

Employee Engagement:
why it matters, and how
to fix it

Impellam Group

Who are we?

We are the 2nd largest staffing business in the UK and 6th worldwide*. Our vision is to be the world's most trusted staffing company – trusted by our people, our customers and our investors in equal measure.

What do we do?

We provide managed services and specialist staff across the UK, North America, Asia Pacific and mainland Europe. We have over 3,100 Impellam people throughout our network of 21 market-leading brands across 220 worldwide locations.

Our brands



Russell Beck

This whitepaper is based on a seminar delivered by Russell Beck. Russell is Head of Consulting at Impellam Group plc and regularly delivers seminars on the most pressing recruitment issues. Widely acknowledged as a thought leader in Talent Management, Russell brings an unrivalled level of passion and insight to everything he does. Highly qualified and with an unrivalled depth of experience across industries and geographies, he thinks differently, challenges norms and envisages better ways of working. He is as comfortable working strategically on end-to-end Talent Management solutions as he is focusing on discrete aspects of the process. Russell is currently delivering this seminar to businesses all over the UK and it can be booked and tailored to suit the specific needs of your business. If you are interested in learning more please contact Russell Beck - Head of Consulting, Impellam Group on

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Employee Engagement

Introduction

Employee engagement is one of those HR and recruitment subjects that attract an enormous amount of ‘buzz’. And as a result, it’s a subject rife with confusion, misinterpretation and speculation.

So the aim of this whitepaper – itself derived from a seminar we’re delivering for businesses across the UK – is simple: to cut through the confusion.

Using the latest research, and by aggregating the views of the experts, this document will consider:

- What employee engagement actually means
- How employee engagement benefits businesses as well as staff
- How engaged employees currently are
- How engagement should be measured
- How your business can increase employee engagement

Ultimately, you should leave with a clear and unbiased understanding of this often confusing, but always influential issue.

What does employee engagement actually mean?

Broadly speaking, we all know that engagement is about being happy at work and satisfied in what you’re working on. But definitions of employee engagement are so varied that the term can quickly become bewildering.

In most cases, the problem with these definitions is that they are simply too long and too complex. Definitions by their very nature have to be succinct and simple to be useful and useable. Essentially, they need to be as short as possible.

So, for the purpose of this document, let’s use the following definition of an ‘engaged employee’, taken from Wikipedia:

An engaged employee is one who is full absorbed by and enthusiastic about their work and so takes positive action to further the organisation’s reputation and interests.

Many other definitions include references to concepts like ‘employee wellbeing’ and ‘social engagement’, but the inclusion of these simply broadens the discussion even further.

This Wikipedia definition gives us a clear and simple base to build from.

Does engagement matter?

Research suggests, quite convincingly, that employee engagement is vital for business success and employee happiness.

Benefits to businesses

A huge amount of data has already proven that positive employee engagement can positively impact a business’ bottom line. Here’s a brief selection:

- Profit. According to Kenexa, organisations with engagement scores in the top 25% had twice the profit over a 5-year period of a business in the bottom 25%. Meanwhile Marks and Spencer found that stores with improving engagement delivered an average of £62 million more in sales every year than stores with declining engagement.

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- **Productivity and performance.** A study of over 23,000 businesses found that those with the most engaged employees were 18% more productive than those with the least. And “More Than” call centres found that branches with higher levels of employee engagement had 35% less downtime between calls.
- **Customer satisfaction.** PWC found that 70% of their more engaged employees have a good understanding of customer needs, compared to 17% for those that are disengaged. In NHS trusts, patient satisfaction is significantly higher where there are higher levels of employee engagement.
- **Innovation.** Extensive CIPD research also suggests that higher levels of engagement leads to more innovative work behaviour. Further analysis found that 59% of engaged employees say that work brings out their creativity, whereas only 3% of those considered disengaged felt creative at work.

Benefits to employees

- **Wellbeing and health.** Research across the UK, especially by the CIPD, has shown a strong correlation between employee engagement and emotional wellbeing. And 54% of disengaged employees say that work affects their health negatively; for engaged employees the number is only 12%.
- **Retention.** The CLC has reported that highly engaged businesses have the potential to reduce staff turnover by 87%. RBS has also confirmed this correlation, suggesting that branches with the lowest engagement scores had almost double the amount of voluntary turnover as highly engaged branches.

