

Employee Engagement

Productivity Begins with Employee
Engagement

Objectives

- I. Define employee engagement.
- II. Explain why it is important to all organizations.
- III. List factors that influence employee engagement.
- IV. Explain how employee engagement relates to the DoD mission.
- V. Describe things that can influence the level of employee engagement.

What is Employee Engagement?

There is no one agreed upon definition of employee engagement. It has been defined as:

- Retaining and building on employee commitment
- An employee's energy and desire to do a good job
- Maximizing on individual and organizational performance
- Unlocking an employee's potential

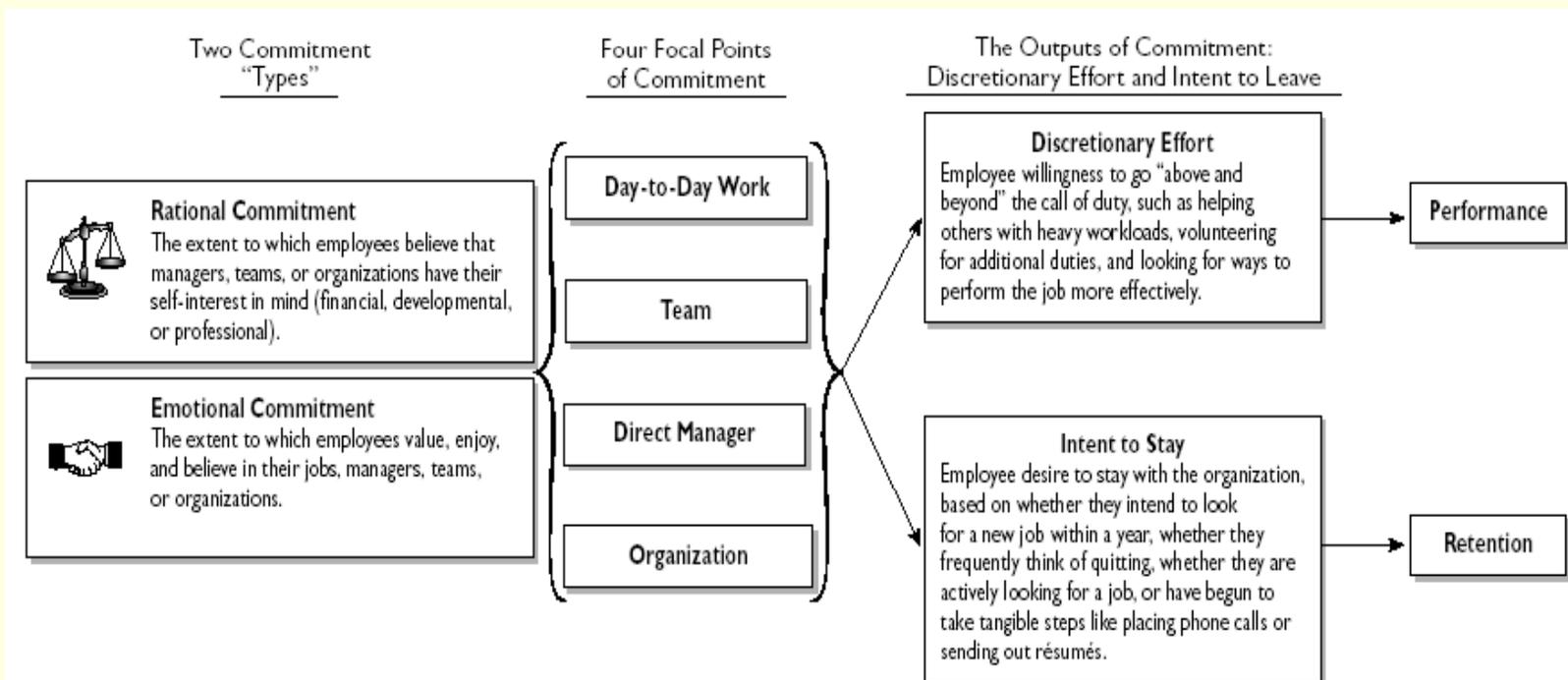


The MSPB Defines Employee Engagement As...

A heightened connection between employees and their work, their organization, or the people they work for or with.

What is Employee Engagement?

