WHY MEASURE
EMPLOYEE ENGAGEMENT

Table of Contents

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R E S E A R C H

WHY MEASURE
EMPLOYEE ENGAGEMENT

"Engaged employees stay for what they give (they like their work); disengaged employees stay for what they get (favorable job conditions, growth opportunities, job security.)"
~ Blessing White's The State of Employee Engagement (annual report)

Have you heard that before? That's because it's true!

Ask any business leader whether they prefer engaged employees or disengaged employees and the answer is obvious. Why? Because a company's level of employee engagement is positively correlated with other metrics of business success, including customer satisfaction, service quality, sales, employee retention, profit and shareholder return. Engaged employees are loyal and contribute more to the company's success. If you're not measuring and improving your overall employee engagement to make sure your employees are willing to contribute, you should be!

Need proof? Check Out These Statistics about Employee Engagement:

- 4% of U.S. employees are actively disengaged at work – i.e. actively sabotaging the organization.
- Just under 25% are passively disengaged – they're not deliberately trying to hurt the organization, but their actions often inadvertently do.
- McLean & Co found that a disengaged employee costs an organization approximately $3,400 for every $10,000 in annual salary.
- Engaged companies grow profits as much as 300% faster than competitors.
- Highly engaged employees are 87% less likely to leave an organization

The results are clear: Optimizing Employee Engagement is just good business.

So, what are you waiting for?

This eBook is full of great information about collecting and using employee engagement information to drive your business success.

"An employee's discretionary effort results in the Engagement-Profit chain. Because they care more, they are more productive, give better service, and even stay in their jobs longer. All of that leads to happier customers, who buy more and refer more often, which drives sales and profits higher, finally resulting in an increase in stock price."
~ Forbes Columnist, and New York Time Best Selling Author Kevin Kruse

"There are only three measurements that tell you nearly everything you need to know about your organization's overall performance: employee engagement, customer satisfaction, and cash flow. It goes without saying that no company, small or large, can win over the long run without energized employees who believe in the mission and understand how to achieve it."
~ Jack Welch, former CEO of GE

BEYOND SATISFACTION:
FIVE KEYS TO EMPLOYEE ENGAGEMENT

Hypothetical Employee Exit Interview

Manager:	Thanks for coming in. We're sorry to see you go, so I'd like to conduct an exit interview with you.
Exiting Employee:	Okay.
Manager:	What made you dissatisfied with your employment here?
Exiting Employee:	I'm not dissatisfied.
Manager:	Well, what about your salary and benefits. Were you dissatisfied with those?
Exiting Employee:	No
Manager:	Well, what about your job responsibilities?
Exiting Employee:	No, I wasn't dissatisfied with my job responsibilities.
Manager:	How about company leadership?
Exiting Employee:	No, company leadership is fine.
Manager:	Well, then, why are you leaving us?
Exiting Employee:	I just didn't have a reason to stay.

Employee Satisfaction Is Necessary, But Insufficient

It takes more than satisfaction to retain a valuable employee and keep them productive on-the-job. As Kevin Kruse wrote in Forbes, "A satisfied employee might show up for her daily 9-to-5 without complaint. But that same "satisfied" employee might not go the extra effort on her own, and she'll probably take the headhunter's call luring her away… Satisfied isn't enough." It takes Employee Engagement.

Employee Engagement is the emotional commitment the employee has to the company. In the book, MAGIC: Five Keys to Unlock the Power of Employee Engagement, "engagement" is defined as: "an emotional state where employees feel passionate, energetic, and committed toward their work. In turn, they fully invest their best selves – their hearts, minds, spirits and hands – in the work they do." In addition, research has shown that companies with engaged employees are also more likely to have satisfied and loyal customers.

Sounds great, doesn't it? Who wouldn't want engaged employees?

Companies spend billions on employee benefits, training and motivation programs. However, simply throwing money or creative perks at employees doesn't increase engagement. (Only 12% of employees leave their current positions for more money.) Companies often neglect to invest in programs to evaluate and measure the effectiveness of their efforts to build a fully engaged workforce. An objective and consistent Employee Engagement survey program such as offered by Infosurv Research provides a valuable tool for measuring and tracking employee engagement levels, identifying the key attributes contributing to engagement, and providing recommendations for ways to increase engagement. An effective program focuses on:

- Determining levels of employee engagement,
- Identifying the real drivers of employee engagement – those factors that truly impact an employee's ability to connect to the organization,
- Identifying practical tactics you can adapt to your business to more deeply engage your workforce.

