To start, let’s define employee engagement as the level of commitment that employees feel toward their organization as well as the level of the employee’s discretionary effort and their willingness to go the extra mile for their company. Engaged employees are passionate about their work and are more willing to help each other and the organization succeed, to take on added responsibilities and to invest more effort in their jobs, share information and collaborate with other employees, as well as to remain with the organization than employees who are less engaged. Leaders must also enable employees to channel their efforts productively.

This includes ensuring reasonable alignment between the work to be done and the capabilities of employees, ensuring availability of resources and reinforcing management processes, including performance management and rewards.

In order for organizations to achieve a more engaged and enabled workforce that delivers superior results, the following list (Figure 1) is provided as a set of recommendations for your organization to consider in getting more focused in improving engagement in your organization.

**Figure 1: Recommendations to Improve Employee Engagement**

1. Make a business case for engaging employees
2. Measure engagement and take action on survey results
3. Make managers accountable for engagement
4. Connect people with the future
5. Go beyond a compensation to a total rewards mindset
6. Include employees & man-
MAKE A BUSINESS CASE FOR ENGAGING EMPLOYEES

If your organization’s leaders are uncertain or ambivalent about the value in focusing on employee engagement, a good starting point is to create the business case for engaging employees and identify the connections between engagement and business outcomes. The focus of engagement initiatives is not on making employees happier or more satisfied, but rather on creating the conditions that encourage high levels of organizational commitment and discretionary effort from employees.

The increased attention from CEOs on employee engagement reflects the growing recognition that human capital provides the most sustainable source of competitive differentiation for organizations. Organizations that manage employee engagement most successfully clearly articulate how high levels of employee engagement support core priorities such as enhancing productivity and innovation, operating efficiently, sustaining strong customer relationships, and retaining top talent.

It is clear, now more than ever, that CEOs see the linkage between engaging and enabling employees and achieving business results. A Hay Group cross-industry analysis involving more than 400 companies suggests that while organizations in the top quartile on engagement demonstrate revenue growth 2.5 times that of organizations in the bottom quartile, companies in the top quartile on engagement and enablement achieve revenue growth 4.5 times greater. We also saw significant differences in performance across three key metrics—employee performance rating distributions, employee retention and customer satisfaction when comparing top quartile vs. bottom quartile performance on engagement and enablement (see Figure 2 below).

Figure 2: Business Case for Engaging and Enabling Employees
To establish the business case for engaging employees, consider using internal business and engagement measures if you have them and compare the better and poorer performing parts of the organization to identify gaps in engagement and the people, processes and climate factors that drive these engagement levels. If internal data are not available, consider beginning a dialogue with your leaders around external performance norms and internal opportunities for improvement.

**MEASURE ENGAGEMENT AND TAKE ACTION ON SURVEY RESULTS**

There is a saying that “what gets measured gets managed” and employee surveys are important tools for monitoring and managing employee engagement. Employee surveys are also two-way communication tools. What is measured sends important signals to employees about the organization’s values and priorities and they allow organizations to solicit feedback from employees on key topics related to organizational effectiveness. In this way, an employee survey can be an effective intervention even before the first questionnaires is completed and data are analyzed. An engagement survey also should connect with the key “value propositions” an organization is offering to its employees and alignment with objectives not only promotes appropriate employee expectations but also more actionable results. By soliciting employee feedback in areas of focus for the organization, survey results can be more readily incorporated into ongoing improvement efforts. Most importantly, sharing results and an action plan for closing gaps demonstrates respect for employee input.

If the organization is not prepared to share results with employees and develop an action plan for improving the organization, it is best to not embark on an employee survey in the first place. An employee engagement survey is a means to an end and the initiative is only successful if the results of the survey are utilized. In this regard, it is critical to remember that the organization should not be seeking to improve engagement scores for their own sake, rather there is a need to understand the work environment factors that impact key organizational goals and objectives. In our work with Fortune magazine Most Admired Companies, these organizations make more frequent use of employee surveys than their peers and they use employee input more effectively. These best organizations indicate their managers are more effective in generating action and change from employee survey input. Finally, these organizations also report spending more energy in linking employee survey results to performance outcomes, such as financial success, productivity and customer satisfaction.

**MAKE MANAGERS ACCOUNTABLE FOR ENGAGEMENT**

Our experience indicates that employee engagement cannot be a focus only in and around employee surveys. It needs to be incorporated into the way the organization continually operates. A company cannot pull good employee engagement scores out of a hat. A key to the success of engagement initiatives is around engaging line managers in the effort. If the connection between engagement programs and the concerns of line managers is not made clear, managers will likely see themselves as too busy with their day-to-day responsibilities to play an active role. This is a deadly response in the organization, because it suggests that managers are viewing engagement initiatives not as tools provided for them to help accomplish their core business objectives, but instead as HR-oriented activities that are being done to them.

Typically, in the early stages of an engagement initiative, line managers, while involved, play a secondary role to internal project coordinators or external...
Once the information is collected and the attention of the organization turns to communicating the results throughout the organization and using the results to drive organizational improvements, external consultants and even internal project coordinators need to step back and rely on line managers to carry the results forward into the organization.

