

TRENDICATORS BEST PRACTICES REPORT


Measuring Engagement

TO IMPROVE YOUR COMPANY'S
COMPETITIVE ADVANTAGE



TRENDICATORS

HR Research & Insights by Engage2Excel™



Employee engagement is the extent to which employees are motivated to contribute to organizational success and are willing to apply **discretionary effort** to accomplishing tasks important to the achievement of organizational goals.

- STRATEGIC EMPLOYEE SURVEYS, DR. JACK WILEY

INTRODUCTION

Few business leaders would consider investing in an asset or changing a critical business process without first reviewing relevant and objective data. However, many CEOs today lack objective data on the variables that influence the performance of their most valuable asset: the employees whose discretionary efforts determine business success on a daily basis.

This eBook is a primer for business and HR leaders who understand the value of employee engagement, but need help making the business case for measuring employee engagement to improve competitive advantage.

The content is organized around seven key questions:

Why invest in measuring employee engagement?

What factors influence employee engagement?

What perceptions impact employee engagement levels?

What can you learn from benchmark comparisons?

How can you turn survey results into competitive advantage?

How can engagement help you improve recruitment success?

How is employee experience different from employee engagement?



WHY INVEST IN MEASURING EMPLOYEE ENGAGEMENT?

When you research the business impact of employee engagement, you'll find an ocean of statistics. For example, PwC reports that companies with highly engaged employees report:

33% higher profits

51% lower voluntary turnover

2.5 x higher performance-related business outcomes

While these statistics are compelling, they don't answer a more fundamental question: will your company benefit from investing in an employee engagement survey?

As with all forms of research, the real value in employee research lies not just in the survey results, but in the actions your company takes as a result of the research.

Your HR department may be convinced of the need to measure engagement, but it is vital that you get the support of your senior leadership team before fielding a survey. The following table provides a framework for evaluating your company's readiness for investing in a formal employee engagement survey.

REASONS TO INVEST	REASONS TO RECONSIDER
Your leadership team believes employee engagement is a critical enabler of organizational performance	Improving employee engagement is not viewed as a top priority
Your company seeks a scientifically validated method for measuring engagement that includes statistically relevant data for benchmarking	You're interested in engagement research but not concerned about statistical reliability
Your company is prepared to take action based on the survey results to drive organizational change	There is a high likelihood that your company would conduct the survey and not act on any of the results

WHAT FACTORS INFLUENCE EMPLOYEE ENGAGEMENT?



Part of the challenge associated with driving employee engagement to higher levels stems from the fact that a precise definition of the concept remains elusive. Also inconsistent are the differing perceptions—often advanced by competing practitioners—about what drives employee engagement and how to measure it.

Despite these varying points of view, scientific research definitively identifies four key drivers in a pragmatic and proven blueprint for creating an engaged workforce in any organization.

First, senior leaders must inspire their employees' trust and confidence by consistently establishing, communicating, and supporting the achievement of organizational objectives.

Second, managers must demonstrate respect and show appreciation for valuable employee contributions to team and company success.

Third, employees must enjoy and believe in the work that they do, and find it intrinsically meaningful, challenging and satisfying.

Lastly, employees must perceive viable career development, growth and learning opportunities within the organization in order to feel motivated to actively participate in an engaged workforce.



Four “musts” for creating an engaged workforce:

1. Senior leaders must inspire trust and confidence
2. Managers must recognize employees for their contributions
3. Employees must enjoy and believe in the work they do
4. Employees must perceive valuable opportunities for career growth

“Organizations that invest in practices that produce high levels of employee engagement enjoy significantly higher levels of success as measured by the satisfaction of their customers, the earnings they deliver to shareholders, and return on assets.”¹

- *Using Employee Opinions about Organizational Performance to Enhance Employee Engagement Surveys*

WHAT PERCEPTIONS IMPACT **EMPLOYEE** **ENGAGEMENT** **LEVELS?**

Over the past 30 years, we've surveyed over 200,000 employees around the world, asking them, "What is the most important thing you want from your employer?" Time and again, the answers are the same. Across different countries, industries, and job roles, our research shows that there are seven things that employees really want from their organizations. Employees want recognition for a job well done, exciting work, job security, to be paid fairly, a clear path for their working future, positive working conditions and to be told the truth.

The Engage2Excel employee engagement survey methodology, developed by leading engagement expert Dr. Jack Wiley, is summarized by the acronym RESPECT, which stands for Recognition,

Exciting Work, Security, Pay, Education and Career Growth, Conditions and Truth. Across all industries, 98% of our survey responses fall into one of these seven categories.

Our research shows that companies in the top quartile of being able to fulfill their employees' values enjoy the following competitive advantages²:

Customer Satisfaction Ratings: 6.4 percentage points higher

Operating Margins: 5.5 percentage points higher

Shareholder Return: 23 percentage points higher



2. Based on analysis of 236 organizations representing 22% of the Fortune 500 in manufacturing, retail, financial services, high-tech manufacturing and healthcare.