"To win in the marketplace you must first win in the workplace."
~ Doug Conant, CEO of Campbell's Soup

The Infosurv Employee Engagement Equation

Infosurv Research has found that employee engagement is driven by many elements: how well an employee feels he or she fits within the organization to its values and goals; the quality and openness of communication across all levels; whether or not there is a culture of trust; how much autonomy an employee has to find ways to do their jobs better, etc. Outcomes of engagement include higher overall satisfaction with work, lower turn-over, better customer services, and a willingness to recommend the organization as a place to work. The Infosurv Research model uses a composite measure of multiple attributes to categorize employees into three engagement buckets:

- Engaged
- Passive
- Disengaged
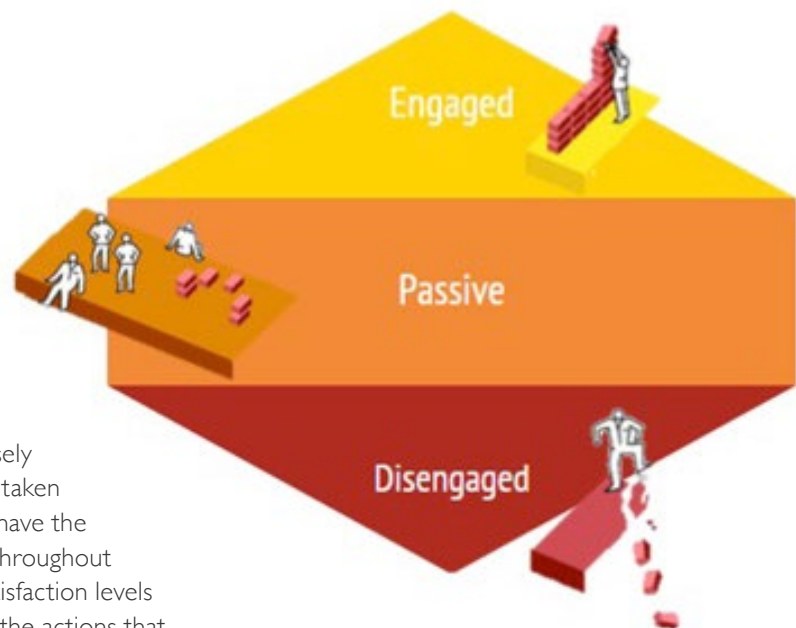
In order to guide companies in creating more engaged employees, Infosurv Research uses key driver analysis to identify the attributes most closely associated with highly engaged employees. Steps taken to strengthen these key driver attributes should have the greatest impact in improving engagement levels throughout the workforce. Then, by measuring employee satisfaction levels with each key driver attribute, you can prioritize the actions that will improve your company's work environment and performance.

It Doesn't Stop There!

Measuring employee engagement is the first and most important step. Once you have the results, you need to determine how to apply the findings to generate positive organizational improvements. Having a partner like Infosurv Research is important to assist in guiding you to bring the results into actual business practice, including:

- Demystifying any areas of concern
- Delving more deeply into key issues identified in the survey (with techniques such as follow-up focus groups or depth interviews with employees)
- Identifying tactics that can empower your business
- Recommendations for greater employee engagement
- Creating a culture of engagement over time with action planning and year-over-year progress measurements.

USING BENCHMARKS FOR DEEPER UNDERSTANDING AND ACTION PLANNING

You've Got the Results of Your Employee Satisfaction Survey. Now what?

Congratulations! You have just received the results of your company's annual Employee Engagement Survey. You now have measurements of the key elements driving Employee Engagement at your company and a vast array of data on everything from perceptions of company leadership to ratings of various company benefits.

For example, let's say you now know that 67% of your employees are satisfied overall with their job and a total of 23% of your workforce is classified as "engaged." But what does that mean? Is it good or bad? One good option is to look at engagement results from past years and determine whether the trend is moving in the right direction. Or, if this is your first year doing an engagement study you might consider benchmarking against other companies in similar industries or of a similar size as yours, using the Infosurv Normative Data pool for comparisons.

