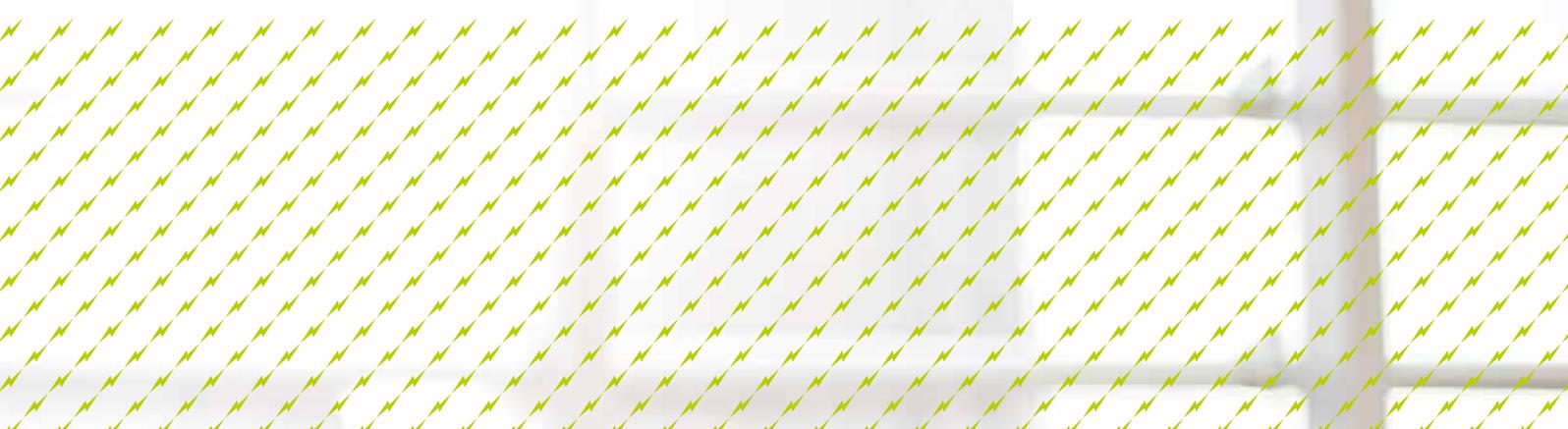


Spotlight on the employee engagement profession



A report into understanding how organisations
approach employee engagement

Foreword

At People Lab, we believe that engaged employees make workplaces better for everyone: employees, customers, businesses and society. And we're not alone in this thinking.

Since the term engagement was first coined by William Kahn, back in 1990, it's steadily moved up the business agenda. And yet, despite this increased focus, it seems that businesses are still struggling to develop and improve engagement with their employees. The CIPD Employee Outlook Survey 2015 indicated that the Employee Engagement Index, within the UK, had risen to just 39%, up from 38% in 2014 and 35% in 2013. This is a fairly typical finding and we see similar results from across other parts of the world. Clearly there is much work to be done, but it's not for want of trying. Deloitte's 2015 Global Human Capital Trends Report states 'culture and engagement were rated the most important challenge of 2015'. It's fair to say that many businesses are now focusing on employee engagement, and have been for some time. However, we are still not seeing the improvements in engagement we would expect from this increased attention over the years. We wanted to explore this further, which is why we launched our "Spotlight on the Employee Engagement Profession" research.

When we started looking at the gap between an increased focus on engagement and a real lack of progress within the sector, we discovered that there was very little information about the profession itself. Whilst there is a mountain of information on engagement levels and indexes, there is very little insight into how organisations approach employee engagement. This was the starting point for our research. We wanted to further explore how organisations resource engagement, how skills and expertise are developed, delve into companies' engagement strategies, their structures, and understand why it is companies are struggling to make progress.

This report details the findings from this research. The research uncovered many answers to the questions we were asking, illustrating quite clearly the reasons why businesses are still struggling to improve engagement despite the increased focus and attention.

Thank you to all of the companies which took part, we had a great response. We would like to continue the conversation this research has started, so will be exploring the findings further. If you would like to be involved with our future research programmes, or have any questions or comments about this white paper, please get in touch and contact us at info@peoplelab.co.uk if you have any comments...

