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Employee Engagement and OD Strategies

By Debra Orr and Hona Matthews

There's an infamous fairytale question that goes, "Mirror, mirror on the wall, who's the fairest of them all?" If from an organization development perspective you answered "engaged employees," then you're right on the mark and primed to understand the importance of why engaged employees are a keystone to helping move organizations forward. Take Johnson and Johnson, an internationally known healthcare pharmaceutical company where one of its teams was developing a specific drug for a critical patient population. The drug was showing a lot of promise as well as receiving positive nods from the Federal Food and Drug Administration (FDA). Using an employee engagement framework and strategy, senior management gave this group great support. As a result, team satisfaction increased as did project timelines and soon to follow, FDA approval for the drug (Catteeuw, Flynn, Vonderhosrt, 2007).

Was this particular Johnson and Johnson success story a shot in the dark? A business fluke? Not likely. Johnson & Johnson, like hundreds of other national and international companies, are launching employee engagement initiatives because they both recognize and experience the benefits of reduced employee turnover, customer loyalty, and increased corporate profits.

Employee engagement is the amount of discretionary effort that employees put into their work. "... engaged workers are helping to achieve company goals by aligning their work with the strategic objectives of the firm and they are excited to do so. Full engagement means the employee's heart and mind is engaged. That is, the organization has also addressed their emotional engagement." (Buhler, 2006, p. 2).

Employee satisfaction is distinct from employee engagement. Employee satisfaction implies the meeting of traditional needs such as competitive benefits and safe working conditions, while engagement implies the active integration of the employee's attention on the business of the organization. Engagement implies direct action on the part of the employee while satisfaction becomes the responsibility of the organization to meet through the systems and processes it puts into place.

Engaged employees are more productive, more profitable and have lower turnover than employees who are not engaged with their organization. However, an engaged workforce is not easy to develop when nearly one in five employees is actively disconnected from work. To attain these higher levels of productivity and to meet customer needs, launching employee-focused strategies that encourage employee participation and involvement is essential.

Making the Case

LaBarre (2001) draws from Marcus Buckingham's Gallup Q12 survey analysis indicating that there is a definite link between people and performance. Organizations that scored in the top

25% for engaged employees have lower turnover, higher customer loyalty, higher productivity and higher profitability. LaBarre goes on to say that 26% of the working population is engaged, 55% is not engaged, and 19% is actively disengaged. In a 2003 study, consultants Lowman and Seaborn found employee engagement numbers to be even lower than that of the Q12 study where “17% of employees are highly engaged, and almost one in five is disengaged.”

If senior leadership needs more data to be convinced of the need for organizational development muscle to help leverage employee engagement, then organizational decision makers need only turn their attention to the fiscal outcomes.

The Organizational Pocketbook

Many organizations implement employee engagement techniques, but the savvy ones, the successful ones, are those measuring the outcomes (Higginbottom, 2004). For example, Wheelabrator, a waste-to-energy incinerator company and subsidiary of Waste Management, implemented a program called “Workout.” Developed by Leap Technologies, Workout focuses on efficiencies, cost savings, and team building. Says Gary Aguinaga, manager of business improvement for Waste Management, “It helps you address operating issues or get projects done that you really want to get done. It also gets employees engaged in the business which is something we always tried to do but never had a real formal process to achieve,” (Feingold, 1998, ¶ 4). As an employee engagement tool, Workout resulted in big savings for Wheelabrator including a $1 million savings in year one of implementation and an anticipated savings of $2 million in year two, not to mention improvements in plant safety, efficiency and environmental records.

Lowman and Seaborn of the consulting firm, Towers and Perrin, (2003) cite an example where a hospital client experienced turnover of 30% among support services, technicians and RNs at an approximate cost of $16 million. Additionally, the hospital was forced to spend $50 million on contract labor to address staffing shortfalls caused by the high turnover and the turbulent situation. The hospital worked to make changes in staff schedules, different shift options, and paid time off for training with an anticipated ROI of $4 million. The implementation of these employee engagement strategies resulted in a turnover reduction of 7% and a savings of $3.7 million for the hospital.

