SHRM FOUNDATION EXECUTIVE BRIEFING

DEVELOPING AN EMPLOYEE ENGAGEMENT STRATEGY

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Business leaders have long recognized that attracting and retaining top talent is critical for organizational success. Over the past two decades, organizations have increasingly focused on employee engagement as a way to maximize the capabilities and talent of their human capital. This is not surprising, as the benefits of employee engagement for organizations are clear. A recent summary of engagement research[1] found that not only are engaged employees better performers but engagement enhances employees' job performance in unique ways. Additionally, high levels of engagement are related to important business outcomes, including customer satisfaction, employee productivity, company profit, employee turnover and occurrence of safety incidents.[2] Given that engagement affects organizational outcomes that relate directly to the bottom line, companies that ignore employee engagement risk putting themselves at a competitive disadvantage.

Though many organizations conduct engagement surveys, a survey alone will not increase employee engagement. To attain the best results, employers should create an overall engagement *strategy* that goes beyond simply measuring engagement scores. Although organizations are often highly proficient in collecting data, many fail to interpret the information correctly and to create actionable recommendations for improving engagement.[3] Developing an engagement strategy helps avoid these pitfalls by describing what will happen *after* the survey is conducted.

What Is Employee Engagement?

There are three parts to employee engagement:

- **Physical.** Employees exert high levels of energy to complete their work tasks.
- **Emotional.** Employees put their heart into their job, have a strong involvement in their work and a sense of the significance of it, and feel inspired and challenged.
- **Cognitive.** Employees forget about everything else when doing their job and become fully engrossed in it.

When employees are engaged on each of these levels (physical, emotional and cognitive), they will invest significant energy to complete their work and achieve positive organizational outcomes. Engaged employees not only have high levels of personal investment in their work but also feel a strong psychological connection to it.

Implementing an Engagement Strategy

- Depending on your organization's staff size, target a limited number of lower-performing units to focus on.
- Conversely, identify high-performing units, and see what lessons can be learned from them and applied elsewhere in your organization.
- Work with your business leaders to draw up an action plan that identifies the priority issues and the steps needed to address these key issues.
- Whenever possible, involve employees in finding solutions and, at minimum, give employees the opportunity to make suggestions anonymously.

Five Components of an Effective Engagement Strategy

Ideally, an employee engagement strategy should be created *before* the engagement survey is administered. An effective plan will detail:

1. How the strategy will be communicated.
2. How action areas will be identified.
3. What measurable outcomes will be used to evaluate progress.
4. What specific actions will be taken to address the survey results.
5. How the engagement strategy will be sustained over time.

Let's examine each of these components in more detail.

1. Communicating the engagement strategy

Organizations often fail to adequately communicate their engagement strategy in ways that go beyond just informing employees and leadership of engagement survey results. Possibly the most valuable piece of your engagement strategy is a detailed plan on how the organization will communicate it to employees, leadership and other stakeholders. The plan should cover the following elements:

- The importance of engagement to the organization, framed in terms of tangible outcomes such as profit, turnover or other relevant outcomes.
- What will be measured (i.e., engagement and relevant organizational outcomes), and how it will be measured (e.g., through surveys, existing employer data).
- Detailed results of the engagement survey.
- What specific actions the organization will take to address the results of the engagement survey, the intended goals of these actions and the parties involved.
- The organization's progress toward these goals and next steps.

Organizations that have implemented and maintained successful engagement strategies have also placed an emphasis on the communication of their strategy. For example, Pitney Bowes makes a point of sharing employees' open-ended comments on its engagement survey with senior leadership and the board of directors.[4] To develop its engagement survey, Whirlpool Corporation met with numerous employees to come to a consensus on what should be measured.[5] And Lowes not only tied employee engagement to company performance but also communicated these results to members of senior leadership to help inform their business strategy. [6]

Developing a strong communication component is essential to a good engagement strategy, but so too is following up with employees to determine the effectiveness of communication efforts. One way to do this is through action planning indicators (APIs)[7]. APIs are survey questions that ask if the results of prior engagement surveys have been shared by supervisors and whether the actionable recommendations that were identified as organizational goals have been addressed. The primary benefits of APIs are that they are a measurable way to evaluate communication and a way to hold managers accountable for their role in engagement-related efforts.

Identifying Relevant Employee Subgroups

Engagement is not "one size fits all." Drivers of engagement may differ across employee groups—in other words, what is important to one group of employees may be unimportant to others. And these differences do not necessarily follow demographics such as gender or age, so subgroups of employees should be identified with business and strategic objectives in mind. For example, an employer may benefit from understanding the specific drivers for high-potentials, or how drivers for a job with chronically high turnover or high productivity differ from the rest of the organization.

2. Identifying action areas

Trying to address every possible action item identified by an engagement survey will stretch resources thin and is likely to overwhelm employees and managers, creating a turbulent organizational environment. A better approach is to use the results of the engagement survey to strategically determine where to focus resources for maximum impact. In other words, an engagement strategy should include a plan to identify the *drivers* of employee engagement—that is, the aspects of the work environment that are most critical in determining employees' level of engagement. There are numerous ways to identify drivers of engagement, including sophisticated statistical modeling of engagement data, holding focus groups to ask employees what is most important or including survey items to this effect on engagement surveys.

Regardless of the approach used, keep these points in mind:

- **Identify drivers of engagement each time an engagement survey is conducted.** Drivers of engagement may vary from survey to survey as an organization evolves, especially if action areas from previous surveys have been effectively addressed. In addition, drivers of engagement may vary across groups of employees within an organization.
- **Identify engagement drivers that can be realistically addressed given available resources.** It is easy to get lost in the data and overwhelmed with information. To avoid this pitfall, an engagement plan should clearly identify which parts of the engagement survey are most interesting to leadership and will inform business strategy, what resources are available to implement actionable recommendations, and what subgroups of employees—if any—will be examined.