We hope you enjoy reading this report

Emma and the People Lab Team





Contents

1.	Setting the scene	4
2.	What we did and who got involved	4
3.	The findings:	
	A. Approaches to engagement	6
	B. The engagement strategy	8
	C. Resourcing engagement	14
	D. What are the priorities of engagement teams and experts?	16
	E. Building capability	18
	F. Engagement strengths	19
	G. Barriers to engagement	20
4.	Implications and actions	21
5.	What next?	25

Setting the Scene

Engagement was first referred to in an article, by William Kahn, in 1990. Albeit, he talks about personal engagement and disengagement, rather than employee engagement.

Since this initial reference to engagement we have seen interest in employee engagement growing year on year. More and more definitions appear, we see different approaches, surveys and models, many of which claim that they are the correct (and only) way to define and measure engagement. And with the rise of the survey we have also seen a growing body of evidence to create a compelling business case that shows employee engagement

matters. Employee engagement is now everyday language within organisations, and yet there is still a huge amount of discussion as to what it actually means and how to develop and improve it.

The employee engagement profession has emerged alongside this increased focus, however, currently there is no established “best-practice” approach. More often than not, employee engagement, subsequent strategy and dedicated team resource was borne out of the need to resource and manage the annual survey. We wanted to shine a light on the way organisations are approaching employee engagement: how they resource it, how they develop skills and expertise within this area and how they develop and implement strategies aimed at moving the dial on engagement. The findings discussed within this white paper go some way to providing answers to these questions and help us to understand what we need to do differently to realise the levels of engagement companies aspire to.

What we did and who got involved

Through an online questionnaire, a total of 75 organisations took part in the research. Responses were gathered from organisations across all sectors, industries, size and locations.

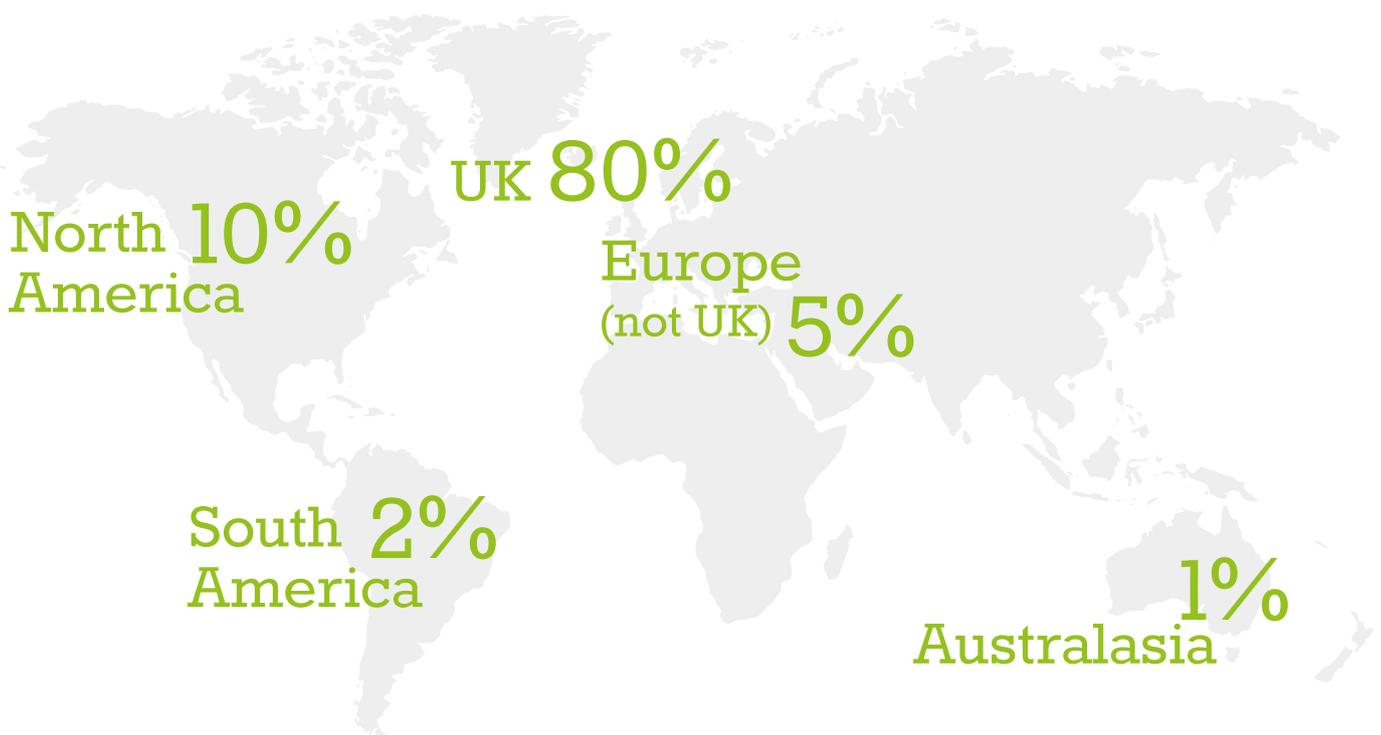
Company Size:

