

Engagement

Why is everyone talking about employee engagement?

Engagement levels in the UK workforce are too low, leading to negative consequences for the competitiveness of UK plc. So says the recent Macleod Report, initiated by Lord Mandelson, Secretary of State for Business, Innovation & Skills. That the government is taking such an interest in employee engagement suggests that it is an important issue for employers, but many are still unclear about why engagement is important, how to create it, or even what it is.

Building better relationships

Creating an environment in which people operate at their optimum level is moving to the top of the management agenda. A workforce comprised of employees who are highly motivated to give of their best inevitably leads to tangible benefits for both the organisation and the individual.

And with employee performance largely determining the success of organisations - in terms of competitive advantage, innovation, and excellent customer service - the relationship between employees and organisations comes sharply into focus. Organisations therefore need to engage the workforce if everyone is to work together to achieve organisational goals.

This focus on relationships, rather than procedures and processes, is also being driven by changes in the nature of work. Increasingly roles are less well defined, requiring employees to use their initiative and work in ambiguous circumstances, where there are no rules to follow.

Sage has been investing in engagement for several years, explains Lesley Leathley, who has responsibility for managing *Engage*, a programme designed to measure and increase engagement levels amongst Sage employees. "At Sage our success is based on creating an exceptional customer experience," Lesley explains, "but we believe that we can only do that if our people are fully engaged in achieving the goals of the business."

Better performing businesses

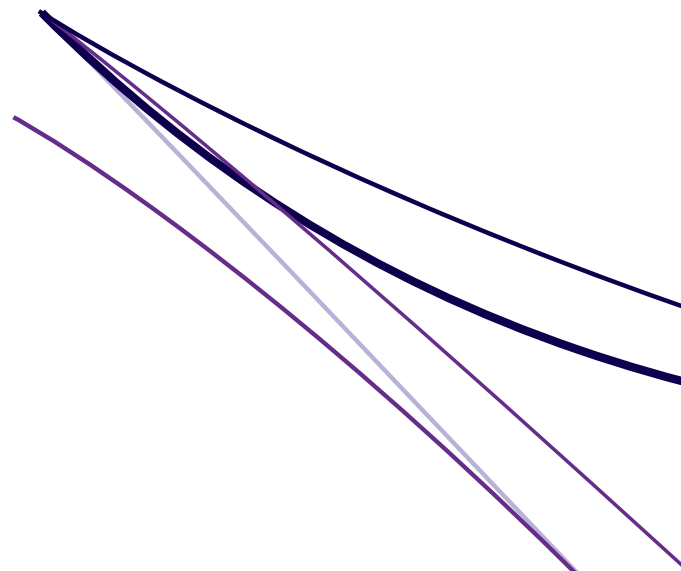
Engagement involves employees having both an intellectual and an emotional relationship with their work, which leads to a desire to help their organisation achieve its corporate goals.

"We believe in creating a two way relationship between management and the rest of the business. You don't build a relationship by simply pushing messages down from the top," explains Lesley, "engagement requires a collaborative environment, in which people share their ideas and concerns, good or bad, and believe that they will be listened to."

And there are very real benefits to be gained from an engaged workforce. High engagement levels correlate with high performance, while it is also related to innovation, productivity and profitability, and customer outcomes including loyalty and satisfaction.

Engaged employees are more likely to be absorbed in their work, have higher energy levels, and therefore be more effective. And engagement is not a transitory state, but a long term and stable one that inspires positive emotions in the employee towards the organisation. As a result people are more willing to invest themselves in their job, and work to help their organisation succeed, which is why those organisations with more highly engaged employees outperform their competition.

"We need people to care about the future of Sage, to want to be part of its success," says Lesley, "you can't mandate that people feel engaged, you have to facilitate it, and then you will see the rewards."



