

Making Employee Engagement Happen: Best Practices from Best Employers

The Challenge

Companies across the globe are taking the initiative to administer and manage engagement surveys—that’s the easy part. Implementing the action planning process and maintaining levels of engagement is the real challenge. One HR executive speaks out.

“We are at the tail end of the first phase of action planning. We’ve convened a steering committee to work with HR. We tasked them to give us high-level action plans and asked for some very specific things such as ownership (who will lead, who is responsible and who will ensure it happens). I’ve gotten five back and they have just said ‘The Leadership Team.’ That feels pretty nebulous. It’s a challenge and we still struggle at moving the needle on engagement.”

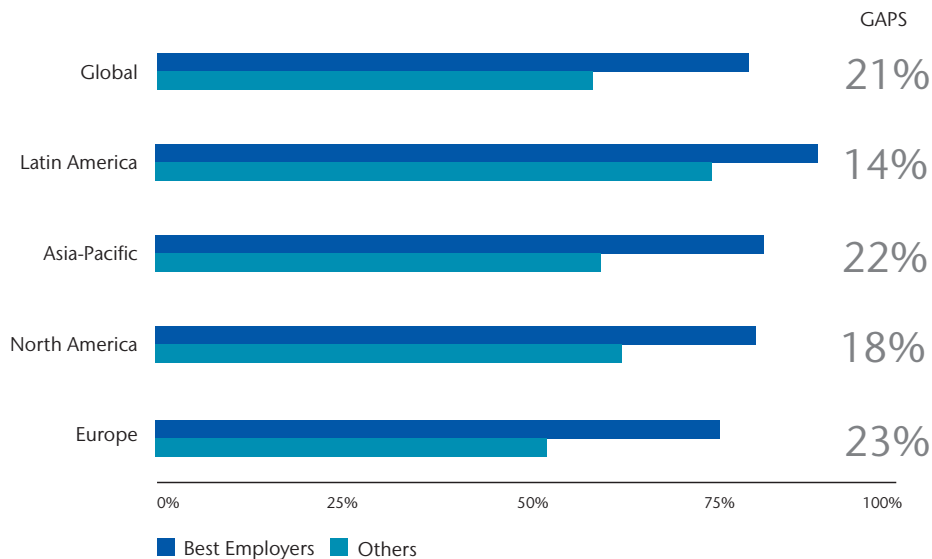
How Do You Drive an Ongoing Employee Engagement Strategy and Not Just a Survey Process?

To tackle this and other important questions, we analyzed our client database that represents more than 3 million employees to identify what the “Best Employers” are doing differently from the other companies when it comes to engagement initiatives. Best Employers are a subset of our database identified through multiple criteria—they must pass thresholds regarding employee engagement scores, review of HR practices, CEO interviews, and financial performance. In addition to this employee perspective, we also interviewed executives from a range of global clients to understand challenges and best practices regarding engagement interventions. Some of those interviewed represent companies in our “Best Employer” group, while others represent companies at various stages of maturity regarding employee engagement strategies. From reviewing both the employee data and the employer interviews, we arrived at some interesting and actionable insights into best practices in making employee engagement happen.

Best Employers Make Employee Engagement a Business Priority

Employee engagement is the rational, emotional, and motivational state that leads employees to higher levels of performance. Best Employers are seeing significantly higher employee engagement levels than average organizations—roughly 20% more engaged employees than the average company, as illustrated in the following chart.

Engagement Gaps (Best Employers vs. Others)



But what does this finding mean for the Best Employers? Consider this: A Best Employer with 30,000 employees has roughly 6,000 more employees going above and beyond in their jobs to serve customers, to drive efficiency, or to innovate than the average company. Imagine the impact on your business if 20% more of your employees were engaged in their work, their performance, and the business.

