The keys to lifting employee engagement

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Background

By now, the vast majority of leaders understand that employee engagement is one of the most significant drivers of organisational performance. While the causal pathway may sometimes be long, complicated and impacted by a range of confounding variables, the sheer weight of academic and practical evidence proves beyond any doubt that in the long term, the higher the level of employee engagement, the higher the performance on any important business performance indicator. This causal relationship has been established for outcomes as diverse as retention, productivity, safety, absenteeism, customer experience and financial results.

Despite this understanding, the effectiveness of organisations at improving employee engagement has been much slower to improve. Across both the private and public sectors, and especially in larger organisations, leaders have frequently found that engagement scores have barely shifted between annual surveys, despite seemingly concentrated efforts. Some organisations consistently perform very well but for those in the middle and lower bands, improvement seems remarkably different. Some CEOs are so pessimistic about the likelihood of improvement that they have openly considered abandoning the measurement process.

However, there have also been great success stories of organisations moving the dial on the level of engagement. This White Paper sets out Bendelta’s key findings regarding the shared principles and practices in these success stories and explains how any organisation may apply these to increase their confidence that they can move the dial.

Where did we go wrong?

Broadly speaking, there are two types of ‘bad result’. The first is the result of truly awful leadership and is very easy to spot - the employee engagement responses (especially any qualitative information) reveal a toxic level of disengagement. If there’s any doubt, there is typically an abundance of other information (departures of top employees, firing of the CEO), to confirm the malaise.

This paper does not address these cases. In such situations, results will typically rebound once a new regime is in place and staff can see that positive change will occur. The leadership can then move on to address the more systemic issues.

This takes us to the second type of ‘bad result’ – mediocre and/or variable levels of engagement that persist over multiple measurement processes. The organisations often report that they have taken the good practice steps – they’ve communicated results, set up improvement projects, reported on actions and so on – but when they next measure, they find little or no difference.

What are they doing wrong and what could they do better?

The sins of employee engagement improvement

Let’s start with what not to do when trying to address employee engagement issues (as indicated by survey results). The absolute worst approaches to take include senior executives explaining away the results while still in the process of communicating them. Even the most constructive CEOs can be guilty of editorialising when they discuss engagement results with staff. They start sentences such as:

“This was probably impacted by the particular week when we did the survey when…”

“I think this was probably because staff were not aware of the steps that had been taken…”

“If we were doing it again, we’d re-word that item because its meaning is confusing in our context…”

“Although autonomy rated poorly, the reality is that everyone here has a great deal of free choice…”

“We were disappointed to see that people feel there’s a lack of communication around direction, because we publicly shared our strategy many times last year…”

If we were doing it again, we’d re-word that item because its meaning is confusing in our context…
The sins of employee engagement improvement (cont'd)

At the other of the spectrum from dismissing the results is the mistake of senior executives taking all of the responsibility or engaging in public self-flagellation:

“So we have personally taken the top six issues on as an Executive…”

“We know that we have worked everyone too hard and we’ll be fixing that this year…”

Statements such as these communicate that the purpose of the survey wasn’t really to listen to people and that there is not shared responsibility for the health of the culture.

The third, and least obvious, sin is the fully devolved approach:

“We’ve given all six divisions, and all 48 business units within those divisions, their results so that they can develop their action plans. The Executive GMs will then report back on what has happened within their divisions and business units.”

While this approach sounds good in theory, it’s a little like saying that we will leave it to drivers to ensure they don’t break the speed limit. Sometimes, management by benevolent neglect is not the answer.

Three keys to moving the dial

So what does work? Bendelta’s analysis of organisations which have successfully moved the dial (by a rate of at least 10 basis points per annum, or equivalent) reveal three key themes:

1. Use predictive statistics and granular data analysis to drive focused efforts

Focus on elements that drive engagement (not simply the lowest scores)

Most engagement surveys contain many items which seem interesting but are of miniscule relevance to moving overall engagement. Many surveys could be trimmed to less than one-third of their current length. In the majority of surveys, very few items really predict overall engagement and indeed some items are actually effects of engagement, rather than causes.

Fortunately, most credible survey providers these days analyse the data to identify key drivers. However, many organisations still hyper-focus on the lowest items (regardless of their relevance). We encountered one organisation which had invested the most sustained effort on a factor which looked problematic but was in fact one of the least important. The organisations which move the dial identify a small number of most significant enterprise-wide engagement drivers and put nearly all of their effort into these.

Ensure the most senior leaders are informed and agreed on the top priorities

It’s no good having a report that shows the top drivers if the top leaders don’t read it or if, for whatever reason, they decide, from their casual acquaintance with the results that they know better about what caused the results than expert statisticians do. It’s the same self-confidence bias that causes 94% of men to rate themselves as above average on athletic ability.

To overcome this, it’s important to gather your top leaders (in some cases, this may be 200 or more senior managers) and spend as much time together as is needed to ensure that everyone understands and commits to a small number of improvement areas that will really make the difference.
Dive deeply into the results to get beyond superficial interpretations

Superficial statistics often obscure as much as they reveal. Take a look at this example from the field of medicine which shows how surface and deep views can give completely different answers:

In this example, there are two different treatment options (A and B) which are applied to either small or large kidney stones. Treatment A is better for small stones and also for large stones. Even though there are no other types of stones, the better treatment overall is B. This - an example of Simpson's paradox - would seem impossible to almost all non-mathematicians but is simply one example of many ways in which surface level findings can be very different from reality.

In one organisation, we saw this play out in real terms. The surface result suggested that men were more engaged than women but a deeper dive show that the opposite was more often the case. (The confounding variable was the low engagement of one division with mostly female employees.)

