Growing momentum

The economic downturn may prove to be the catalyst for organisations finally realising they cannot afford to ignore employee engagement as a business tool.

For years “employee engagement” was one of those phrases bandied around by HR, to which the rest of the business felt obliged to pay lip service but would essentially ignore.

The downturn, double-dip recession, depression – call it what you will – has changed all that, however. With companies struggling to survive, having workers performing at less than 100 per cent is no longer an option, while job insecurity and the dearth of other opportunities out there have made stagnating employees a real danger for many.

The business case for engaging employees is now undeniable; surveys consistently show those companies with higher levels of engagement are more productive, and also benefit from lower staff turnover and absence rates. Suddenly, then, employee engagement is all the rage. Last year David Cameron proclaimed it was a core tenet of the government’s plans for both economic growth and employee wellbeing, and subsequently launched the Engage for Success Task Force. It is due to come to fruition this autumn, and the article by co-chairs David MacLeod and Nita Clarke in this supplement outline how this has already helped to turn rhetoric into reality at many organisations.

There are many and varied means of engaging employees – flexible working, effective use of benefits and building a brand with which workers will identify and empathise are all important aspects – but the message that comes through time and again is that line managers are the people who can make or break such initiatives. Our feature on page 8 looks at the efforts some companies are making, while the cover article explores Unilever’s approach to measuring and improving engagement on a global level.

No one is seriously suggesting that the battle to create conditions in which employees could reasonably be expected to thrive has been won.

But there is a growing feeling that businesses have finally made the connection between engaged staff and productivity, and a motivated workforce and the bottom line. That may yet prove to be our ticket to better economic times.

Nick Martindale
Editor
In brief

Room for improvement
Staff working in the retail and utilities sector are likely to be the least engaged in the UK, according to new research by Aon Hewitt’s global consulting firm.

Global engagement is rising
Despite the current economic conditions, staff engagement around the world is on the up, according to Aon Hewitt’s global employee engagement survey. The report found 58 per cent of employees felt they were engaged in 2011, compared to 56 per cent the previous year, with particular improvement in the areas of leadership at business unit level, creating a positive work environment and seeing relationships with customers as rewarding.

One in 3 staff want to quit
Over a third (36 per cent) of UK employees are seriously thinking of leaving their work; almost a quarter (23 per cent) are unsure whether to stay or go, a report by Mercer finds. Some 30 per cent say they are a major factor in joining a business.

Next 12 months
More than one in three companies (36 per cent) has hired new starters without enabling them to meet their line manager. A poll by video interview firm Cammi.me found this is a common occurrence for 12 per cent of firms and 11 per cent said they did not have enough time to interview all the candidates they would like to.

NHS should learn from John Lewis
The NHS needs to learn from the John Lewis model of engaging employees by creating the conditions in which staff can be proud to work for the organisation, according to former John Lewis chairman Sir Stuart Hampson. Speaking at the NHS Confederation conference in June, he urged managers to give staff more responsibility and autonomy to develop greater job satisfaction.

Firms risk losing fathers
Almost one in two fathers (46 per cent) would consider quitting their current role for another that offered greater flexibility around working hours and practices, a study by BT and the Employers Network for Equality and Inclusion claims. Greater support from employers would involve more flexible hours, cited by 49 per cent, financial assistance with childcare (38 per cent) and more understanding around how parental responsibilities can impact on work (25 per cent).

Public sector struggling to hire
Employers in the public sector are finding it hard to attract and retain staff as the government’s cutbacks programme takes hold. Research from the CIPD (Chartered Institute for Personnel and Development) and recruitment group Hays found the number of organisations in the sector saying they had difficulty filling roles increased to 82 per cent in 2012 from 66 per cent in 2011.

A tale of two species
Men and women have different leadership strengths and organisations need to find a balance of both if they are to be successful, a study by Talent Innovations suggests. The research claims men are more strategic and have more of a personal impact on others, while women tend to be better organised and demonstrate a greater degree of empathy and respect for others.

Beyond the call of duty
The average worker puts in more than two hours’ work when they leave the office, according to research by the Chartered Society of Physiotherapy. The body found staff spend two hours 18 minutes working on smartphones and other devices, on top of an average of six hours 22 minutes in the workplace.

Employee ownership pledge
The government has pledged to create an independent institute for employee ownership, following recommendations made by the Nuttall Review. It also intends to invite submissions from organisations with established models on how to make the concept work in practice. The government will publish a formal response to the review, which highlighted a lack of awareness and resources – as well as regulatory concerns – as barriers to employee ownership, in the Autumn.

employee engagement

In figures

One in five employees wants the option of a workplace gym to help keep fit and stave off stress, according to insurance firm Canada Life

36

Percentage of employees who say benefits are key to staying with their employer, research by Mercer finds. Some 30 per cent say they are a major factor in joining a business

50

Percentage of companies planning to impose pay freezes over the next 12 months, up from 41 per cent in 2011, according to law firm Irwin Mitchell

63

Percentage of staff who say they would feel more engaged with their employer if it allowed charitable working, according to a survey by software firm LeapCR

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Brand view
Steve Hemsley asks how we can inspire short-term workers

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Employee ownership pledge

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LinkedOut - the art of social engagement

Organisations need to embrace the rise of social collaboration or risk being left behind

We’re all aware of the influx of developments in the way we communicate, connect and share information over the web. Geographical distance is fast becoming irrelevant. Facebook, Twitter, LinkedIn, smartphone, broadband and 3G are terms that we’re all familiar with, but just ten years ago they didn’t exist. Now, you can take a photo, upload it to Facebook and your friend in Australia can comment on it in seconds. You can ask your Twitter followers a question (‘crowdsourcing’) and have an answer in minutes.

If this is the case outside of work, surely it must be the same in the office? Wrong. Even though developments in technology and social platforms are moving at a tremendous pace and

Today’s leaders see social media as something their children do, glued to their phones going beyond merely ‘jazzing up’ internal publications, they are struggling to be implemented in business organisations.

There are now powerful systems that integrate social media functionalities into business collaboration tools that blow the old-style company intranet right out of the water, but the uptake is minimal. Yet, without these tools in place, many companies will struggle to engage with employees and colleagues will struggle to communicate with each other — whether they’re in the next room or on the next continent.

Leaders need to know what they’re doing

Sadly it’s the leadership of these organisations — and their fear of introducing ‘Facebook for work’ — that’s to blame. The professional world is fast moving away from command and control structures and becoming more open, transparent and collaborative. Leaders need to realise this or risk being out of touch. A lot of today’s leaders see social media as something their children do, glued to their phones far from the prying eyes of their parents. This means they feel excluded from this concept that’s apparently terribly complicated, high-tech and way beyond their reach. What’s needed is a sea change in the perception of social media, and, therefore, social business tools.

Of course, there are other excuses. Fear of losing control of the workforce, unmanageable amounts of feedback, not having all the answers, relinquishing power and no longer being seen as an authority figure...

These are all rational concerns, but adapting to a substantial change is not as grim a prospect as leaders might think. Like any change, the fears and concerns over it are often blown out of proportion, more due to ignorance than fact.

Change is inevitable

In reality, it’s not a case of ‘if’, but ‘when’ leaders succumb to the array of benefits that a social business system can bring to their organisation. Workforces are now expecting to be led differently, so unless leaders can develop their techniques and embrace this change, they shouldn’t be surprised when they’re left behind.

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What are your people saying about you?

Creating a compelling employee brand is key for engagement and driving success

More than half of employees today get information about their organisation from external media sources. Along with the advances in online technologies and social networks, an organisation’s brand is no longer as controllable as it once was. In this online age of ultra-connectivity the latest indiscretions of employers are there for all to see in near real time on Twitter, Facebook, and blogs in addition to the usual media outlets — we’ve all heard of the banks’ recent rate-rigging and the phone hacking scandals.