Engaged employees understand the organization’s objectives and their role. They are passionate and enthusiastic about their work, have a strong desire to be part of the organization, and are motivated to go above and beyond in their jobs. Aon Hewitt’s *Engagement 2.0 Employee Study* provides insight into how engagement can translate into better company performance. This study compared key business drivers (innovation, quality of products, customer satisfaction, cost/efficiency, and revenue growth) across employee groups segmented by their engagement levels. Highly engaged employees have significantly better outcomes across all these business drivers relative to moderately engaged, passive, or actively disengaged employees. It stands to reason that engaged employees drive better financial results. In fact, our 2012 analysis of global engagement clients (representing more than 9 million employees in 758 companies) showed companies in the top quartile of engagement scores had 50% higher total shareholder return than the average company.

Many companies are no longer questioning if engagement matters, but are now asking, “What can I do about it?”

Best Employers understand and embrace the concept that employee engagement is central to delivery of business results. Six out of ten companies report “Employee Engagement” as the #1 objective of their people program investments (source: Aon Hewitt’s *2012 Total Rewards Survey* report). Six out of 10 employees in the average company are engaged, according to our *2012 Trends in Global Employee Engagement* report. Following the lead of Best Employers, many of these companies are no longer questioning if engagement matters, but are now asking, “What can I do about it?”

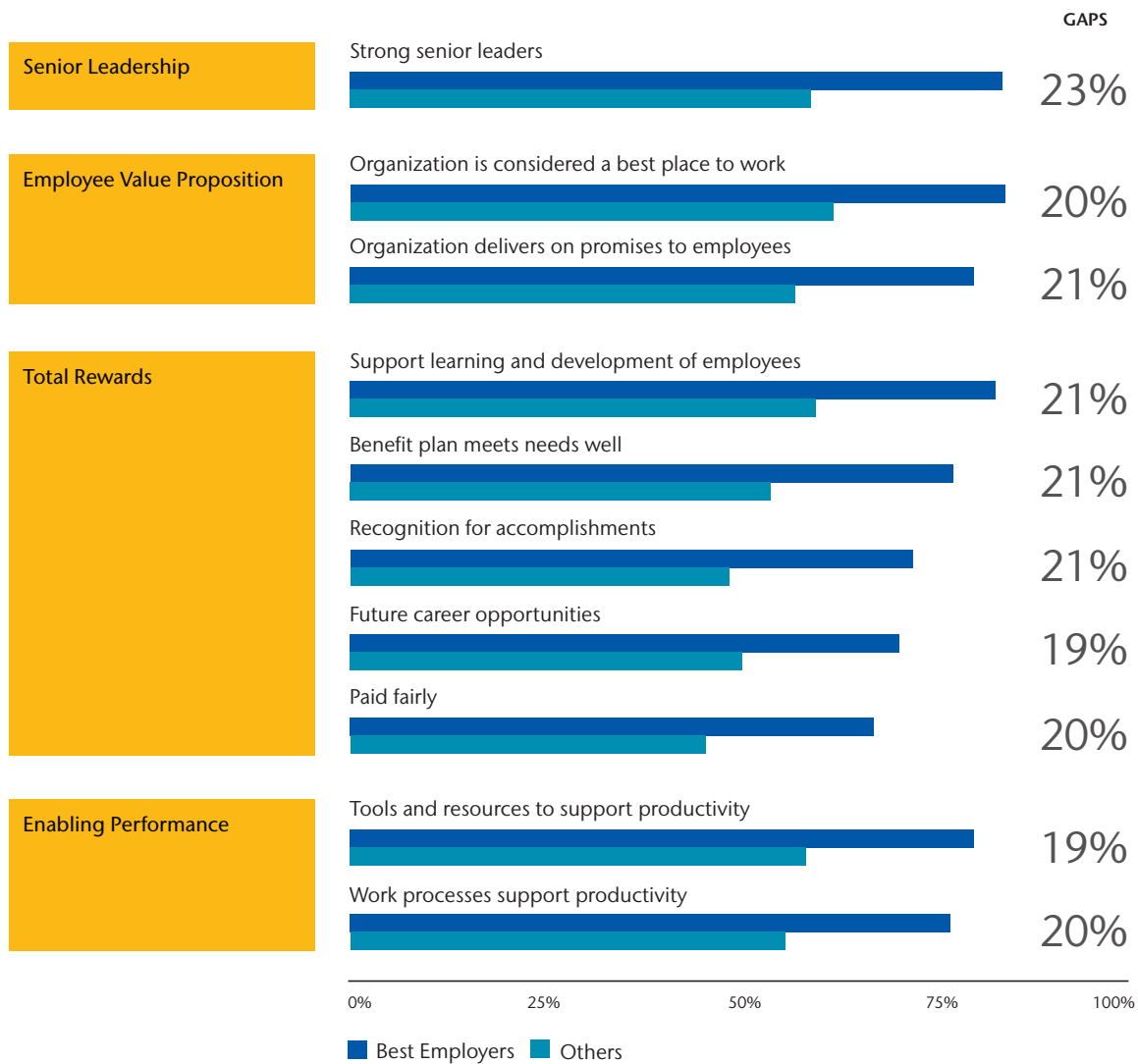
So, What Do Best Employers Do Differently?