Infosurv Research Employee Engagement Benchmarks

To help our clients make better use of their employee engagement scores, **Infosurv Research conducted an employee engagement benchmarking survey.** Using two nationally representative panels, we completed over 2,500 online surveys with people who were employed full-time in firms of 20+ employees. We focused on several target industries: Banking and Finance, Healthcare, Hospitality, Information Technology, Manufacturing, Retail and Transportation and Logistics. We also looked at company size to include a range of small, medium and large firms.

Now let's look at some example results for two of the Employee Engagement elements, and see how comparing to a benchmark enhances the results.

First, starting with overall employee satisfaction, the Infosurv Research Benchmark survey found that **71% of employees are satisfied with their current employer overall (somewhat + very).** So, a score of 67% indicates you are close to your peers, but there is still room for some improvement.
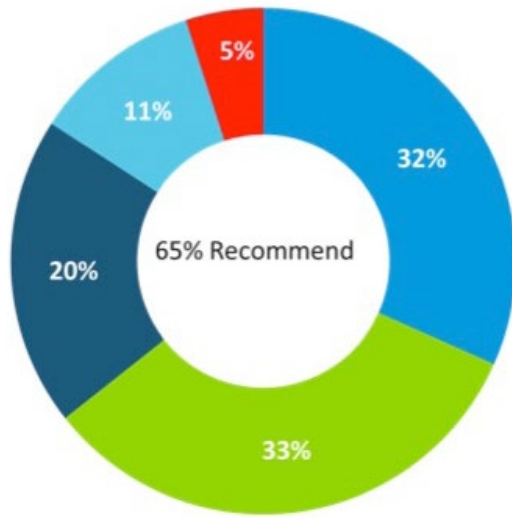
BENCHMARK

COMPANY XYZ
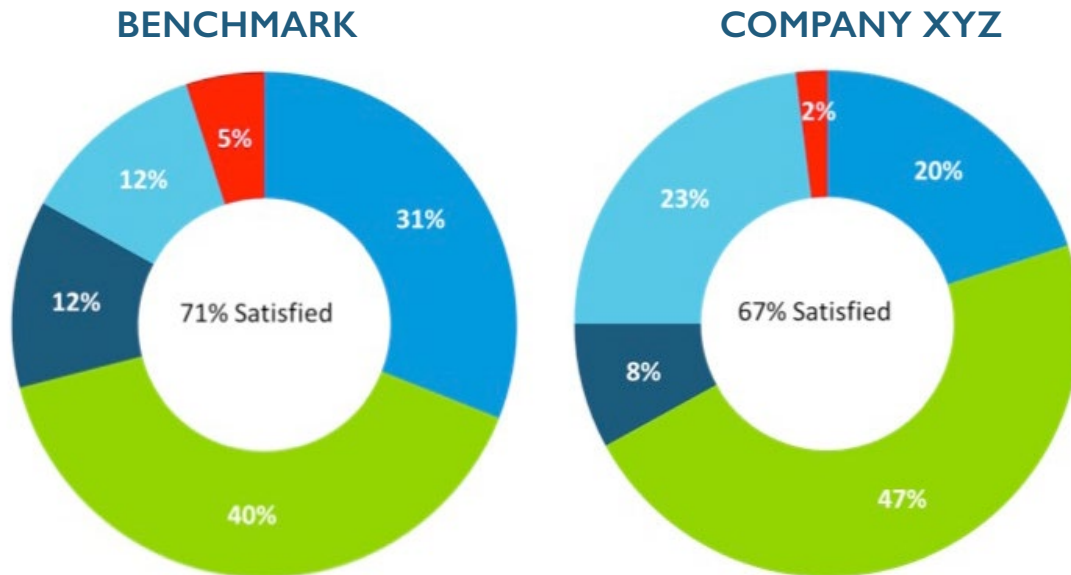
How does your 67% break down compared to the benchmarks? You have 20% who say they are very satisfied versus 47% who say they are somewhat satisfied. Looking at the Infosurv benchmarks of 31% very satisfied and 40% somewhat satisfied, you might want to dig a little deeper into the data to determine why your employees are less intensively satisfied than the benchmark. Maybe your company scored lower in one or more of the driver areas of engagement like trust or communication. Improving in those lower-scoring areas will lead to a boost in engagement and a boost in overall satisfaction, which is an outcome of engagement.