Engagement is the extent to which employees commit to something or someone in their organization and how hard they work and long they stay as a result of that commitment



Employee Engagement

Some experts divide employee engagement into two primary components:

1. Discretionary Effort, and
2. Intent to Stay

Mind + Heart =
Discretionary Effort



Discretionary Effort

In other words:

The extent to which an organization's employees:

- ❖ Enjoy what they do;
- ❖ Believe in what they do; and
- ❖ Feel valued for what they do.

Discretionary/Extraordinary Effort

Private Sector Benefits...

- ❖ Competitive advantage in the marketplace
- ❖ Greater profit

Public Sector Benefits...

- ❖ Increased efficiency & effectiveness in delivery of public services
- ❖ Value for tax dollars expended

2. Intent to Stay



Intent To Stay

Employee Turnover is costly! Consider...

- Exit costs
- Recruiting
- Interviewing
- Hiring
- Orientation
- Training
- Compensation & benefits while training
- Lost productivity
- Customer dissatisfaction
- Reduced or lost business
- Administrative costs
- Lost expertise
- Temporary workers

Intent To Stay Cont.

- ⌘ According to the Society for Human Resources Management, the quantifiable costs of turnover will easily reach 150% to 200% of an employee's annual compensation.
- ⌘ The cost can exceed 200% for managerial and senior executive positions.

Intent To Stay Cont.

- ⌘ On average, attrition costs organizations 18 months' salary for each professional who leaves.
- ⌘ It takes months and sometimes years to regain productivity levels.
- ⌘ Institutional knowledge is often lost forever.

Intent To Stay Cont.

There are three major drivers of job change:

1. *“using my skills and abilities;”*
2. *“opportunity to move into management:”* and
3. *“the organization has a clear sense of direction”*

Intent To Stay Cont.

- ⌘ Compensation **rarely** has the greatest impact on employees' decisions to stay or leave an organization.
- ⌘ Instead, employees who are planning to leave are most likely to do so for opportunities that allow them to:
 - ⌘ **Use and develop their skills; or**
 - ⌘ For opportunities in a organization that is perceived by employees as having **good leadership**.



WHY IS ENGAGEMENT IMPORTANT TO DOD?

Jack Welch- former CEO of General Electric:

“No organization, large or small can win over the long run without energized employees who believe in its mission and understand how to achieve it. That’s why you need to take the measure of employee engagement at least once a year through anonymous surveys in which the employees feel completely safe to speak their minds.”

WHAT IS THE IMPACT OF ENGAGED EMPLOYEES?

Molson Coors Brewing Company, beverage industry giant reported:

- ❖ Engaged employees were 5 times less likely to have a safety incident.
- ❖ If the engaged employees did have a safety incident, it was 6 times less costly to the organization.
- ❖ Sales teams with higher engagement scores sold more and had \$2.1 million less in performance-related expenses.

WHAT IS THE IMPACT OF ENGAGED EMPLOYEES?

- Intuit Software Company Found:
 - Engagement is positively correlated with high performance.
 - Engaged employees are five times less likely to voluntarily leave the company.



WHAT IS THE IMPACT OF ENGAGED EMPLOYEES?

A 2009 MSPB Survey found significant relationship between employee engagement and certain desirable outcomes at federal agencies...



WHAT IS THE IMPACT OF ENGAGED EMPLOYEES?

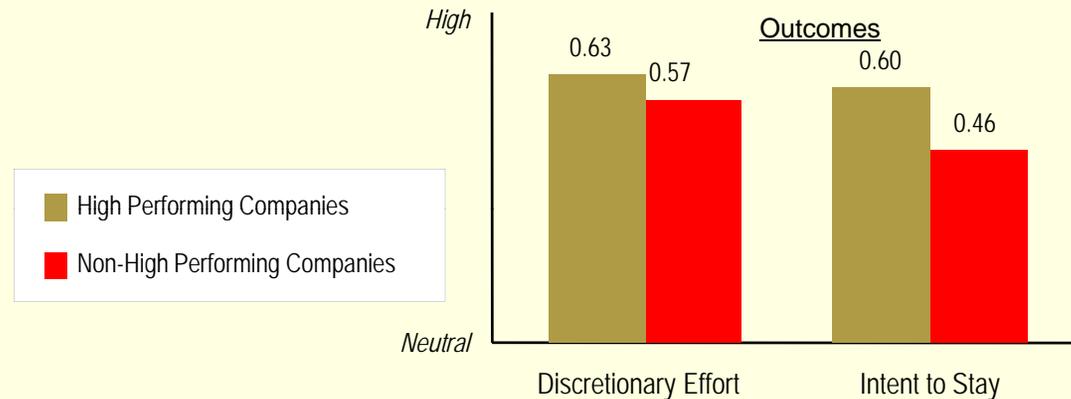
The 2009 MSPB Survey found:

- ❖ Less sick leave (9 days vs. 12 days annually)
- ❖ Better programmatic results determined by OMB's Program Assessment Rating Tool.
- ❖ Fewer cases of work related injury and lost work time (.73 per 100 vs. 2.15 per 100 employees).
- ❖ Fewer EEO complaints (.47% vs. 1.04%).

