Explain what employee engagement is, how it is different from satisfaction, and how it impacts organizational success

Use a research-based definition of employee engagement as a basis for measurement

Partner with leaders and managers to influence key drivers of engagement

Objectives

We want you to be able to...
A Story from the Middle Ages

Three stone masons in the Middle Ages were hard at work when a visitor came along and asked them what they were doing. The first stone mason was hard at work, sweat beading his brow. “I am cutting this stone,” he grumbled.

The second stone mason, though less distraught, responded with a deep sigh, “I’m building a parapet.”

The third stone mason replied with a radiant face, “I am building a beautiful cathedral that will glorify God for centuries to come.”

--Author unknown

What are your employees building?
By The Numbers

• An Interactive Game: What do these numbers or hypotheses mean?

• 68%
  – %Agree/strongly agree with “All in all, I am satisfied with my job.”

• $10,000
  – Annual cost in profitability of 1 disengaged employee

Consulting Firm A Data

- 55%
- 29%
- 16%

Consulting Firm B Data

- 56%
- 44%

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Business Case: Organizational Success

Outperform Stock Market

• Companies with higher scores on engagement (>65%) outperform the stock market and have higher shareholder returns than average in 2010 (Macey)

More Profitable

• Companies with higher engagement are 78% more profitable and 40% more productive (Aon)
• Statistically significant differences between high and low engagement companies on 12 month changes in operating incomes, net income growth rate, and earnings per share growth rate (Towers Watson)

Stronger Internal Metrics

• Business units at the highest level of engagement have an 83% chance of performing above the company median on customer loyalty, profitability, productivity, turnover, safety, absenteeism, shrinkage, and quality, compared to a 17% chance for the lowest groups. You are 5x more likely to achieve high performance with high engagement. (Gallup)

How does it happen?
What does it cost?

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The Engagement Value Chain

Business Case: Research with 65 firms in different industries shows that companies with more engaged employees have higher Return on Assets, higher Profitability, and higher Shareholder Value (measured by the ratio of the firm’s market value to the replacement cost of its assets).

High performance work environment → Employee engagement feelings → Employee engagement behaviors

Tangible performance outcomes including enhanced productivity
Intangible assets: Customer satisfaction and loyalty, Innovation, and Lower risk

Shareholder value

Employee Engagement: Tools for Analysis, Practice, and Competitive Advantage by W.H. Macey, B. Schneider, K.M. Barbera, and S. A. Young

© Paris Phoenix Group 2012
Engagement is an individual’s sense of purpose and focused energy, evident to others in the display of personal initiative, adaptability, effort, and persistence toward organizational goals.
## Alternative Definitions

### OUR EXPERIENCE:

- Engagement is a personal state of being, influenced by internal and external factors that may not remain the same over time.
- It is an active-stage, including emotional connection, cognitive elements, and behavioral evidence. Employees can have and express different levels of workgroup engagement and company engagement.
- They may also exhibit professional engagement, associated with their career path or profession, separate from the organization they actually work for.

### AON HEWITT:

- "We define "engagement" as the emotional and intellectual involvement that motivates employees to do their best work and contribute to your organization's success.” Engaged employees consistently demonstrate three general behaviors. They:
  - Say—consistently speak positively about the organization to coworkers, potential employees, and customers
  - Stay—have an intense desire to be a member of the organization despite opportunities to work elsewhere
  - Strive—exert extra time, effort, and initiative to contribute to business success

### GALLUP:

- Measured by the Q12, a proprietary list of 12 closed-ended items including such controversial statements “I have a best friend at work.”
- Items are behavioral/actionable at the supervisor or manager level, and do not include attitudinal or internal feelings or intentions.
- Concepts include expectations, role clarity, materials and equipment, opportunities, company mission, quality of work, rewards and recognition, learning and growth, etc.
- Due to the proprietary nature of the survey items, they cannot all be displayed here, though they can be found online.

### CORPORATE LEADERSHIP COUNCIL:

- The Corporate Leadership Council presents a new model of employee engagement emphasizing business outcomes. The Council defines engagement as the extent to which employees commit to something or someone in their organization, how hard they work, and how long they stay as a result of that commitment.
- By using this outcomes-focused definition, we can measure the tangible benefits of engagement, as opposed to focusing on “engagement for engagement’s sake.” The drivers of engagement are Rational Commitment (to the Team, Manager, and Organization) and Emotional Commitment (to the Job, Team, Manager, and Organization), which lead to discretionary effort and intent to stay. Discretionary effort then leads to performance and intentions to stay lead to retention.