These indiscretions and lapses in business process and principle have the capacity to affect not just the markets and public perception, but also employees’ perceptions. The web provides the perfect environment for sharing experiences of current or previous employers and it is fairly easy to find comments about an employer’s culture, management and levels of pay. It only takes a few negative stories for people to form their own impression, regardless of how accurate or typical those stories or experiences may actually be. Never have there been as many channels for bringing the brand into the public arena.

Employer brand can essentially be described as “what it is like to work here”. Every organisation has an employer brand. Whether or not it is a managed one, people will have an idea of what you are like to work for, and what your products are like. This brand has long been known to affect customer perceptions and return on investment. As early as 2006 the Corporate Leadership Board quoted that effective brand management could bring about a 20 per cent increase in available talent and the ability to attract candidates for significantly lower compensation. Our recent work shows that brand is also key to employee engagement and retention.

Denise Faihurst, head of employee research at Ipsos MORI, says: “Not surprisingly employees want to stay with companies who have a strong brand and are sought after places to work, but also deliver on what they have promised.” Organisations with a strong employer image are five times more likely to have engaged staff than those with a weak employer image. These engaged staff are more than four times as likely to think their organisation’s customer image is ahead of the competition. Their positive attitude strengthens the brand image internally and externally, and reinforces relationships between the firm and its customers.

In the same way as your customers, employees will evaluate you in terms of delivering on what you promise. As such, any brand strategy has to be an honest reflection of the organisation. At Google, where innovation and creativity are critical aspects of their image, the work environment is well known for its fun and unusual workplace designs. Employees can use 20 per cent of their time to work on a project that is of particular interest to them, further fostering the entrepreneurial culture. Virgin advertises its brand as being built upon Richard Branson’s original philosophy and is well known for breaking the mould and being unique and exciting. Again this external brand runs through all aspects of the workplace. Employees are encouraged to challenge the status quo and contribute their unique individual perspectives.

So what does this mean for firms wanting to keep ahead? Employees reinforce the external image through their experience of the internal brand, through customer contact or their online presence. Organisations therefore need to identify and deliver an employee experience that is consistent with their promises to employees – after all, they are your brand ambassadors.

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The case for engagement

Businesses are slowly coming to realise there is a direct link between engaged employees and productivity, but many still have much to do.

By David MacLeod and Nita Clarke, co-chairs of the government’s Engage for Success Task Force

THE NEED FOR real cultural change in Britain’s workplaces is more pressing than ever. Figures released in June suggest the long-standing productivity gap between the UK and other developed economies remains stubbornly high. Of course, there are many factors involved but more businesses now understand that individual performance by employees – a key determinant of productivity – is dependent on their engagement levels.

At its most generous estimate, though, only a third of UK employees are really engaged with their organisations. Back in 2008, the Department for Business estimated that the total cost to the UK economy of this disengagement could be as high as £60 billion. That figure will almost certainly have increased since then.

We have been privileged over the past 15 months to co-chair the Task Force; now badged as Engage For Success, following the title of the report we wrote in 2008. Over 1,000 individuals from hundreds of organisations have contributed over £1 million in time, expertise and resources, bringing together examples of good practice and helpful tools and techniques.

Members of the Task Force have also spearheaded work into key challenges: how do you maintain engagement when taking difficult decisions such as making redundancies; how should higher levels of engagement be harnessed to enable higher levels of innovation; what are the barriers to organisations adopting engagement approaches?

The fruits of all this work will be launched this autumn in a major free-to-use website, accompanied by the rollout of a national practitioners’ network, with meetings around the country.

As Dame Carol Black – the leading expert on workplace health – told us, the best way of improving people’s health and wellbeing at work is to improve the quality of the relationship between staff and line managers. Organisations are increasingly counting the cost of absenteeism and labour turnover – even in the downturn – and much of this is down to poor people practices, particularly the impact of ineffective frontline managers.

Engaged organisations have at their heart the belief that the people who work for them are the difference that makes the difference.

After all, you can standardise processes – IT and so on – but it’s how the people on the frontline interact with customers, patients and parents of an employee that will determine the effectiveness of your business.

So set yourself the engagement challenge: do you have a compelling story about your organisation, its aims and values, with which the people who work there can identify?

Do your leaders and managers have the people skills they need to be effective? Are you really listening to your employees, and learning from them how to carry out your business better?

Does your organisation have integrity, where the values on the wall are reflected in day-to-day behaviours?

Engaged organisations have at their heart the belief that the people who work for them are the difference that makes the difference.

The world of work is unrecognisable from that of 10 years ago; never mind the 1950s and 1960s when the predominant management style of command and control came into its own. Now 75 per cent of work is discretionary; deference to leaders is long gone and trust levels are at an all-time low.

Social media, too, has transformed how employees communicate with each other and voice their opinions. Engaging with them is the only way to secure the levels of performance and productivity organisations require, and UK plc needs to grow and prosper.

Numbers game

Achieving buy-in from senior executives is vital for engagement. But is there a risk of too much information?

By Stephen Overell

THE Cliché about the C-suite is that they are numbers people. So the conclusion from plenty of HR specialists hoping to win a serious hearing from leadership about investment in employee engagement is to let statistics do the talking.

One school of thought is that to arrive at strategic insights, data needs to be sophisticated.

Dig a little deeper

The Royal Bank of Scotland (RBS) is today famous for being rescued by the taxpayer. But in the world of engagement measurement, it is also famous for pioneering advanced measures of the relationships between engaged employees, profitability, effective leaders and what customers want. It began doing so 11 years ago; long before the engagement bandwagon began to roll.

“Boards absolutely value data and evidence,” says Elaine Arden, group human resources director. “You need analysis to get under the skin of what the results are saying and to have a dialogue about them, but ultimately the reason why we do it is to make informed changes across the organisation. The really pivotal role that emerges time and again is that of the individual line manager in inspiring and leading people.”

In the view of RBS, there are five key metrics: business performance (income, sales and customer satisfaction); employee opinion survey data, carried out across 43 countries in 17 languages; HR measures, such as absence and turnover; data on leaders, such as tenure and performance ratings; and demographic information.

Don’t let your board pitch drown in a sea of numbers

It is perhaps misleading to see HR’s pitch to boards as being solely a question of figures. Caroline Sharley, head of employer brand and culture at Standard Chartered, says the bank’s board already recognises the value of engagement. Yet it can sometimes be particular stories that crystallise the interest. She recalls board intrigue about high engagement scores from China. On seeking further explanation, one of the practices that lay behind the results was that of writing to the parents of an employee to express recognition of their work. This was found to be very highly prized, but it wouldn’t work so well in the UK.

But there are HR directors who believe the measurement may have gone too far, to the point of being disengaging. Kirstie Loveridge, vice president for HR for AEG Europe, which owns the O2 arena, scrapped the firm’s £15,000 engagement survey earlier this year because it was “over-complicated”.

With the support of her board, she is concentrating on making changes to welfare, training and working environments. “We need to engage the enthusiasm, not get bogged down in the bureaucracy,” she warns.
Beyond the bottom line

Managers should show employees they care by hearing and valuing their ideas — an approach championed by one telecoms giant

"As a senior manager in BT I have to deliver results but I can only do this if everyone in my team knows where they fit in," says Gary Stuart, general manager for outside broadcast.

In his previous job, Stuart saved the business several millions of pounds he argues, simply by listening to the people who worked for him. "By talking to the guys on the frontline, we came up with some fantastic ideas that we would never have thought of otherwise," Stuart says.

"People need to know that as managers, we value their knowledge and expertise; and care about what they think."