- **Health and safety.** Other research has found that engaged organisations are actually safer too; in some cases, the least engaged businesses were on average experiencing 62% more accidents than more engaged ones.

Are employees engaged?

So, there’s merit in having a business full of engaged employees. But how engaged is the average employee?

Well, according to the majority of research on this subject, today’s employees are typically not connected to what they’re doing at all.

In 2010, the CIPD released a statistic that should concern any business leader: only 8% of people are ‘actively engaged’ at work. In 2009, Kenexa ranked UK engagement levels at 9th among the 12 largest economies. Broadly speaking, 20 million British workers are not engaged, and therefore not reaching their potential.

This is merely an illustration of the kind of examples that prove the positive impact of employee engagement. Google the business case for employee engagement, and you’ll be spoilt for choice.

But problems with engagement didn’t begin with the recession, as might be assumed. In 2006, only 35% of employees were actively engaged, while in 2004 a study by the CLC found that just 24% of employees were highly engaged.

So, low engagement at work has become the norm; an endemic problem that’s limiting growth across the UK.

Disengaged employees will share their experiences

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“Employees communicate your brand externally every day, whether you like it or not” say Deloitte. And it’s undeniably true.

Social media has given employees a means of sharing their feelings and experiences with the world immediately. And platforms like Glassdoor allow people to anonymously review their employers. For today’s businesses, there’s nowhere to hide.

Therefore, not only is employee engagement low in the UK, but it’s also having a significant influence on employee brands.

How should engagement be measured?

For most businesses, surveys remain the best means of analysing engagement levels.

However, research suggests that engagement surveys are frequently producing skewed results. Typically, that’s because of key factors that they tend to overlook.

Here are four of the most common which, by learning from, can help to ensure that your surveys produce reliable information.

Is once a year really enough?

Engagement surveys are often an annual event. But we now live in a world that changes rapidly; average employee tenure, for example, is typically much shorter now than it used to be.

With everything moving so quickly, why are businesses only asking employees how they feel about their job once a year?

Engagement reviewing needs to be a constant, ongoing process. Our attitudes towards bosses, company values and business goals can change overnight, and this needs to be picked up.

This is particularly relevant for Generation Y and Z. They have far less loyalty to employers than their predecessors, and won’t wait around to voice their concerns; they’ll simply leave.

Do you ask everyone?

According to Staffing Industry Analysts, 15% of the average workforce is not permanently employed; in the technology sector, it’s 50%. And these percentages will only increase, given the incessant growth of the freelance market.

Which all begs the question, why do surveys only cover permanent employees? Freelance and temporary employees are often on long-term contracts, and are just as likely to occupy customer-facing roles as anyone else. So, hearing their voice is just as valuable.

Do you give feedback?

Remarkably, many employers don’t share the results of their engagement surveys.

You’ll quickly lose the trust of your employees if you aren’t forthcoming with your results. They want to see honesty and transparency – and that’s the key to ensuring they remain actively involved in future surveys.

Do you offer incentives?

Vouchers and iPads are likely to get more people filling out your survey. But will they be filling it out for the right reasons?

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You're far better off with a smaller number of meaningful responses than a larger number of rushed and meaningless ones. You need employees to want to provide answers, and incentives can risk distorting the whole exercise.

How can your business improve employee engagement?

So, we now know what it means, why it matters, and that for most businesses, it's in short supply.

But what can you do to improve it? Having pooled the research, here are the most proven and effective ways of getting your employees more engaged.

Recognition

Receiving praise makes us happy; that's a biologically proven fact. Recognition increases the amount of dopamine in our brains, which is a chemical we produce that triggers feelings of joy and happiness.

Giving praise is free and easy. The only problem is that the positive feeling we get from praise wears off fairly quickly, so you'll need to give praise regularly.

Gallup's research suggests you need to praise someone at least once a week. However, Deloitte's research found that 70% of employees feel their work is recognised either annually or not at all.

Feedback

Feedback is similar to praise but has the potential for negativity.

However, giving feedback is vital because it's constructive; it's an important part of helping someone to get better at what they do. Managers giving little or no

feedback results in 4 out of 10 employees becoming actively disengaged.

Managers

They say people leave their manager, not their job. And the evidence supports that theory.

These days, the line between a person's professional and private life is blurred. So it's no longer enough for managers to fulfil basic administrative duties.