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Nancy Lockwood (2007) notes that “employee engagement can be measured in dollars and can yield significant savings” (p.3). She provides an example using the MolsonCoors beverage company where “engaged employees were five times less likely than non-engaged employees to have a safety incident and seven times less likely to have a lost-time safety incident. In fact, the average cost of a safety incident for an engaged employee was $63, compared with an average of $392 for a non-engaged employee” (p. 3). In 2002, MolsonCoors saved $1,721,760 in safety costs.

T & D, from the American Society for Training and Development (Employee Engagement Bottom Line, 2006) has also drilled down on the savings of employee engagement in organizations by reviewing a study by ISR, an employee research and consulting firm. The ISR study reveals a “52% gap in operating incomes between companies with highly engaged employees and companies whose employees have low-engagement scores…Other findings include a 13.2% improvement in one-year net income growth for companies with high employee engagement, and a 3.8% decline in net income during that same period for companies with low employee engagement” (p. 16).

Perhaps one of the most interesting facets of employee engagement is how simple and easy the concept is. According to the Corporate Leadership Council, employee engagement, “is the extent to which employees commit to something or someone in their organization and how hard they work and how long they stay as a result of that commitment” (p.3).

Employees are seeking more than a job and a pension. They also desire meaningful jobs and development opportunities. The unsurprising bottom line is that it’s in the best interest of employers to focus on the well being of employees (Harter, Schmidt, and Keyes, 2002).

Spector’s (1997) work suggests that satisfied employees are more cooperative, more collegial, more punctual, and stay with an organization longer than their dissatisfied counterparts. “The emotional well-being of employees and their satisfaction with their work and workplace affect citizenship at work, turnover rates, and performance ratings (Harter, Schmidt, & Keyes, 2002, p. 3).

Why Employees Leave

With organizations competing to recruit employees, struggling to decrease turnover, and all the while raising the bar on customer service strategies, it’s imperative that employers pinpoint why employees exit the organization. In *The 7 Hidden Reasons Employees Leave,* Leigh Branham (2005) notes an employee will leave an organization because:

» Expectations about the workplace or job were not met
» A poor match between skill set of the person and the job requirements
» Lack of feedback, coaching or mentoring
» Lack of promotion or advancement opportunities
» Lack of recognition or not feeling valued
» Lack of work-life balance resulting in too much stress
» Lack of confidence and trust in senior leaders of the organization

Knowing why employees leave an organization is a critical first step in developing long-term retention solutions. Branham (2005) identifies three things leaders can do to combat the above seven issues and help stem employee turnover:
» Communicate your vision clearly and vividly, develop a workable plan and possess the competence to achieve it
» Keep your promises by following up words with actions
» Empower the work force by giving them your trust and confidence

Likewise, a "circle" of education and rewards leads to an engaged workforce that leads to better business results, which leads to more money for reward programs, which leads to education and rewards. Organizations wishing to create engaged employees could follow these five strategies (Lowman & Seaborn 2003):
» Reward high-performing individuals with extra development opportunities
» Train employees on how the business works
» Focus attention on organizational performance by creating incentives or bonuses based on metrics
» Develop bonuses or incentives that are variable, rather than fixed
» Communicate performance metrics results to line managers and Human Resources

Engagement Surveys

A plethora of survey opportunities are available for companies wanting to jump in and measure employee engagement. Gallup's Q12, NBRI's employee engagement survey, Kenexa's employee engagement survey, Accord Management Systems' Engagement 101, and HR Solutions' Sweet 16 Survey are all helping to drive the employee engagement buzz and bring into focus the idea that work and life purpose are not separate compartments in the suitcase of life. However, Gallup's Q12 survey is perhaps one of the best known employee engagement surveys.

According to Buckingham and Coffman (1999), over the past 30 years, the Gallup Organization has interviewed millions of employees. After sifting through the mountains of data, Gallup derived 12 keys questions to measure the strength of the workplace. These 12 questions measure the "core elements needed to attract, focus, and keep the most talented employees (Buckingham and Coffman, 2001, p. 28). After entering performance data from over 2,500 businesses and opinion data from 105,000 employees, Gallup's research discovered that "...the manager—not pay, benefits, perks, or a charismatic corporate leader—was the critical player in building a strong workplace" (Buckinghan and Coffern, 1999, p. 32).