Another question you asked on your Employee Engagement Survey was whether your employees would recommend to a friend that they work for your company. Turns out most of your employees, 80%, would recommend employment to a friend.
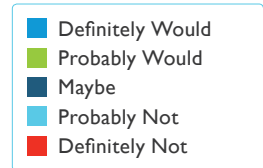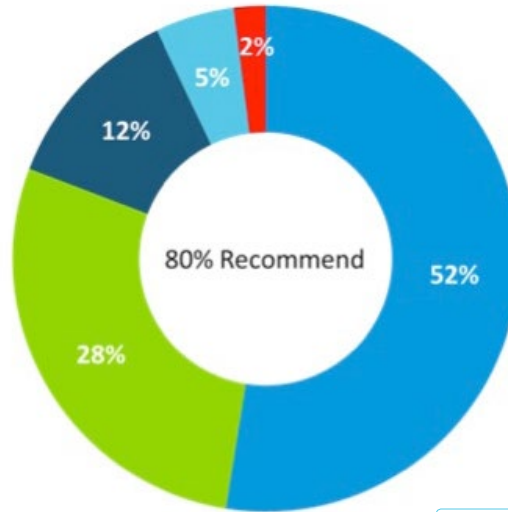
Good for you! The benchmark data show that only 65% of employees would recommend that their friends seek employment at their companies. You can look at the data further to see what you're doing well, because you certainly want to continue in those areas.

- Very Satisified
- Somewhat Satisfied
- Neutral
- Somwhat Dissatisfied
- Very Dissatisfied

BENCHMARK

65% Recommend

32%
33%
20%
11%
5%

COMPANY XYZ

80% Recommend

2%
5%
12%
52%
28%

Legend:
- ■ Definitely Would
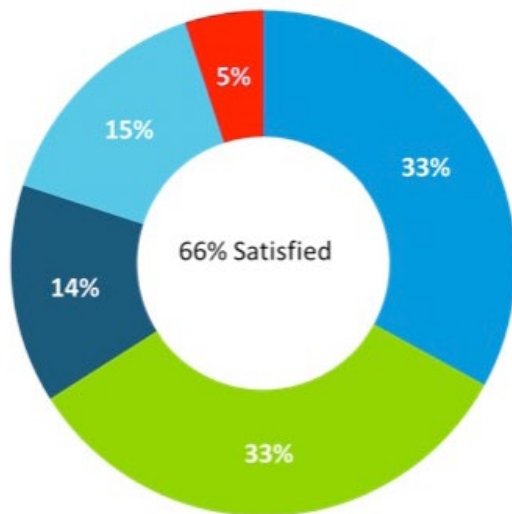- ■ Probably Would
- ■ Maybe
- ■ Probably Not
- ■ Definitely Not

Of course you wouldn't stop there, but would continue to look at all of the data collected to help you understand your company's Employee Engagement levels.
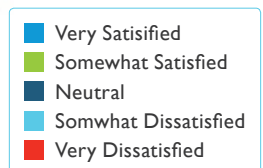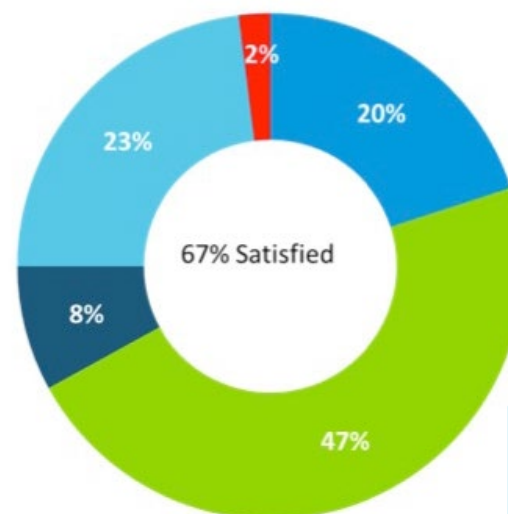
Industry Specific Benchmarks

Now, you happen to be in the hospitality industry, so let's see how you stack up to your industry peers on the same two elements of employee engagement.

In the hospitality industry as a whole, employee satisfaction levels are a bit lower than the general population of employees, with 66% of employees expressing satisfaction. So your score of 67% satisfied looks spot-on. By comparing the data on various elements between your company and the benchmarks for the hospitality industry, you will see where other hospitality companies may be earning higher ratings, and where you should apply resources to maintain your competitiveness.