Drivers of Employee Engagement

Analyzing and understanding the drivers of engagement can help identify where and how engagement initiatives should be targeted. Here are some options to consider:

- According to Gallup,[8] engagement is based on a) the clarity of expectations for employees and the provision of basic materials and equipment needed to perform their jobs, b) a feeling of contribution to the organization, c) a sense of belonging to something beyond the self, and d) a feeling that they have opportunities to discuss career progress and grow.
- One review of the engagement literature[9] suggests that engagement is influenced by a) feedback to employees, b) job design and employees' fit with their organization, c) the support and resources provided by the organization and supervisors, d) working conditions that minimize demanding and difficult situations, e) the corporate culture, and f) leadership style.
- Another empirical review of the literature[10] suggests that organizations should design jobs that convey to employees the value and meaning of their work and provide opportunities for employees to use a variety of skills and accomplish a variety of work tasks. Other aspects of the job—such as feedback, autonomy and leadership—may not be as important to engagement.

3. Identifying measurable outcomes

An engaged workforce produces tangible outcomes—such as reduced turnover or increased profitability. These are the ultimate goals of an engagement strategy and the metrics against which it is evaluated. To identify relevant outcomes, include input from senior leadership and other stakeholders, and consider how these outcomes align with organizational goals, mission, strategy and values. The relevance of various outcomes may vary across organizations—for example, whereas a manufacturing organization may want to focus on increased productivity, a service organization might focus on customer satisfaction. Molson Coors moved beyond simply tying engagement to company profit by linking increased engagement to a reduction in safety incidents, which also helped reduce costs and time lost due to injury.[11] Outcomes chosen with the input of stakeholders and aligned with

organizational priorities also serve as the core of a business case for an engagement strategy—connecting engagement to relevant organizational outcomes justifies the use of resources to pursue engagement goals.

Avoiding Common Pitfalls in Engagement Strategy

- **Evaluate, evaluate and evaluate again!** Many organizations focus on the implementation of engagement strategies without evaluating their effectiveness. Having an engagement strategy is key; however, you must also determine whether it is making a difference. An organization's values often determine what is critical to measure.
- **Focus on a few facets of engagement to build a strategy.** Organizations often bite off more than they can chew with engagement strategies. Certain facets of engagement may not fit with your organization, market or industry, so carefully define the scope of your efforts. Use restraint when identifying key drivers of engagement and rational strategies for moving the needle.
- **Do not consider engaging employees an "initiative."** Initiatives have become a seemingly dirty word in business. We have all heard the employee refrain, "Oh, this is just another initiative, and it will go away like all the rest." Engaging employees is a business function that should become part of the culture, as integral to business as sales or accounting. Organizations that treat it as just an initiative often fail to reap the rewards of engagement efforts.

4. Creating an action plan

An action plan specifies an organization's engagement-related goals. In particular, it identifies SMART engagement goals for the organization—that is, goals that are **s**pecific, **m**easurable, **a**ttainable, **r**elevant, and **t**ime-bound, and that are aligned with the strategic initiatives of the organization and complement, inform and enhance organizational strategy. Engagement-related goals are directly and explicitly linked to drivers of engagement, and information is provided about how and when to measure goal progress and about the specific resources needed to pursue each goal. Perhaps most importantly, action plans integrate and specify the role of supervisors. The support of management is essential to an engagement strategy, and a large body of research has consistently demonstrated the significance of employees' direct supervisors to the formation of work attitudes such as engagement. As a result, the greatest improvement in engagement is likely to come when management is actively involved in disseminating results and determining engagement goals.

5. Sustaining the engagement strategy

Last, an engagement strategy should specify how engagement efforts will be sustained over time. Research and best practices suggest the following:

- **Commit long-term.** Efforts to increase engagement need sustained effort over time; an effective engagement strategy includes far more than just a plan to survey employees.
- **Measure consistently.** Measurement of engagement, its outcomes and progress toward goals should occur on a consistent and predictable basis. For example, an engagement strategy could specify that engagement is measured biannually—in March and September—and is tied to organizational outcomes (e.g., productivity) from the first and third quarters.
- **Connect engagement to business results.** Communication of how engagement influences tangible organizational outcomes helps build and sustain the business case for an engagement strategy. Additionally, employers should communicate to employees that engagement efforts are sincerely

geared toward improving the quality of the organizational environment.

- **Seek employee input.** A sustained engagement strategy will work best when employees have an opportunity to provide input. For example, a forum (e.g., a "town hall") could be held quarterly where employees are provided with information about progress toward engagement-related goals and have the option to provide feedback about the goals.
- **Gain leadership support.** Engagement efforts need support from leadership, and integration of engagement goals into organizational policies and decisions should be encouraged with the ultimate goal of making employee engagement a core organizational value.

Conclusion

Employees who are highly engaged in their work are likely to be more productive and more committed to your organization. To increase engagement, the first step is to create a broad engagement strategy, of which the engagement survey is just one part. Designing and implementing an effective and sustained engagement strategy requires input and buy-in from employees, leadership and other stakeholders, but it is well worth the effort. To ensure success, tie your engagement strategy to relevant organizational outcomes and demonstrate how engagement positively affects business metrics. By creating a culture of engagement, you can help produce tangible, bottom-line results for your organization.

Endnotes

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7 For an Overview of APIs, see Van Rooy & Oehler (2013).

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