less than 500	28%
500 - 1000	10%
1000 - 5000	18%
more than 5000	42%

Company Sector:

Financial Services	19%
Retail	5%
Manufacturing	5%
Pharmaceutical	2%
Utilities	2%
Telecomms	2%
Education	17%
Transport	3%
Tourism	3%
Central Government	11%
Local Government	11%
Charity	3%
Not for profit	2%
Construction	2%
Creative Industries	5%
Other	8%

Head Office Location:





The findings

A. Approaches to engagement

We wanted to find out where engagement typically sits within an organisation and who has formal responsibility for developing and improving it.

Job Title:

Internal Communications in their title	44%
HR in their title	22%
Employee Engagement in their title	22%
Other	13%

It seems there is no natural or obvious home as yet for employee engagement. These findings reflect many of the discussions we're having with companies as to whether engagement is part of communications, part of HR, or a discipline in its own right. Does the job title we assign, or the team engagement experts sit in, influence the subsequent strategy and plan? It seems reasonable to suggest that those employee engagement professionals who sit within the internal

communications team might focus on different drivers and activities, to those who sit within a more HR focused team. It could be argued that employee engagement does not fit neatly into any one area given the range and complexity of the types of activities an organisation must undertake to develop and improve engagement. In which case perhaps it should not matter what the job title is, or where it sits?

We also asked how long companies have been focusing on engagement

More than 5 years	38%
2-5 years	29%
Less than 1 year	19%
1-2 years	14%



Just over a third (38%) of companies have focused on engagement for more than five years

But a third (33%) of companies are relatively new to engagement, having focused on it for two years or less

B. The engagement strategy

It stands to reason that to develop and improve engagement you need to start with a strategy and plan. So you might be surprised to hear that less than half of the organisations we spoke to said that they have a strategy in place.

45% have an employee engagement strategy
38% do not have an employee engagement strategy
17% are unsure if they have one or not!

A fundamental element of any strategy and plan is to firstly define what it is you're focusing on: in this case employee engagement.

So we asked companies if they have a company wide definition of engagement. Just a quarter said that they did, with three quarters

saying that they don't have a definition.

For those who do have a definition, their interpretation ranges from quite simply creating a great place to work through to concepts such as organisational citizenship. It is clear from the definitions provided that there is no consensus across the profession, which will come as no surprise, given the well documented lack of a single universal definition of engagement.

In addition, of those companies that do have a definition of employee engagement, the majority believe it is not well understood across their organisation.

Our definition is well understood 14%
Somewhat understood 33%
Misunderstood 16%
We just don't know 37%

Focus on Managers

Managers are critical to developing and improving engagement throughout an organisation. They are sometimes unfairly criticised for not performing their duties in this area. The findings show us that 48% of managers do not have a good understanding of

engagement. Although on the face of it this is concerning, it is also understandable considering those who have apparent responsibility for driving the engagement agenda may not be able to define it themselves.

