creating a culture of employee engagement
Introduction

Do your employees report a strong sense of purpose at your company? Do they trust senior management and have confidence that the organization is moving in the right direction? Does everyone -- from the CEO on down -- feel like they are contributing to the company’s success?

These are some of the hallmarks of a culture of engagement. Engagement is the degree to which employees feel invested in their organization. Engagement can be measured and tracked, but first of all, it must be built. It doesn’t just happen, even if you have inspiring leaders and a strong mission.

If employees -- from the C-level to the rank and file -- aren’t engaged, business performance suffers and turnover is high. In a culture of engagement, employees have a clear idea of the organization’s purpose, its plan and how it will accomplish its goals.

This white paper will look at how organizations can address and boost engagement on three levels, and why involvement of the organization as a whole, leaders and individual employees is crucial in creating a culture of engagement.

Three Levels of Engagement

Organizations that want to create cultures of engagement need to understand the responsibilities of the organization, leaders, and individual employees themselves. It is impossible to create a culture of engagement without having this shared responsibility.

The Organization’s Responsibility

Modern Survey research has found that extraordinary organizations -- those organizations that have the highest levels of engagement -- typically have five key people practices in place. Regardless of the size or industry, organizations that are full of engaged employees follow these best practices:

1. Provide Performance Feedback

While providing employees with an accurate, helpful performance review as infrequently as annually can make a big difference in how people feel about their organization, extraordinary leaders give constant feedback to their direct reports.

“Our research indicates that someone who receives feedback at least once a year is twice as likely to be fully engaged as someone who didn’t receive any formal feedback in the previous year,” says Modern Survey President, Don MacPherson. “We highly recommend that leaders provide continual feedback throughout the course of the year, but even just once a year makes a big difference.”
If a leader isn’t investing time providing constructive feedback and helping employees develop, those employees will soon determine that the leader and the organization aren’t invested in them and they shouldn’t invest in the organization.

2. Train and Develop Employees

According to a 2012 study from the Society for Human Resource Management, 36 percent of employees surveyed said that professional development and job-specific training were “very important” to their job satisfaction, and about half were satisfied with it. The SHRM report, “Employee Job Satisfaction and Engagement,” said that during the latest recession, many companies cut training budgets to save money, and noted that dedicating resources to training is critical to retaining employees.

Millennials in particular are looking for training and mentoring in their careers. A study from the University of North Carolina's Kenan-Flagler Business School, “Maximizing Millennials in the Workplace,” says that companies interested in retaining Generation Y workers in particular should make sure their training budgets are robust: “Millennials place a high value on having those opportunities available through their employers and want to acquire new skills and abilities to remain competitive, so it is now more important than ever to reinstate those budgets.”

According to Modern Survey’s “Fall 2013 Study of the U.S. Workforce,” for the first time in three years, the strongest driver of employee engagement is the “growth and development” item. “This is a shift away from more safety- and security-related drivers like belief in the future of the organization,” MacPherson says. “We are finally returning to the way the drivers were before the recession, which represents the natural state of things.”

3. Measure Quality and Share the Results with Employees

According to Modern Survey’s research, 90 percent of employees at extraordinary companies say there is a strong emphasis on quality at their organizations, compared with 67 percent across all companies. In addition, 87 percent of employees at extraordinary companies agreed with the statement “Where I work, we are continually improving the quality of our products/services.”

While measuring “quality” is one of the practices of extraordinary organizations, measurement alone is not enough. Modern Survey Senior Consultant, Bruce Campbell, created the “extraordinary companies” concept. He says that extraordinary companies not only measure quality, “they share the results with employees throughout the organization, not just those people responsible for the measurement. Every employee needs to be aware of quality and how the organization is doing. That’s empowerment. Who better to solve a quality issue than the people who are dealing with the product or service being used?”

4. Measure Customer Satisfaction and Share the Results with Employees

Extraordinary organizations also measure customer satisfaction and make the results available to all employees. Modern Survey’s research finds that 91% of employees working at extraordinary organizations say their organization is committed to providing exceptional customer service compared to just 70% for the entire U.S. workforce. Again, it isn’t enough to simply measure customer satisfaction, it is important to communicate the results across all employees.

