Meaning at Work

Employee Engagement in Europe

Iris Kassim and Paul Turner

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Introduction

There is a general argument among people professionals that the ability of an organization to engage its employees in meaningful, productive work can be the difference between success and failure. In today's incredibly competitive environment therefore, a focus on employee engagement is more than desirable. It is essential.

There are strong business reasons for achieving excellence in employee engagement including higher levels of customer satisfaction and improved financial performance. And engaged employees are more likely to stay to make a maximum contribution. Finally, those companies that have a reputation for providing a fulfilling working environment are more likely to attract the most talented people.

And yet, employee engagement continues to be one of the most challenging aspects of the work of general managers and people professionals. How can an organization ensure that its employees' objectives are aligned to the overall company objectives; how can an organization provide an environment in which employees have the will and the tools to go that extra mile; and how can both organisations and employees achieve all this whilst working in an unpredictable, constantly changing environment.

We at Stamford Global and the European Human Capital Management Network have conducted Europe-wide surveys for the past few years to try and find out how organisations deal with the subject of employee engagement; what strategies they adopt and what practices they have in place. The results show many innovative practices and a diverse approach which ultimately depends on the specific evolution of the organization. And yet there are also some common practices; some consistent ideas and some insightful approaches that are relevant to a variety of organisations.

This report presents some of the findings of these surveys. The answers are by no means definitive. But they provide further knowledge into a complex subject. I hope you find the report interesting and useful

Mihaly Nagy
Managing Director
StamfordGlobal

Executive Summary

The Employee Engagement in Europe Report is based on a survey conducted amongst the 4000 members of the European Human Capital Management Excellence Network. Over 120 organisations participated in the survey from more than 30 countries. The objectives of the report were an understanding of the status of employee engagement in Europe and insights into the practices used.

There was a compelling case for employee engagement. Engaged employees will have an impact on the organisation's performance through being more competent, committed and contributing. This could lead to increased customer satisfaction and better financial results. In addition there will be better chance of attracting and retaining talented employees.

The report found that the challenging economic environment in Europe (45% of respondents thought it was worse or significantly worse than in 2010) had an impact on employee morale but, even so, 36% of respondents thought that employee engagement had improved over the period.

As a result of the responses to the survey, a definition of employee engagement was derived as:

'Employee Engagement is positive, proactive behavior in the workplace and towards the organization brought about by a combination of motivated, emotionally attached employees; integrated, enlightened people management activities and empathetic managers towards the achievement of clearly communicated business objectives.'

Amongst the most important factors in determining an effective employee engagement strategy were inspiring leadership, supportive management, clear and inclusive communications and clear goal setting.

Measuring the effectiveness of employee engagement was the least defined of all of the aspects of research. Whilst 42% of respondents measured employee engagement at least once a year, there were less developed measures of the effectiveness of employee engagement on business results, though this was improving.

Finally, Key practices of employee engagement in Europe were identified and these are included at Figure 10.

The Importance of Employee Engagement

There is a compelling case for Employee Engagement. Engaged Employees will have an impact on the organisation's performance because those 'who find meaning at work are more competent, committed and contributing; in turn competence, commitment and sense of contribution lead to increased customer commitment; in turn customer commitment leads to better financial results for the company' (Ulrich and Ulrich 2010). In addition there will be a better chance of attracting and retaining talented employees. It is perhaps because of such observations that organisations find themselves searching for the right formula or recipe to achieve an optimal position. For some organisations, 'employee engagement is an idea whose time has come. We have seen it transition from academic literature to OD practitioners to executive teams as a top strategic objective.' There is growing recognition of the importance of the subject:

'Employers want employees who will do their best work or 'go the extra mile'. Employees want jobs that are worthwhile and that inspire them. More and more organisations are looking for a win-win solution that meets their needs and those of their employees. What they increasingly say they are looking for is an engaged workforce.' (CIPD 2011).

The Macleod Review (2009) identified important drivers of employee engagement as 'leadership which transmits vision and values; how the individual contributes; giving employees a voice to express their views and concerns; line managers who empower rather than control their staff; behaviour which is consistent with stated values leading to trust and integrity.' Other characteristics will be 'joined up' Human Resources Management that is aligned to business strategy; integrated management actions at all levels of the organization; the development of the right organizational climate and effective people management and communication practices.