HOSPITALITY BENCHMARK

66% Satisfied

5%
15%
14%
33%
33%

COMPANY XYZ

67% Satisfied

2%
23%
8%
20%
47%

Legend:
- ■ Very Satisified
- ■ Somewhat Satisfied
- ■ Neutral
- ■ Somwhat Dissatisfied
- ■ Very Dissatisfied

In terms of recommending your company to a friend for employment, 80% of your employees said they would recommend employment to a friend. The comparable number in the hospitality industry benchmark is 65%. So, there is nothing that should keep you awake at night here! You must be doing something right.
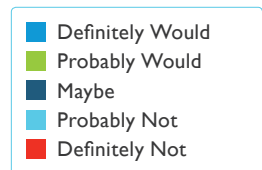
HOSPITALITY BENCHMARK

6%
10%
34%
19%
65% Recommend
31%

COMPANY XYZ

2%
5%
12%
52%
80% Recommend
28%
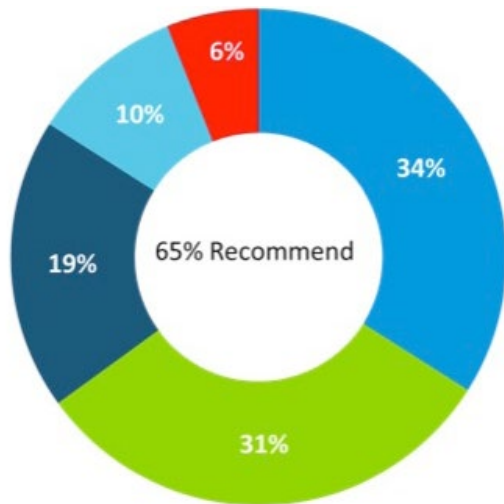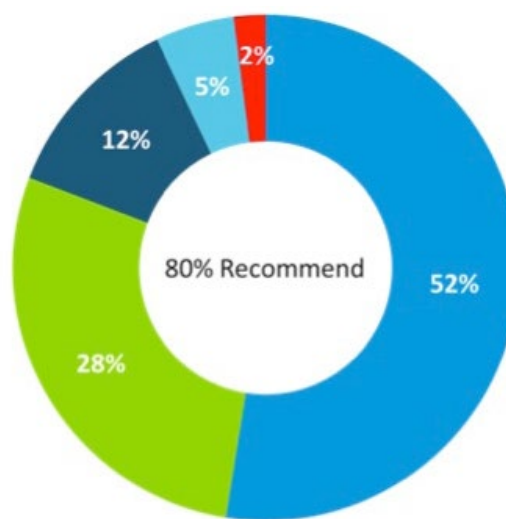
Of course, you can also look at the data to evaluate companies of similar size as well to get the full picture of what your Employee Engagement Survey Results are telling you.

Legend:
- Definitely Would
- Probably Would
- Maybe
- Probably Not
- Definitely Not

More, better data

While these findings are interesting, they barely scratch the surface of what you can learn with the Infosurv Research Employee Engagement Benchmarks. The survey covers much more than these two questions, of course, with ratings on:

- Executive leadership
- Work activities, quality and environment
- Company culture and communications
- Work relationships (supervisors and co-workers)
- Opportunities for advancement
- Compensation and benefits

Employee engagement data and the Infosurv Research Benchmarks can help guide you in determining how well your company is performing, and identify specific areas for redress and improvement. As the market for talent becomes increasingly competitive, understanding and building Employee Engagement is a critical tool for success.

ARE YOUR EMPLOYEES ENGAGED
IN CREATING SATISFIED CUSTOMERS?

Show me the love!

Recently, research by American Express revealed that receiving great customer service triggers the same reactions in the brand as feeling loved. When 1,620 consumers were tested under laboratory conditions, 63% said they felt their heart rate increase when they thought about getting great customer service. However, the research went beyond self-reported measures and found that 74% of respondents actually experienced increase heart rates when thinking about having a great customer service experience. The research also found:

- Great acts of service result in positive responses in the body, increasing heart rate and galvanic skin response.

- 68% of respondents reported their breathing rate decrease (from 16.7 cycles per minute to 10.2 cycles per minute) as they relaxed because they were thinking about great service.

- Over half of respondents were found to feel pride and improved well-being when they were on the receiving end of great service.

- Thinking about receiving great service triggered the same reactions as thinking about someone they love for 53% of respondents

Delivering great service is powerful. Moreover, the most consistent way to deliver great service is through engaged employees. Are you wondering whether your employees are engaged enough to deliver the kind of service that triggers these reactions? Ask yourself these tough questions, and you might find some areas for improvement:

Do we know our company culture, strengths and weaknesses?