People work better when they connect their work with their overall purpose, and the importance of the front-line manager in employee retention shouldn't be surprising. If we look at employee engagement through the lens of leadership we quickly come to the question of what steps leaders can take to encourage employee engagement. Further, because leadership is an influence process—then the process that a leader chooses to exert this influence would have great relevance on the way that employee engagement might occur. A positive emotional state broadens and builds creativity, interest and cognitive potential (Frederickson, 1998; Isen, 1987; Ziv, 1976). Using positive strategies yields the most promising results. The Harvard Business Review (Buchannan, 2004) divides the drivers of employee engagement into two major categories: Rational and Emotional. Rational drivers are those interests that are logical and direct outcomes of objective needs. In Branham's list of reasons why employees leave, rational drivers could be

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considered ideas like unmet expectations about the workplace or job, a poor match between skill set and the person, lack of coaching and the job requirements and lack of advancement opportunities. Emotional drivers, identified by the *Harvard Business Review* as four times more influential as rational drivers, are those issues that are subjective and speak to the individual experience, such as lack of recognition or not feeling valued, the stress resulting from an imbalance in work-life, or lost trust in senior leadership.

Employee engagement is about integrating the discretionary efforts of employees toward organizational goals. Developing positive affect in organizations would be a way to enhance that goal.

LaBarre (2001) says that middle managers are the most important person in a company. When it comes to getting productivity out of employees, research shows that

"... the single most important determinant of individual performance is a person's relationship with his or her immediate manager. It just doesn't matter if you work for one of the '100 Best Companies,' the world's most respected brand, or the ultimate employee-focused organization. Without a robust relationship with a manager who sets clear expectations, know you, trusts you, and invests in you, you're less likely to stay and perform" (LaBarre, 2001, Attitude Adjustment #3, ¶ 1).

The IES report by Robinson, Perryman and Hayday (2004) talks about 'building blocks' that need to be in place to raise engagement levels: "Good quality management; two-way communication; effective internal co-operation; a development focus; commitment to employee well being; and clear accessible HR policies and practices, to which managers at all levels are committed," (p. 4) and all of these are leadership driven.

Creating Engaged Employees

Given the importance of retaining employees, for fiscal, as well as productivity and humanistic reasons, developing engaged employees is more important than ever. OD is the organizational strategy that pulls these building blocks together to ignite purpose, passion and meaning in the workplace.

The Q12 provides clues as to what factors need to be in place to create engaged employees. The questions on the Q12 can be grouped according to three major categories: communication, co-workers & supervisors, and consistency.

Coworkers and supervisors are referenced in four questions in the Q12. They are:

» Question four: In the last seven days, have your received recognition or praise for doing good work?
» Question five: Does your supervisor, or someone at work, seem to care about you as a person?
» Question six: Is there someone at work who encourages your development?
» Question ten: Do you have a best friend at work?

The questions are about the practices of co-workers and supervisors in relationship to the individual taking the survey. The issues discussed in the questions are under the control of others in the workplace environment.

Consistency is another aspect probed in the Q12. Four questions in the Q12 ask about consistency. They are:

» Question two: Do you have the materials and equipment to do your work right?
» Question three: At work, do you have the opportunity to do what you do best every day?
» Question nine: Are your associates (fellow employees) committed to doing quality work?
» Question twelve: In the last year, have you had opportunities to learn and grow?

These questions relate to the regularity of management policies and procedures, the ability of the individual to access their own highest level of productivity, as well as the productivity of their co-workers and learning and development. All of these items are related to the regularity of quality practices and individual growth.

Communication is the final element referenced in the Q12. Four questions in the Q12 ask about the nature and quality of communication. They are:

» Question one: Do you know what is expected of you at work?
» Question seven: At work, do your opinions seem to count?
» Question eight: Does the mission/ purpose of your company make you feel your job is important?
» Question eleven: In the last six months, has someone at work talked to you about your progress?

The final group of questions relate to how purpose and feedback are enacted at work. Without an understanding of purpose, performance cannot be altered, ultimate goals cannot be understood and acted upon and feedback cannot be incorporated.

Given the construction of the concept of employee engagement, interventions and practices must center on the concepts of communication, consistency and co-workers. *Table 1* (page 22) is a synthesis of several approaches to employee engagement defined within this construct and supplemented with OD strategies that help accomplish these practices.

Communication, consistency and co-workers and supervisors are three keys to developing an engaged employee base. Communication should be frequent, two-way and allow for open dialogue. Consistent, clear expectations around performance and behavior should be fairly applied to all staff. Co-workers and supervisors should be encouraged to develop a relaxed and personable environment.