Better performing people

Engagement is good for business because it's good for people. Rather than simply responding to demands made upon them, engaged employees take the initiative, look for new challenges, and are committed to high levels of performance. They also freely and willingly give discretionary effort as an integral part of their daily activity. And they value the intrinsic aspects of their job, such as opportunities for learning, development, and skill use, as highly as the extrinsic rewards such as pay and promotion opportunities.

"Sage has a strong focus on learning and development, but not just for job related skills," explains Lesley, "we have recently introduced a pilot scheme which offers people the opportunity to extend their abilities in all sorts of different areas, including technical skills, foreign languages and Pilates, so the focus is on personal as well as professional development."

This focus on development leads to engaged employees having a stronger belief in their own abilities. They develop greater confidence in their knowledge, skills and abilities, and they tend to influence their fellow employers to act and feel same way.

Health and Wellbeing

The benefits of engagement also extend to the health and wellbeing of employees. The HSE estimates that 2.3 million people suffer from work related ill-health each year, and 32.9 million working days are lost annually through sickness. Engaged employees tend not to suffer from many of the complaints responsible for much of the time lost, such as depression, and they have fewer physical complaints and sleep disorders, so they take less time off sick and are less likely to leave as a result of wellbeing issues.

Organisations need healthy, motivated people, and investment in the wellbeing of employees leads to increases in engagement levels, which in turn leads to greater wellbeing, creating a virtuous circle from which everyone benefits.

"We have recently begun to focus more on the health and wellbeing side of engagement," says Lesley, "and it's something we will be doing more of in the future. So far we have introduced a chiropractor into our head office and run massage tester days. But," explains Lesley, "it's not just about the immediate effects of a treatment, but about creating an environment in which we acknowledge that physical and mental wellbeing are an important part of enabling people to achieve optimum performance."

Engaging employees

While there are some very practical ways to foster engagement such as providing employees with the training, equipment and other resources necessary to do their job, there are also some more intangible elements that are equally important.

Employees that feel that they are treated fairly are more likely to experience higher levels of engagement, while being kept informed about the organisation's goals and mission, is also key. Employees also need to be able see the impact of their work, and perceive that what they do matters and is recognised by the organisation.

"People told us that they wanted to know more about what was happening across the whole business," says Lesley, "so we have introduced a monthly newsletter, and we produce a quarterly magazine which includes articles recognising the contribution of individuals, including information about who has been promoted, as well the more social side of what's going on, like the recent Sage sponsored trip made by a number of employees to Nepal to help rebuild a school."

The role of leadership

Leaders play a critical role in creating an environment that enables employees to unleash their potential, but it has to be authentic. Engagement will only increase if leaders believe in, and commit to it and the rewards it can deliver.

Engagement depends upon a leadership style that is transparent and explicit. It flourishes in environments that give employees 'line of sight' between their job and the vision and aims of the organisation. This involves the communication of a clear vision from the top, so that employees can see how they fit in, coupled with a willingness to encourage open discussion.

"A really important outcome of our annual engagement survey has been the introduction of a monthly webcast by Paul Stobart, our CEO." says Lesley, "People said they wanted to hear more from him directly, and so now everyone can see and hear from him, live, every month."

Size doesn't matter

Engagement is often higher in small organisations, where employees are more likely to be involved in discussions about the vision and aims of the business. But there are still challenges and, according to the Macleod Report, engagement levels in small business are still relatively low.

It could be that engagement surveys are seen as an unnecessary overhead in companies where everyone knows everyone else, or that the whole concept is perceived to be management speak for big organisations and not therefore relevant.

Where engagement does exist it is often based on personal relationships, rather than management structures. It can, however, be a challenge to maintain an ad hoc approach as the organisation grows. And in small organisations the visibility of leaders is even more crucial than in large ones, as they tend to play a larger day to day role.

But engagement is every bit as important to small companies, as they are often more reliant on innovative approaches to business, being under even greater pressure than large ones to be competitive in everything they do, making them more dependent on the expertise of their people.