> Engaged employees will have an impact on the organisation's performance because those 'who find meaning at work are more competent, committed and contributing; in turn competence, commitment and sense of contribution lead to increased customer commitment; in turn customer commitment leads to better financial results for the company'

This report will present findings from across a wide variety of European organisations to establish current practice based on the expert views of HR professionals. Employee Engagement was clearly an important subject with 80% of European respondents identifying it as a top or growing priority. But it remains a challenge and a recent survey noted that fewer than 1 in 3 employees worldwide were engaged with their organizations. (Blessing White 2011).

Methodology, context and practice

The Employee Engagement in Europe Report is based on a survey conducted amongst the 4000 members of the European Human Capital Management Excellence Network. Over 120 organisations participated in the survey from more than 30 countries and a wide range of business sectors.

The report drew on the views of business and HR professionals:

- Around 15% of respondents were CEO's, Managing Directors or Business Directors
- Over 30% were at HR VP or Director level
- Over 30% were HR Business Partners or Managers
- Around 10% were HR consultants

There was a good representation of both SME's and large organisations in a broad range of sectors. The highest number of responses was from IT, Manufacturing and Professional Services; however, there were more responses from Pharmaceutical, Automotive, Manufacturing, Oil and Gas sectors in 2012 than in 2010. There were fewer responses from Financial Services, Telecommunications, Transport and Real Estate in 2012 than in 2010.

The geographic representation included 45% from the Baltics, Central and Eastern Europe; 14% from France and the Mediterranean region; 11% from Scandinavia; 21% from Austria, Germany, Switzerland, UK and Ireland, 9% from CIS countries

The Practice of Employee Engagement

Almost 80% of those responding to the survey thought that employee engagement was a growing or top priority for their organisations. A reflection of this was that whilst in 2010 21% of respondents declared that they had a clearly defined employee engagement strategy, in 2012 42% of responding organisations reported the same. In both years more than a quarter of respondents reported that clear engagement measures were developed in connection with business results. On the other hand there was a change in the number of organisations which conducted employee satisfaction surveys, down from 37% in 2010 to 26% in 2010. However, in both years around 22% stated that no engagement measurement has been developed.

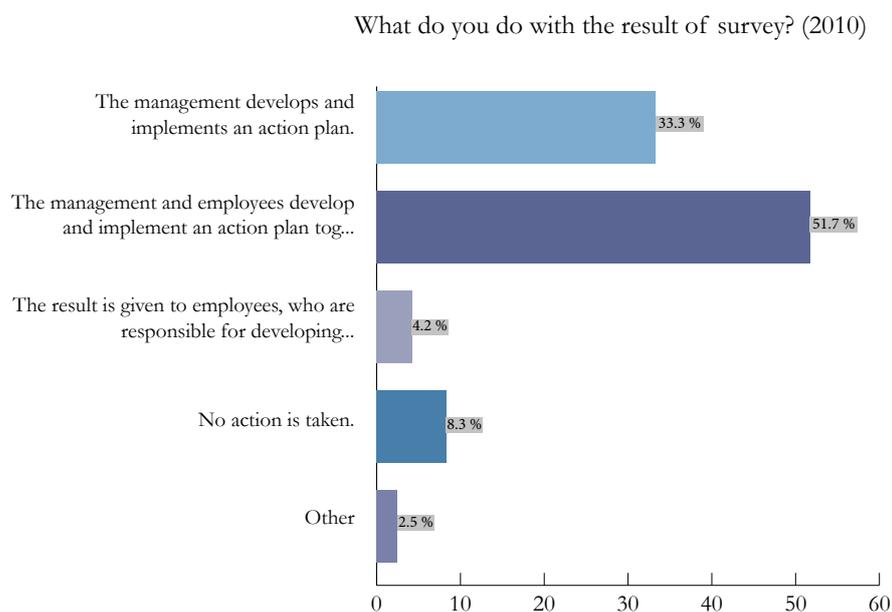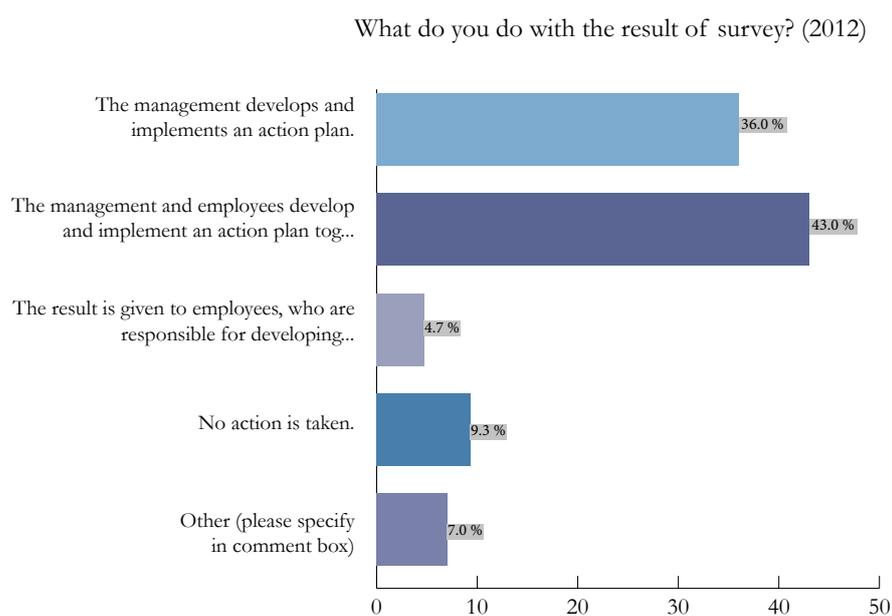Figure 1. Breakdown of respondents by survey follow-up in 2010

