



Employee Engagement



In Stakeholder Satisfaction Volume 5, Issue 2, we reported the findings of our initial survey of employee engagement in the UK workplace. To view the article visit our articles section at www.stakeholdermagazine.com.

Two years and a major recession later, we have repeated the survey and uncovered some interesting changes in employees' attitudes. The survey of 2,700 adults was conducted on the YourSayPays internet panel and involves all segments of the UK workforce.

Employee engagement

Engagement is generally viewed as 'discretionary effort'. In other words, when employees have a choice, will they act in their employer's best interests? Engaged employees are seen as fully involved in and enthusiastic about their work, generally feeling positive and passionate about their job. As we explained in the previous article, there are three levels of engagement – 'engaged', 'disengaged' and 'not engaged'.

"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.

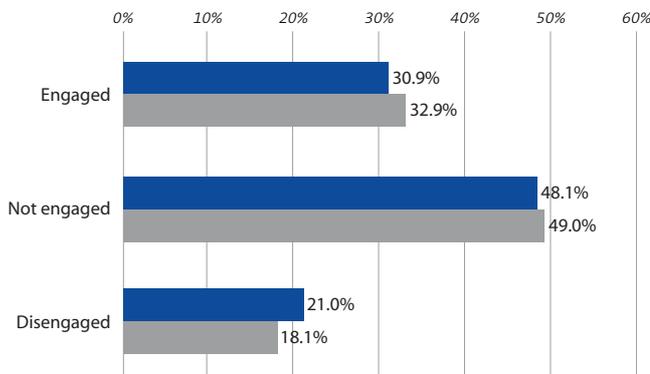
"Not engaged" employees aren't necessarily negative or positive about their company. They see work as a source of income and work because they have to. They have little or no proactive interest in work, often being labelled 'nine-to-fivers'. They often have an arms-length attitude toward their job, their employer, and their co-workers, but they generally do what is asked of them and don't cause any trouble.

"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 seek to undermine what their engaged co-workers accomplish.

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



Chart 1: Employee engagement



As shown in Chart 1, Employee engagement has fallen slightly as a result of the recession but only by two percentage points down to 30.9%. The 'not engaged' segment has also reduced slightly so the 'disengaged' portion of the UK workforce has increased by almost three percentage points from 18.1% to 21%.

Links to employee satisfaction

As before, we need to look at employee satisfaction and how it links to engagement in order to generate the information we need to drive employee engagement higher. We therefore asked our panel of 2,700 employees to rate their satisfaction with a list of key requirements, and to score the relative importance of those requirements. Chart 2 shows the employee satisfaction scores, with the requirements listed in order of their importance to employees. There has been very

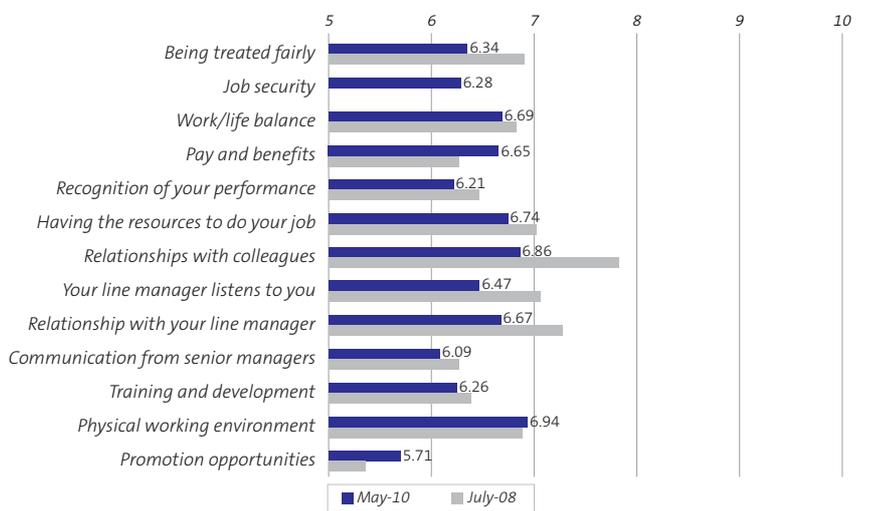
little change in the hierarchy of what's important to employees but there have been some interesting changes in satisfaction.

