



Powering performance with engaged employees

WHITEPAPER



1. Why is engagement important?

Engagement is one of the most significant challenges facing the business world. Respected analysts and commentators tell us that engagement is either stagnating or in real decline. Although some regions are more affected than others – the United States, for example, tends to have a more engaged workforce than Europe or Asia – the figures tell a startling story.

“Satisfied or happy employees are not necessarily engaged. And engaged employees are the ones who work hardest, stay longest, and perform best.”

Gallup, ‘Don’t Pamper Employees, Engage Them’

Gallup has been running an engagement survey since 2000 and producing ‘The State of the Global Workplace’ for almost as long. The most recent edition claims that:

- Only 15% of employees are truly engaged in their jobs worldwide
- Just one-third of US workers describe themselves as ‘engaged’
- 11% of UK employees are engaged at work

The bottom line

Why is this a problem? Simply put, this lack of engagement costs money.

- Companies in the top quartile of the Gallup engagement metric are, on average, 17% more productive and 21% more profitable than their less engaged peers
- Actively disengaged people cost the economy between \$450 and \$550 billion in lost productivity in 2012 in the US alone
- Dale Carnegie research estimates that companies with engaged employees outperform their unengaged peers by up to 202%

Engagement affects performance. But we would go even further: we believe that engagement is impossible to separate from performance. The two are inextricably linked.

Other factors have a bearing on this, of course: wellbeing, mental health, diversity and inclusion all affect engagement. What we’re saying is that organisations need to look at engagement, first and foremost, in the context of performance. You need to approach it with the knowledge that engagement affects productivity, and therefore profitability and business success. Engagement is not an HR issue: it’s an issue that should matter to every senior leader in every organisation.

A woman with long brown hair, wearing glasses and white earbuds, is smiling while looking at a laptop screen. The background is dark with bokeh light effects. The text is overlaid on the image.

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The challenges

There are two major challenges to understanding and optimising engagement:

1. Not measuring engagement in the right way

Organisations aren't asking the right questions to explore the ways engagement is impacting performance – nor using the right cadence or frequency to get the right picture in the right context.

2. Not taking the right steps to fix the problem

Organisations spend huge sums tinkering with the employee experience. Better coffee, yoga classes, free fruit or 'bring your dog to work' day all have their place. People may enjoy a more welcoming workplace environment, and they will certainly appreciate the business' efforts to bring positivity and camaraderie into the building. But engagement is only tangentially affected by these initiatives.

A recent webcast by HR thought leader Josh Bersin cited a piece of data that dominates the debate over how to improve employees' attitudes to the workplace. When people are surveyed about the factors that make their working lives better, they nearly always cite the job itself as the most important. Not the working environment, benefits or perks: the actual process of work is the thing that defines how people feel about their jobs. Employees are not engaged by weekly team lunches, although they may make them happier.

The key factor is what is known as 'work engagement': the energy and purpose someone gets from being immersed in their job. Any attempt to boost engagement at work needs to begin with exactly that: the work. Employees spend the vast majority of their weekdays doing the jobs they are employed to do. The other things - the working environment, the opportunities to unwind or socialise - are important, but the job itself is central.

2. Why engagement is an essential part of performance

Work engagement predicts performance.

A meta-analysis of 90 engagement studies found that it is a higher predictor of work task performance than any other factor, and more than three times more significant than leadership. It's not just individual task performance either. Work engagement predicts a massive 38% of team performance: more than double the effect had by leadership.

Major predictors of work task performance

36% Work engagement

10% Transformational leadership

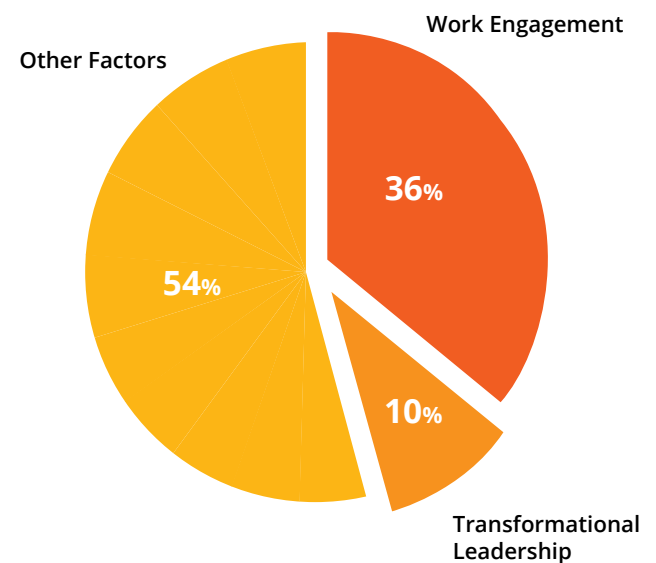
54% Other factors

“Businesses that orient performance management systems around basic human needs for psychological engagement — such as positive workplace relationships, frequent recognition, ongoing performance conversations and opportunities for personal development — get the most out of their employees.”

