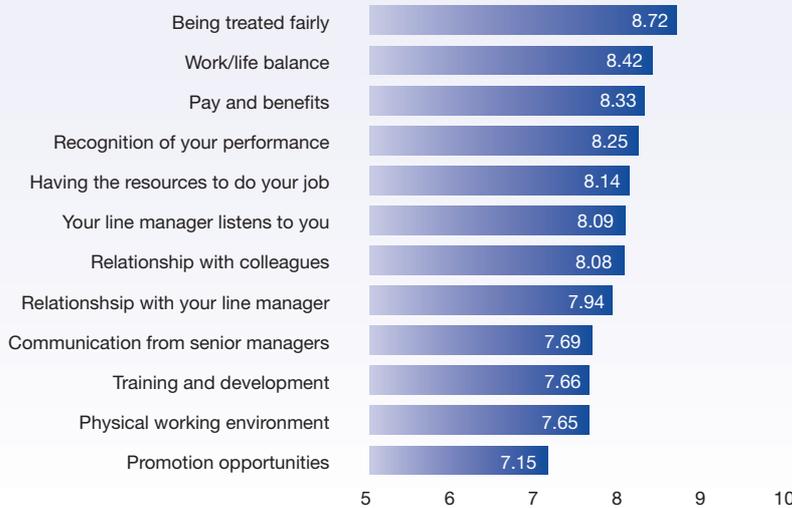
- I stay until the job is done
- I exert a lot of energy performing my job
- I take work home to do
- I avoid working overtime whenever possible
- I avoid working too hard

#### Vocal Engagement

- I would recommend my organisation to someone who seeks my advice about a job opportunity



Chart 5: Importance Scores



Charts 5 & 6 show that UK employers are generally poor at satisfying employees on some important requirements. Low satisfaction with pay and benefits is not surprising but communication from senior managers and recognition of performance are much less costly to fix. In common with other surveys our results show that employees are generally most satisfied with their relationship with colleagues.

The most obvious thing that this information can be used for, is to increase the satisfaction of your most engaged employees (now that you can measure who they are). Remember, if you don't or can't, there will be other companies that will!

Splitting the results so that you can check satisfaction levels would give you the information that you need to ensure you are concentrating your efforts on your most important assets. Our own results show that, as expected, 'engaged' employees are also much more satisfied than others.

Typically in the past, it has been likely that a large part of companies' efforts have gone into trying to improve the satisfaction of 'disengaged' staff. If our definition of 'disengaged' staff is correct (Consistently Against Virtually Everything!) it would seem to be a waste of limited resource to do this. Better to fix your efforts on further motivating the engaged and moving the 'indifferent' into the top layer.

Next, you can link each specific requirement and see what is driving engagement the most. From Chart 7, we can see that nationally the biggest difference between 'engaged' employees and 'not engaged' employees is communication from senior management and recognition of performance.

**How do employers build an engaged workforce?**

The first step is to measure employee satisfaction. Most large employers in both private and public sectors already conduct regular employee satisfaction surveys. This survey data can now be enhanced by measuring engagement levels to ensure that you focus your efforts on the people that are most important to you.

We will look at some of the segmentation differences in the next edition of Stakeholder Satisfaction.

For more about improving employee satisfaction and engagement check out the full day Improving Employee Satisfaction course at [www.leadershipfactor.com](http://www.leadershipfactor.com) or call Ruth for details on 0845 293 9480

Chart 6: Satisfaction scores

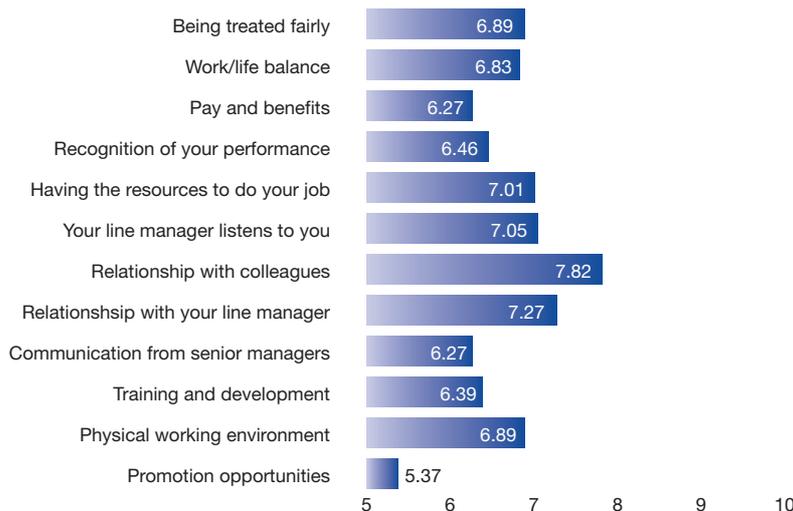


Chart 7: Satisfaction by engagement