The most obvious thing is that some of the 'intangibles' that make a big difference to employee engagement are showing significantly lower levels of employee satisfaction. These include:

- Relationships with colleagues
- Relationship with your line manager
- Being treated fairly
- Your line manager listens to you

By contrast, employee satisfaction with some of the 'hygiene factors' or 'givens' has improved, most notably 'pay and benefits' and 'promotion opportunities', although the latter still records a lowly satisfaction score of 5.71. We know that in most organisations, pay and benefits have improved far less over the last two years

Chart 2: Employee satisfaction



than they did for several years previously but we also know that satisfaction (whether customer or employee) is a perception. It's about how people feel and doesn't always relate to the reality on the ground. Presumably, due to the perceived benefits of simply having a job during the recession, many employees actually feel more satisfied with a level of pay that's actually declined in real terms. This is backed up by the fact that 56% of the sample had not had a pay rise and 35% worked for organisations that had made staff redundant in the last twelve months.

Opportunities for improvement

Attracting and retaining 'talent' is a major focus of HR departments in most large organisations because the pool of talent is seen as too small to go round, so you have to be an 'employer of choice' if you're going to compete effectively for this scarce resource of highly talented and motivated people. This is supported by the fact that less than one third of the respondents to this survey are 'engaged'. In many companies 'talent management' programmes are aimed at a far smaller proportion of the workforce than 30%. So what about the rest of the workforce? Clearly, organisational performance could be significantly improved if the other 70% could be harnessed more effectively, but how to do it?

Opinion is divided. In some organisations much effort is expended on 'disengaged' staff. In some ways this isn't surprising since they tend to cause management the most problems so may seem to represent the best opportunity for improvement. But do they? Some people argue that if the definition of 'disengaged' staff is correct (Consistently Against Virtually Everything), there may be little return on investing limited resources in them. There may be more to gain from trying to motivate the much larger group of 'not engaged', who make up virtually half of the workforce. Since the factors that organisations need to address to improve the engagement of the 'not engaged' are very different to the ones that explain the attitudes of the 'disengaged', it's essential to be clear about what the objective is.



To improve the engagement of the 'not engaged' the best things to work on would be the following factors:

- Relationship with your line manager
- Relationships with colleagues
- Your line manager listening to you
- Being treated fairly
- Having the resources to do the job
- Job security
- Work-life balance.

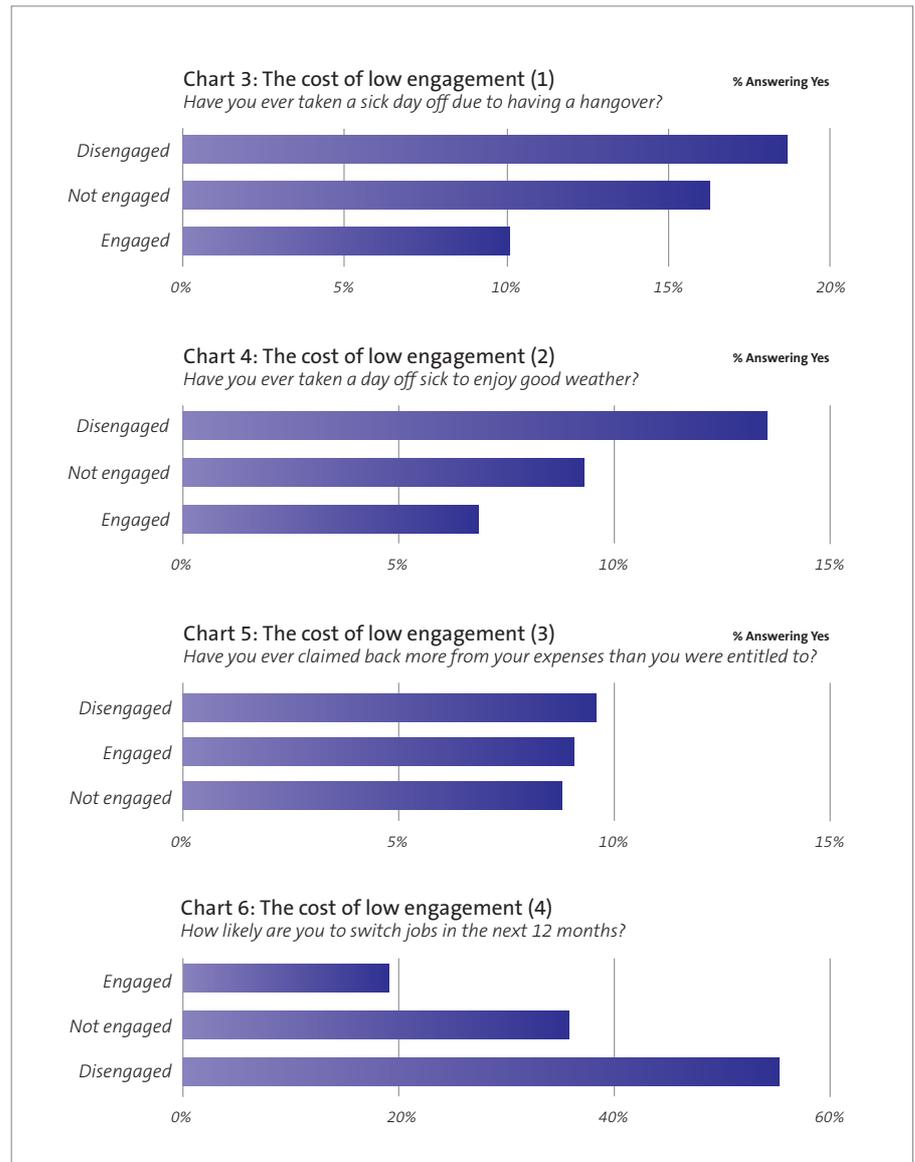
One can't help feeling that the 'not engaged' simply want a more pleasant time at work – less hassle from their 'engaged' line manager, a new computer screen and more comfortable chair, job security regardless of the company's performance and flexi-time! To be actively 'disengaged' and going out of your way to sabotage the efforts of your 'engaged' colleagues, you do have to be motivated and prepared to make an effort, albeit not in the direction desired by the company. Based on that assumption, 'disengaged' employees might possess the personal characteristics needed to be an 'engaged' employee to a greater extent than the 'not engaged', who just want an easy life. Interestingly, if you look at the factors that seem to be eating away at the 'disengaged' they do suggest a frustrated group of people with more ambition:

- Promotion opportunities
- Recognition of your performance
- Communication from senior managers
- Pay and benefits
- Training and development.

I wonder how many 'disengaged' employees are incredibly involved, motivated and engaged in various out-of-work activities. This suggests that more communication and one-to-ones with 'disengaged' employees could be worthwhile.

The cost of low engagement

There are many costs of poor employee engagement that are impossible to quantify, such as the damage to organisational culture perpetrated by 'disengaged' employees, but the YourSayPays employee engagement survey also uncovers some much more tangible costs such as absenteeism. It's true that anyone can get carried away and drink a little bit too much,



but as Chart 3 shows, both 'disengaged' and 'not engaged' employees are far more likely to take the following day off sick.

It's even worse for serious skiing such as calling in sick in order to stay at home and enjoy some nice sunny weather. As shown in Chart 4, the 'disengaged' are twice as likely as the 'engaged' to pull this fast one. Not surprisingly, the 'disengaged' are also more likely to claim more than they are entitled to on expenses. Although the figures in Chart 5 look quite close, and appear to show that 'engaged' employees fiddle their expenses more than the 'not engaged', it's worth bearing in mind that 'engaged' employees tend to be in more senior positions so are much more likely to

have expense accounts. Given that many 'disengaged' and 'not engaged' employees will rarely or never make expenses claims, the fact that almost 10% of all 'disengaged' and 'not engaged' employees have over-claimed is quite shocking, and, since they represent 70% of the workforce, a significant cost to the organisation.

Recruitment is an enormous cost for most organisations of any size so reducing staff turnover is usually a key HR goal. The data shown in Chart 6 demonstrates that the 'disengaged' are three times as likely to switch jobs in the next year than the 'engaged' and the 'not engaged' twice as likely. Again, since they represent 70% of the workforce, this is a very large cost to



the organisation. There is an argument that if the 'disengaged' are active saboteurs, it is quite convenient if they leave of their own accord. This is probably true once they have become irrevocably 'disengaged' but very few of them would have been 'disengaged' on their first working day in the company so there are huge potential savings from preventing employees becoming disengaged. As we'll see in the next section of this article, measures to achieve that are not necessarily a large financial cost to the organisation.