CONNECT PEOPLE WITH THE FUTURE

Engagement success is about more than encouraging positive views of the current organization climate. Fostering buy-in and commitment over a longer time horizon requires that employees have a positive view of the future of the organization and their futures in it. Three considerations are key:

**Confidence in Leaders.** As mentioned above, faith in the direction of the organization is critical for fostering high levels of employee engagement. Also critical is employee faith and confidence in the organization’s leaders who are charged with executing on the organization’s strategic priorities. Today’s employees are acutely aware that their prospects for continued employment and advancement are dependent on their companies’ health and stability. They cannot be expected to bind their futures to those of their employers unless they are confident that their companies are well led and positioned for success.

**Development Opportunities.** Employees tend to know that they are responsible for managing their own careers and that their futures depend on continuous improvement in their skill set. If employees are not expanding their competencies and capabilities, they risk compromising their employability within both their current organization as well as others. Accordingly, opportunities for growth and development are among the most important predictors of employee engagement.

GO BEYOND COMPENSATION AND BENEFITS TO A TOTAL REWARD MINDSET

Rewards go far beyond cash compensation and benefits. Most organizations provide an array of non-financial rewards such as career growth opportunities, quality of work, recognition and a great work climate. These non-financial rewards, while not often fully understood or leveraged, are very important to employees and constitute a significant portion of the total reward portfolio in the organization. Given the constraints on the financial elements of reward programs, this broader definition of reward has become more common and more leveraged in the market over the past decade. Non-financial rewards are not merely soft nice-to-haves. They are a core component of employer branding and the backbone of the employer’s value proposition to employees. Total rewards are critical to the organization’s overall recruiting, retention and engagement strategy. Often, employees decide to leave an organization because of a perceived imbalance or inequity in these non-financial rewards. Most Admired Companies do not necessarily offer more rewards (financial and non-financial), but they do a much better job leveraging their total rewards—communicating about them, getting people to understand their value, linking them to performance and providing tools to their managers to better utilize...
Central to the notion of making total rewards more viable and visible in the organization is in better leveraging its line managers. These managers also have the primary influence over the broad array of non-financial rewards that an organization provides and managers play a significant role in establishing the work climate of an organization, in facilitating the development and career growth of employees. HR can play a lead role in helping managers understand and promote a “total rewards” view and approach when dealing with employees as well as in building the core organization messages (employment value proposition) around what is meant by total rewards. HR has a significant role to play in developing tools for managers so they can effectively reward employees beyond the confines of compensation and benefits and in developing and reinforcing communications around total rewards.

**Include employees and managers in reward design and launch:** If the best reward programs are the ones that balance the needs and wants of the organization and its employees, then it is quite logical to assume that organizations would have a good handle on which aspects of the reward program employees value the most and least. Unfortunately, logic does not hold up in this regard. Our research indicates that the vast majority of organizations (i.e., approximately 80%) do not directly include the employee’s perspective in reward program strategy, design or execution (see Figure 4 below).
Most organizations have a mindset around listening to their customers to learn what they value in their products and services (i.e., market research). This mindset should then apply to their most important internal customers—their employees. Our research finds that engagement is enhanced when employees and managers are involved in the design and launch of their reward programs. Simple processes such as focus groups and structured survey diagnostics which assess employee preferences in various aspects of reward program design (e.g., benefits preferences, non-financial reward preferences, base salary increase preferences) have proven to be effective tools for many organizations.

Once these preferences are known, HR can make structural changes to core reward programs such as cash compensation and benefits. In addition, and perhaps more importantly, HR can build out the manager’s reward tool kit based on how non-financial reward preferences such as recognition, career development, job design, work climate, etc. vary across different employee demographics.

**USE OF ENGAGEMENT METRICS IN PERFORMANCE CRITERIA**

From our research and work with clients, we see Most Admired organizations placing more emphasis in a balanced set of performance metrics in their organization scorecards. While financial metrics still tend to the most emphasized, we see Most Admired organizations placing much more focus on the drivers of financial performance—i.e., human capital development, operational processes and customer focus (see Figure 5 below).
Human capital development metrics often consist of measures of organization health and employee engagement. If not doing so already, consider establishing baseline measures of organization health and employee engagement levels in the first year of your scorecard process and monitor and reward trends in achieving engagement levels in subsequent years.

**COMMUNICATE THE VALUE OF WHAT YOU OFFER**

‘Best’ practices and sophisticated reward program designs fail if they are not properly rolled out. Clarify and focus on a few direct messages and tools to communicate these programs. It is a more powerful strategy to reduce messages down to their core with straightforward business rationale versus communicating a myriad of details about the program. Woodrow Wilson once said . . . “if I had more time, I would have written a shorter letter.”

Consider using total reward statements if your organization is not using them already. Total reward statements are powerful communication tools, but only are in use in about 50% of organizations. If one employee reflects on the value of their reward package and stays with the organization because of a renewed understanding of the value of the program, then you’ve likely paid for the cost of these statements for the year.

The new frontier in reward program design for many organizations is in HR assisting managers understand and use their total reward tool kit to better communicate reward value to (and re-recruit) employees.

If organizations can implement these recommendations, they will reap the benefits of more engaged employees willing to invest more discretionary effort to make their organizations successful. Coupling this discretionary effort with enabling work environments will provide organizations with an even more competitive edge that will enable them to win in the talent marketplace.