WHAT CAN YOU LEARN FROM BENCHMARK COMPARISONS?

Business leaders today have access to an overwhelming amount of research, information and data that can be used to influence decision making. The problem is determining what data is actionable.

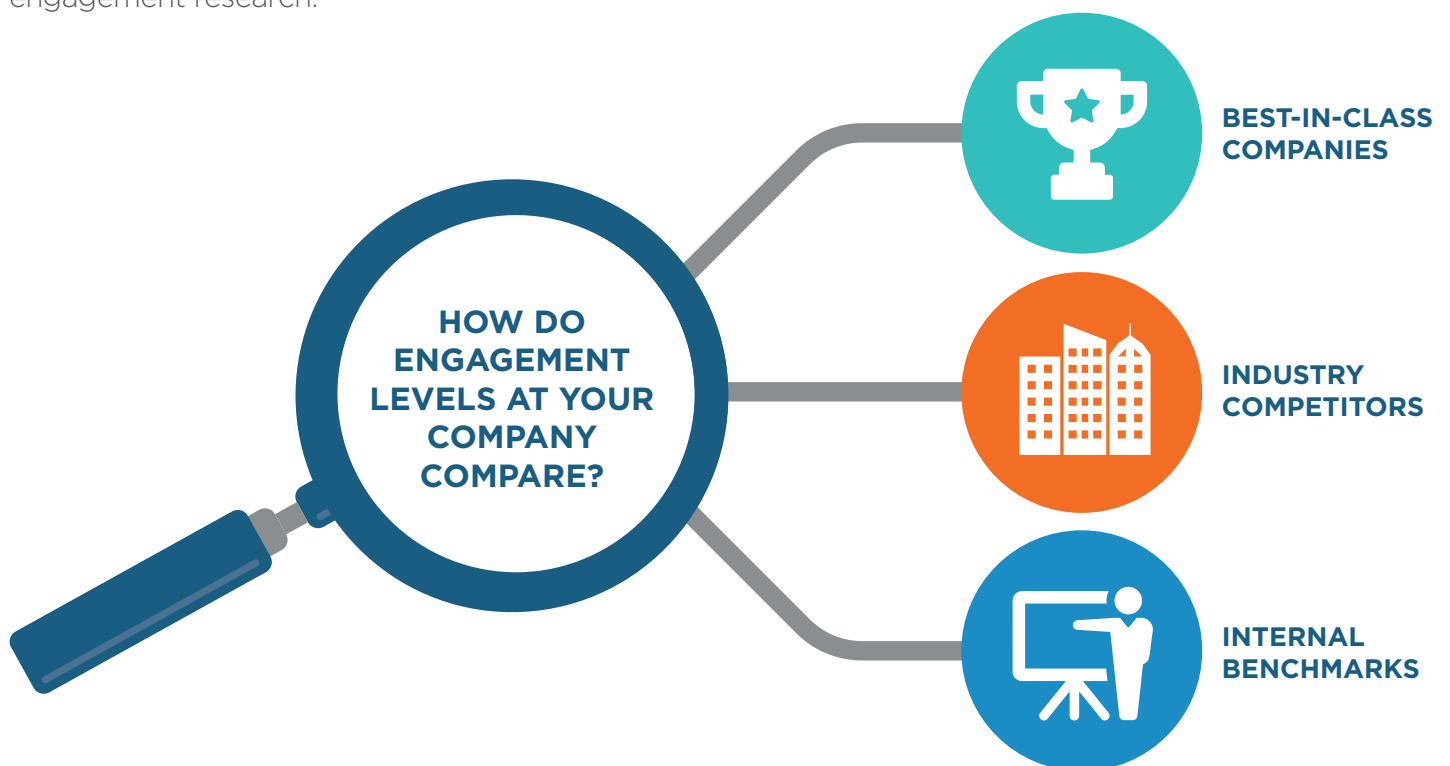
Benchmark reports provide an objective context for evaluating your company's engagement strengths and weaknesses, and they help senior leaders prioritize objectives for organizational change.

The following reports are vital for extracting strategic value from your investment in employee engagement research:

Best-in-Class Companies: See how your company's engagement scores compare to the highest performing companies across all industries.

Industry Competitors: Engagement metrics vary widely by sector. Industry benchmarks help leaders see how their company stacks up against its peers.

Internal Benchmarks: Identify and compare levels of excellence and opportunities for improvement for individual departments or groups within your organization.



HOW CAN YOU TURN SURVEY RESULTS INTO COMPETITIVE ADVANTAGE?

DISCOVER YOUR STRENGTHS AND WEAKNESSES



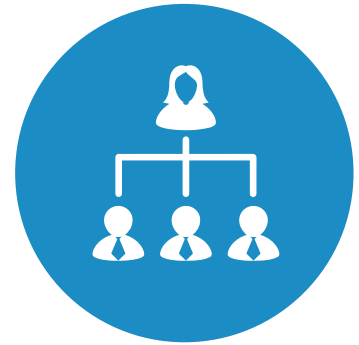
Benchmark comparisons reveal how your organization's engagement levels stack up against industry peers and best-in-class companies. This provides insights into your competitive advantages and highlights opportunities for improvement.

