

Employee engagement: Not just a nice to have

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Introduction

Today, it is rare to read HR or management press without some mention of employee engagement and why it is important. This is largely because, at this time of increasingly commoditised products and services, it's widely recognised that engaged employees can have a significant impact on how customers view organisations and their products and services.

Engaged employees go the extra mile. They will try harder to solve a customer's problem. They will stay late to help a colleague with a deadline. They'll answer the phone at 6:01 PM, even if their shift has just finished. Engaged employees lead to overall better business outcomes. In fact, according to Towers Perrin research, companies with engaged workers have 6% higher net profit margins, and according to Kenexa research, engaged companies have five times higher shareholder returns over five years.

Previously considered 'fluffy' and impossible to measure, employee engagement is in fact very powerful and measurable. And, so measurable that, according to Gallup, actively disengaged employees cost companies USD \$450 to \$550 billion in lost productivity each year.

However, far too often, employee engagement is confused with employee happiness and employee satisfaction. It is neither. Just because an individual may be happy at work, it doesn't mean that they are working productively. And while an employee may be satisfied with his job, that is not necessarily enough to drive discretionary effort or to stay with their current employer for longer. In fact, although 74% of all workers claim to be satisfied with their jobs, 66% are still open to new employment.¹ However, both happiness and satisfaction—and a lot more—do have an impact on overall employee engagement.

Given this lack of clarity, it's hardly surprising that efforts to improve employee engagement often 'miss the mark'. This is why, as an organisation that has worked with hundreds of companies around the world, helping them to reap the benefits associated with improving engagement, we wanted to share our views on how the workplace is changing and to highlight some areas to focus on for an immediate impact.

As former CEO of Campbell, Doug Conant, once said, "To win in the marketplace you must first win in the workplace."

Employee engagement: What's it all about?

In the 1990s, William Kahn, professor of organisational behavior at Boston University, discovered that employees were far more emotionally and physically engaged when they experienced:²

One: Psychological meaningfulness

A sense that their work was worthwhile and made a difference.

Two: Psychological safety

A feeling they were valued, accepted and respected—and able to perform in a positive work environment.

Three: Availability

Routinely feeling secure and self-confident while possessing the emotional and psychological energies to perform their job.

¹ www.jobvite.com

² The Engagement Gap, Brian Solis + Jostle Corporation

Employee engagement is the level of emotional commitment an employee feels to an organisation and its goals, or the willingness shown to go above and beyond the call of duty, and to use additional discretionary effort in the fulfillment of his or her responsibilities.

In simple terms, these factors combine to produce higher levels of employee engagement, which we define as ‘the level of emotional commitment an employee feels to an organisation and its goals, or the willingness shown to go above and beyond the call of duty, and to use additional discretionary effort in the fulfillment of his or her responsibilities’.

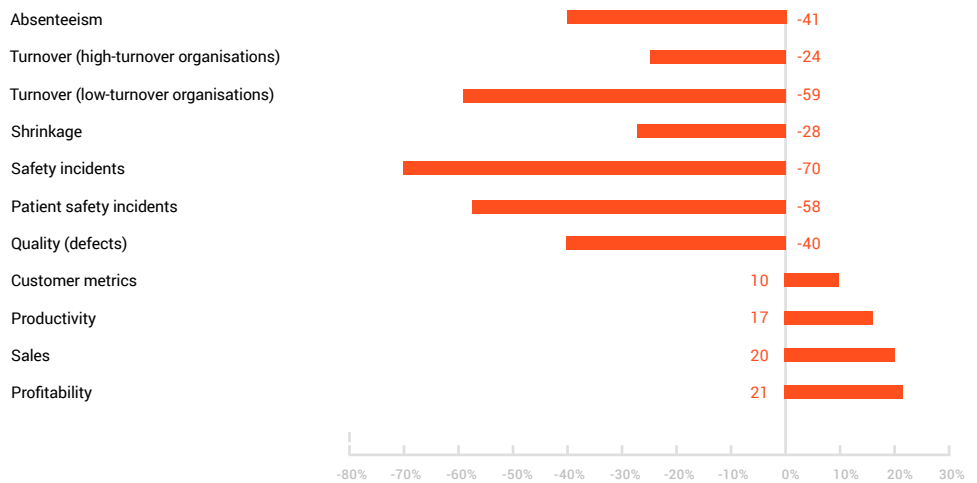
Generally, higher levels of discretionary effort result in better productivity and lower levels of attrition that combine to reduce an organisation's overall operating costs. Similarly, an improved level of customer service tends to lead to happier customers, who buy more for longer and recommend more often which, in turn, increases revenue. This double whammy means that employee engagement is truly having ‘its day in the sun’.