What do you do with the result of survey? (2010)

Figure 2. Breakdown of respondents by survey follow-up in 2012

What do you do with the result of survey? (2012)

In 2010 33% (36% in 2012) of organisations stated that managers developed and implemented action plans using the results of the survey, whilst 52% of managers developed action plans in cooperation with employees. Two years later a decline could be observed in the involvement of employees as 43% reported cooperation of managers and employees in developing action plans.

In both years the same ratio replied that the survey results are given to employees, who are then responsible to develop an action plan themselves while around 9% reported that no action is taken after the surveys. Around 37% of organisations shared the results with employees in both 2010 and 2012.

The Business Climate in Europe - 2012

Figures 3 and 4 illustrate that even though the downturn has unquestionably caused a dramatic change in the business environment, there haven't been significant changes in the various aspects of Employee Engagement

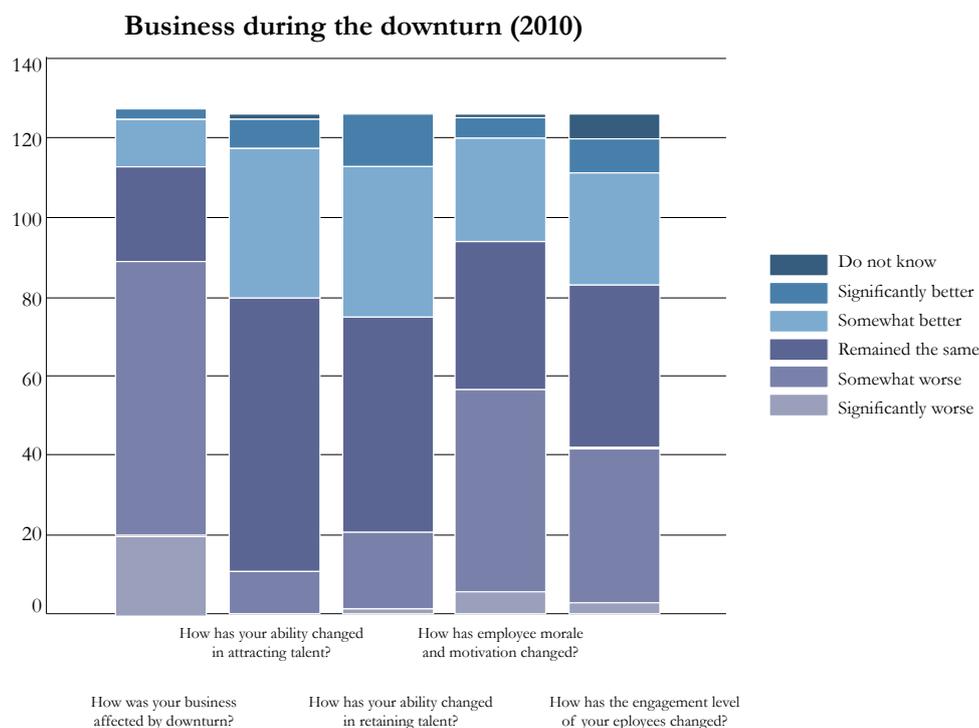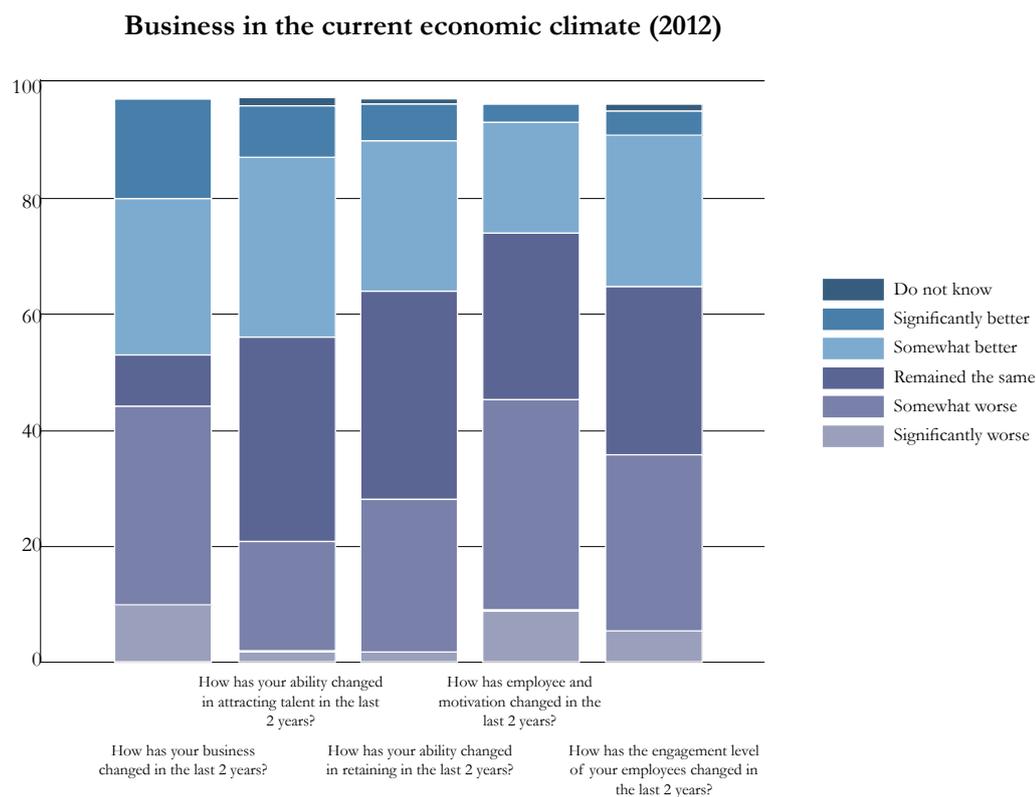Figure 3. Breakdown of respondents about the business environment 2010

Business during the downturn (2010)

Figure 4. Breakdown of respondents about the business environment 2012

Business in the current economic climate (2012)

While in 2010 only 11% considered their business climate somewhat or significantly better, in 2012 45% perceived a positive change. We can conclude that according to the perceptions of the responding HR professionals the business environment has changed positively during the last two years. Other conclusions were:

- Economic uncertainty had an impact on **employee morale**; in both years about 46% thought that morale was somewhat or significantly worse than previous years and only 24% thought it was somewhat or significantly better.

- However the position in respect of the engagement of employees didn't totally reflect that of morale and in both years about 30% of respondents thought that **engagement** was better; 35% worse.

- The European survey showed that the management of talent had changed somewhat; 9% of HR professionals reported a worse position in 2010, while in 2012 a significantly higher ratio (22%) of respondents thought the same. On the other hand only 36% of respondents considered their ability to **attract talent** as somewhat or significantly better in 2010 compared to a higher ratio of over 41% in 2012.

- In the current economic climate fewer respondents (33%) thought it was easier to **retain talent** than in 2010 and more considered that the position had worsened in the current economic climate.

How is Employee Engagement defined?