This style of management is a key priority in BT’s employee engagement approach as all managers are expected to hold regular engagement meetings with their teams where they talk about the company’s goals, listen to how people are feeling about their work and discuss ways that the team can do an even better job, explains head of employee engagement at BT Sharon Darwent. "People want managers who care about them who can also stretch and develop them," she adds.

"BT has always had a strong employee commitment but when the economy got tougher, senior leaders renewed their emphasis on engagement, realising this would help the company to get through some very challenging business conditions. The logic is simple: engaged people perform better and this makes for happier customers and improved business results."

"It's the defining factor that sets BT apart from other organisations I've worked for."

Working in a culture that encourages people to feel they can make a difference has been a huge motivator for Kathem. "It's the element of fun — as well as embed its ideals of engagement — BT runs a range of initiatives such as the Best Boss in BT competition which celebrates the best managers in the business; or the Challenge Cup where teams compete against each other to come up with great ideas to improve customer service."

However, great jobs, excellent management and inspiring leadership can only take employee engagement so far. BT also need to feel that extra connection to what the business stands for, it’s aims and values. It’s not surprising therefore, that BT sees employee engagement as a core part of a sustainability agenda that is geared towards serving the community it works within and sells to.

BT encourages staff to get involved in a range of voluntary activities including helping out in local schools, raising more than £1m for Sport Relief and, this summer, volunteering for the Olympics. On a basic level these activities develop a broader sense of teamwork, bringing together people across the business who might otherwise never have met. But they do far more than that, argues chief sustainability officer Niall Dunne, because they show employees that they can make a difference — to the business, to the environment and to society.

"If you can bring together social purpose, environmental purpose and financial purpose, you have an opportunity to engage people in a way other organisations simply don’t," Dunne says. "And only by connecting our people’s talent, energy and enthusiasm with a higher purpose beyond the bottom line, can we get to be the agile organisation we need to be.”

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Delivering a gold-standard career

There are no second chances when it comes to the Olympic Games. "It’s got to be 100 per cent right first time and everyone has to deliver their personal best," says Howard Dickel, client partner, BT London 2012 delivery and legacy programmes.

Ensuring more than 850 members of the delivery team have been fully engaged in BT’s 2012 vision for a flawless Games has been vital — and not as simple as it sounds. "We had to recruit some people two years before they joined the team and develop their sense of commitment while they were working flat out on other BT projects," says Dickel.

He has used a variety of tools to build engagement including branding the team the BT Squad. In addition, Dickel has organised face-to-face events involving British athletes such as rower Debbie Flood and double gold medallist Dame Kelly Holmes. Monthly team calls and a closed Twitter group help people share ideas across the group while Olympic test events have created a huge sense of pride and community among the BT Squad.

But there is a bigger engagement question come September: how to deal with the inevitable enthusiasm for "what’s next?" when such an all-consuming project as the Olympics comes to a close. The answer is Career Wise 2012, a programme set up in January to help BT people involved in the Olympics identify and prepare for their next BT challenge. "Over two hundred people have been hard-wired into the Olympics for more than two years," says Dickel. "They represent a huge amount of talent that has been developed through the Olympics and we’ll be helping them realise their career aspirations with BT."
Managing your talent

Companies need to engage their workforce by using effective management – or face losing out to their competitors

The employee engagement revelation

Executive leaders and HR practitioners are more frequently recognising the importance of an engaged workforce, its potential to drive business performance and impact the bottom line. Engaged employees are highly motivated and committed to the success of their organisations and are willing to make an extra, discretionary effort. Academics, consultants, psychologists, and even financial analysts have written much on the subject of employee engagement during the past 15 years. Most of their focus has been on what drives engagement, with empirical research identifying several factors. These factors range from the employee-manager relationship, to a challenging work environment, a company’s focus on customers, outstanding performance recognition, and career development opportunities. By understanding the most important factors that drive engagement, HR leaders are able to develop effective engagement programmes. A more compelling outcome of engagement research shows that an engaged workforce impacts business performance, and ultimately, shareholder value. Put simply, companies with higher percentages of engaged employees perform better than their industry peers. Indeed, researchers at the Chartered Institute of Personnel and Development, Gallup, and Towers Watson have validated the impact of employee engagement and HR best practices on business performance.

Equally interesting, financial analysts have taken notice. A recent equities report focused on a large international bank, which cited that employee engagement scores were highly correlated with shareholder returns. Further, the report highlighted that the engagement score difference between the bank and its nearest competitor cost the bank £26m (£16.7m) in additional profits per year. As a result, the financial analyst downgraded the bank’s stock. Given the mounting evidence, it should come as no surprise that CEOs, CFOs, and senior HR officials are taking serious notice of employee engagement. Companies that fail to engage their talent face significant risks – including financial ones – relative to their competitors that have established systematic engagement strategies.

Increasing demand for talent management

In the 2012 PriceWaterhouseCoopers CEO survey, 29 per cent of respondents were unable to pursue a market opportunity due to talent constraints. This alarming trend has created a sense of urgency among organisations to develop holistic talent management strategies. Leaders in all business functions – including CxOs, HR practitioners, and line-of-business managers – need accurate and accessible workforce information to make the right decisions to support their business objectives. To provide this level of visibility, organisations are integrating their HR processes and information into talent management systems. These systems encompass numerous strategic HR processes, enabling companies to effectively plan, hire, align, develop, reward, manage, and analyse a high-performing workforce. The goals are straightforward – hire great people, ensure they are properly trained, align their goals to corporate strategy, reward top performance, and provide timely motivation to retain the best employees. Leading companies are developing talent management business cases focused on improving engagement. These business cases typically encompass current processes, business requirements, gap analyses, system/technology needs, and change management considerations. Furthermore, several core talent management processes directly impact employee engagement. As a part of their business cases, companies should map these standard talent management processes to their most pressing engagement challenges. This analysis facilitates deeper understanding of core requirements, and also helps with the provisioning and prioritisation of talent management software.

Given the significant impact that employee engagement has on business performance and the bottom line, improving engagement has become a top priority for leading companies. The risks of ignoring it, putting it on the backburner, or not funding it adequately, are simply too high.

Companies that embrace employee engagement – supported by a single, integrated talent management software platform – are reaping the rewards: better financial performance, higher customer satisfaction, higher employee retention, and more productive employees.

Combined, these benefits lead to sustainable competitive advantage.

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Business at face value

Technology is no substitute for real conversations – if you want to inspire your colleagues, you need to connect personally

In order to keep pace with market demands, companies are increasingly turning to technology to enable the business to communicate 24/7. We’ve enabled our employees to be super-connected, but are we communicating with the right people in the right way in order to be understood?

Internally, we’re seeing a marked change in the way employees are creating and accessing their own information in order to have a better understanding of what’s happening in their business.

“We’re working with our clients all the time to help drive adoption of new digital communications tools that are, quite simply, what employees have been waiting for – a collaboration that they understand, find intuitive and will embrace long-term,” says Duncan Gardner, managing director of brand engagement agency, Avvio.

“It’s what employees want, but it’s only part of what they need – creating face-to-face opportunities for managers to inspire their teams is still vital.

Focus groups, team meetings, manager briefings and roadshows are still a key part of good business, whatever we are trying to unearth or share. Technology simply allows us to have different kinds of conversations faster.

“We run the risk of not having enough real conversations anymore,” says Gardner. “The ones we used to have around the water cooler or coffee machine are now happening either virtually or not at all. At our regular Insiders events (our forum to discuss key industry trends), the dearth of face-to-face conversation was rated as a high priority for discussion – the one issue leaders need to consider now. How well do we know our teams anymore if we’re not having those regular conversations?

“We’re seeing an increase in demand for channel audits from our clients. They’re asking us to help reconnect their channels with their people – to build back in different kinds of conversations. We’re working with our clients all the time to help drive adoption of new digital communications tools that are, quite simply, what employees have been waiting for – a collaboration that they understand, find intuitive and will embrace long-term,” says Duncan Gardner, managing director of brand engagement agency, Avvio.