In fact, employee engagement drives positive business outcomes in many areas, as can be seen in the table below.

Therefore, while the potential impact of employee engagement on the customer experience is considerable, organisations do need to ensure that processes and other factors influencing the ultimate outcome are also fit for purpose. Clearly, technology is an enabler to ensure that all variables work as one.

Engagement’s effect on key business outcomes

When compared with business units in the bottom quartile of engagement, those in the top quartile realise improvements in the following areas:



Employee engagement: Current state, future world

Although 90% of businesses think employee engagement is critical, only 25% of businesses think their employees are in fact engaged.³ Furthermore, only 32.5% of all employees currently rate themselves as being engaged,⁴ meaning that, despite billions of dollars being spent annually in an attempt to increase engagement, a large majority of employees still don't really care about the company (and probably not so much about the customers).

Employment itself is changing. Going back to the middle of the last century, it wasn't unusual for an employee to remain with the same employer for his entire working life. Fast forward 60 years and, average employee tenure is now only less than five years overall, and, for the younger generation (25 to 34), this drops to only three years. According to research commissioned by Barclays Bank,⁵ 24% of workers under age 34 have already worked in four industries, while 59% of workers over 65 have spent time in just three industries.

This behavioral pattern will become even more the norm as the next band of millennials becomes more active in the workplace. According to the US Census Bureau, in the US there are now more than 75.3 million millennials, already surpassing the populations of the baby boomers (74.9 million) and Generation X (66 million); and this generation will become increasingly influential as they age. However, employee engagement remains a key driver of retention, even for millennials as, engaged millennials are 64% less likely to switch jobs in the next 12 months if the job market improves.⁶

³ ICFI
⁴ Gallup (US poll)
⁵ http://www.newsroom.barclays.com/r/3419/the_career_ladder_is_dead___long_live_the___career_web___
⁶ Gallup

The bottom line is that if your business is employing younger generations, which will likely increasingly be the case for most organisations, strategies to onboard and get people up to speed and productive as quickly as possible are vital—as are strategies to engage and retain them over the longer term.

In practical terms

Increasingly, and particularly for millennials, intrinsic trumps extrinsic motivation. It's no longer possible to "buy" engagement anymore and hedonic adaptation means that any material rewards are often quickly assimilated and forgotten, or worse, become an expected part of an employee's remuneration.

As Daniel Pink, a provocative thought leader on business, work and behavior, has demonstrated, intrinsic motivation is predominantly founded on the principles of autonomy (a desire to be self directed and have some control over work), purpose (the desire to do something with meaning) and mastery (the urge to get better skills), so actively incorporating these factors when designing jobs or engagement strategies will drive considerable benefit.

As an example of the impact of 'sense of purpose', 71% of millennials who strongly agree that they know what their organisation stands for and what makes it different from its competitors, say they plan to be with their company for at least one year.⁷

Understand the obstacles

While much of the effort is focused, rightly, on the drivers of engagement, there is also a need to address those factors that inhibit employees' ability to engage. These key 'hygiene' factors include unnecessary bureaucracy, heavy workloads and short, repetitive tasks. This is supported by research by Roffey Park Institute, who found, in their survey of UK managers, that workload pressure, along with poor management and poor communication, were key barriers to engagement. This is particularly true during times of change, with bureaucracy and lack of time to achieve workload being the biggest demotivators, and workload being one of the biggest causes of stress.⁸

Speaking at an Employee Engagement Summit some time ago, John Purcell, Strategic Academic Advisor at Acas National, suggested six key factors that can limit or damage engagement:

- Job insecurity (heightened during economic instability)
- Unfairness (particularly in reward and pay systems)
- Jobs with 'no space' (i.e. repetitive work with short cycle times such as call center work with very short call times)
- Highly stressful jobs with very little flexibility or autonomy
- Poor line management behavior and bullying
- Working for long periods of time without a break

These factors support Kahn's notion of psychological safety, meaning that if employees are affected by any of these factors, it will be important to try to make them feel valued, accepted and respected—and able to perform in a positive work environment—before you can start to drive increased levels of engagement.

Although this paper is predominantly focused on strategies for increasing engagement, it is important to remove as many of the inhibitors as possible, or at least to be conscious of those that you can't (nature of work, for example), before developing your employee engagement strategy. To quote Einstein, "Insanity is doing the same thing over and over again and expecting the results to be different." As such, we believe that it's well worthwhile investigating alternative ways in which employee engagement strategies can deliver better results.