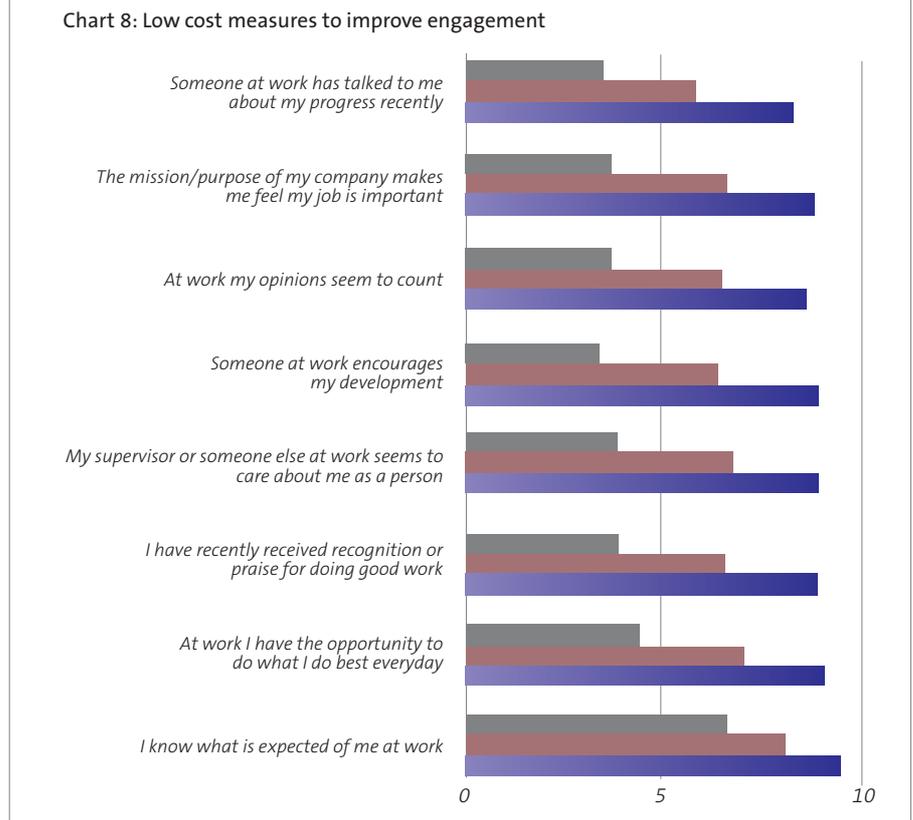
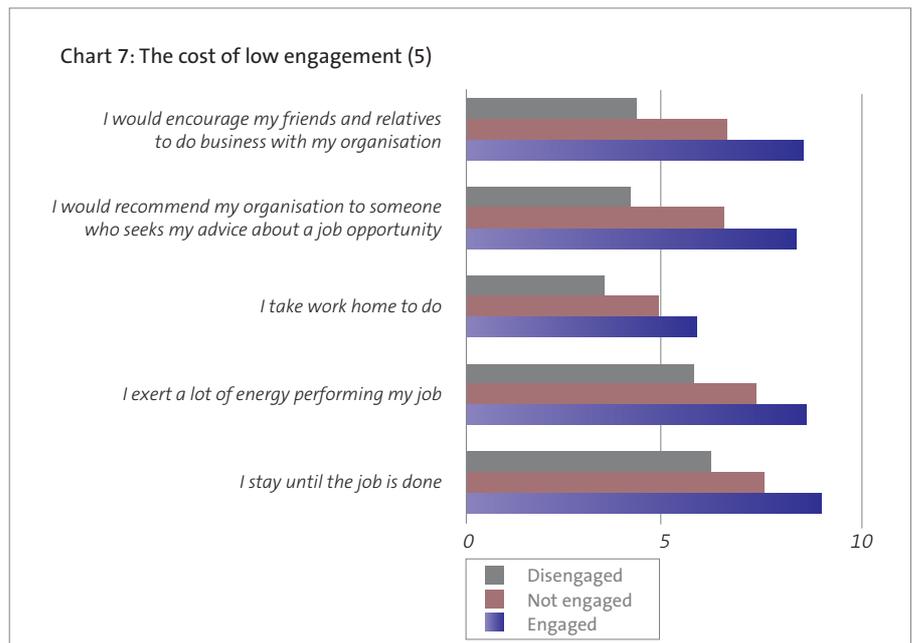
There are some additional costs of low employee engagement which, whilst difficult to quantify, are far from intangible. As shown in Chart 7, 'engaged' employees work harder and longer and do what is necessary to get the job done. Moreover, their much greater propensity to recommend the organisation as a place to work or a place to do business has a real financial value to the company.

Low cost measures to improve engagement

Obviously, there are some drivers of employee engagement such as pay, benefits and promotional opportunities that are costly but there are some that are not, such as 'communication from senior management' and 'relationship with my line manager', mentioned earlier. Chart 8 shows a raft of additional soft management skills that make a big difference to employee engagement. They obviously cost management time, which can be a factor in today's lean organisations, but in our experience it is more likely to be management culture that is the key. To what extent is it managers' top priority to spend time addressing these soft issues with their reports? Do they have regular one-to-ones so that everyone who reports to them thinks they care, do know what's expected of them, have received recognition or praise where due and have had a chance to express their opinions or simply ask their manager some questions?

Customer satisfaction

One interesting statistic to emerge from this year's employee engagement survey



is that employees think their companies are better at satisfying customers than they were two years ago. Based on how satisfied employees think their organisation's customers are, the customer satisfaction index has improved from 73.0 to 74.8, which is quite close to the UKCSI over a comparable period. **S**



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