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“We’re seeing an increase in demand for channel audits from our clients. They’re asking us to help reconnect their channels with their people – to build back in some more opportunities for managers to listen, guide and inspire. More clients are saying they feel human interaction has been stripped back to the bare minimum. By asking the right questions and listening to employees in friendly focus group environments, Avvio is helping clients find the right channel mix and communications methods that don’t rely too heavily on digital communications to do it all.”

City Link’s HR director, Scott Maynard, agrees: “Technology should be seen as an enabler to communication change, but nothing beats a manager sitting down with his staff and having a regular catch-up. It’s still important to listen.”

“Today technology allows us to listen even more effectively,” says Gardner. “We can gather a huge amount of information very quickly to analyse the state of the nation, but we need to test it by asking more pertinent questions. We’re conducting more face-to-face research than before but to ensure we’re not misinterpreting data. Having the ability to continue talking to people, actively and regularly, is key to building trust in our businesses.

“Our aim must be to promote a trusted set of integrated communication channels, and as part of that mix we strive to keep on finding valuable opportunities for good old fashioned conversation, what better way to help inspire trust in managers and senior leaders. We cannot underestimate its value.”

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A meeting of minds

From argument to engagement: how mediation in the workplace can save both time and money for your business

INDUSTRY VIEW

Unresolved workplace disputes are one of the biggest barriers to employee engagement. Conflicts and disputes reduce goodwill, drain resources, take up valuable time and cost eye-watering sums of money. Marks and Spencer, BT and Topshop have all incorporated mediation into their organisations with remarkable results.

Mediation is a process of dispute resolution in which a neutral third party (the mediator) helps two or more parties find a mutually acceptable solution. Unlike traditional dispute resolution procedures – mediation is non-adversarial, it is confidential and it works.

The power of mediation, argues Carole Russell, head of employee relations at BT Retail, is in offering people alternatives to formal processes. Putting an end to our formal grievance culture was the real selling point for our business. Since we introduced a mediation scheme at BT, explains Russell, our internal mediators have resolved over 500 cases and the business has benefited from savings in excess of £1m.

The BT experience is compelling and the message is spreading. At Marks and Spencer, Philip Edwards, employee relations manager, is completely behind this new approach. We use mediation as an early, informal resolution for issues across the whole business of 75,000 employees.

Cost of conflict

Paul Forrest, group employee relations manager for the retail giant Arcadia Group is a TCM accredited mediator and a passionate advocate of this new method, saying it has underpinned their commitments to employee engagement and wellbeing.

The costs of conflict run to an estimated annual £33 billion to UK business according to the Confederation of British Industry, taking up 20 per cent of leadership-time and resulting in 7.8 million days lost. However, the Chartered Institute for Personnel and Development (CIPD) finds almost 60 per cent of companies using mediation see a significant reduction in formal grievances and a reduction of employment tribunal claims by almost 50 per cent. A typical mediation costs approximately £1500 with over 90 per cent of cases achieving a successful outcome. Mediation works, says BT’s Carole Russell – everyone wins.

David Liddle is the founder and CEO of the TCM Group. He is also president of the Professional Mediators’ Association.

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Everyone wins with mediation

90% of employees claim to be working beyond what is required

By Stephen Overell

AT FIRST GLANCE the concept of employee engagement has not got much going for it. Its central premise is hardly a revelation: motivated, committed employees work harder and achieve more. It can mean anything and nothing at the same time.

Is “engagement” a state of mind? A type of behaviour? Is it what happens when you score a hat-trick of liking your job, your boss and your employer? So mysterious is it that some of the subject’s boosters abandon words altogether and appeal to the senses. Employee engagement is rendered as “buzz”.

“You sort of smell it”, says the MacLeod Review of Employee Engagement, a report for the UK government. But some versions smell bad: “How to get £10 work for £8 pay” was how the chief executive of one of the UK’s biggest supermarkets defined it. Above all, it can seem feebly remote from the desperate economic context.

Yet it has unquestionably struck a chord. The word, along with its related vocabulary of “drivers” – the things that contribute to engagement (see box) - and “discretionary effort” (engagement’s Holy Grail), is losing its association with HR and becoming a preferred language for businesspeople to talk about work. Surveys and strategies multiply. “The message has a long way to travel,” says Professor John Purcell, associate fellow at Warwick Business School. “But in general it’s a positive take on how organisations should relate to staff, emphasising the vital role of the line manager and employees as the key actors in business.”

Benefits can build brand loyalty

To understand the appeal, start with measurement. Although it is variously defined, and therefore studies of it measure different things, the build-up of evidence about the relationship between levels of employee engagement and the performance of a business unit, team or branch, has become difficult to ignore. “Unlike, say, job satisfaction, which can invite the response “well, so what?” engagement is consistently business-focused,” says Caroline Sharley, head of employer brand and culture at Standard Chartered, which uses employee surveys to redouble the attention it pays to the people management skills of its line managers. Recognition, regular private conversations about how workers are doing and showing that the manager cares personally about employees most affect engagement levels, adds Sharley.
This way, line managers learn to take what some feedback gleaned from online surveys and reports.

At Virgin Media, managers are suggested.

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in objectives. It should act as an

procedures support business
to which people-processes and

engagement and key performance

Employees at Sky are visited by celebrities, such as Elle Macpherson, third from left.

However, while the appetite for measuring is high, the desire to make concrete changes that enhance the experience of staff may be more limited. The complaint that not much happens in the wake of surveys is a bugbear of unions. They are broadly supportive, however. “The use of data and evidence has forced companies to back up vacuous statements about their employees,” says Sarah Veale, head of equality and employment rights at the TUC. Engagement tends to be higher in unionised organisations, she suggests.

Some of the impact may be deliberately under the radar. At Virgin Media, managers are measured not just on their financial results but on their people management skills, drawing on feedback gleaned from online surveys and reports. This way, line managers learn to take what some may dismiss as “soft stuff” seriously. The firm has developed a series of courses managers can do to build skills in these areas, on leading projects and developing talent-leading teams.

At Sky, the focus on engaging staff revolves around offering staff a range of benefits, including those that are not usually found in other companies. Deborah Baker, director for people, says these include a dedicated staff TV channel, which gives employees access to new programmes a week before they are shown to customers, and bringing in celebrities from Sky programmes to visit staff around the UK. “We know from employee feedback how much people value these exclusive perks and this has direct business benefits, as well as creating home-grown ambassadors for our brand which can boost motivation and build loyalty towards the company,” she says.

The recession in general has coincided with an expansion of interest in engagement. After all, the discretionary effort of staff is one potential source of low-cost business growth. This is perhaps especially relevant in “people businesses” which create value from specialist knowledge or from interactions with customers – banks, gyms, universities, councils, airlines and so on – but not exclusively so. Where redundancies are in the air and staff are feeling fearful, it makes sense for firms to concentrate on some of the factors that contribute to engagement, such as visible leadership, clarity about expectations and good working relationships.

For some firms, interest in engagement derives directly from competing in a downturn. At insurance company Aviva, a drive to improve employee engagement began from investigations into the frustrations of customers in 2008. Being passed around between call centre agents with different specialisms and having to make repeated calls to change policies or sort out claims was a major irritation. Meanwhile, for staff, the duty to follow computerised scripts meant they could not respond flexibly to queries. The finding led to a decision in 2009 to do away with scripts and call volume targets, and train staff to deal with a wider variety of enquiries. Rob Brown, a director, notes a series of consequences. The company’s measure of “overall engagement” rose from 48 per cent in 2009 to 70 per cent in 2012. Staff turnover has fallen from 38 per cent – not untypical in UK call centres – to 17 per cent. One call centre in Norwich had just two per cent turnover, although it is hard to separate the effect of engagement and the depressed external labour market. Significantly, “tens of millions” of pounds has been saved by shorter calls and fewer repeat calls.