Listen to understand the real reasons underpinning responses

While we are not yet predicting the death knell for annual engagement surveys, the pendulum is definitely swinging away from periodic survey interventions and towards continuous listening through responsive feedback loops.

Just as we have seen with management of customer engagement strategy over the last decade, real-time data is best - collecting information a long time after people have already become disengaged is simply too late.

What the diagram below tells us is that reliance on fixed interval survey events is not the approach of the future. The most highly engaged organisations will be (and in best practice examples, already are) those which are constantly taking the pulse and doing so via rich, timely, interactive dialogue not just Likert scales.

What’s fascinating about this is that organisations invariably find that the real issues are quite different from what the survey results suggested. The people who said that their equipment wasn’t fit for practice actually meant that their managers don’t listen to them. The people who said the performance review forms needed to be changed actually meant that they wanted more regular mentoring. The people who said the rostering system was flawed really felt a lack of control over key choices in their work.

Traditional vs contemporary approaches to engagement

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<td>Listening through responsive feedback loop</td>
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<td>Large scale feedback ‘event’</td>
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<td>Fixed, top-down questions</td>
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WHAT HAPPENS WHEN CEOS REALLY LISTEN

People can only say in the survey what the survey asks them about. When we see a doctor, we tell them that our stomach hurts. It may take some questioning for the doctor to work out that it’s been a consistent eating pattern over the five years that caused the issue, not what we ate the night before.

To find out the truth, we need to stop ourselves jumping to conclusions. In one great example, the CEO of a 2,000 person organisation spent 18 months seeing groups of 10 employees at a time, more than 100 times, and simply listening to their explanations for the surface level results. She discovered very different root causes from what she had anticipated (and what the survey scores suggested) and as a result, instigated very different solutions.

The results were astonishing: an 18 basis point improvement, taking the organisation from bottom quartile to top quartile on engagement benchmarks.

Identify and address current barriers to employees’ sense of autonomy, mastery and relatedness

The next logical step is to understand which of the five levers are not optimised. Start by looking at the extent to which people feel a sense of autonomy, that is, feel that they make meaningful choices about how they go about their work. The most engaged cultures share this trait – employees feel empowered to make decisions about how they will achieve their objectives.

Far too many organisations operate in an outdated industrial era model of prescribing the ‘how’ through policy, red tape, under-delegation, over-review and micro-management. In fact, many don’t realise just how much they are doing so. Address this comprehensively and employees feel much more trusted (and become much more trustworthy).

Share the organisational purpose and strategy transparently, inclusively and frequently

While not quite as powerful a driver as autonomy, sense of purpose has a strong impact on motivation and loyalty. Giving occasional presentations on the strategy and putting posters of the vision on the wall just doesn’t cut it. The most engaged organisations:

• Embed the purpose and strategy in almost all communications, processes, reward and recognition activities and much more
• Don’t just tell - they involve employees in the development, nuancing and updating of purpose and strategy
• Make purpose a reality, not a slogan. They don’t shirk or act hypocritically when other challenges arise – they maintain focus on purpose and meaning at all times
• Do all of the above all the time, and never lose sight of it

Generate organisational improvement initiatives both top-down and bottom-up

We mentioned earlier that all top-down and all bottom-up are flawed approaches. The key is to recognise that some changes can only come from executive edict and commitment but to ensure that the rest is bottom-up (consistent with the ideal of autonomy). In the best-led organisations, a huge amount of the positive culture comes from the masses – but this happens because senior management has been so obviously supportive and trusting of it.
Treat the improvement effort as a major project with proportionate governance

Here’s a striking thought: for many organisations, lifting employee engagement would have a more significant effect on the corporate dashboard than 90% of the other major programs taking place. This is because engagement has such a profound causal impact on everything else that drives corporate success.

Yet the reality is that engagement improvement initiatives have far weaker governance (and lower funding) than those other 90% of projects. Why? Mostly because the causal pathway is too fuzzy - the causes and effects are not closely connected in space and time and there are numerous confounding variables. That’s enough to create doubt regarding the ROI equation.

That’s not a good enough reason. Most of the critical practices in business are impacted by fuzzy causality – take marketing or R&D, for example - but there’s sufficient evidence and logic to tell us we should invest in them. Employee engagement is no different – except that it’s an even more worthwhile investment than the others!

The implication? That employee engagement improvement should be treated as a major program and should be afforded the program management disciplined applied to the most critical programs that the organisation runs. This means clear structure, success measures, reporting and accountability.

Gather feedback frequently to assess progress and modify approaches

Regardless of how frequently formal surveying is conducted, information on progress is needed frequently and responsively. This not only enables evaluation of the efficacy of the intervention and refinement in approach, but also builds momentum, trust and confidence.

Ensure that improvements are linked, communicated, celebrated and reinforced

Typically, efforts to improve engagement do some good. However, much of the effect of this on subsequent measurement usually evaporates. Why? Because the boat rises with the tide. We expect much more from our organisation than we did a decade or two ago, simply because we’ve all adjusted to the new normal. If we want people to appreciate how much better things are, we can’t expect them to make rational comparisons between the past and the current day – human brains just don’t work that way.

We need to help employees make the connection as soon as the improvement has occurred. This means a programmatic approach to sharing the good news and ensuring people see that it was their input that caused the improvement initiative to be taken.

Final comments

Applying the above levers will move any organisation from moderate or fixed engagement to higher levels – and importantly, create a healthier culture. However, in the same way that the key to good personal health is a lifetime of sound nutrition not a crash diet, a three-month intervention of feel-good fixes won’t result in a better place to work twelve months later.

The key to success is long-term orientation and sustained discipline. In the same way that a company can never relax on financial performance or customer experience, the focus on improving engagement must be perpetual. The good news is that, like a healthy diet, once it becomes embedded, you’d never want to return to bad habits again.