⁷ Gallup

⁸ Sinclair et al, 2008

Employee engagement in the new world

Gallup found that the highest performing individuals have three things going for them. Firstly, they have long tenures in their organisations; secondly, they are engaged in their work; and thirdly, they are in roles where the expectations of the job align well with their innate talents. However, the same survey found that, in general, this combination exists in just 5% of individuals across the surveyed companies. Unsurprisingly, Gallup therefore recommends that employee engagement should be considered along with selection and retention strategies to deliver the most compelling results.

It is also worth noting that engagement levels can vary significantly according to different biographical and personality characteristics and indeed can fluctuate daily within an individual. For example, being low in neuroticism, high in extroversion and high in adaptability may make it easier for an individual to engage and so, selection for those traits in recruitment, may help further in the creation of a high-performance culture.⁹

But never forget that engagement begins with the employee deciding what to invest themselves in, and that choice lies with the employee and not the organisation. With this in mind, and the Gallup recommendations that engagement should be approached hand in hand with selection and retention, we advise organisations to focus on the following:

One: Hire right

Identify the right traits and behaviors of your top performers and hire against them. Skills can be taught, but attitude and behavior are harder to teach. People generally succeed or fail because of their behaviors and traits, yet many companies focus more on technical skills in their hiring process. Ensuring you set up your employees for success from day one will have a profound and positive impact on their happiness and engagement—not to mention all the important metrics across your business. A vital first step is to define the precise skills, knowledge and attributes that are required for each job role, so that you can hire the right person for the role with confidence.

Two: Onboard well

You're looking forward to people arriving for day one, but for some reason they flounder after a short while and flunk probation. In some companies, we have seen that this happens in up to 50% of cases—just think of all that wasted time, money, effort and emotion. However, a high dropout rate does not always mean that your people are bad hires. Often, issues stem from the way people are onboarded. Ensure that you have an exciting, relevant program to get employees up to speed quickly. Understanding the skills, knowledge and attributes of your top performers allows you to identify accurately the training and support requirements of new recruits, enabling those employees to hit the road running and to contribute (and be recognised) earlier.

Three: Set clear goals and expectations

Fifty percent of workers say they don't really know what's expected of them in their job,¹⁰ yet clear goals help employees understand how their work meaningfully contributes to the company's success. In a global study of engagement levels of 50,000 employees worldwide, the most important lever was the connection between the employee's job, organisational strategy and the employee's understanding of how important their job is to the organisation's success.¹¹ When setting goals, be sure to define very realistic expectations, communicate clearly, check for understanding and review regularly, focusing on wins. It's not rocket science but it's worth it. Gallup research reveals that employees with clear goals are more engaged in the workplace, and if that's not enough, 31% of employees consider "unclear expectations from supervisors" as their number one work-related stressor.¹²

Four: Create individual development plans

Provide each employee with clear direction on how to enhance their skill set and advance their career in the form of an individual development plan. But good plans need planning. First, consider your company's long and short-term business objectives. Then identify the necessary skills, knowledge and competencies that support these before you sit down with each employee and discuss their individual interests and career goals. Remember that not everyone shares the same goals or has the same perspective about what they want to achieve in their career, and some may be unsure about what they want to do. Match company needs with individuals' needs and wants and come up with a plan that includes measurable development goals and a realistic timeframe for achieving each goal. Developmental programs can include a combination of activities such as formal training, on the job training, self-development, one-on-one coaching and mentoring, and much more. Try to create

⁹ Employee Engagement: A review of current thinking, IES

¹⁰ Gallup

¹¹ Corporate Leadership Council

¹² www.chicagotribune.com/business/ct-stress-at-worksurvey-0127-biz-20160126-story.html

opportunities to quickly apply new skills to the job and get feedback, as if they don't use them when it's fresh, they're likely to lose them. Developing internal candidates not only improves engagement, it saves time and money on recruiting, onboarding and training new recruits. Furthermore, demonstrating advancement and promotion potential can help retain your top talent and attract new skills to the business.

Five: Provide timely and effective feedback

This critical component helps employees to be engaged and successful and should be closely tied to performance goals. People need to know in a timely manner how they're doing, what's working, and what's not. Don't wait until the end of year review or the mid-year review to do this. In fact, many organisations have done away with performance management systems all together; preferring to help supervisors give people instant feedback, on individuals' own goals, and encouraging regular conversations to promote innovation and forward thinking. Technology companies such as Adobe, Dell and Microsoft were first off the starting blocks, but they've been followed by the likes of Deloitte and Accenture, and even General Electric, a vocal proponent for traditional appraisals, has followed suit. Researcher and Analyst, Josh Bersin, estimates that about 70% of multinational companies are moving toward this model, but even if your company hasn't done this, don't underestimate the positive impact of timely and effective feedback.