Gallup, 'State of the Global Workplace 2017'

Engagement has a strong impact on performance, but it's also clear that good performance management has a strong impact on engagement. One of our customers, global marketing and branding agency CSM, recently combined their performance management and engagement data. They found that employees using our performance management platform had consistently higher engagement scores relating to management, development and feedback.

What Predicts Work Task Performance?



From Christian et al. (2011). Meta-analysis of 90 engagement studies with 63,813 people. Statistics correspond to standardised path coefficients and are significant at $p < 0.01$.

Connecting engagement and performance

Given the strong relationship between performance and engagement, it makes sense to manage both factors together. But in many organisations these are completely separate processes, often managed by different people or different teams. Part of the reason for this is that separate technology platforms have previously been used for each. But this has now changed: technology like our platform can combine engagement and performance management within the same system.

Once you connect engagement to performance and gear it towards improving the environment that helps people do their jobs, huge opportunities open up at every level:

- Managers can have richer, more effective conversations with team members
- Employees can raise specific issues around development needs or resources they need to optimise their workflow
- HR and senior management can get a better understanding of challenges that directly affect the flow of work and spend time fine-tuning working processes rather than worrying about organisation happiness

Keeping the connection

For this to work effectively, it needs to be an ongoing process. We know that performance management isn't effective if it only happens once or twice a year: regular performance and development conversations and feedback are needed. In precisely the same way, engagement needs to be looked at continuously.

Measuring engagement regularly gives you more relevant and up-to-date data, enabling you to understand the impact of initiatives and changes within the business in real time. And this arms you with the ability to take action when it's needed: in the moment.

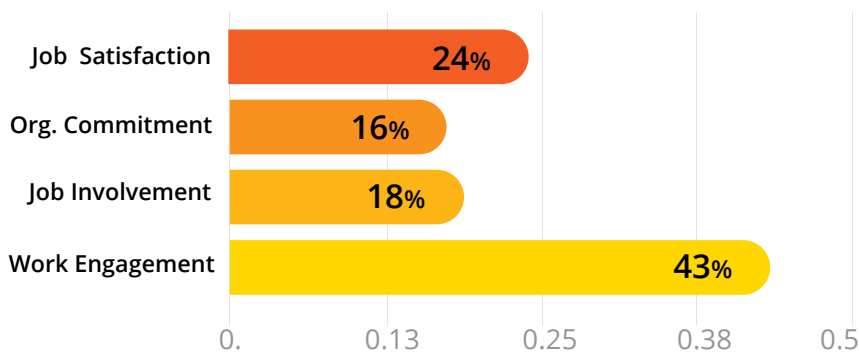
3. Understanding engagement measures

We've already looked at the meta-analysis showing the significant impact that work engagement has on performance. The same research shows that work engagement is by far the highest predictor of performance, compared to other measures of engagement such as job satisfaction and organisational commitment. This is why we use it as our core measure of engagement.

Major predictors of employee engagement

- 24% Job Satisfaction
- 16% Organisational Commitment
- 18% Job Involvement
- 43% Work Engagement

How Do The Predictors Of Engagement Stack Up?



From Christian et al. (2011). Meta-analysis of 90 engagement studies with 63,813 people. Based on the results of a multiple regression analysis of the incremental validity of using engagement to predict task performance. All four factors are significant at $p < 0.001$.

The limitations of engagement tools

Many engagement tools use the eNPS (employee Net Promoter Score) as their basis for measuring engagement. eNPS is calculated by asking employees the question: "Would you recommend (our company) to a colleague or friend?" However, answers will only indicate employee commitment to the organisation, rather than work engagement. Although it may be interesting for organisations to measure loyalty, it only accounts for 16% of the impact on performance, whereas work engagement accounts for 43%.

eNPS can also be misleading. An employee may feel great pride in the prestige of their employer or have affection for the work it does, yet not actually enjoy or be engaged in their actual work. The question is also fundamentally organisation-centric. It asks: "How do you see us? How do we seem?" If your primary means of understanding your employees doesn't come from their point of view but from yours, what does that say about you as an organisation? More to the point, what does that say to your employees?