Evaluation and ROI

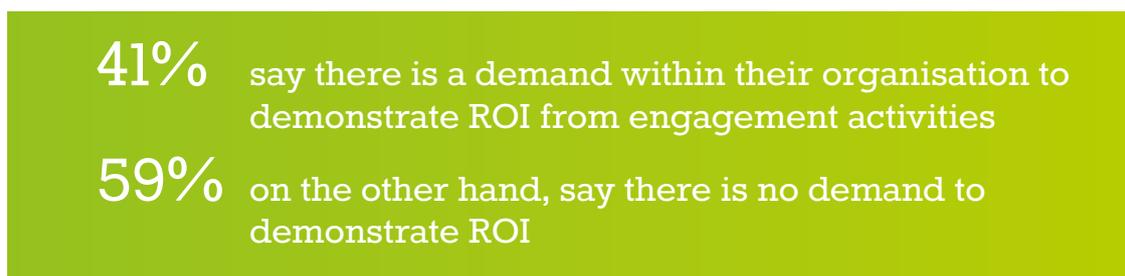
A well-designed strategy of any nature should identify measurable outcomes and well-articulated goals. Considering the number of organisations who do not have an engagement

strategy in place, it comes as no surprise that more than half (53%) of organisations fail to measure the impact of engagement within their business.



Similarly, when asked about the Return On Investment (ROI) of engagement activities, over half of respondents say that there is no demand to do this within their organisation.

This is concerning when CEO's cite engagement as a top priority and perhaps demonstrates a lack of commitment in improving engagement.



There is some good news however when we looked at goals which align to overall business strategy.

Our research found that goals included:

- improving performance
- improving employee retention
- improving customer experience
- improving quality
- increasing innovation
- improving efficiency
- attracting talent



Some companies are even striving to link their engagement activity to financial goals such as:

- increasing financial performance
- increasing profit

Interestingly, 68% of companies said that one of their goals is to improve internal communications through employee engagement. This finding could be indicative of the way employee engagement is defined. However, we would argue that this is the wrong way around. We believe that great internal communication should be a driver of improved employee engagement. For example employees who understand the role they play, how they are performing, feeling

connected to the business, as well as understanding the direction and performance of the business, all contribute towards engagement. These are all areas impacted by great internal communication. Perhaps this finding arises from the fact that many of those responsible for improving employee engagement sit within the communications functions? It's certainly an area that requires further discussion.

Enablers of Engagement to drive strategy development

The “Enablers of Engagement” are well documented as providing a useful framework to develop and improve it.

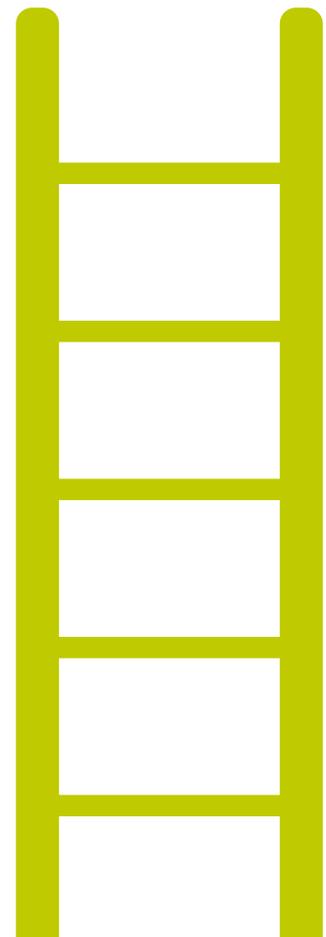
The enablers are:

- **Strategic narrative:** providing a compelling purpose at work to help create meaning for employees
- **Line managers:** the role of managers in creating a positive experience for employees
- **Employee voice:** employees are listened to, and believe that their opinions count
- **Integrity:** ensuring the words of an organisation match the behaviours

In exploring how companies approach employee engagement we wanted to find out how many are using the enablers as a framework:

Strategic narrative	49%
Line managers	71%
Employee voice	62%
Integrity	32%

It would seem that using the enablers framework to develop and improve employee engagement is a model being used by a number of organisations, albeit some enablers are more popular than others.



C. Resourcing engagement

If companies are to take employee engagement seriously it stands to reason that there is a commitment to resource it effectively.

In some areas companies are clearly not putting their money where their mouth is. Over a quarter of organisations say that they have no budget for employee engagement, and a further 21% say they have less than £10,000.

Employee engagement budget allocation

No budget	26%
Less than £10,000	21%
£10k - £50k	19%
£50k - £100k	10%
£100k - £250k	7%
more than £250k	17%

While budgets are limited for some 80% of those who responded to our research said that they have assigned formal responsibility for employee engagement to individuals and teams. And of those

that do have formal responsibility for engagement, we observed a range of investment in time dedicated to focusing on engagement:

Percentage of time devoted to employee engagement

less than 10%	9%
10% - 25%	19%
25% - 50%	22%
50% - 75%	20%
75% - 100%	30%

Organisations appear to understand the need to ensure that there are people and teams who have responsibility for the function. Our findings show that the majority of organisations (65%) have a wider team that look after engagement whereas 35% say that they have one person assigned to look after engagement.