How has the recession affected engagement levels? According to Towers Watson, with its database of 200 firms with a combined total of 500,000 employees, engagement levels have held steady since 2007. But there are fluctuations

underneath, notes Nick Tatchell, a director.
People’s pride in their employer is unchanged. Willingness to put in extra effort has in fact gone up; 90 per cent claim to be “working beyond what is required”, although concerns over excessive workload have risen, too. But measures of satisfaction with career development and wellbeing have suffered: clear career paths are

in the 2009 to 70 per cent in 2012, compared with 61

per cent in 2008.

This is a worry for Tatchell. “Engagement is ultimately about a sense of connection with an organisation,” he says. “Not enough effort is being put into preparing for the upturn when themes about reward, career development and wellbeing will re-emerge.”

The holy trinity of engagement surveys

Getting a CEO to agree to an engagement survey can be hard – especially when your business case isn’t good enough. So how can you build a convincing one?

INDUSTRY VIEW

First, it needs to go beyond engagement (engagement is an enabler, not an end in itself) and focus on the links between engagement and key performance metrics such as customer satisfaction, sales and profitability.

The survey needs to measure how well people’s attitudes and behaviours are aligned with the needs of the business, and the extent to which people-processes and procedures support business objectives. It should act as a capability audit which provides a vital gap analysis between where the business is now and where it needs to be. It needs to clarify how links between attitudinal/behavioural data and key performance metrics will be identified.

If the survey is going to improve business performance, it needs the support of the senior team; the business case needs to explain how they will be involved in the process and in the framing of questions that measure how attitudes and behaviours impact operational performance; and how they will take ownership of post-survey initiatives.

Post-survey action – turning insight into action to improve performance – is the hardest part of the process. Success requires planning, persistence and reinforcement. Does the business case provide a structured action programme, and explain how responsibility for action will be delegated to line managers, team leaders and their teams? Does it set out how they will be provided with the reports, guidance, tools and support they’ll need to be successful? Is there a robust process for posting action plans, evaluating their effectiveness, and identifying and sharing best business practice across the business?

The business case needs to cover three fundamentals: how the survey will link to and drive key business performance metrics, how the senior team will be involved in the process, and how insight will be turned into action.

The absence of any one could affect the survey’s success, as well as its chances of providing a return that justifies the investment.

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The magic ingredients

Employee engagement is notoriously vague, but there is greater agreement on what “drives” it than what it is.

According to the Conference Board, the American leadership organisation, which conducted a meta-study of engagement, the magic ingredients which, in theory, ought to lead to improved business results – if firms can improve them – are:

- Trust and integrity: The extent to which employees feel management is concerned about their wellbeing, tell the truth and demonstrate espoused behaviour

- The nature of the job: The extent to which employees derive stimulation from their role, including levels of autonomy and participation in decision-making

- A link between company and individual goals: The extent to which employees feel they play a part in contributing to an organisation’s goals

- Career development: Whether specific efforts are made to build skills

- Pride: The level of self-esteem that employees derive from being part of an organisation and their willingness to recommend it to others

- Co-workers: The social connections people make

- Relations with management: The degree to which employees value the relationship they have with their manager

Not enough effort is being put into preparing for the upturn when themes about reward, career development and wellbeing will re-emerge.
Bridging the gap

Businesses need to look closer at employee engagement surveys to ensure future success

Fans of the TV quiz show Family Fortunes will know that the format consists of asking 100 people a series of questions with the contestants having to guess the most popular answers. While some of the questions lead towards a fairly closed group of answers, the quiz occasionally springs surprises, such as the time when asked to “name an object which floats on water” the answer given was “a coffin”.

This odd answer – the capacity of respondents to surprise and come up with the unexpected – is one key reason why businesses need to take time and care when looking to measure employee engagement, says Jo Geraghty of Culture Consultancy. Geraghty has seen too many examples of businesses that have failed because managers have “assumed” rather than found out. Increased staff absence, high employee turnover, falling profitability or projects failing to complete on time can all point to falling levels of employee engagement. However, unless an in-depth review, such as the Culture Consultancy Engage Model, is carried out, business leaders are merely stumbling around in the dark towards the inevitable business failure.

However, Geraghty adds a note of caution in highlighting the fact that an engagement survey is not the only step in gauging how engaged employees really are, with accurate HR data and key performance indicator (KPI) results playing an important role in building a true picture of the state of play. Many organisations simply complete surveys and fellow Culture Consultancy Director Derek Bishop stresses: “Businesses which undertake an engagement survey

Taking visible action will benefit the organisation and then do nothing are simply exacerbating the rift between the organisation and employees. Surveys are not tick box exercises, nor are they an excuse for HR departments to produce reports to justify their processes.”

If conducting a survey and doing nothing is worse than not acting in the first place, what options are open to organisations once the survey results have been evaluated? Simply put, the employee engagement review results will determine the course of action.

Often a single issue may require a multifaceted solution. For example, the identification of a silo mentality within the organisation may require team leaders to be trained in cross-department communications, employees to be coached in a greater understanding of their importance and role within the overall organisation, and action taken to open up channels of communication throughout the business. All of this may require an initial re-evaluation of the company culture as well as determined leadership from the top.

While a few issues may need instant remedial action, others can be managed as part of a longer-term change programme. The prime consideration though is that employers are aware that action is being taken in response to the engagement review and that they are included in that action. Simply asking for employee input acts as the first step towards raising engagement. Acting on that input improves levels of employee engagement with the associated benefits to the organisation. Culture Consultancy cites one of its clients recording a 4 per cent increase in employee engagement, resulting in a 32 per cent increase in revenue following an engagement review and follow-up programme.

Our survey said: the lesson to be learnt is that employee engagement is not just a tick box exercise and should not just be an annual exercise. Whatever the results of our survey – however unexpected – taking visible action will benefit the organisation, its reputation and its profitability. Failing to measure employee engagement in the first place or, worse still, conducting a review and doing nothing, is simply hammering nail after nail in the coffin until the business not only fails to thrive, but sinks without trace.

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Make or break a reputation

Britain is facing low growth and worsening living standards, but Ben Page argues that the recession can actually boost employee engagement

Why should employers be concerned with the level of engagement among their employees? Simply put: because they cannot succeed for long without it. Most leaders know this, but sometimes get blown off course by the other pressures they face.

As one management guru puts it: “The soft stuff (ie people) is the hard stuff”. Measuring employee motivation and engagement – and in particular understanding what improves it – is fundamental to building a sustainable business with a performance culture that defaults to doing the “right thing”. It’s amazing how weak the correlation is between happiness with pay, and organisational performance, but how strong it is with feeling listened to, being valued, having widely shared goals. In some ways all of this is obvious, but the question we have to ask ourselves as bosses is – why do we sometimes forget it?

From your experience, what are the biggest challenges in engaging, motivating and retaining employees at the moment? Strategic clarity and providing people with a sense that there is a sunlit upland we can get to – Britain looks to be set for a decade of low growth, with pressure on living standards. Wages aren’t keeping up – and a new phenomenon is “the working poor”: in this context, bosses have to spend even more time encouraging people to focus on the things that really matter in their business, and building and maintaining that shared set of behaviours and higher purpose that everyone can buy into. Easy to say, harder to do!

What is the relationship between the reputation and public perception of an organisation and employee engagement within that company? For large organisations it’s huge – if you employ thousands of people, what they say out there to your customers – whether when socialising or at work – can make or break your public reputation.