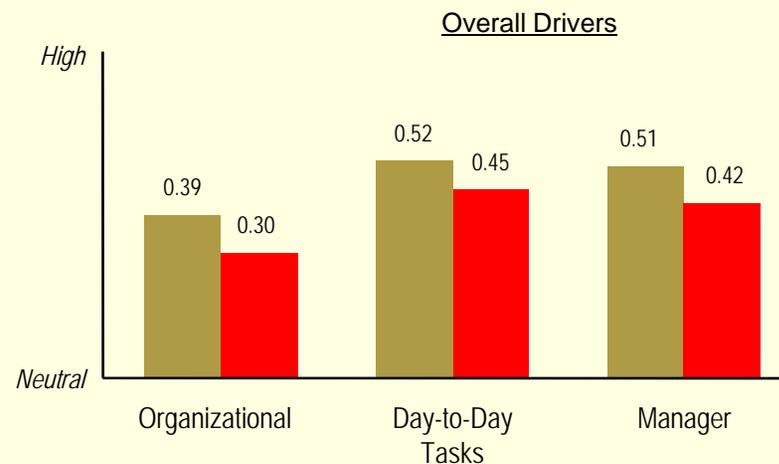
WHAT IS THE IMPACT OF ENGAGED EMPLOYEES?

Companies with Higher Engagement Scores Have Better Financial Performance than the S&P 500

- *High Performing Companies are those that score well on both Discretionary Effort and Intent to Stay...*



...and show across-the-board strengths on key levers of engagement



What Influences Employee Engagement?

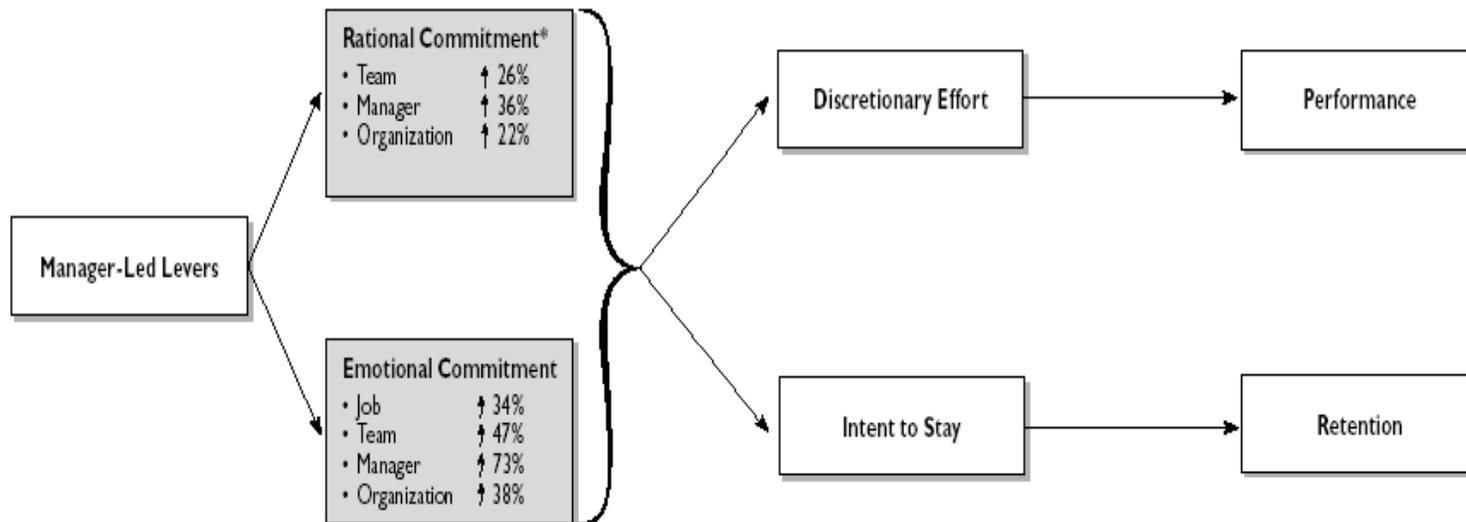
- ❖ There are many powerful levers to enhance employee engagement.
- ❖ Typically, it involves a myriad of small things that have the greatest impact.