Challenges to this development include pre-existing relationship issues, lack of trust, poor patterns of communication and inconsistent policies, expectations and treatment for individuals.

On the one hand, employee engagement is research and success stories pointing toward employees embracing a "carpe diem" attitude and implementing self- driven energies and attitudes that result in positively charged employee productivity, retention, and customer loyalty. These super-charged, can-do, passionate, put-me-in coach, innovative employees know how to move an organization forward. The good news is that right this very minute engaged employees are walking corporate hallways making a difference that sometimes do and, more often don't, make business headlines. Merely tapping into these under-the-radar heroes could potentially help a company develop new strategies for realizing financial success, increased employee tenure, and customer satisfaction.

On the other hand, across today's organizations there remains a large knowledge and implementation gap when it comes to employee engagement initiatives. Multiple companies haven't flipped the switch on creating employee engagement cultures because either senior leadership isn't on board with the concept; middle management doesn't support it, as it is seen as one more thing to do on an already long to-do list; Human Resources and Organizational

Table 1: Employee Engagement Practices

	Practice	OD Strategy
COMMUNICATION	1. Connect purpose and practice, ensuring employees understand how they impact the overall goal of the organization	1. Develop and implement system-wide an operational and capital strategic plan—share the plan widely
	2. Make job requirements clear	2. Coach and develop managers and staff
	3. Give updates when there are changes in the organization	3. Develop and facilitate All Employee Meetings/Town Hall Meetings; system-wide and departmental communication plans
	4. Communicate directly and often, using more than one channel (written and verbal)	4. Develop and implement system-wide and department-specific communication plans
	5. Regularly audit employee engagement levels	5. Develop and implement annual Employee Engagement Surveys
	6. Become an organization committed to professional development, empowerment and collegial relationships	6. Develop training and develop opportunities for all employee levels
CONSISTENCY	1. Develop a culture of accountability and professionalism in the organization	1. Develop and implement an objective system of performance metrics.
	2. Discover the strengths of your staff and allow people to use their strengths	2. Develop and implement strengths and talents assessment—train to strengths not weaknesses
	3. Develop an understanding of how employees view one another	3. Develop and implement 360 assessment tools to use in career management planning
	4. Identify aversions to particular people	4. Develop and implement diversity and conflict management training for all employee levels
	5. Hire carefully, develop routinely and retain staff meticulously	5. Assess training and development needs at all employee levels—create a culture of universal learning
	6. Maintain trust with staff—don't lose trust with "hire and fire" policy	6. Develop and implement an on-boarding strategy that reflects the organization's commitment to its people, community, and service
CO-WORKERS & SUPERVISORS	1. Develop amiable and collegial relationships between coworkers	1. Implement quarterly employee appreciation events to celebrate employee accomplishments.
	2. Recognize everything—birthdays, service anniversaries, goal achievements in the workplace	2. Develop a system-wide activities team to sponsor employee appreciation events
	3. Develop respectful, productive, two-way relationships between supervisors and staff	3. Create a culture encouraging frequent, timely and formal outcome- oriented conversations between staff and supervisors
	4. Talk about and encourage staff's professional goals on a regular basis	4. Implement quarterly goals and action plans related to organizational-side goals—formally discuss outcomes. Implement a coaching or mentoring program
	5. Remember to say thank you and to express appreciation for good work	5. Create a "thank you" culture by sending personalized thank you cards to the employees' home
	6. Ensure managers understand that retention of talent is a key performance metric	6. Develop and implement supervisory level peer and behavioral interviewing training

(Adapted from the work of Lockwood, 2007; Woodruff, 2006; Sejits & Crom, 2006; Buchannan, 2004)

Merely tapping into these under-the-radar heroes could potentially help a company develop new strategies for realizing financial success, increased employee tenure, and customer satisfaction.

Development hasn't championed the cause; senior leadership defines it as too *touchy feely* and doesn't want to invest the time, money, or resources; employees don't take engagement seriously and view it as the *flavor of the month* program.

Are there corporate risks to investing in and implementing employee engagement initiatives? Absolutely, but with supporting research and existing frameworks and models in place helping to make engagement part of an organization's value proposition, the risks become less threatening and more calculated. And with that being said... let the engagement begin!

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