One of the challenges the NHS has for example, with 1.3 million staff who are also voters and tax payers, is that if you make them feel unloved, they will rapidly transmit that to patients and the country as a whole.

“Employees are responding to tough times by an increased desire to help their organisation succeed”

Has the recession had an impact on employee engagement?

Yes – if anything it seems to be increasing it! Those who still have a job – and many organisations have had to cut headcount – are now more likely than before to say they feel motivated to help their employer succeed, and that they share the objectives of the company. Although job security has tumbled, it seems that employees are responding to tough times by an increased desire to help their organisation succeed.

Consequently, should companies be approaching employee engagement differently during these difficult economic times?

A key challenge for all of us is getting colleagues to grasp that there was the world before 2008, and the world afterwards.

I know everyone is worried about the economy, but they have to realise this is not a temporary recession like the early 1980s or 1990s – it is combined with rapid technological change, globalisation and a long-term shift away from Britain and Europe, which means that companies and individuals have to behave differently than they did in the “long boom”. It means that being average is not going to be enough anymore – and all of us need to understand that. It means employers making sure they are crystal clear about the behaviours needed for success, but also making sure managers and leaders are visible and “there” for people, as we make the changes we have to make to adapt to a more competitive and low growth environment.

Ben Page is chief executive at Ipsos MORI

Denise Fairhurst is head of employee research at Ipsos MORI

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Global vision

Running an employee engagement programme on a global basis is a logistic challenge for Unilever but one that Peter Wilde, global head of employee insight, believes is paying off.

By Lucie Carrington

UNILEVER IS a happy place to work, says Peter Wilde, global head of employee insight. Every two years the business surveys all 140,000 full-time staff across the globe to assess how engaged they are. At the last count in 2010 as many as 83 per cent said they were proud to work for the business.

“Engagement here is much higher than I’ve seen in similar businesses I’ve surveyed,” Wilde says.

Unilever has never been comfortable discussing the details of how it manages people and their careers, preferring to keep the details under wraps, and tends to be a bit cagey with the press when it comes to anything other than investment stories.

But there is nothing cagey about Wilde or the engagement message he’s keen to promote. With 15 years’ experience measuring employee attitudes across a range of industries, he is an out-and-out supporter of capturing the data and doing something about it. “The high level of employee engagement we experience at Unilever is a competitive advantage,” Wilde says.

Where it all began

Wilde kicked off his career at market researcher Ipsos MORI – then just MORI – having graduated with a degree in psychology from Manchester University. “I had a massive variety of clients and great exposure to them,” he says. “At 23, I was presenting to the boards of the BBC, Coca-Cola, Bank of Scotland (now HBOS) and more. I could see that I was helping to improve the working lives of thousands of people.”

Wilde was headhunted to work in the City where he spent six years at UBS heading up the employee research staff. During this time, he implemented an employee research programme that fed into recruitment and talent management.

“We were measuring levels of engagement at each touch point with the employee, looking at where things were going well and where they were going wrong,” he says. “The aim was to retain and develop people and enable UBS to recruit better and smarter.”

Wilde moved to Unilever last year to run a variety of employment research projects for the corporate business. However, the core of his work is the biannual global people survey of all full-time employees.

Crossing continents

The survey is a static model looking at four elements of engagement: job satisfaction, pride, commitment and advocacy for Unilever as a place to work. These measures are aggregated to produce an engagement score. In 2010 this was 73 per cent, up from 65 per cent two years earlier.

The survey is a massive logistics exercise. Up to 90 per cent of employees complete the survey with 60 per cent responding online. That leaves a massive 40 per cent paper responses. “We have to deliver and collect surveys from across the globe,” Wilde says.

A network of engagement champions pushes local responsibility for the survey, and helps and encourages staff to complete the questionnaire.

All managers from the most junior through to the board receive an engagement score. They use this data to have conversations with their people and to develop an action plan for further improving their engagement. A separate survey of Unilever’s 15,000 managers also takes place every other year, ensuring managers receive an annual score.

It’s right that engagement is a part of performance management for Unilever managers, Wilde says. But his experience in the financial sector makes him wary of using it as much more than a tool to help develop leadership skills. “I would be very cautious about linking it to pay in any way,” he warns.

A great place to work

Wilde is clear why the business has been so successful at engaging a global workforce, despite the size of the organisation and diversity of its brands.

“It’s about the extent to which our people buy into our vision and values that drives employee engagement at Unilever,” he says. “And it’s about line of sight: people can see that what they do makes a difference.”

In particular, he points to the sustainable living plan that CEO Paul Polman has been pushing. Its three top-line aims are to improve health and wellbeing, enhance livelihoods and reduce the firm’s environmental impact. “Our people buy into it, they believe it and they get excited about it,” he says.

Peter Wilde says Unilever’s engagement is much higher than in similar businesses he’s surveyed.

In addition to sending out the right messages, Wilde believes bosses at Unilever are also good at listening to noise coming back up the line, and acting on it. He points to a factory in Ecuador making ice-cream and spreads.

Employees suggested they could do more to encourage local stores to stock their products so the factory managers helped them set up a scheme whereby individual workers “adopt” a store. “This notion of local change and local action is really important to us,” Wilde says.

But employee engagement isn’t something an employer can dip in and out of, and years spent researching employee attitudes has shown Wilde that it is crucial Unilever doesn’t become complacent.

“Even if engagement levels are high, we can still look at what’s driving this level of engagement and assess what can be done to sustain or improve it further,” he says.

The whole truth

Surveys can be a useful starting point for wider engagement strategy. But it’s vital that these are set up properly.

By Stephanie Sparrow

IF EMPLOYEE ENGAGEMENT makes good business sense, it follows that it should also make sense to measure it. But can you trust the results, and do you really know what you are measuring?

Ignore these questions and you could find that a seemingly strong engagement score is just masking troubles, according to new research from the Chartered Institute of Personnel and Development (CIPD) and the Employee Engagement Consortium at Kingston University Business School.

“While we definitely encourage organisations to measure engagement, it is not enough for them to focus on increasing their scores without considering what type of engagement is being measured,” says Angela Baron, research adviser at the CIPD.

“Engagement is multifaceted; it is made up of job satisfaction, willingness and performance; communications; attitude; and culture and behaviour.”

The CIPD and Kingston research found that employees who are engaged only with the task or job role at hand, which it calls transactional engagement, may respond positively to engagement surveys and outwardly behave as though they are engaged, but are less likely to perform well and may leave quickly if a better job offer comes along. Other respondents may make criticisms of the organisation, and so lower the score but do this because they care.

Kerstin Alles, a researcher at the Kingston Employee Engagement Consortium, says the ultimate aim must be to create a culture rather than rewarding the most engaged team. “We have found that high commitment and involvement from senior management beforehand, such as pre-communication that the survey is coming, works well,” she says.

“The survey should be sent individually to employees, with words from the line managers to explain its purpose and how it will impact the organisation, and so lower the score but do this because they care.”

Kerstin Alles, a researcher at the Kingston Employee Engagement Consortium, says the ultimate aim must be to create a culture rather than rewarding the most engaged team. “We have found that high commitment and involvement from senior management beforehand, such as pre-communication that the survey is coming, works well,” she says. “Then the survey should be sent individually to employees, with words from the line managers to explain its purpose and how it will impact the organisation, and so lower the score but do this because they care.”

People buy into our vision and values and can see that what they do makes a difference.

Critical themes are the long-term career potential and how we deliver on customer promise.
Breaking survey barriers

An effective evaluation is crucial when it comes to employee engagement and gaining the leadership support you need.

Most large companies today conduct regular employee surveys and use them as a key talent management measurement tool. These survey programmes typically are aimed at supporting the overall business strategy and, in particular, the human capital management strategy. The results are used to influence executive decision-making and to create change across the organisation when needed. At a more basic level, and in employee-centric organisations, the surveys exist to ensure the employee voice is heard.