What Influences Employee Engagement?

Successful managers drive engagement by creating a commitment to the job, team, and organization (not just to themselves)

Impact of Highest-Scoring Manager Attribute on Commitment Foci*



* Each value represents a statistical estimate of the maximum total impact on emotional and rational commitment to manager, team, organization, or job as a result of the highest-scoring manager skill or attribute in the study. The maximum total impact is calculated by comparing two statistical estimates: the predicted emotional commitment to each of the foci for an employee who scores "high" on this manager attribute and the predicted emotional commitment to each of the foci for an employee who scores "low" on this manager attribute. The impact on each of the foci is modeled separately.

What Influences Employee Engagement?

Levers can be anything that provide employees with:

- ✓ Pride in employer
- ✓ Satisfaction with employer
- ✓ Satisfaction with position
- ✓ Opportunity to perform challenging work
- ✓ Recognition and positive feedback for contributions
- ✓ Personal support from one's supervisor
- ✓ Understanding regarding the link between one's job and the organization's mission
- ✓ Employees opportunities for growth

What Influences Employee Engagement?

There are numerous opportunities to enhance Employee Engagement:

- Understanding one's job importance to organization's success
- Manager clearly explains job importance at on-boarding
- Manager demonstrates strong commitment to diversity
- Manager sets realistic performance expectations
- Manager puts the right people in the right roles at the right time in DoD
- Manager accurately evaluates employee potential
- Manager respects employees as individuals
- Manager encourages employee development
- Importance of projects within organization to employees' personal development
- Manager provides job freedom

What Influences Employee Engagement?

Positive Organization Culture Facilitates Employee Engagement by promoting:

- Shared attitudes and perceptions in an organization.
- Organizational values and behaviors as well as environmental and organizational realities.
- Informal, shared way of perceiving life and membership in an organization.
- A bond in the organization that influences how employees think about themselves, their fellow employees, and their work.

Signs That Employee May Not Be Engaged

Employers often become aware engagement issues due to troubling trends in area such as:

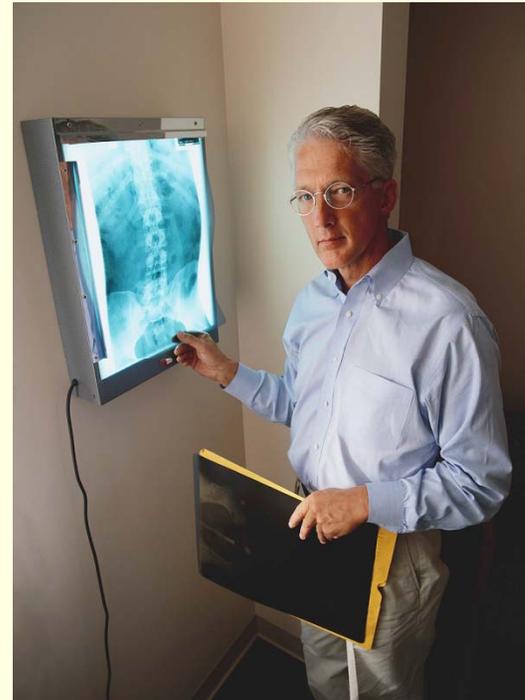
- Retention/turnover
- Negotiated Grievances
- Administrative Grievances
- EEO Complaints
- Conduct Cases
- Performance Cases
- Absenteeism
- Attitude/Climate surveys (i.e. Human Capital Survey)
- Pervasively negative employment atmosphere

How Do We Engage Employees Within DoD?



How Do We Engage Employees Within DoD?

- *The DoD culture must respect individual strengths; and*
- *Assign employees to interesting and high impact roles, when possible.*



How Do We Engage Employees Within DoD?