Six: Recognise and reward

Identify what employees do well and reward accordingly—feeling valued, involved and having equality of opportunity are all significant drivers of engagement.¹³ Although there is a link between monetary incentives and engagement, particularly in lower paid jobs, it is usually overshadowed by other factors and is typically more likely to be a disengager or a hygiene factor, so don't just use money as a motivator. Try giving people time off or tickets to something that you know they like.

Write a thank you note. Praise people publicly. These personal gestures demonstrate that you truly care about your staff (and they will likely cost much less than increasing salaries.)

Seven: Cultivate advocacy (not satisfaction) as a measure of engagement

As previously mentioned, employees who say they are "satisfied" may or may not feel engaged. A much better measure of engagement is how likely employees are to recommend their workplace to a family member or friend. Just as Net Promoter gathers regular, direct feedback from customers, securing regular, direct feedback from employees about how likely they are to recommend the company allows managers to take action to boost engagement and advocacy. Engaged employees are more than five times as likely to recommend that a friend or relative apply for a job at their company,¹⁴ while new hires who reported a poor onboarding experience are eight times more likely to be disengaged in their work and therefore eleven times less likely to recommend their employer as a good place to work after their first three months.¹⁵ Bain research found a direct relationship between employee advocacy and customer advocacy, so there is likely to be a payoff in customer loyalty as well—a finding corroborated by Pont,¹⁶ who found that companies with high employee engagement scores had twice the customer loyalty (repeat purchases, recommendations to friends) than companies with average employee engagement levels.

Eight: Make sure managers are up to the job

Companies that increase their number of talented managers and double the rate of engaged employees achieve, on average, 147% higher earnings per share than their competition.¹⁷ Employees who are supervised by highly engaged managers are 59% more likely to be engaged, however, engagement plummets to two percent among teams with managers who ignore their employees, compared 61% for teams led by managers who focus on strengths.¹⁸ In hierarchical environments such as contact centers, people often get promoted too rapidly, and unfortunately not everybody has what it takes to be a good manager. But get it right and it has a big impact: 91% of workers say they feel motivated to do their best when they have leadership support and 89% of workers with leadership support are more likely to recommend company as a good place to work. So be sure to understand the skills and attributes of successful managers and appoint new ones carefully, giving them the skills and support they need to get the best out of their people.

Nine: Communicate engagingly

Communicate in a way that helps employees understand 'meaning'. Talk about your company's impact, not its financial results—particularly important for millennials and Gen Xers who are much more often motivated by the impact their organisation has on the world around them. A good example of this is when founder Michael Dell spoke of the billions of patients who received better health care and the

¹³ Robinson et al/BlessingWhite

¹⁴ Temkin Group

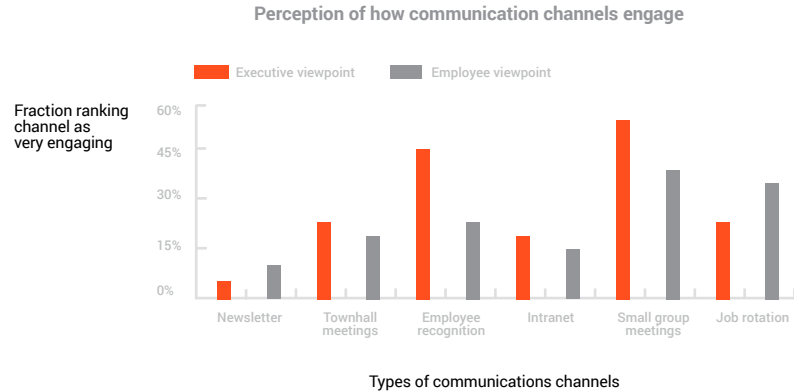
¹⁵ Glint

¹⁶ Are they really on the job?, Pont

¹⁷ Gallup

¹⁸ Gallup

billions of students worldwide who had access to better education as a result of Dell. He said nothing about the benefits to the Dell bottom line. Consider also the channels you use to communicate: a survey by Brian Solis and Jostle Corporation found that while there is broadly a pattern regarding the relative engagement benefits of various channels, there is clearly a mismatch between executives' views of how these channels engage and those of their employees, as can be seen in the chart below.



Last but not least, encourage your people to communicate amongst themselves—it’s a great way to help them focus on improving their performance and a key driver of engagement. You just have to look at the rise in social media and MeetUp groups to see that there’s something in it.