All companies are not created equal. Each has its own unique culture, its own strengths and weaknesses. What worked in your last company may not work now. What works for your competitors may not be right for you. Take a step back and think about what your company does exceptionally well, where you are weak and the impact your culture has on both of those. Employee engagement only exists if the culture is designed to nurture and cultivate it.

Do we know what motivates our employees?

Conducting employee engagement surveys will give you a view to the levers that you have to motivate and engage employees. Many times, companies do not take full advantage of the information that is available to them to make changes and improve employee conditions. If you do not measure employee engagement in a way that leads you to action, you are missing out.

Do we empower our employees with clear goals and expectations?

Your company's goals and expectations may be something you do not want your competitors to have, but they should not be a secret from your employees. On a daily basis, employees make decisions large and small that impact your company's ability to reach your strategic goals. How can employees know whether their decisions are supporting corporate goals if they do not know what the corporate goals are?

Is senior management and executive leadership visible and accessible?

I had lunch with a friend this week, and she complained about the CEO of her company not being in the office. I was surprised because I know the CEO personally, and my friend is a very senior employee. I wondered why she should care where the CEO spends his time, but she insisted that unless he is around the company and talking to employees, he cannot know what's going on. And she is right. If you lead a company, part of your responsibility is to keep in touch, to listen and to set the tone. Research conducted by the Society of Human Resource Management (SHRM) has reinforced the importance of senior leadership being visible. In fact, many experts believe that leadership compensation should be in part based on employee engagement scores.

Do we communicate enough?

Town-hall meetings, newsletters, memos – there are many ways to get important, strategic messages, goals and information down through the ranks. Candid, frequent, open and timely communications about your company's vision, goals and strategies help employees feel connected to the organization. And everyone wants to feel like they are part of the in-crowd.

What do our exit interviews tell us – and what are we doing about it?

Are you even doing exit interviews? Just as with lost customer research, employees who choose to leave you are a wealth of information. So if you are not doing exit interviews, please start! And if you are doing them, what are you doing with that information? Many times, the interview is conducted, the form filled out, the box checked – but the information never gets reported back to the people who can use it to make a difference. Exit interview data should be a regular part of your human resource information reporting. Moreover, each exit interview should provide the foundation for coaching for the reporting manager.

Do we have the right managers?

Remember the Peter Principal, first observed by Dr. Laurence J. Peter and published in his book "The Peter Principle" in 1968? The Peter Principal states that "in an organizational hierarchy every employee will rise or get promoted to his or her level of incompetence." So, an employee who excelled as an Analyst, may not necessarily have the skills to become a great manager or leader. While many organizations have realized that not all employees are cut out for management and have created non-management career paths for those individuals, most companies' sole career path is through management. Research has shown extensively that having the right managers can make or break your business; so this is an important area for inquiry and discussion.

Employee Engagement – A Leadership Issue

Many times we hear, "But I am only the HR Manager)! I cannot tell (insert department here) how to do their jobs!" However, if you don't, who will? It won't be easy, but it will be worth it. And your leadership role in bringing your business greater success through increased employee engagement will benefit everyone in the form of improved customer satisfaction, increased sales and improved customer retention. So get busy and start answering the tough questions – it will be worth it.

> High engagement teams had a 37% net promoter score (NPS) versus 10% NPS for teams with low engagement."
>
> ~ Aon Hewitt European Manager Survey, 20122

YOUR SECRET WEAPON FOR A STRONG BRAND? ENGAGED EMPLOYEES!

Many corporations spend millions – if not hundreds of millions – on marketing campaigns to build their brand with customers. But one of the most cost-effective programs for brand building is sitting in the cubicle next to you: your employees. Many brands forget that they are delivered by employees and **that the fastest way to strengthen your brand is to have employees who understand your brand values and consistently deliver on those brand values to customers.**

Seems pretty basic, doesn't it? And yet organizations routinely ignore this important brand building tool.

As reported in Forbes magazine, "Gallup asked more than 3,000 randomly selected workers to assess their agreement with the statement: I know what my company stands for and what makes our brand different from our competitors." Only 41% of employees strongly agreed with this statement. If more than half of the employees surveyed did not know what their company stands for and how their brand is differentiated, how are they delivering the brand? More importantly, what brand are they delivering?