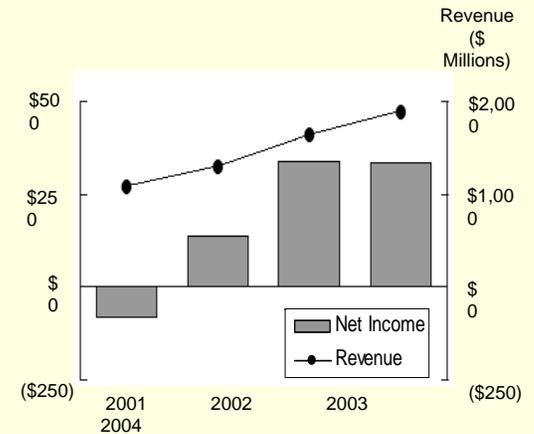
Engagement and Customer Satisfaction Case Example: Intuit

- **Situation:** Intuit recognizes the economic impact of an engaged workforce and determines the need to guide managers to concentrate on the points of highest leverage.
- **Action:** Intuit assesses various drivers of engagement for their impact on business operations and strategic goals and then guides managers to focus on aspects with the largest impact.
- **Result:** Intuit's leaders cite the company's approach to managing engagement as a key factor in the company's profitable growth. Business units within Intuit have realized substantial gains in engagement and customer satisfaction.

Changes in Engagement, Customer Satisfaction, and Profit at Intuit



Customer Advocacy Metric: 2003 score indexed to 2002 Customer Satisfaction



Corporate Leadership Council, "Strategic Engagement Gap Analysis (Intuit)," *Engaging the Workforce*, Washington: Corporate Executive Board (2004).

How Do We Engage Employees Within DoD?

Most of the top drivers of engagement rely on a high-engagement culture, which can be characterized by connection, contribution, and credibility*

Top Drivers of Engagement* Relating to High-Engagement Cultures

Contribution

- Understanding of the connection between work and [Organization's] strategy
- Manager clearly articulates [Organization's] goals
- Manager identifies and articulates a long-term vision for the future

- Understanding one's job importance to [Organization] success
- Manager clearly explains job importance at on boarding
- Manager demonstrates strong commitment to diversity
- Manager sets realistic performance expectations
- Manager puts the right people in the right roles at the right time at [Organization]
- Manager accurately evaluates employee potential
- Manager respects employees as individuals
- Manager encourages employee development
- Importance of projects at [Organization] to employees' personal development
- Manager provides job freedom

- Manager demonstrates honesty and integrity
- [Organization] has reputation of integrity
- Manager accepts responsibility for successes and failures
- Manager has a good reputation within [Organization]
- Manager defends direct reports
- Manager inspires others
- Manager places employee interests first
- Manager appropriately handles crises
- Manager trusts employees to do their jobs
- Manager lets upper management know of employee effectiveness

* The 2004 Corporate Leadership Council Employee Engagement Survey of 50,000 employees at more than 50 organizations assessed 300 drivers of engagement. Top drivers of engagement ranked in the top 25 of 300, and each represents the potential to increase employee commitment by 20% to 30% or more.

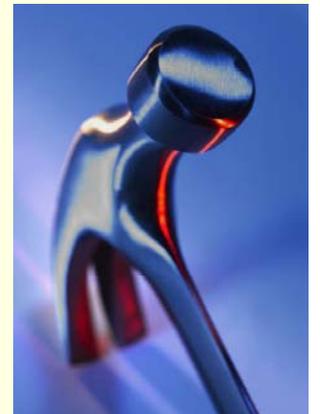
How Do We Engage Employees Within DoD?

DoD 10 Imperatives (based on CLC study)

- Provide Fair and Accurate Informal Feedback
- Emphasize Employee Strengths in Performance Reviews
- Clarify Performance Expectations
- Leverage Employee “Fit”
- Provide Solutions to Day-to-day Challenges
- During performance reviews, Amplify the Good and Filter the Bad
- Connect Employees with the Organization and Its Success
- Instill a Performance Culture
- Connect Employees with Talented Coworkers
- Demonstrate a “Credible Commitment” to Employee Development

How Do We Engage Employees Within DoD?

- It is in everyone's interest to maximize employee engagement.
- It is in everyone's interest to constantly strive for a positive employment atmosphere.
- Tools to assist managers in promoting employee engagement may be found on the CPMS website at...



Bibliography

- 1. *Managing for Engagement – Communication, Connection and Courage*, MSPB Report to the President and Congress, July 2009
- 2. *Employee Engagement: The Missing Link to Federal Results*, Issues of MERIT, Merit Systems Protection Board (MSPB), Volume 14 Issue1, February, 2009.
- 3. *The Business Case for Employee Engagement*, Corporate Leadership Council Research, 2004
- 4. *Designing an Effective Engagement Strategy*, Corporate Leadership Council Research, 2005