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“The most successful companies recognise that their employees are their most important asset. Employee engagement is not just a buzzword – it has a clear link to increased business success.”

John Hutton, Business Secretary, The Department for Business Enterprise and Regulatory Reform

Employee Engagement: is it still a current issue?

When we produced our Employee Engagement report in 2006, we commented that we had witnessed an increase in awareness of the importance of employee engagement research with CEOs beginning to report engagement scores to the City and many organisations starting to generate people reports.

Three years on and we not only see the continued interest in engagement, but we also see an increase in the reported results of managing employee engagement. And this increase in interest is also reflected in the current review being undertaken by the Department for Business Enterprise and Regulatory Reform.

However, in today's economic climate where our focus can be on other people matters such as re-structuring or redundancy, engaging the remaining workforce may not be at the top of the priority list.

A different kind of 'downturn'

It is said that this current recession will be a very different type of recession than that seen in the 1980's. Then we witnessed a big decline in manufacturing output with factories closing and sharp rises in unemployment figures of manual workers, but now that manufacturing accounts for a far smaller share of the GDP in the UK, the term 'services recession' is already being used for the current situation. This recognises that 'value' is now created very differently as Jay Forte, Business Consultant¹ highlights. "The success of this [intellectual or service] economy ... rests in the minds and hearts of our employees." So it is the workers who create and maintain rewarding relationships with customers; it is employees whose ideas and efforts drive business results.

And if this is a different type of recession, perhaps we need to review where and how costs are cut. When the economy was based on manufacturing, reducing production, re-engineering processes and cutting costs seemed sensible. In the 'information age', with the value generated by the employees, we should now take account of these people elements and try to understand about how best to get more from people.

Doing more with less

At a time when we are looking to restructure, we need to ensure that the remaining employees, understand and are committed to delivering the organisation's revised objectives and plans. And, if we have to downsize the organisation, we now may need to do 'more with less' – requiring our teams to think about how to work more efficiently and go beyond what is requested. We also need those people to direct their 'discretionary effort' towards the organisation – and not towards searching for new employment. Those people that are fully on board with the company's vision – and how this is changing – are more likely to demonstrate the innovation and creativity that will be needed to forge ahead when the upturn comes.

In summary, what we need now are people that are totally engaged with our organisation.

¹ Forte, J. (2008, September). Cut waste and build value: A proactive approach to surviving the recession. *SuperVision*, 69(9).

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The impact on the bottom-line

An engaged employee isn't just about 'going the extra mile' and understanding what the business is trying to achieve. The impact of an engaged workforce on the bottom line is well-documented.

- Higher levels of engagement are correlated with higher levels of market performance as gauged by self-reports, in the areas of revenue growth, market share, profitability and customer satisfaction. (i4cp²).
- Towers Perrin³ report that there is a direct correlation between engagement and operating margin and that companies with higher engagement levels outperform their sectors by 17% and have higher staff retention rates.
- HR and Finance leaders in a Globoforce survey in 2008⁴ reported that employee engagement increases staff retention and production

So, if 'engagement' equals higher business performance and lower attrition, and this is coupled with the benefits of getting people ready to lead the organisation out of the downturn when the market picks up, improving engagement seems an obvious strategy to deploy. The key is creating a current understanding of how engaged your employees are, what drives their engagement and then plan and implement an intervention to increase this.

Creating a benchmark – and doing something with it

At Getfeedback, we have built our reputation over the past nine years by creating solid, informative, and secure surveys that deliver meaningful results back to our customers. And once we do this, we are often invited to comment on the 'next steps' to create a plan to improve engagement.

Some customers have told us about engagement surveys that have taken a huge amount of time, expense and energy to set up and collect and analyse the results only to find that the leaders do not take any action. Of course it's not just a missed opportunity to increase engagement but may lead to *dis*engagement and apathy.

Obtaining that original benchmark is quite straightforward when working with a company such as Getfeedback but an employee survey needs to be carefully designed to generate conclusions about more than just the current state of employee engagement: it needs to look at what the key drivers are to increase that engagement, and how best to appraise and manage performance.

The employee feedback should be viewed as a valuable source of management data to inform future decision-making. Using the data generated by employees themselves can help companies reach sensible conclusions about how best to support their people in keeping with the needs of the business itself, and in a climate where our focus may be on those that we are asking to leave the business, we need to continue to listen to and understand those employees remaining with us.

Increasing engagement, especially in the uncertainty of the current market, may be improved through relatively easy, low cost measures such as simply increasing communication, being seen around the office,

² Institute for Corporate Productivity. (2008). *Survey results: Workforce engagement*.

³ Towers Perrin: Reconnecting with Employees, 2005

⁴ Globoforce. (2008, June). *Engaging the global workforce: Bridging the gap between finance and talent management*

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hosting regular 'town hall' events, or if activity is less in the downturn the time be used for training and development encouraging creativity and innovation, ready to forge ahead when the upturn comes.

Recent research⁵ has also shown that engagement scores are significantly improved when managers foster a listening culture (96%) as opposed to when they do not (31%).

The future?

In September 2008, the Department for Businesses, Enterprise and Regulatory Reform (BERR) announced a review to examine new ways to boost the performance of employees, the recommendations of which will be made early in 2009.

Led by David MacLeod, a leading expert on employee engagement, the review aims to:

- identify and understand in practice how business improve productivity by engaging with, and investing in, their employees
- identify where barriers to adoption may arise and
- make recommendations to encourage wider adoption of good practice.

The Business Secretary, John Hutton, at the time of the launch of the request for evidence said that "the fact that only about 12% of the UK workforce can be considered as highly engaged shows that there is potential for huge gains for the economy if we can improve in this area."

The real challenge that we face will be to take the findings and recommendations of this review and implement these investments at the same time as managing cost cutting in other parts of an organisation.

⁵ Best Companies, 2008