In short, they focus effort and take visible ownership of the solutions. One executive from a Best Employer states:

“The most important aspect is to make employees feel part of an open process. Engagement is not something you do TO employees. [One way] of improving working conditions is to communicate the survey results at all levels and develop action plans that are clearly visible for all.”

The Aon Hewitt global employee database provides some insight into where the Best Employers are focusing these action planning efforts. The top 10 areas where Best Employers excel in engagement drivers relative to average companies were identified. These differences can be described in four key areas: leadership, employee value proposition, total rewards, and enabling performance. We will examine each of these four areas in more detail.

What Do Best Employers Do Differently?



Source: Aon Hewitt 2012 Global Engagement Database

Leadership

A vast majority of employees at Best Employer organizations experience strong leadership. In fact, strong leadership is the primary differentiator between Best Employers and average companies. We know from our *Top Companies for Leaders* study that the best leaders are decisive and provide a clear vision of the future of their company. In addition, they are also comfortable with ambiguity and understand the emotional side of change and transition. Finally, great leaders are engaged themselves.

Both employers and employees see leadership as the ingredient that makes or breaks employee engagement efforts.

Responses from executive interviews varied in terms of company engagement practices. However, the most significant finding was the frequent call for leadership to be more accountable at all levels of the business, and for the CEO to ultimately drive engagement from the top. Both employees and employers see leadership as the ingredient that makes or breaks employee engagement efforts. An executive from a Best Employer noted a marked difference with a new leader:

“We’ve just hired a new CEO. He’s very big on engagement and the people side of the business. So the commitment from leadership to engagement is stronger than it has been in the past. He’s especially interested in leadership development and what leaders can do to build a more engaged workforce. He strongly values engagement and wants to help other leaders understand its value.”

How do you go about creating leadership interest and accountability for employee engagement if this is currently lacking? Our interviews suggest two effective strategies. The first has to do with gaining buy-in by using data to prove the business value of engagement in terms that are relevant to leaders. As an executive from a retail company that is looking to drive the engagement strategy states:

“[We] will be looking at the correlation between engagement and customer scores and sales. We need to make the business case as to why engagement matters to them.”

The second set of strategies focuses on building leadership capability in the engagement of their teams. Consider these actions from different executives around the world:

“What has worked here is when leaders have told people clearly where we are and where the business is going—articulating a clear direction for the future is what engages employees.”

“We have individual and team coaching programs and Engagement Action Groups led by each manager.”

“We are absolutely relentless with unit managers regarding action plans and ensuring the right leadership sponsor.”

“We established a Leadership Style program, with hand-picked managers whose teams have high engagement scores—we analyzed their leadership style and behaviors to define a desired (company) leadership style.”

“We [have a] Role Model program—strong people managers become buddies to managers with low people management scores. They share stories and practices to encourage a change in behavior.”