“Transparency and honesty show that you’re doing something and being consistent with your values,” says Mary Elizabeth Murphy, managing director of S.T.A.R. Resources, a consulting firm focused on improving company cultures. “Sharing data and being open fosters a belief in the future of the organization,” she says.

5. Have Values That Employees Know and Understand

Of these five people practices, having a set of values that are known and understood by employees is most important. According to Modern Survey’s “Fall 2013 Study of the U.S. Workforce,” employees who said they know and understand their organizational values are 37 times more likely to be fully engaged than someone who does not know the organizational values.

“Having values that employees understand and align with makes full engagement possible. The absence of values makes full engagement almost impossible,” Campbell says. “We found that only 1 in 220 people
who say their organization does not have a set of values is fully engaged. If you don’t have values that leaders clearly demonstrate and that employees can internalize and live by, you can forget about high levels of engagement."

“Do an internal exercise to find what you value,” says Susan Strayer LaMotte, Founder of Exaqueo, a workforce consultancy. "Once you figure out what you value, you have to make sure you’re willing to build a business around that."

“If one of your values is customer service, what does that look like?” she says. "Is it the relationship with the customer -- you take lots of time with them and build a deep relationship? Or do you move quickly and solve problems fast, focusing on getting through a lot of customers?" Either work rule can build the company value, but the organization needs to decide which one to pursue.

“Most companies don’t do that,” LaMotte says. “They say they have values and call it a day.”

Derek Irvine, a Vice President at Globoforce, notes that “for a company’s values to have an impact on employee behavior and performance, they must be understood in the same way by all employees regardless of position, division or geographic location.”

And while building these values, it’s important to get feedback and input at all levels, LaMotte says. “When you launch, you can say more effectively, ‘This is a team effort that we created with your input,’” she says. “It’s important to commit and make a splash.”

Employees of “extraordinary companies” that adhere to all five of these people practices are nearly five times more likely to be fully engaged and are far less likely to be disengaged.

### Extraordinary Companies

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### Leadership’s Responsibility

At the second level, leaders throughout an organization need to understand the concept of employee engagement, what the drivers of engagement are and how to use those drivers. According to Modern Survey’s research, only 65 percent of managers understand the concept of engagement.

“There is an enormous obstacle,” says MacPherson. “When only two-thirds of our leadership understands the concept of engagement, we are in trouble. If a third of leaders don’t know what engagement is, how many don’t know what drives engagement or how to use those drivers?”

For organizations wanting to create a culture of engagement, it is important that leaders (from senior leaders down to line-level supervisors) are educated about the concept of engagement, what the business case for engagement is and how to use the drivers of engagement to motivate employees.

There is a misconception that engagement is all about the manager. In truth, all levels of leadership are responsible for engagement. To help drive engagement, managers need to focus on recognizing employees, filling them with a sense of accomplishment and, most importantly, developing them.

“There’s a desert of thank-yous and recognition out there and that represents a big opportunity for organizations that want to boost engagement,” according to Kevin Sheridan, author of the best-selling book “Building a Magnetic Culture.”
And when it comes to developing employees, managers should be encouraging employees to grab opportunities for growth. “Employees are not being encouraged that way,” Sheridan says. “Tell them to go out and seek mentorship, go find somebody who is an A player, identify a place you want to be in six months down the road and ask them to help with development.”

Senior leaders who think that engagement is the responsibility of the manager will be surprised that “belief in the future of the organization” and “confidence in senior leadership” have been the strongest drivers of employee engagement over the last several years.

“For three years after the recession, employees wanted stability more than anything,” says MacPherson. “In September of 2013 in our U.S. Workforce Engagement Study, we saw this begin to change. The strongest driver of engagement was Career Development and not a more senior leadership oriented driver. However, any organization that dismisses the importance of senior leaders in engaging employees will never create a culture of engagement.”

**The Employee’s Responsibility**

The third level of engagement is at the employee level, the individuals. Few organizations explicitly state that employees are required to bring their best to work, but when organizations make it clear that employees have a choice to make, employees can own their engagement and play an active role in improving work life.

“The whole ownership for employee engagement has been so lopsided and in need of correction,” says Sheridan. “People are questioning the old model of surveying to assess and manage employee engagement. You used to get management in a room, they’d take it seriously and put together meaningful action plans that will engage the employee, and on and on, but the model excluded the employee, other than surveying them.”