Frequently, we laud strong brands as those with the best external marketing. But scratch a strong brand and you will, usually, find exemplary employee engagement as the foundation of the brand. Some examples:

Ritz Carlton's employee mantra is "We are ladies and gentlemen serving ladies and gentlemen." While that might strike you as a bit old-school, it works as any visitor to Ritz Carlton hotels can attest. Backed up by a strong training program that formulates great service, the Ritz Carlton brand stands for luxury and service. Indeed, beautiful hotels in fantastic locations help, but without the exemplary service delivered by engaged employees, the Ritz brand would not be as strong.

Have you bought a pair of shoes from Zappos? If you have, you probably interacted with one of the Zappos employees. Founder Tony Hsieh is often quoted about his passion for company culture: "Our number one priority is company culture. Our whole belief is that if you get the culture right, most of the other stuff like delivering great customer service or building a long-term enduring brand will just happen naturally on its own." Zappos is committed to finding the "right" employees at the start, offering new employees $2,000 to quit their jobs after four weeks of initial training if they aren't a fit with the company culture. A big risk? Or a small price for high employee engagement and a strong brand?

When Southwest Airlines declared itself the LUV airline, Southwest dedicated itself to building its brand from the inside out. Because every employee understands the Southwest Airlines brand fundamentally, they can consistently deliver it in any situation. Flight delayed? The gate agent will take care of you – Southwest Style. Early morning flight? The flight attendant will serve you, with LUV. At this point, Southwest has a very good idea of what type of employee will fit the brand, which gives them an edge in sorting through the many, many people who apply. Having employees engaged with the Southwest brand has become a competitive advantage for the airline.

When organizations start with a brand building project, they often look to redesign their logo, revamp their website, and develop new marketing messages. But without a doubt, they should not forget to include employees in the process.

If you don't know where your employees stand in terms of understanding and delivering your brand, you can't possibly know what promise your brand can consistently and compellingly deliver to the marketplace.

Employee research is the place to start to determine if your employees are building –or breaking - your brand. Here are some of the things you can learn from asking employees about your brand:

What brand are we delivering to the marketplace today – really?
Often the brand your marketing department designs and the brand delivered at the customer touchpoint are vastly different. Think about your latest customer service phone call – do you really think that was what the marketing department wanted? Don't take it for granted – understand how your employees define and deliver your brand.

Do employees understand your company's vision and mission?
Beyond culture, can your employees explain why your company is doing what it is doing? Do they know where the company wants to go in the future? The more your employees understand about the company, the more they can buy-in to the strategy and make decisions aligned with corporate goals.

Employees can help you identify gaps between internal and external perceptions of the brand.
If you have conducted customer research about their perceptions of the brand, employees can help translate those perceptions to the actual situations, procedures and processes that are creating them. Understanding how consumer perceptions are being formed can pinpoint misalignment and lead to better internal communications and training.

Can we deliver this brand promise?
Employees can tell you whether your intended brand strategy is likely to work or face insurmountable obstacles in the delivery. Infosurv once consulted with a company who was about to position their brand as providing the best customer service. A quick employee survey revealed that only 40% of employees thought the company delivered customer service that was significantly better than competitors. Back to the drawing board! In addition to revamping the new brand campaign, managers launched programs to identify and address obstacles to delivering excellent customer service.

Employee attitudes and understanding about your brand can be measured in the course of your employee engagement survey, or ideally conducted as a separate survey dedicated solely to branding issues. In either case, you will gain immeasurably valuable information about your brand at a very reasonable investment, as most employee research can be completed with an online survey. You can only really manage your organization's brand if you have a strong understanding of your employee's knowledge and beliefs about the brand, as well as their willingness and ability to deliver on the brand promise.

> "When people are financially invested, they want a return. When people are emotionally invested, they want to contribute."
>
> ~ Simon Sinek, best-selling author and TED speaker

STRUGGLING FOR NEW PRODUCT SUCCESS?
TAP YOUR EMPLOYEES

What do the following products have in common?

Nutrasweet

Ivory Soap

Command Hooks
Post-It Notes
Scotch Blue

Gmail

Yes, they are all successful. Yes, they are all consumer products. However, and more importantly, they were all invented by employees.

That's right, whether intentionally developed under new product research programs or happy accidents, all of these products were identified and brought to the attention of management by employees.