Some other popular engagement tools use a mixture of measures, such as Gallup's Q12. A drawback of this approach is that more questions are needed, making them impractical for measuring engagement regularly. If we want to do a regular check-up, it needs to be easy to do and easy to complete. If it's too complex, users will begin to resent the process and the quality of the data will suffer. And if it isn't done often enough, you lose the big picture and it becomes much harder to track trends and changes over time.

The opportunities

But with the right balance of simplicity and continuity, organisations can gain accurate, actionable insights into the engagement of their employees. This then gives them the opportunity to take real action to improve that experience, such as:

- Improving management capability
- Streamlining processes
- Offering support and training in the flow of work
- Strengthening key relationships
- Creating development plans designed to help people realise their potential

4. A proven framework for work engagement

To capture real insight into how people feel about their working lives, you need to use a framework grounded in workplace psychology.

The Utrecht Work Engagement Scale (UWES)

The Utrecht Work Engagement Scale (UWES) is perhaps the most widely used measurement of work engagement. Developed in 2003 at the Occupational Health Psychology unit of Utrecht University, it identifies three traits that demonstrate work engagement:

1. Vigour
2. Absorption
3. Dedication

While earlier scales tended to focus on identifying burnout, the UWES looks at engagement in a positive way. Crucially, its questions are rigorously focused on the experience of work rather than reputational concerns. It aims to identify how the respondent feels about their job, not the personal factors around it.

But although UWES has high psychological validity, it is too long to be used as a continuous engagement measure. The earlier versions used 17 questions to capture the right information. A more recent version slims the questions down to just 9, but it's still quite an onerous task to give employees on a regular basis.

Developing a new framework

We engaged expert workplace psychologist Ian MacRae to develop a valid measure of work engagement with the minimal number of questions. After many iterations and extensive testing, Ian concluded that we could measure work engagement effectively using just three questions based on three factors:

1. Energy
2. Purpose
3. Immersion

Asking these three questions regularly allows you to spot trends over time and create a culture of ongoing insight into work engagement. But this is still only part of the solution. One of the things that makes work engagement so powerful is that research has shown that it can be improved – if you have the right data to understand how. So, we added a fourth multiple-choice question to our three core work engagement questions to understand which motivation factors would improve an employee's engagement at work, such as:

- More autonomy
- More support from managers
- Better team communication

Once you understand which motivation levers to pull and in which areas of your organisation, you can start to take meaningful action to improve engagement.

Going deeper

The framework we have set out here provides an accurate measure of work engagement and insights into how it can be improved, but there are often occasions when a deeper dive is needed. To enable this, we built a custom survey tool into our performance management platform performance management software, Advanced Clear Review, that can be used to capture data on specific issues like:

- Psychological safety
- Leadership
- Culture
- Assessing the impact of specific initiatives

To maximise impact and avoid survey fatigue, these more detailed surveys can be targeted at specific groups of employees who are most impacted by the issue or initiative.

By combining a continuous, light touch work engagement measure with targeted, deeper surveys when needed, you can gain a detailed understanding of engagement across your organisation without overburdening employees with questions.



5. The power of meaningful action

Most organisations run some kind of engagement survey, and these rely on the goodwill of staff to complete them. Although well-meaning, they can actively work against the thing they're trying to encourage.

- A 2018 study by Forbes found that of 3,000 senior HR people polled, 58% took no meaningful action as a result of these surveys

The problem with HR

This feels a little unfair on HR, who often find themselves cast in the role of 'engagement guardians'. HR people take on the responsibility for sending out the surveys and collating the data. They often then assume, by association, the responsibility for 'fixing' any problems.

“Many well-intentioned organizations make a common mistake: They make higher engagement results themselves the goal rather than focusing on the improved performance outcomes that higher engagement should help them achieve.”

Gallup, 'State of the Global Workplace 2017'

Making any one group responsible for engagement misses the point. But the fact remains: from the employee's point of view, HR has created the survey and is now doing nothing with it. It makes employees feel cynical not just about their place in an organisation, but also about the organisation's efforts to understand them. And HR people find themselves stuck: engagement is now 'their thing', and they find themselves conducting an endless cycle of surveys they can't act upon, inflicted on employees who don't see the value in what they're doing.

