



Strategic HR Review

Employee engagement: what's your strategy?

Geoffrey Matthews,

Article information:

To cite this document:

Geoffrey Matthews, "Employee engagement: what's your strategy?", Strategic HR Review, <https://doi.org/10.1108/SHR-03-2018-0025>

Permanent link to this document:

<https://doi.org/10.1108/SHR-03-2018-0025>

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The lack of progress in employee engagement

Almost 30 years have elapsed since William Kahn first proposed the concept of “personal engagement” (Kahn, 1990), since when there has been growing appreciation of the subject of employee engagement, culminating in the 2009 MacLeod Report to the UK Government, which underlined its importance as a business issue. Yet despite this awareness, and the huge industry surrounding the topic (consulting, surveys, etc), how much progress has really occurred in the past quarter of a century? Excepting some notable case studies showing progress (Tomlinson, 2010), this activity has not generally translated into significant improvements in engagement scores. Recent UK research reported only 35% of people felt their employer inspired them to give of their very best (CIPD, 2016) and 45% of US employees are apparently likely or very likely to look for a job outside their current organisation in the next 12 months (SHRM, 2016).

While the economic uncertainty since 2008 may have affected employee attitudes negatively, could it also be a consequence of ineffective engagement activities by employers? Some experts argue employee engagement is not strategic (Brooks and Saltzman 2012), while only 34% of US employees felt their employer had an official employee engagement strategy anyway (Business Wire, 2016). Likewise one UK study (People Lab, 2016) reported that fewer than half of companies had any engagement strategy in place, and that most activity was focused on internal communication and running surveys. Research into major Swiss companies (Matthews, 2013) showed that of 20 assessed in detail, 18 generally agreed that employee engagement was an important priority, but only 12 measured it via surveys, and just one reported their engagement performance publicly. Furthermore, follow up interviews with 5 of these companies revealed that none felt they had an actual engagement strategy.

These results suggest that there may be a significant gap between the stated importance organisations attribute to engagement and what they actually do in practice. While employee engagement and culture have been reported by companies to be their top people-related challenges (Deloitte, 2015), these may in reality be buried in an over-long list of priorities to which human resources has to respond. The risk then is that:

- (a) employees become all too aware of the gap between the rhetoric and reality; and
- (b) the efforts of the employer are more focused on *measuring* engagement rather than addressing it.

While an employee engagement survey is a useful means of measuring organisational climate, it should not be an end in itself. Otherwise, employees may be less and less inclined to respond to surveys if they feel that nothing changes as a result of the opinions they have expressed.

The importance of getting more strategic clarity

In order to overcome this lack of progress, it is vital that organisations are clear and realistic about what they are trying to achieve. Specifically, the research among

Swiss companies pointed to a mixture of views as to whether engagement was a management or HR topic and whether it was something to be addressed proactively (i.e. with the aim of improving engagement levels) or reactively (i.e. tackling the topic only when it is seen to be a potential problem, such as when scores decline).

A proactive approach of course requires more resources, and a greater consistency of management attention. A reactive approach, conversely, may be more manageable. But it may result in engagement being seen as just an activity in periodic response to surveys and lead to employee disillusionment about how serious the company is about the topic. Likewise, a focus on it as a business issue can be effective if companies can demonstrate more clearly the linkage between engagement and business performance, and can establish the ROI for their efforts. Leaving the topic to HR may be easier and fit in better with the assumption that HR is the custodian of people issues. But this may lead to it becoming progressively 'buried' in HR, and to the potential connections between engagement and the rest of the organisation being missed.

The combinations of being proactive or reactive, and HR- or business-driven, will also lead to different outcomes. **A proactive HR-driven approach is likely to focus on those areas where the function can make the most difference,** such as talent attraction and retention, or the daily employee experience, with improvement of the employee value proposition being the end goal. Conversely, a *reactive HR-driven approach* may well be confined simply to heading off potential employee relations issues, with success being more an avoidance of workforce problems than improvement of overall engagement scores. Similarly a *reactive business approach* might be expected to concentrate on what is holding the organisation back (such as recovering from the after-effects of past changes such as M&A or restructuring), whereas a *proactive business approach* will see engagement more as an indicator of how far progress is being made in reaching a desired future state, such as becoming a more agile and/or innovative organisation.

These are important choices as the following model shows, as these combinations are likely to differ in terms of how engagement feedback is used and the resulting actions that are taken.

[Insert Table 1 here]

Implications of strategic engagement choices

A completely clear-cut decision between these 4 options can be difficult as organisations may want to take a holistic view of engagement feedback. But in practice activities tend to focus more on one area than others and the key point is that there needs to be a conscious decision taken about where to place the bulk of the organisation's energies. This matters as the final choice should:

- Ensure HR-business alignment as well agreement on who leads this area
- Set expectations about what engagement activities are meant to deliver
- Provide more clarity about the resulting resources needed
- Provide a context in which to select appropriate survey questions to ask
- Determine how engagement metrics are used

- Define what will be the key types of activities to consider for post-survey action

Taken together, the answers to the above questions can produce quite distinctive strategies to follow. Although the actions listed in Figure 2 below are just examples, they show how the 4 options can potentially lead in very different directions in terms of management and HR outcomes.