Nutrasweet's invention falls squarely into the "happy accident" category. Apparently a G.D.Searle chemist, in trying to find an anti-ulcer drug, let the mixture boil over. When he licked some of the mixture off his hand, he discovered that it had a very sweet taste. He took it to his boss and, just like that; aspartame was born. The product was branded Nutrasweet and is now owned by the Nutrasweet Company.

Ivory Soap was once thought also to be a happy accident. Introduced in 1879, the story was that a worker had let the mixture mix too long, introducing air into the soap, but not changing its formula. The company sold the "over-mixed" product and received appreciative letters from consumers who were delighted to discover floating soap. However, in 2004, the P&G company archivist found documentation that one of the company's chemists was intentionally trying to find a way to make soap float and had documented the formula change.

3M

Command Hooks, Post-It Notes and ScotchBlue are all 3M products derived from the same two "happy accidents". 3M was trying to create super strong adhesives for use in the aerospace industry in building planes. Instead of a super strong adhesive, though, they accidentally managed to create an incredibly weak, pressure sensitive adhesive. This adhesive had two interesting features: when stuck to a surface, it could be peeled away without damaging the surface, and it could be re-used. Unfortunately, no one could think of a use for this adhesive until chemical engineer Art Fry came along. In addition to working at 3M, he also sang in a church choir and frequently lost his song page markers in his hymn book while singing, because they fell out of the book. Fry starting putting the adhesive in the hymn book to hold his markers, and 3M eventually had a stroke of genius and realized this was backward: put the adhesive on the markers. 3M finally introduced Post-It Notes in 1977, and they are now one of the best-selling office products in the world. This same adhesive technology then grew into many other product lines, including ScotchBlue painter's tape and Command Hooks.

Gmail

Introduced on April 1, 2004, many took Google's introduction of Gmail as a hoax. Not so! A Google employee decided to build an email system that started with Google's powerful search engine. Many within the company did not believe the product was a strategic fit with a search business. In any case, the product was developed, enhanced and improved to the point that it was better than any commercially available email program at that time. Now, of course, Gmail is one of the most pervasive email systems in the world.

While these all sound like fortuitous events and that these companies just "got lucky", the reality is that without engaged employees, none of this would have happened. All of these employees were given the resources, time, encouragement and support necessary to pursue these product innovations. However, the companies also must be given credit for taking the risk to invest in product development until a compelling value proposition (as in Ivory's "It floats!") was found.

Engaged employees (according to Wikipedia) are "fully absorbed by and enthusiastic about their work and so take positive action to further the organization's reputation and interests." And, of course, part of those positive actions to enhance the organization's reputation and success is developing new products, or new and interesting (and profitable) ways to use existing products. After all, who better to help a company find new ways to solve consumer challenges than an employee who cares about the success of his/her company?

There are many ways to encourage employees in identifying and developing new products: bonuses, time off from their regular responsibilities, and other incentives. However, the key ingredient is engaged employees who want to help your company because they believe in what it stands for and what it provides to customers. Measuring and improving employee engagement are the most critical steps in turning clock-watchers into brand ambassadors and company cheerleaders.

"In companies where 60% to 70% of employees were engaged, average total shareholder's return (TSR) stood at 24.2%; in companies with only 49% to 60% of employees engaged, TSR fell to 9.1%; companies with engagement below 25% suffered negative TSR."
~ Hewitt Research Brief

Thanks for downloading Infosurv Research's Employee Engagement eBook!

Without a doubt, employee engagement is a key metric of an organization's health and likelihood of success. In order to maximize your company's profitability, you need to measure, understand and manage employee engagement.

Infosurv Research's Employee Engagement Model has been used successfully by many companies to measure and improve Employee Engagement. To learn more about Employee Engagement and other Employee Research Surveys with Infosurv Research give us a call (888-262-3186) or send an email to sales@inforsurv.com.

The research is in! Employee engagement has a strong positive impact on other measures of business success, including customer satisfaction and loyalty, revenue and profitability, and employee retention and productivity. Download our INFOGRAPHIC here!

ABOUT INFOSURV RESEARCH
Think of Us as Your Research Department.

As your research department, Infosurv Research helps you find the information you need to connect the dots between consumers, your customers, your employees, and your brand. These connections between stakeholders lead to valuable insights that drive better business decisions for immediately improved results. By developing a better understanding of your business through the application of our marketing and survey research expertise, we provide cost-effective solutions to solve your business challenges and deliver a great return on your research investment.

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