What meaningful action looks like

So, what constitutes meaningful action? It goes back to the definition of work engagement. To truly engage people, and to reap the performance benefits that come from that, action needs to be rooted in the work itself. If employees lack a sense of purpose in their role, are overworked, or don't have the required training to develop, the answer can't be to tinker at the edges. Short-term benefits and perks might raise the numbers enough to reassure senior managers, but they won't tackle the real work-based challenges that exist at the level of the employee, their manager and the team.

6. Whose responsibility is engagement?

Historically, the onus has fallen on HR to manage engagement. But HR's ability to make meaningful change to an organisation is limited. HR people can find themselves trapped in the middle between:

- **Senior leaders**, who request that engagement surveys happen but don't always act on the data
- **Employees**, who struggle to see the value of the process

“The greatest cause of engagement program failure is this: Employee engagement is widely considered ‘an HR thing’. It is not owned by leaders, expected of managers or understood by frontline employees.”

Gallup, ‘Building a High Development Culture Through Your Employee Engagement Strategy’

Sharing responsibility

The point of work engagement is that everyone takes responsibility. It is designed to directly affect work outcomes. When seen as a part of performance management, the process becomes much more transparent and the benefits are clearly visible to all:

1. Employees feed their insights into the work engagement system
2. HR captures insights into employee state of mind with a focus on work practices and resources
3. Employees and managers work together to resolve challenges and set development goals
4. HR gains real insight into how managers are developing their people and equipping them for high performance
5. HR uses macro-level data to inform initiatives on wellbeing, mental health, and training

Using technology

The role of technology is crucial here. If employees and managers are to work together to improve work engagement, they need the data and insight to be able to do this. This can be a challenge when engagement surveys usually come with a guarantee of anonymity.

Our performance management platform overcomes this by reflecting each employee's answers back to them and providing suggested actions based on their answers. These 'action nudges' encourage employees to discuss their work engagement with their manager during performance and development conversations and adapt their goals accordingly.

This becomes even more powerful when an organisation customizes these nudges to direct the employee to their existing workplace resources. For example, if an employee scores low on the energy factor of work engagement, the software can suggest they book an appointment with a mental health first-aider or direct them to an employee assistance programme.

A new role for HR

HR teams, meanwhile, cease to be the gatekeeper of engagement. Instead, they can become an enabler of performance and value by:

- Monitoring patterns and trends
- Giving the board genuine actionable insights into the temperature and mood of the business over time
- Helping to make the most of (or mitigate the effects of) factors that have a real impact on people's behaviour, such as a company merger or a hiring freeze
- Learning from the most engaged teams and offering support to managers who need it

Engagement in the context of performance offers a whole new raft of metrics to the HR team: metrics that move productivity needles rather than just 'happiness' ones.

7. The way ahead

Engagement has a couple of historical problems. Many organisations have mixed 'engagement' and 'happiness', or 'engagement' and 'organisational commitment', and ended up with solutions that address the wrong challenges. Alongside that, it is sometimes seen as an answer in and of itself. But engagement for engagement's sake misses the point. It needs to be seen as part of a broader question: "How can we create resilient, sustainable high performance from our people?"

The answer lies in shared responsibility. Work engagement combined with continuous performance management seeks to find tangible, real-world answers to the challenges of work. Don't seek to make people happier without context: instead, strive to make their experience of work more fulfilling and satisfying by removing the barriers and smoothing the roads. HR cannot do that alone.

People want to perform better. It's a theme we see again and again in the world of performance management: that if you create the conditions for people to do their best, they'll do it.

By asking employees and managers to take responsibility for their engagement and their performance, you can build the right environment for people to perform at their best.

By showing people that your organisation has the appetite to improve their work and wellbeing, you demonstrate that their welfare and their development is a priority. And you can do this simply by asking the right questions and empowering them to speak up.

In the war for talent which may well define our markets in the years ahead, organisations need to show that they're committed to providing the best possible environment for people to thrive. The benefits of performance and productivity - the fruits of work engagement - are there for the taking.

To discover how our performance management software, Advanced Clear Review, can help you achieve your goals, [get in touch today](#).

References:

Gallup, 'Don't Pamper Employees, Engage Them', 2013

Christian, Garza, Slaughter, 'Work Engagement: A Quantitative Review and Test Of Its Relations With Task And Contextual Performance', 2011

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We would love to show you more

To discover how our performance management software can help you achieve your goals, get in touch today.

[Book a Demo](#)



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