Despite widespread use, HR practitioners continue to face challenges related to the survey feedback and action planning process. These concerns prompted the Kenexa High Performance Institute (KHPi) to survey a large group of survey practitioners to try to identify the cause of the challenges, and to begin providing some answers to address those challenges.

The top three barriers for survey practitioners concern: the execution and importance of the survey programmes, as well as resources associated with action planning post-survey. Together, these issues accounted for 81 per cent of all the identified barriers and based on verbatim answers from the respondents, all three relate directly to senior management – leaders fail to implement action plans, need to be more vocal in their support of the importance of follow-up, and struggle to find time to implement.

Providing resources

Executives and senior managers are going to regard as important, and execute and provide resources, those organisational initiatives that help them achieve the greatest business success. No one would argue, especially with all the research support to the contrary, that employee engagement is unimportant, and indeed 16 per cent of the changes emanating from survey programmes are identified as improving employee engagement. Yet even for these companies with sophisticated survey systems, fewer than 10 per cent of the changes related to the customer experience and strategic alignment.

Where do survey practitioners go from here? Based on the barriers discussed, there are three key areas for improvement: match business strategy and survey content, secure greater management accountability in survey follow-up and action planning, and secure the best support from the leadership team to maximise ROI.

Many organisations survey because it is a good thing to do and shows interest in the welfare and morale of employees, and because other organisations against whom they compete are also doing so. These are understandable reasons, but these initiatives will produce their greatest return-on-investment only when they are seen as part of an organisation’s business strategy. Executives will only be fully supportive of an employee survey if they can see how it aligns with business strategy.

The more relevant the content of the survey to business strategy, the more it informs progress by giving executive management critical feedback. When executives see this clear link to business strategy, they are also more inclined to follow through on actions and dedicate the right resources for effective survey follow-up.

Management tools

A properly developed and implemented employee survey system can be one of the most powerful tools available to management. When done well, it plays a crucial role in assessing the effectiveness of business strategy and maximising the potential of its human capital. The results of the survey show that the practice of surveying is improving in sophistication and effectiveness, but still more needs to be done to maximise ROI. In particular, we should be looking for strong business metrics to evaluate success, ensuring that survey results are acted upon effectively and demonstrating to leadership that their support is critical to success.

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Getting up close and personal

Live events are just the beginning of the engagement journey.

A guide to connecting with your employees

Use live events for deeper engagement
Invest in preparation at the right time
Find trusted advisers
Together understand the audience mindset
Be seen dealing with the audience’s issues
Sell your strategy with passion and energy
Be you, but make it the best version of ‘you’
Inspire managers with your energy

true breakthroughs
A well-planned event will create a total experience that reinforces the leader’s vision – with the appropriate use of technology and break-out groups to foster the right ambiance and two-way dialogue.

For it is when employees believe and trust their leaders and see they are committed to the organisation and to them, as the CIPD says, that deep-seated buy-in and two-way engagement are generated and proven. The rewards for achieving that nirvana are huge – and the penalties of failure punitive.

Terry talks of a global pharmaceutical business that needed to get managers from a country that was losing millions to believe that supply and quality issues would be fixed before they could buy into a new vision.

Equally, a drinks brand saw a 10 per cent increase in sales, or $56m (£36m) growth, in the year after a live event the leader instigated to immerse his top team in a new global brand strategy.

Terry concludes: “The event was just the start of the engagement journey. The leader achieved the ultimate success because he used the event to inspire his managers to be torch bearers with the same energy, passion and belief as him in selling the vision on.”

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Could proposed legislation scupper engagement?

With Adrian Beecroft’s compensated “no-fault dismissals” for underperforming workers now on the backburner, business secretary Vince Cable’s “settlement agreements” – mutually-agreed payoffs – continue to divide opinion. Our experts go head-to-head. Interviews by Virginia Matthews

**Alexander Ehmann**

*Head of employment policy at the Institute of Directors*

Believes that fast-track settlements could cut employment red tape, but is not convinced they adequately address the problem of underperformance.

*What's wrong with the current rules?*

Sixty per cent of our members say it’s too difficult to dismiss an employee for poor performance and 70 per cent feel it’s become even harder over the last 10 years. When you add up the time and resources it takes to get through the dismissal procedure itself, and factor in the financial and time costs of the consultation and arbitration stages, the entire system is clearly burdensome for both sides.

*CouId fast-track payoffs improve employee engagement?*

We favoured the Beecroft proposals because they established clearer rules around poor performance and how it should be tackled. Settlement agreements are a watered-down version of this initial plan and we are yet to be convinced that they are radical enough to either boost engagement among staff or meet the needs of employers.

*What are your criticisms?*

There is a danger that a small minority of workers will try and get a payoff from their current employer having already decided to take another job, or may even refuse to carry out their job properly until a severance payment has been agreed. We believe that any discussion around underperformance should be initiated by managers, not by staff.

*Will fast-tracked settlement agreements boost morale?*

Some 70 per cent of our members believe employment law is the biggest regulatory burden on their business. If settlement agreements were to be introduced, 25 per cent say it would help give them the confidence to increase their headcount.

*How will settlement agreements compare with no-fault dismissals plans?*

Given the state of the job market and the economy, we prefer the more radical approach outlined in Beecroft – which we know would prompt far more firings among our members – but worst of all is to do nothing. We are therefore giving the latest proposals only a muted welcome.

**Professor Cary Cooper**

*Head of organisational psychology at Lancaster University Management School*

Believes that settlement agreements are less draconian than the no-fault dismissals, which he describes as “sledgehammers to crack nuts”.

*Do you reject the suggestion that getting rid of underperforming staff is too laborious at present?*

No, I have some sympathy for any firm that is reluctant to manage an individual out of the business for fear of a tribunal, but the notion that a manager could have the right to get rid of someone on purely personal grounds is clearly unjust.

*How should poor performance be tackled then?*

While I think Beecroft was right to raise this sensitive issue – for smaller organisations underperformance can be deadly – the truth is that it is often the fault of managers, who are either too loose to address the issue quickly enough or who fail to offer feedback and further training.

*How will settlement agreements help?*

They provide a forum in which both sides can discuss why things are going wrong, rather than a quick way to ditch people. While no-fault dismissals would merely mask the problem of bad managers, informal discussions that are around underperformance would encourage both sides to be honest.

*What do you like about them?*

Staff who decide to leave could drop any future claim against the company, while those who refuse a settlement offer are still free to go to an industrial tribunal for unfair dismissal. As long as the process is even-handed, it could provide reassurance for all.

*Where do the current plans go wrong?*

Professional mediators would be essential if both camps were to have faith in these settlements. I would be unhappy if employers alone, and not employees, initiated discussions around payoffs – one of the key elements in employee engagement is believing the organisation you work for genuinely cares about your wellbeing; any hint of bad managers using settlements to pay people off could be disastrous for morale.

Temporary arrangements

The smooth running of the Olympics will depend on the efforts of thousands of temporary workers. But how can you engage those on short-term contracts?

“Temps need to feel they are being invested in so they should receive the same onboarding process as permanent staff,” says Kevin Green, chief executive of the Recruitment and Employment Confederation.

“Employers should also take more interest in the recruitment and selection of temps to ensure the people joining for a short period still fit the company’s culture.”

**Catering supplier BaxterStorey** is providing food and drink services around the clock to the global media at the Olympic Park. It has 600 staff ready to go, with 400 chefs, bartisans and customer service staff required every day.

“We are making the same investment in training new employees for the Olympics as we would for anyone joining our business,” says HR director Lynne Graham.

**Temp workers need to reflect the brand**

“We do not have a mindset that they are temporary. These are people working for us so we have to get across our brand values to ensure they deliver the best service. Our clients do not want to see differences between someone working with BaxterStorey for only a few weeks and a few years.”