For those who were not solely focused on employee engagement, there was little consistency in the other areas they had responsibility for. These areas include: internal communications, learning and development, marketing, human resources, employee relations, diversity and recruitment.



D. What are the priorities of engagement teams and experts?

We looked at those tactics and activities which are part of an organisation's engagement strategy and plan, to enable understanding of what it is companies are focusing on. As expected the range was far reaching and diverse.

However, we were surprised that looking after the survey, and subsequent action

planning, was not top of the list, being narrowly beaten by internal communications.

Training and development, including leadership development, were close behind which reflects the focus on the line management as a key enabler of engagement.

What do engagement teams and experts do?

Internal communications	81%
Annual survey and action planning	79%
Training and development	76%
Developing an employee engagement strategy	75%
Leadership development	75%
Wellbeing programmes	70%
Recognition/ reward	70%
Employee voice	62%
Developing strategic narrative	57%
Coaching	43%
Employee relations	40%
Employee volunteering	38%
CSR	30%

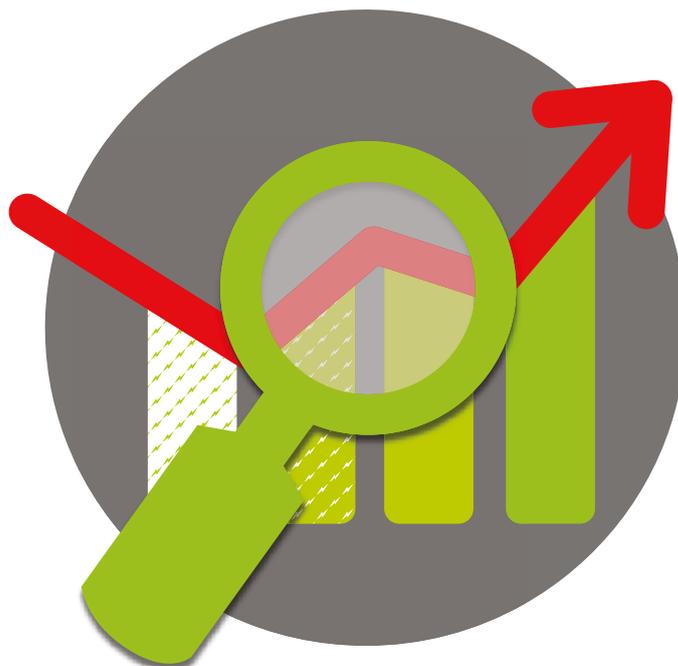
It's clear to see from these findings that activities are split between those focusing on internal communications, and those which focus on more traditional HR activities. Again, this could be indicative of where engagement sits within the organisational structure.

Focus on the survey

Three quarters of organisations conduct a regular employee engagement survey within their organisations. For the majority (80%) this takes the form of an annual survey. 8% run their survey twice a year, 4% run a survey quarterly and 8% run their survey less than annually.

Of those who conduct a survey, 80% believe that the process contributes towards improving employee engagement within their organisations. Conversely, almost a fifth (19%) do not believe the process helps to improve engagement. The primary reason given for this lack of impact from the survey was down to the results disappearing into a

black hole. Other criticisms included too much focus on the data and numbers, and the fact that the survey only happens sporadically rather than seeking to harness employee feedback in an ongoing way. Interestingly 35% say that they run the survey process themselves rather than using an external provider.