Definitions vary…and there are even more in the academic literature
Orientations of Engagement

- Job/Role
- Team
- Organization
- Profession
Engagement vs. Satisfaction

Engagement:
- Requires a goal-directed energy
- Adds levels of urgency, focus, and intensity
- Is an on-going active state

Satisfaction:
- Pleasurable or positive emotional state resulting from the appraisal of one’s job and experiences.
- What the organization does for employees to feel good about being there, more passive.
- Fulfillment of needs, satiation, and contentment (and end-state).

Satisfaction/contentment are precursors to Engagement. But being content does not mean productive.
The ‘Look’ and ‘Feel’ of Engagement

Feeling Engaged (Psychic Energy)

• Being totally absorbed by the task or work, losing track of time and feeling “in the zone.”
• Urgency - goal-directed determination, striving for a goal
• Focus - concentration, immersion and absorption in work for a long period of time
• Intensity - depth of concentration using a full breadth of resources
• Enthusiasm - emotional state of feeling alive and passionate about our work

Looking Engaged to Others (Behavioral Energy)

• Persistence - effort over time, even when faced with obstacles
• Proactivity - thinking and working proactively, taking action when a need is apparent, even anticipating or recognizing a need earlier, doing what is necessary even if not in the job description
• Role Expansion - expanding your skills consistent with the mission, stepping outside role to help the business, increasing responsibilities or breadth, and accepting a new definition of your role
• Adaptability - anticipating and responding to changes in the competitive landscape, solving problems creatively, using change to lead to more positive outcomes for all

However, there are organizational factors that enable employees to be engaged; it is a two-way/reciprocal system
Engagement follows when employees have...

The Capacity to Engage
- They have the goal-directed energy
- Organizations give them the information to do their jobs well, learning opportunities, and support

The Motivation to Engage
- Jobs that are high on intrinsic interest, challenging, meaningful, and offer opportunities for decision-making
- Specific and difficult goals
- Work that aligns with their values
- Employees are treated in a way that reinforces reciprocity

The Freedom to Engage
- Freedom to take action and not be punished
- Employees will step-up when they are trusted and treated fairly
- Fairness leads to trust, trust leads to feeling safe, and feeling safe leads to action

The Knowledge to Engage
- Employees see the direct connection from their work to the organization’s goals and know what they should do to achieve them
- Processes need to be aligned with organizational goals

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Engagement vs. Climate: Related, but not the same...

Engagement
- Active, goal-directed state
- Includes how employee feels about the experience
- Being absorbed, “in the zone” and utilizing full capabilities

Climate
- Organizational structure that supports engagement
- More tactile, descriptive, and how the experience of the job/team feels, but not as behavioral
- Examples: having clear and high standards, flexibility, autonomy in work, alignment of objectives, teamwork, etc.
The Key: An Engagement Culture, But...

What is Organizational Culture?

The sense of what beliefs are in the organization, the norms, the values, and ‘the way we work around here’

Unspoken rules about ‘what’s it like to work here’ and ‘how we do it’

Evidenced by how people are treated within the organization and by what the organization values in terms of where they want people direct their energy
The Sweet Spot of Engagement

Why it feels that way

How it feels to work here

Culture

Climate

Programs and Systems

Sweet Spot of Engagement

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The Downsides: Burnout and Disengagement

- **At Risk for Burnout:**
  - Employees who are more invested and attached to their work

- **Active Disengagement:**
  - Brought on by lack of fairness, lack of trust, lack of challenging and meaningful work; OR from too much support for engagement that the work becomes all encompassing, fairness and trust are not reciprocated, psychological exhaustion occurs leading to burnout

- **Striking a balance is the key**
Drivers of Engagement vs. Satisfaction: They Are Different

- Job Security
- Benefits
- Opportunity for a Better Job

Satisfaction

- Alignment of work and company goals
- Using My Skills
- Encouragement to Innovate

Engagement

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Research shows drivers may differ slightly by global regions

Research-Based Drivers of Engagement

- Leadership influence
- Workplace environment
- Manager effectiveness
- Career development and opportunities
- Rewards and recognition
- Belief in company strategy
- Relationships with co-workers
- Job itself and meaningful work
- Work-life balance
- Compensation and benefits

Engagement
### Framework for Moving Forward With Engagement

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Does leadership understand the leverage points for creating competitive advantage through employee engagement?</td>
<td>Do employees know what the strategic focus of their engagement should be?</td>
</tr>
<tr>
<td>Do employees have the intellectual, social, and psychological capital to engage?</td>
<td>Do they have a reason to change?</td>
</tr>
<tr>
<td>Do people feel safe and free to engage?</td>
<td>Do people feel safe and free to engage?</td>
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</tbody>
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# Measuring Engagement