Why isn't business 'getting' engagement?

Despite the Macleod Report engagement is still not a widely known or accepted concept, and, even if accepted, it may require long term investment before a company begins to see benefits in performance. It can be seen as too soft and fluffy, or worse, it can be dismissed as management speak.

It can also be difficult to justify the investment required. Engagement is an 'intangible', but it cannot yet be entered on balance sheet in the same way as other intangibles such as 'goodwill'. A lack of understanding about how to implement an engagement strategy and a lack of clarity about what creates motivation in staff to go that extra mile may also inhibit the introduction of engagement strategies.

Ultimately, however, the biggest barrier to engagement is a lack of commitment at leadership level to incorporate engagement into the organisation's DNA. "Paul Stobart is passionate about engagement and works with the senior management to drive programmes in support of it throughout the business," explains Lesley, "it would be impossible to have achieved as much as we have without support from the most senior people on the company," Lesley concludes.

The role of HR

With its responsibility for managing the human capital within the organisation, HR has a central role to play in implementing an engagement strategy. It requires that an organisation knows as much about its employees as it does about its customers – what they want, what motivates them, and then builds a workplace designed to get the best out of them.

“We have been running our engagement survey for three years now, and it has an 80% response rate, which shows that people see it as having an important role to play,” explains Lesley, “and it has proved an excellent tool for making changes in response to what our employees actually want, rather than what we think they want,” she continues. “While we like to think we have a good idea about what people are thinking and feeling, the survey provides everyone with a formal way to feedback, and it stops us from making unfounded assumptions about what will increase engagement.”

HR also needs to ensure that the value of engagement is understood at the most senior levels in the organisation, reinforcing its importance to performance, staff retention, and health and wellbeing.

Playing the role of engagement champion also underlines the strategic importance of HR – if the human capital is not engaged then it will not play its full role in ensuring the organisation achieves its aims and objectives. Engagement sits alongside other people issues important for HR including workforce productivity and leadership practices. But the link between talent management and engagement is particularly strong, as they are both concerned with the need to grow talent and help people achieve their full potential.

HR is increasingly about far more than pay, rewards and policies; it is also about aligning corporate values with employee ethics, which has been shown to increase engagement. As the focus in HR moves more and more towards the management of human capital, engagement is a way to retain talented employees, create a more positive corporate image and create a healthy, competitive and effective organisation.

“HR isn’t some sort of engagement police force,” explains Lesley, “its role is that of a facilitator, supporting the needs of the organisation and providing the tools and resources it needs.”



What next?

The Macleod Report makes clear that engagement levels need to be higher to ensure the UK's ability to compete in the global marketplace. But, it suggests, a culture change in organisations will need to occur for this to happen.

A good starting point for any organisation is to develop an understanding of engagement levels within the business. In order to implement behavioural strategies that will facilitate full engagement it's vital to know where you are starting from. But it's important that measuring engagement doesn't become the whole purpose of the exercise. It's even possible that an over emphasis on measurement, rather than action, could lead to disengagement, which some believe costs US companies \$300 billion per year in lost production.

"People need to see things change following the survey," says Lesley, "so when we get the results our senior management team comes together to look at what the survey is telling us. We then build action plans to make positive changes in the business. One new initiative we are about to launch is an interactive intranet. This will enable people to share their thoughts and ideas instantly on line, with the rest of the business."

Ultimately, it's impossible to mandate engagement, it is only possible to build an environment in which it will be more likely to occur. There is no quick fix, engagement has to be built into the DNA of the organisation, and be seen as an integral, authentic part of the business by everyone from the CEO down.

"Creating an engaged workforce doesn't happen overnight," according to Lesley, "it's about committing to the long term and taking baby steps along the road. And there will never be an end point when we say we have achieved engagement and can stop our efforts. Engagement is evolutionary," she concludes, "and what we need to deliver will change over time."

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