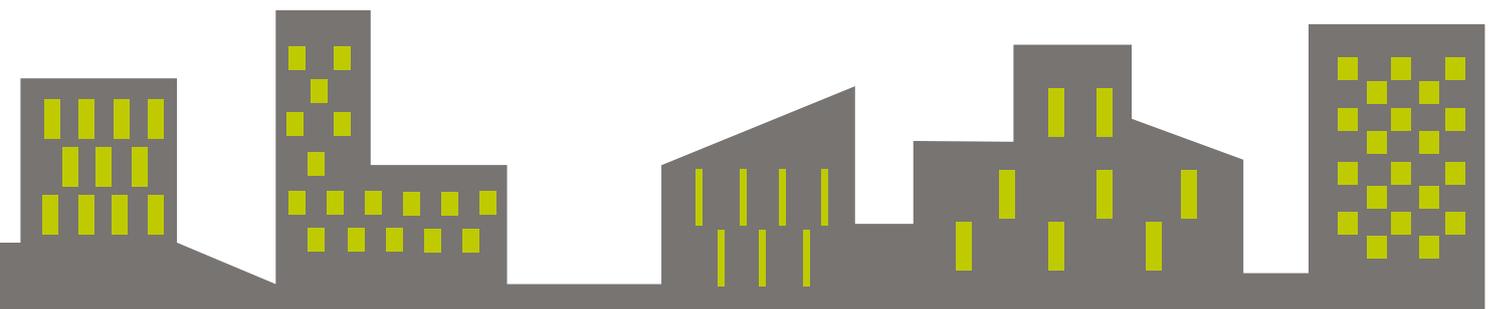
E. Building Capability

As the employee engagement profession matures, a clearer understanding into how organisations invest in skills and expertise is needed. This will be key in helping us better understand what professional development is required. Our results found that 41% of respondents said they have been working within the sector for more than five years and a further 40% said they have been working within the field between two and five years. This demonstrates that a lot of experience is gained on the job.

Despite this experience, just over three quarters (76%) say that they have not received any formal employee engagement skills training. Of those who have been fortunate enough to receive training, some mentioned courses that focus on internal communication with some specific modules dedicated to engagement, such as the Institute of Internal Communications (IOIC) Accelerate Programme, and the Melcrum Black Belt programme. In addition others talked about courses which have more of an HR focus such as HRM masters, CIPD qualifications, as well as dedicated employee engagement development programmes.

When asked what training people would like to receive, there was an overwhelming preference for dedicated, preferably accredited, employee engagement training and development.

Given the significant role that managers play in developing and improving employee engagement we also wanted to understand how companies rate the employee engagement expertise amongst their managers. Currently around 38% of organisations say that their manager's engagement capability is good, around 51% say it's average and 11% rate their managers capability as poor.



G. Barriers to engagement

We know that despite an increased focus on employee engagement, many companies have yet to make the improvements they desire.

There is no doubt that the issues already discussed contribute towards this. However there is also merit in understanding the perceived roadblocks

to engagement success. Responses were wide-ranging with once again, little consensus.

The key themes were:

- ⚡ **Generating buy-in to employee engagement:** It seems that despite the ever growing body of evidence, those responsible for engagement are still struggling to convince senior stakeholders of the business case for engagement.
- ⚡ **Line managers:** Once again, the lack of skills and capabilities in line managers to effectively engage their teams was cited as a significant barrier to engagement.
- ⚡ **Lack of resource:** Both lack of time and lack of budget were flagged as one of the key barriers to engagement.
- ⚡ **Lack of understanding:** Struggling to define engagement and create a clear language to articulate it.

Other barriers to engagement which were mentioned include:

- Lack of trust
- Competing priorities
- Parent company interference
- Poor communication
- Low morale
- CEO not role-modeling the right behaviours

4. Implications and Actions

In a nutshell

We're really serious about employee engagement, we know engaged employees are critical for business success.

But we don't really know what we mean by engagement, and we don't have a strategy and plan. This means we're confused about where engagement should sit and what it is we need to do. We're not going to allocate much, if any, budget to improving things. And we're not going to invest in developing the skills and expertise of those people with formal responsibility for engagement, or our managers who have a significant impact on how it feels to work here. And there will be competing priorities: we won't allocate sufficient time to focus on improving employee engagement, and this will be the first thing to get cut when times are tough.

And we wonder why employee engagement isn't improving?!?

We set out to understand why there is a gap between an increased focus on employee engagement and subsequent performance. The findings from this research help to tell a clear story as to why this might be the case.

A. Identify a definition for employee engagement

Our research has shown us that companies are still struggling to define and agree what employee engagement means to them. Finding an answer to this question is much easier said than done but the absence of a universally accepted definition presents a great opportunity. It enables organisations to articulate their own definition and be able to develop strategies which are focused around this.