Ten: Take wellbeing seriously

According to research by O.C. Tanner Institute, on a 10-point scale, employees with excellent physical wellness have an overall wellbeing score of 6.66. Employees with excellent social wellness have an overall wellbeing score of 7.21. And employees with excellent mental wellness have an impressive overall score of 7.76. When employees rank excellent in all three wellness categories, they average a wellbeing score of 8.14, compared to an average score of 5.74 for those who don’t rank excellent in any category. While there isn’t a set formula for what wellbeing is, many organisations make the mistake of focusing purely on physical wellbeing. However, it is widely recognised that it is important to also address mental and social (including community) wellness as well. It’s worth it. Above and beyond the undeniable benefits to the employee, organisations with employees that score higher in wellbeing report a range of benefits including higher levels of employee engagement, reduced attrition, lower healthcare costs and sickness days, and higher productivity. Not to mention a reduced risk of fines and litigation.

Eleven: Be flexible

One of the top reasons why millennials consider leaving their jobs is to have more flexibility and a better work-life balance.¹⁹ There are many ways to be flexible in the workplace—for instance, employees could be allowed to work from home or swap shifts. Perhaps they can have a personal day off or adapt their way of learning. With 82% of employees saying that they would be more loyal to their employers if they had flexible work options,²⁰ then it’s certainly worth more than a bit of consideration. However, a word of warning—to avoid abuse (from a minority of individuals), make sure you set the ground rules and take action if people do not stick to them.

Twelve: Empower employees to take ownership of their own learning

Nobody maintains a rental car. People will generally only invest if they feel they have ownership, and it’s much the same as far as personal development goes. Help employees understand what skills they have, those they need—either within their current role or to further their career (see tip four). Provide the ‘space’ they need to build those skills and make sure that you have technologies that support self-paced learning, development and collaboration. Self-paced learning is a key motivator for many as people can learn what they need to in a way—and at a time—that is aligned to their preferences. It may seem like a logical thing to do, but the Society for Human Resource Management found a gap between employees’ expectations about training and their satisfaction with what employers offer. For example, 42% of survey respondents said that job-specific training was very important, but only 25% were very satisfied with the job-specific training they receive. Similarly, 40% indicated that an organisation’s overall commitment to professional development was very important, but only 25% were satisfied with what their employer offers. Be one of the employers that leads the way in this area. It will not only improve employee engagement and subsequent retention, but it will also lower training costs and operational disruption and improve employee productivity.

¹⁹ Boston College

²⁰ Flexjobs

About the author

Amanda Westwood is Vice President Product Management at Genesys. Prior to the acquisition of Silver Lining Solutions by Genesys in February 2017, Amanda was CEO of the company since 2011. An accomplished business leader, Amanda has held various executive level positions with global technology giants including leading global payments provider SWIFT and software specialist Iona Technologies. Before this Amanda held senior management roles at global technology companies including Compaq and Digital Equipment.

About Genesys Performance DNA

To address the challenges and seize the opportunities associated with employee engagement, Genesys has built Performance DNA, a unique employee performance management solution.

Genesys Performance DNA enables organisations to correlate business performance with employee skills, knowledge and attributes that deliver optimal business outcomes. And it tells you what actions you need to take to achieve great performance—individual by individual.

With Genesys Performance DNA, you can access relevant performance data from all available sources, including contact center data, customer surveys and HR systems, in order to understand how each individual is performing against their role blueprint, and identify any skills gaps.

Then you can get the best out of every employee by providing individual training and coaching plans on a 'next best action' basis for each individual, avoiding an expensive 'one size fits all' approach. Employees understand what is required of them to be successful and what it will take to advance their careers.

All identified performance improvement actions can be scheduled automatically in your workforce planning application at a time which limits impact on the operation by taking advantage of existing downtime. You can also easily compare groups, sites, business lines and even outsourced operations. Critical metrics including sales conversion, customer satisfaction and first contact resolution can be analysed and compared across the business.

Last but not least, automated skill profile updates ensure your employees receive the work that they are trained for, qualified in and competent to handle successfully. In short, by having the right level of work directed at them, employees can reinforce what they have learned with practical work. As a result, they'll be happier, more successful, and far more engaged.

Genesys Performance DNA drives employee success and engagement, which, in turn, improves the customer experience, increases revenues and reduces operational costs.

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ABOUT GENESYS

Genesys® powers more than 25 billion of the world's best customer experiences each year. Our success comes from connecting employee and customer conversations on any channel, every day. Over 10,000 companies in more than 100 countries trust our #1 customer experience platform to drive great business outcomes. Genesys on-premise and cloud solutions are built to be fluid, instinctive and profoundly empowering. Combining the best of technology and human ingenuity, we work the way you think.

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