<table>
<thead>
<tr>
<th>Traditional: Survey(s)</th>
<th>Non-Traditional:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Census survey covering organizational health, satisfaction, engagement factors, outcomes, and/or culture</td>
<td></td>
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<tr>
<td>• Pulse surveys tracking progress on key areas or drivers</td>
<td></td>
</tr>
<tr>
<td>• Focus Groups with randomly selected employees</td>
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</tr>
<tr>
<td>• 1-1 interviews between managers and employees or HR and employees [Use Handout for Examples and Role Playing]</td>
<td></td>
</tr>
</tbody>
</table>
Post-Survey: Action Planning Best Practices

- Training is helpful for new managers to understand the philosophy of the survey and step-by-step action planning process.
- Internal websites allow for year-round communications, updates, and sharing of tips.
- Consider benchmark data (internal and external) to provide context.
- Roll-out results differently for different audiences (Executives, Managers, and Employees) and expect different levels of actions.
- Be consistent in communicating that the action plans and interventions are what matters most.

VISIBLE action planning works best!
Influencing Engagement

• Use results ASAP!

• Initiate group conversations to talk about areas of strength and development as a team
  – Focus on what you can all accomplish together
  – Focus on quick-wins and creative solutions

• Encourage managers to talk with individual employees about what motivates them, what they are looking for in their work that they are not getting
  – It may be they desire cross-training, visibility to other projects, ability to have a voice, or being a mentor to a new employee
Example Interventions that Work: Getting Employees To Thrive

To Build Confidence and Resiliency
- Provide success experiences for employees
- Provide complete information to employees
- Provide opportunities to learn, and to fail and bounce back
- Provide time for updating and training
- Provide performance feedback

To Build Social Support Networks
- Provide many opportunities (meetings, training, informal gatherings, team projects) to facilitate the establishment of social support networks
- Encourage participation in available networks

To Renew or Restore Employee Energy
- Provide opportunities for balance in employees’ lives; do not expect continual engagement as such engagement can have a ‘dark side’
- Leaders model balance for others

To Enhance the Motivation to Engage
- Provide jobs that effectively use people’s skills, enable decision making
- Provide jobs and a culture that fit employees’ values
- Implement effective on-boarding programs
- Provide jobs that permit autonomy of action and choice

To Enhance the Freedom to Engage
- Through trust and fairness from supervisors and ‘the system’
- Repair trust if the ‘emotional bank of trust’ has been depleted through fair processes, fair outcomes, and fair interactions with subordinates and co-workers

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Next Steps

If you are a leader or manager

• Review your survey looking for gaps or areas that might need more exploration. Ask for a discussion with the survey program owner to talk through your ideas.
• If you don’t have a survey, consider connecting your HR leadership with a survey expert to discuss your ideas for measuring engagement and options that will fit your budget.

If you are an HR Professional

• Review your survey for a client group, determine what new discussions you might want to have with them, and what changes to their action plan you can recommend.
• If your survey has a substantial amount of time in between administrations, consider working with client groups to develop a pulse survey or conduct interim focus groups to create a gauge and monitor changing engagement levels.
• If you don’t have a survey, talk with your HR leadership about considering the benefits of measuring engagement and working with an expert to create and administer a program that will fit your budget, or how you can generally gauge engagement through a non-traditional venue such as a focus group or interviews.

If you are an employee

• Review your team’s survey results and determine what areas are within your control to change your perspective on vs. areas that your team can work together on. Determine how you can add meaningfulness to your work, expand your scope, or approach your work in a new way.
• If your company does not have a survey, think through the drivers of engagement and your own personal experience and determine if your group would benefit from a team discussion or pulse survey to narrow in on areas of focus.
How Paris Phoenix Group Can Help

- Engagement Surveys and Focus Groups
- Culture Diagnostics
- Leadership Assessments
- Action Planning Tools and Interventions

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Reference List

Engagement:


Culture and Meaningful Work:

• Organizational Culture and Leadership by Edgar Schein

• Meaningful Workplaces: Reframing How and Where We Work by N. Chalofsky
Paris Phoenix Group conducts employee engagement surveys for a variety of clients.

If you have questions or would like to discuss employee engagement and how we can assist you or your organization, please contact us: info@parisphoenixgroup.com

THANK YOU