[Insert Table 2 here]

Even if the assumption is that engagement should be HR-driven, this still raises questions about how far the function can take this on (especially in smaller organisations where resources may be scarce). Conversely, making engagement a management issue means leaders need to be convinced why it is their priority (and not HR's), that they can make time enough for this, and that a 'soft' concept like engagement is as valid as a metric to pursue as a more tangible one like profit and loss. Furthermore, they may need help in adopting new behaviours such as storytelling or employing a more participative management approach.

Determining these choices requires HR to play a strong partnering role with the business to get clarity on the approach to take, but some of the options may require the inclusion of other different stakeholders too. For example, a reactive HR focus may need more discussion with employee representatives, a proactive HR approach will likely involve communications colleagues more heavily, while a choice to make engagement a more prominent performance (and even rewards) element for leaders will necessitate a good deal of discussion with directors, investors and shareholder activist bodies.

Finally, **an engagement strategy needs to lead to value-added activity that generates future improvement.** So selecting one of these options is not simply a question of making choices, but of taking action, and the absence of this may partly explain the lack of progress in employee engagement that was discussed earlier. Action for the sake of it risks being misdirected or having little impact, which is why it's key to decide at the outset what is your engagement strategy. This way, actions can be focused, relevant and productive.

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Table 1: Differing Options for Approaching Employee Engagement
(Source: Author)

	<i>HR Focus</i>	<i>Business Focus</i>
<i>Proactive</i>	<p>Engagement seen as an indicator of the employee value proposition</p> <ul style="list-style-type: none"> • Enhancing employer brand • Uprating the employee experience • Providing a motivational Total Rewards offering • Improving HR communications 	<p>Engagement seen as a way of increasing business performance</p> <ul style="list-style-type: none"> • Removing roadblocks to organisational performance • Developing a high engagement organisational culture • Increasing workplace agility and/or innovation
	<i>Survey shows success of HR's efforts</i>	<i>Survey is a leading indicator for business performance</i>
<i>Reactive</i>	<p>Engagement seen as a barometer of workplace problems</p> <ul style="list-style-type: none"> • Avoiding too high levels of disengagement, attrition, etc • Preventing potential health and safety issues • Responding to possible employee relations issues 	<p>Engagement seen as a tool to help offset organisational challenges</p> <ul style="list-style-type: none"> • Recovering from major change, e.g. restructuring • Tackling cultural issues such as post-merger integration • Understanding possible causes of business underperformance
	<i>Survey is a workforce early warning system</i>	<i>Survey serves as a spotlight on possible business issues</i>

Table 2: Alternative Options for Employee Engagement Strategies
(Source: Author)

	<i>HR Focus</i>	<i>Business Focus</i>
<i>Proactive</i>	<p>Engagement seen as an indicator of the employee value proposition</p> <ul style="list-style-type: none"> • Survey key to show participation rates and improvements in scores • Engagement scores a key success metric for HR function • Focus groups, etc. to get employee feedback on their expectations • Aligning HR programs to match more effectively employees' needs • Increased marketing (e.g. branding, employee benefit statements) for HR programs and CSR generally • Increased customisation of offerings (e.g. flexible benefits) • Pursuing 'best employer' awards • Monitoring of social media feedback (e.g. Glassdoor) • Publicising engagement progress on recruitment website 	<p>Engagement seen as a way of increasing business performance</p> <ul style="list-style-type: none"> • Survey used for linkage analysis between engagement and other business data • Engagement index a factor in performance and rewards of top management • Focus on identified key levers for organisational performance (e.g. customer service approach) • Balanced scorecard and strategy map to integrate engagement and other different stakeholder metrics • Increased communication and involvement in the business (e.g. leadership 'roadshows', 'open book' management, 'all hands' meetings) • Re-engineering of processes to empower employees more • Development of leadership skills • Specific recognition of behaviours needed for future success
<i>Reactive</i>	<p>Engagement seen as a barometer of workplace problems</p> <ul style="list-style-type: none"> • Survey used to identify declines in scores or critical gaps versus competitors • Follow up data gathering to assess potential issues (e.g. exit interviews) • Taskforces created to address problems identified from survey data • Consultation with employee representatives/social partners • 'Quick fix' solutions to respond to issues arising (e.g. retention program to reduce turnover; actions to address health and safety issues; etc) • Increased internal communications to foster more positive atmosphere 	<p>Engagement seen as a tool to help offset organisational challenges</p> <ul style="list-style-type: none"> • Survey used as indicator of broader business risk issues • Change management efforts to rectify problems from the past • Increased communication of business strategy/future direction • Tightening up of performance management (metrics, rewards) to support business goals • Changes in management to improve leadership of underperforming businesses • Troubleshooting of underperforming business units