The Agency Worker Regulations (AWR), which came into force last October, have also had an impact, requiring employers to treat temps broadly the same as employees after 12 weeks on any assignment. This should, in theory, boost engagement levels among longer-term temps because pay, the hours worked and the rest breaks offered must match that of permanent employees.

Of course, for some temps working with a fun product can help to engage them. Kent-based natural ice-cream-maker Taywell is a small business but it doubles its workforce between May and August. “I try and encourage everyone to take ownership of the brand and instil in them that every batch they are working on will be tasted by a human being,” says managing director Alastair Jessel. “We have a national image to protect so we cannot allow temporary workers to damage that reputation.”

**We have a national image to protect so we cannot allow temporary workers to damage that reputation**

**Case study**

Merlin Entertainments Group recruits more than 7,500 temporary staff during the summer across its attractions, including Alton Towers, Thorpe Park, Chessington World of Adventures, The EDF Energy London Eye and Warwick Castle.

In 2011 the group scored 88 per cent for its seasonal workforce engagement, this year it’s developing an Olympic theme to ensure engagement. “At Thorpe Park we’re running some initiatives including an inter-departmental competition,” says group human resources director Tea Colombi. The park is also running a raffle where temps get a ticket each time they come into work and events each morning to give them things to do if they come in early to miss the traffic.
Follow the leaders

For engagement to take root and provide a sustainable foundation for business performance, an organisation needs engaging leadership and engaging management.

Despite huge interest in employee engagement and a growing industry in measurement, the level of engaged employees has barely moved in the past 10 years. So what’s going on?

Smart businesses know that it is not enough to simply measure and focus on the numbers – leaders and managers need to be both engaged and engaging for business success.

In 2001, Gallup stated that in the US, just 25 per cent of the workforce was engaged and 19 per cent were actively disengaged. Ten years on, BlessingWhite’s Employee Index reported a worldwide average of 31 per cent engaged and 17 per cent disengaged.

In our work with major organisations all over the world we have noticed that for some, their efforts to measure and boost engagement can become counterproductive. This effect arises from several sources, such as treating the act of measuring engagement as the engagement activity itself, rather than as an indicator of organisational health and connectivity; seeing engagement as something separate from leadership – a responsibility owned by HR rather than a fundamental aspect of managing the business; and focusing just on boosting the numbers rather than addressing the underlying issues. It arises also from generating a set of processes rather than engaging people in dialogue; trying to impose generic activities rolled out across the organisation; and measuring and then not taking action.

Building engagement into the business operation is not just about systems and processes – it’s about people, and the primary people are the organisation’s leaders and managers. For engagement to take root and provide a sustainable foundation for business performance, an organisation needs engaging leadership and engaging management.

It is hard to engage others if you’re not engaged yourself, and there’s no guarantee that being in a position of authority is a guarantee of engagement. In fact, when working with a leading insurance company looking to create a more “engaged and enabled” culture, one of the first questions we asked leaders and managers was “how engaged are you, and what would increase your level of engagement?” Their responses identified things they wanted their own bosses to do and things they realised they could initiate themselves.

So, what can leaders practically do to help increase their own and other’s levels of engagement?

• During the Strategic HR Network’s 6th Annual Congress in March 2011, we heard presenters from Diageo and Standard Chartered Bank talk about the practical actions that leaders in their businesses were taking to increase and sustain levels of engagement.

Loyalty that lasts

Listening to your colleagues and making them feel valued can result in longer-lasting loyalty – and you can’t put a price on that

Sainsbury’s, one of the biggest names in retail, has decided to sponsor two of the major events this year, the Queen’s Diamond Jubilee and the Paralympic Games. Making sure employees are engaged in these sponsorship decisions is important.

“We know we have to engage with our colleagues as well as our customers, supporting initiatives that are important to them,” says Jacki Connor, director of Colleague Engagement at Sainsbury’s.

“We talk to our colleagues regularly and we know what matters to them. We always consider our colleagues’ ideas – a lot of the impetus for our sponsorship of the Paralympic Games came from them,” says Connor.

“Sainsbury’s was founded in 1869 and has a great British heritage so they understood why we would want to be involved in the Diamond Jubilee celebrations. Our sponsorships will help make our colleagues proud ambassadors for the Sainsbury’s brand.”

Sainsbury’s was the first major corporate partner of the Queen’s Thames Diamond Jubilee River Pageant, and decided to use one of its barges in the flotilla to reward 100 Sainsbury’s colleagues who combine their jobs with caring responsibilities.

“We work closely with Carers UK and so we knew that one in eight of our colleagues are carers, so we decided to do something special to recognise the great job they do,” says Connor.

Diversity Champions nominated colleagues who could also invite a guest of their choice, and most asked if they could bring along the people they cared for.

“As well as recognising our carers, we hope that it would make all our colleagues feel proud to work for a company that offers carers a chance like this,” says Connor.

It certainly worked for Lawrence Pepperrell, who works at the Sainsbury’s store in Wimbledon, London. He also cares for his wife, Suzanne, and took her along on the barge.

He says: “We are so pleased that we feel valued, not just for what we do at work but for what we do outside of work” – Pepperrell.
Taking it to the next level

Get training right by embracing new learning platforms, or risk throwing money down the drain

 Businesses invest thousands of pounds on training every year, but the question remains: are employees ever really engaged or does it go in one ear and out the other? Employee engagement is considered one of the major challenges in delivering training in today’s workplace; evidently there is work to be done.

The Department for Business is keen to address the issue and commissioned businessman and author David MacLeod together with Nita Clarke to take an in-depth look at employee engagement. The MacLeod report: Engaging for Success: enhancing performance through employee engagement, highlighted the potential benefits to organisations and employees. My thoughts on MacLeod’s insightful report are as follows.

Firstly, it’s essential that employees apply their learning to their individual roles. But if the training is poor quality, too theoretical, monotonous or long, it may be overlooked completely – meaning you could be throwing money down the drain. With the nation undergoing unprecedented challenges, it is crucial that businesses invest wisely. If staff are engaged, they will perform better and feel a sense of self-satisfaction, which leads to healthier financial prospects.

So where are businesses going wrong? Why are training managers still finding employee engagement a challenge? Some argue that standards of education are slipping and that the workforce’s general learning ability is diminishing. Or is it how the subject matter is being delivered? Many businesses are not taking advantage of alternative learning platforms which can deliver more effective training.

Learning socially

With Facebook users reaching 900 million, clearly the public has an insatiable appetite for collaborating and sharing with like-minded people. Despite social media typically being used for leisure, many businesses are missing out as they can also provide a fresh approach to training. Employees who use social media to communicate with family and friends now expect to communicate with their colleagues in the same way. When it comes to learning, businesses should take the same approach.

This is especially true when considering a 2010 American Society for Training and Development study, which found that today’s tech-savvy workers recognise the value of using social media for learning and development. More than 80 per cent expect to see social tools adopted by their organisation’s learning group within the next three years.

But before integrating social media networking principles into training systems, businesses must know their workforce inside-out. Employees should then be encouraged to share socially by commenting, rating and making recommendations for fellow learners. Therefore, tools need to be both easy to use and powerful with clear learning objectives as well as being unified, friendly, intuitive and highly visual.

Businesses can use social media as part of employee training

It’s also important that the training can be accessed anywhere, as many aspects of life are becoming increasingly mobile. Successful businesses need to empower employees, allowing them to fit learning around busy lifestyles.

For businesses that engage their employees, the benefits are clear: improved staff morale, polishing of existing skills and higher performance levels. However, the important lesson for businesses is that they should always put their workforce first, by continuing to keep them engaged through innovative learning platforms.

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