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Author of the Book “Building a Magnetic Culture”

As a result, employees aren’t encouraged to do their own action planning or to take ownership of their own engagement -- and that’s a mistake, Sheridan says. He gives the example of a low-level employee who is reading a typical employee survey and gets to the statement that says “my manager recognizes me when I do a good job.” “I get red, I fill in the bubble that says ‘strongly disagree,’ and that’s it, I sit in my victimhood,” Sheridan says.

Instead, he suggests a model where the employee can go get the recognition he feels he deserves. “Go to your manager at the end of the week and show them the 10 things you accomplished and flat-out ask, ‘Did any of these 10 things stand out as something I did a really good job on?’”

“Any healthy relationship is a two-way street, and that includes managers and employees,” Sheridan says. He recommends managers encourage their direct reports to take charge of their own engagement at work by encouraging employees to reflect on their workday experience and look for ways to improve it.

“Employees who are encouraged to reflect, to seek mentorship, to think about their careers and to look for guidance will feel more a part of the organization,” Sheridan says.

**Expectations**

A culture of engagement means the vast majority of employees know what engagement is -- regardless of their role or level in the organization -- and what drives engagement. Both managers and individual contributors focus on these drivers when working with other employees. They also know that it is their responsibility to bring their best to work and to expect teammates to step it up when they bring bad attitudes to work.

“Employees can be motivated when they see their peers performing at the highest levels,” Globoforce’s Irvine says. “Social recognition creates a culture where good work becomes contagious and visible throughout the organization. Employees are driven to succeed by recognition, as well as a desire to move the collective needle of the company.”

Sheridan suggests encouraging employees to reflect on their experiences within the organization. “So many people in jobs in this day and age are just floating along and they don’t examine what they’re doing or aren’t reflective,” he says. “They need to ask themselves, ‘Am I happy? Did I have fun at work this week? Did I have a career dialog...”
or discussion with a manager?" And then the next step is ‘what do I need to get there?’"

Organizations working to create a culture of engagement need to set very clear expectations that employees and that they need to bring their best to work on a regular basis. Surprisingly few organizations tell candidates in the hiring process that it is their responsibility to be engaged at work.

“I do a fair amount of public speaking to human resources professionals,” says MacPherson. “I ask the audience for a show of hands if they believe employees should bring their best to work. About 80% of hands go up. Then I ask if they state that as an expectation in the interviewing process. About 5% of hands go up. Setting that expectation sends a clear message to the candidate that this is a place where my leaders, co-workers, and customers will routinely expect my best.”

A Commitment

This kind of change doesn’t happen overnight. Sending out an employee survey for the first time and following up a year later simply lets employees know the company is paying attention. Creating a culture of engagement takes time and a lot of work.

How long it can take to make this change varies. It can depend on the size of the company, the level of change and the effectiveness of the leadership.

“Generally speaking, it will take three to five years of focus throughout the organization to create a culture of engagement,” MacPherson says.

It can be discouraging to hear that, but if executives think it will occur faster than that, they are most likely being unrealistic. In any cultural change the first year may be met with employee skepticism. The second year many employees will gravitate toward the new culture. The third year will see the rest of the employees either fall in line or leave the organization. This is the ideal situation with a focused and aligned executive team.

When the cultural change initiative is focused on engagement, normally the first year is spent getting senior leaders to model engaging behaviors to their direct reports and throughout the organization. The second year is spent teaching the remaining leaders about engagement, its importance and how to use the drivers of engagement. The third year is spent getting the remaining employees – the individual contributors – to understand what engagement is, how to engage their co-workers and their responsibility in owning their own engagement.

Conclusion

It takes time and effort to build a culture of engagement at an organization. True engagement takes a lot of planning, strong leadership, clear vision and even courage. As more companies realize the benefits of measuring and tracking engagement and educate employees about the drivers of engagement, they will find that the benefits of increased engagement at all levels -- organizational, leadership and individuals -- make all the work worthwhile.

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Don MacPherson
President of Modern Survey
about us

Modern Survey measures workforce intensity — that fire in your company’s belly that makes all things possible. Our human capital measurement software combines feedback, benchmarks, and data from enterprise systems to elucidate the correlation between employee performance and company success. We analyze the stuff your talent management system can’t — so that you know what to do next.

We are Modern Survey. And we are relentless.

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