Employee Value Proposition

Best Employers show they are also differentiated from average companies by having a clearly articulated employee value proposition—building a strong reputation as an employer by delivering on clearly articulated promises to employees. The executive interviews revealed a real contrast between Best Employers and average companies with regard to the employee value proposition (EVP):

“[We are] looking at our whole EVP—is it the right one? Looking at our employee brand from an attraction perspective, are we attracting the right kind of people into the organization?” (Average Employer)

“[We] have worked on EVP and last year received so many entries of stories from employees regarding their workplace, that they published a book on the topic.” (Best Employer)

“We are linking together work streams regarding customer brand promise, culture, engagement, employee value proposition, and total rewards.” (Best Employer)

Companies who have one, two, three, or more unique and valued elements of the employment “contract” are those that have a strong and differentiated employee value proposition. These programs are highly connected to total rewards, the next area that sets Best Employers apart.

Total Rewards

Organizational leaders can improve employee engagement via a total rewards focus. Our employee research suggests engagement can be improved by taking a holistic view of compensation, benefits, learning and development, and work environment. Executive interviews indicate that performance recognition and performance development are the key areas within total rewards that are most relevant to improving engagement:

“True recognition of high performers (i.e., the ignoring of poor performance) is a real disincentive for employees.” (Average Employer)

“We are devoting more focus on internal candidates by development of a career lattice.” (Best Employer)

Half of employee ratings that differentiate high-performing companies are related to compensation, benefits, recognition, and development—employees take note of these differences and it impacts their engagement. This indicates that there are opportunities for improvement and to create a holistic total rewards strategy tied to engagement as a primary outcome. However, total rewards was not a major theme in our executive interviews. The employee data shows a clear 20% average gap between how the “Best Employers” and the “Rest” of companies are perceived to be rewarding their employees. These data suggest that not only is it important to get the basic pay and benefits needs right, but that leaders also need to focus on recognizing performance and developing talent for the future.

Enabling Performance

Providing employees with the tools and resources to do their jobs effectively can make a real difference in employee morale and productivity. The employees of Best Employers state that they have access to the tools, resources, and processes to perform at a much higher rate than employees from average companies. Is it possible to have engaged employees without enabling them? An engaged employee who is not enabled to perform is not likely to stay engaged or stay with the company for long. Executive interviews provide a contrast in the level of importance placed on enabling employees:

“We have issues around work processes. It’s increasingly difficult to work here—how do we tackle this? We also need to understand how much they want to invest in this.” (Average Employer)

An ongoing initiative has been to focus each SVP on ensuring that barriers to completing work tasks (e.g., work process effectiveness) are limited.” (Best Employer)

“[We have] technology reporting action planning websites that become a social tool for managers where managers come together to learn and share best practices.” (Best Employer)

The Path Forward Toward Holistic Engagement Solutions

According to the global executives we interviewed, it’s vital that you have the full support of the CEO to take action to improve engagement levels. CEOs must be accountable for engagement across the company (not just survey scores, but actual employee engagement), be interested in new survey results, and let the employees know engagement is an area of focus. Engagement initiatives must be part of ongoing business management—and surveys become leading indicators of other important business performance metrics. One executive sees some hope in the future and captures the nature of the solution well:

“I have been in numerous organizations conducting surveys and I’ve seen one really good success story. The entire organization just dove into action planning. They didn’t keep it simple, they didn’t keep it small. They mobilized a lot of people. They used a lot of people. It became the driving focus, every conversation, everything. It was talked about in every discussion. It had the attention and focus of leadership.”

All of these quotes and survey analyses lead to a clear point—that engagement matters. It matters both in terms of employee perception of the organization, and in how that perception can lead to higher levels of worker performance. Our employee survey data indicates four key areas for attention: leadership ownership of improvement in engagement capability; building a strong employee value proposition; strong total rewards; and enabling performance of employees. These all point to holistic solutions and processes that become embedded in company culture. It begins with leadership and is delivered through people, processes, technology, and programs across the company.

How will you approach employee engagement holistically within your organization?

Contact Information

For more information on employee engagement levels by country or industry, or about how Aon Hewitt can assist your organization in building the critical cultural dimensions and workforce connections that drive engagement, please contact:

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