A good manager has to be deeply empathetic. They also have to be genuinely interested in an employee's personal life and long-term career. They need to be supportive, but they mustn't micromanage; open-minded communicators as well as deeply intuitive.

In other words, being a good manager isn't easy. But given how important it is, it's worth investing in making your managers better.

Relationships

As mentioned earlier, work and life are blurring. As a result, employees crave meaningful relationships with their colleagues.

Research has uncovered some interesting details on this particular subject. Having a best friend at work, for example, makes an employee 43% more likely to report that they've received recent recognition.

Elsewhere, a study by the University of Wharton found that if you help someone for 10-30 minutes a day, you feel more confident and less time-constrained. In other words, helping a colleague makes you happier.

So for businesses wanting their employees to feel connected to what they

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do, the first step is fostering positive relationships with colleagues.

Alignment

The alignment an employee feels to what his or her company does is very much at the heart of this entire subject.

Famously, President Jon F. Kennedy once asked a janitor at NASA what he was doing, and the janitor replied 'I'm helping to put a man on the Moon.' And that sums up what a business needs to aim for: giving each and every employee a clear sense of how what they do links with your fundamental purpose.

So, you need to be clear about what you stand for, what your values are, what your story is and how your purpose is brought to life in your business. It needs to be bold and ambitious, but it needs to be clear and tangible too – it needs to make enough sense that every employee can believe that what they do actually matters.

Satisfaction

Employee satisfaction is influenced by a few key things, all of which you'll need to get right to increase engagement:

- **Salary.** However the world of work changes, pay will always matter. It matters even more currently in what is a distinctly candidate-driven market. Simply put, employees will need to feel they're being paid what they deserve.
- **Benefits.** The so-called 'war on talent' is forcing companies into offering a wider variety of benefits, all of which are increasing candidates' expectations. In many industries, offering the bare minimum will prevent candidates from becoming engaged. Meaningful benefits – like flexible working or childcare incentives – could make the difference.

- **Workload.** With workload it's all about balance. Employees need to be challenged, but not overworked; comfortable but not bored. If the balance is wrong, they won't be engaged.
- **Clarity of expectations.** Employees need to be absolutely clear about what is expected from them, both on a daily basis and in the long term. Without clarity and feedback, employees can become frustrated.
- **Enablement.** Enablement is about the tools your employees have to work with. The better and more appropriate the equipment is, the happier they'll be. It's also important that employees get sufficient training on new equipment.
- **Environment.** You need to offer a place to work that is comfortable in every sense: the right temperature, the right space, the right sound level, and the right location. Ideally, you need to give employees a variety of spaces within an office; not only their own desk but social spaces as well as private spaces to focus on more intensive tasks.

Growth

Dan Pink famously said that employees need a sense of autonomy, mastery and purpose to be motivated.

In other words, we all need freedom and control over our work; we aspire to become masters of our chosen trade; and we also need to know that our work means something. Given the freedom to own our work, we're able to develop and master our skills. And purpose underpins personal growth because, without purpose, our sense of ambition is dampened.

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Wellness

Everyone in HR circles is talking about wellbeing and wellness. And that's because we're finally realising how important it is, not just in terms of decreased absenteeism but because a healthy employee is more likely to be happy and content.

There are a number of things a business needs to consider. Office furniture needs to be comfortable and appropriate for the work being undertaken. Humans aren't meant to sit all day, every day, so staff need to be encouraged to take regular breaks away from their desks. Better still, you could hold stand-up meetings or, as some innovative businesses are doing, implement stand-up desks.

As for diet, you could offer employees healthy snacks to keep energy levels up but without negative consequences.

But fundamentally, it's about education, and listening to your employees. You need to locate instances of stress quickly and work with staff to reduce it.

The benefits of engaged staff are also clear – both for businesses and employees themselves. The way we measure engagement needs to be refined though, with too many businesses relying on annual surveys that fail to capture accurate, up-to-date insights.

However, engagement is something that every business can improve. As we've briefly examined here, there are a number of key things to focus on and refine; criteria that should give any company a strong starting place.

Conclusion

Engagement is a significant, measurable problem that you can fix

Engagement is a concept that you could get lost in; an area full of pseudo-intellectuals adding layers of confusion to an already bewildering subject.

But once a simple definition is in place, the picture becomes clearer. Engagement is about happy staff doing good things for your business. And evidence suggests that currently, the average employee isn't happy.

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