Words such as involvement, commitment, discretionary effort, collaboration, motivation and performance are common. How practitioners then choose to wordsmith these themes into an actual definition is up to them.

There are also those who believe an exact definition is not needed, you know it when you see it, it is something that you feel and is beyond

a single definition. In fact, some organisations we work with choose not to define employee engagement at all. Instead they choose to talk about creating a great place to work or similar. The critical success factor is that however you choose to define or talk about engagement within your organisation, people need to understand what this means. It's vital that, amongst the senior leadership team at the very least, there is a common understanding of what you collectively mean by employee engagement. The term has become so ubiquitous that it is often used freely within organisations to mean different things to different people. Developing a definition, or expressing what you understand by employee engagement within your organisation is a great place to start to improve engagement.

B. Invest For Success

Despite employee engagement moving up the business agenda, and being highlighted as a key area of focus and challenge, the budgets allocated to improving engagement seem fairly tokenistic. There appears to be a lack of integrity between what companies are saying "we take this seriously" with what they are doing "but we're not going to allocate much budget to it".

Budget allocated to employee engagement should deliver a significant return on investment. And yet we know currently many companies do not demand that employee engagement activities demonstrate any ROI. Perhaps if engagement practitioners were to focus on demonstrating their impact and ROI, budgets might be more forthcoming.

C. Start with the end in mind

Many of us will be familiar with this quote from Alice in Wonderland:

Alice: Which way should I go?

Cat: That depends on where you are going.

Alice: I don't know.

Cat: Then it doesn't matter which way you go.

Given over half of the organisations we spoke to don't have an employee engagement strategy and plan, they are not unlike Alice. It doesn't really matter which way they go given they don't know where they want to get to. Companies need to spend time focusing on their engagement goals and put a strategy in place to achieve them. Aligning engagement goals and strategy to those of the business is critical to ensure engagement adds value. The more clear this is, the more

buy-in and commitment you will enjoy from your stakeholders. Understanding the purpose of engagement within your company, and why and how it will help you achieve your overall business strategy, is the cornerstone of achieving alignment. In addition an engagement strategy which can be clearly linked to the overall business strategy, enables practitioners to demonstrate tangible value to the business.

D. Develop experts

How can we expect to move the dial on engagement if companies are not investing in developing skills and expertise within this area? This involves developing both those individuals, and teams, with formal responsibility for engagement but also managers and anyone that leads a team. If companies

want to take employee engagement seriously then they must have people who understand what it is, why it's important and most importantly how to develop and improve engagement. This isn't something that you simply "know" but something that needs to be developed and taught.

E. Unblock the leadership barrier

Leadership is still evident as a barrier to effective employee engagement throughout the research.

If your leaders are talking about being committed to engagement but then saying they simply don't have the time – don't ignore it.

Leaders, both those named on the organisational chart and those who

have an informal, but significant leadership role, impact engagement. Engagement presents a new management philosophy and requires new and different skills from leaders. Leaders who say that they don't have time to engage are actually saying they don't have time to lead. Addressing this issue will have powerful implications upon not only successful engagement but on the performance of the company as a whole.

F. Understand that employee engagement is not the same as strategic internal communication

The feedback from the research has shown there is still confusion between internal communication and employee engagement. Some see it as the same thing, others see engagement as important to help improve internal communication, some see internal communication as a key driver of engagement. In short, the picture is quite confusing.

In some respects the way to provide clarity is to land your definition of employee engagement first. At People Lab, the way we look at it, is as follows:

Engagement is the extent to which people feel personally involved in the success of the business.

Internal communication plays a key role in making this happen:

if employees understand the role they

play, the purpose of the company, how they contribute. If they feel informed about matters affecting them and they have a voice, then they are more likely to feel personally involved in the success of the business given they understand the impact they have. In this way we believe internal communication helps to develop and improve engagement, therefore internal communication is a driver of employee engagement.

What next?

This research has been successful in shining a light on the employee engagement profession and helping us to understand why there is a gap between the increased focus on this area but subsequent lack of performance. The research has highlighted clearly some specific areas for action. It is our intention to run this research annually and attract more participants each time to build a coherent picture of best practice employee engagement around the globe. We will be continuing the conversation using the hashtag #spotlighton so please get involved in the discussion and debate, to help us all make a positive difference to the employee engagement profession.

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