ESTABLISH PRIORITIES AND EVALUATE ROOT CAUSES



Structured feedback sessions let employees know that their opinions matter, enable managers to focus on key priorities for improvement and help your leadership team understand root causes for why employees feel the way they do.

HOLD MANAGERS ACCOUNTABLE FOR IMPROVEMENT



Survey results and feedback sessions provide managers with detailed insights for building action plans. This enables leadership to hold managers accountable and drive organization-wide change to increase their competitive advantage.

HOW CAN ENGAGEMENT HELP YOU **IMPROVE RECRUITMENT SUCCESS?**

Your company's ability to attract and retain highly engaged employees is vital to building and sustaining competitive advantage. In today's war for talent, engagement plays a powerful role that is often overlooked.

Small and midsize companies are discovering that building greater engagement into their recruitment processes can help them compete more effectively for talent.

Redesigning your recruitment processes and onboarding programs to foster greater engagement can significantly impact acceptance rates, quality of hire, hiring manager satisfaction and first-year retention rates.

Consider the following research findings from our survey of nearly 1,500 job seekers³:

The impact of engagement on recruitment, onboarding and retention

#1

Recruitment: The number one reason cited by job seekers for accepting a job offer is “being treated with dignity and respect during the hiring process.”

69%

Onboarding: More than two-thirds of job seekers say that their experience on the first day of the job impacts their decision to stay with the organization for more than a month.

24%

Retention: Nearly one quarter of job seekers say that “lack of recognition, appreciation or respect” is the most important reason that would cause them to leave their current employer.



HOW IS EMPLOYEE EXPERIENCE DIFFERENT FROM EMPLOYEE ENGAGEMENT?

There has been a significant increase in discussion within the HR community concerning the topic of Employee Experience. However, many people are confused and wondering what the difference is between Employee Engagement and Employee Experience.

While precise definitions of Employee Experience are still taking shape, most of the activity in this area focuses on making employee interactions more positive through pulse surveys, wellness programs, perks and self-service tools, to name a few.

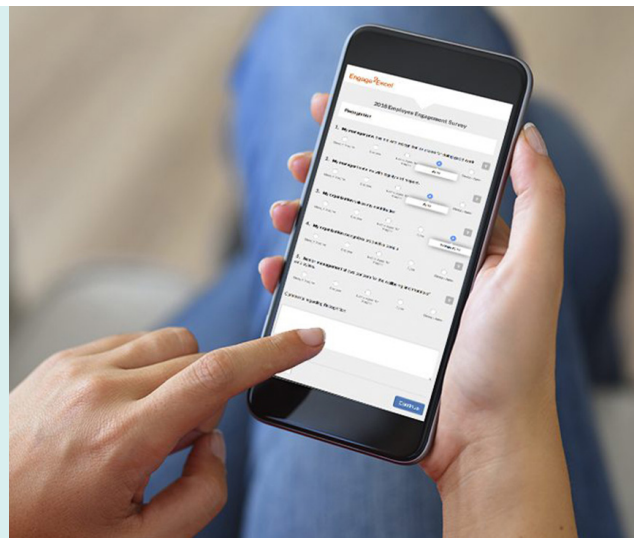
Although these tools provide useful inputs for improving employee experiences, they lack the rigor, scientific validity and benchmarking data of a formal employee engagement survey. Such

rigor, supported by decades of peer-reviewed research, is essential in order to provide your leadership team with the statistically relevant insights they need to drive action plans and enact organization-wide change.

Engagement surveys provide scientifically valid metrics. Unlike the concept of Employee Experience, which is all-encompassing, Employee Engagement is measurable, providing a predictable, repeatable and statistically relevant basis for strategic business decisions.

Ask potential engagement survey partners to provide evidence on the statistical validity of their methodologies before making a final selection decision.

Measuring employee engagement provides a predictable, repeatable and statistically relevant basis for making strategic business decisions.



Engage2Excel helps HR organizations create unique candidate and employee experiences from pre-hire to retirement. We understand what employees really want, because we look at the entire employee lifecycle through a scientific lens. We conduct original surveys, validate best practices from our client base of 2,700+ organizations and rely on three decades of groundbreaking research by our chief scientific officer, Jack Wiley, Ph.D.

Engage2Excel's industry-leading solutions for recruitment, employee recognition and engagement surveys are tailored to each client's unique business objectives and are designed to help clients increase competitive advantage and improve bottom-line results.

To learn more, visit engage2excel.com.

The logo for Engage2Excel, featuring the word "Engage" in orange, a large orange "2", and the word "Excel" in orange with a trademark symbol (TM) to its upper right.