Interest in Employee Engagement and how it is defined can be viewed over distinct periods or 'waves.' (Welch 2011) 'Pre-wave' and 'wave 1' occurred up to 2000 and 'wave 2' from 2000-2005. It is in wave 3 however from 2006 that has seen 'a surge of academic interest' with a theme of 'employee engagement as consisting of cognitive, emotional, and behavioural components… to encompass both job engagement and organisation engagement.' The addition of the focus on the individual (i.e. "the harnessing of organization members' selves to their work roles:

> There has been a surge of interest with a theme of 'employee engagement as consisting of cognitive, emotional, and behavioural components…to encompass both job engagement and organisation engagement'

in engagement, people employ and express themselves physically, cognitively and emotionally during role performances.' Kahn (1990) to job and organisational involvement (focussed on three different levels of commitment- desire (affective commitment), need (continuance commitment) and obligation (normative commitment). (Meyer and Allen 1991) means that defining employee engagement can be complex.

There is a view that:

'What triggers engagement in one organization might not work in another. CIPD's work on people and performance…and numerous other pieces of research, tell us that for engagement to occur the inputs of satisfaction, motivation and effectiveness – e.g. having the right tools for the job or the right environment in which to perform – must all be present simultaneously' (Baron 2012)

On the one hand employee engagement is a **strategic** concept that supports the organization in its quest for long-term sustainable high performance (Emmott 2010); and as Hay Group has noted in 'the world's most admired companies … people are a major source of sustained competitive advantage. Their outstanding performance comes from superb, sustained employee engagement built by leaders who truly know how to motivate others.' (Hay Group 2012). This strategic perspective was also identified by the SHRM in the USA; 'employees who are engaged in their work and committed to their organizations give companies crucial competitive advantages.' (Vance 2006)

On the other hand, there was also **operational** focus and employee engagement was described simply as the positive attitude or behaviour of people at work; a combination of contribution to organizational success and personal satisfaction; a broad set of operational activities.

The UK's CIPD, defines employee engagement as 'a combination of commitment to the organisation and its values and a willingness to help out colleagues (organisational citizenship). It goes beyond job satisfaction and is not simply motivation. Engagement is something the employee has to offer: it cannot be 'required' as part of the employment contract. '(CIPD 2011)

In this scenario employee engagement is about how individuals make full use of their 'cognitive, emotional, and physical resources to perform role-related work.' It is argued that engaged employees are 'fully present, and draw on their whole selves in an integrated and focused manner to promote their role performance.' They are willing to do this because they 'feel psychologically safe in the presence of others to apply themselves in their role performances, they have sufficient personal resources available to devote to such performances, and their work is sufficiently meaningful that such personal investment is perceived as worthwhile' (Xu and Thomas 2011)

The combination of strategic and operational elements is an important insight for those organisations wishing to address employee engagement. An approach which aligns employee engagement with business strategy, whilst at the same time cascading engagement actions to all levels, will be critical.

> An approach which aligns employee engagement with business strategy, whilst at the same time cascading engagement actions to all levels will be critical to success.

Characteristics of Employee Engagement

There are many views on how Employee Engagement can be defined. At its most fundamental level it is the employees' willingness to contribute to company success (Towers Perrin, 2003). A variety of characteristics for Employee Engagement have been identified including: (Robinson, Perryman, and Hayday, 2004):

- 'belief in the organisation
- desire to work to make things better
- understanding of business context and the 'bigger picture'
- respectful of, and helpful to, colleagues
- willingness to 'go the extra mile'
- keeping up to date with developments in the field.'

Other studies have suggested that the common components of employee engagement are 'enthusiasm for work', 'commitment', 'organisational pride, alignment with organisational goals and 'willingness to exert discretionary effort.' In this research the key aspects of employee engagement were 'pride, satisfaction, advocacy and retention.' These can be summarized by statements such as 'I am proud to tell people I work for my organisation; overall, I am extremely satisfied with my organisation as a place to work; I would recommend my organisation to others as a good place to work; and I rarely think about looking for a new job with another company.' (Wiley 2010).

From these various viewpoints, it is possible to conclude that employee engagement implies energy and commitment beyond that which would normally be expected to achieve reasonable performance levels. It is also worth noting that employee engagement is different to employee commitment; the former being more emotional, the latter more cognitive and rational. In addition there is research to suggest that employee engagement is also different to employee satisfaction; 'Engagement is about passion and commitment-the willingness to invest oneself and expand one's discretionary effort to help the employer succeed, which is beyond simple satisfaction with the employment arrangement or basic loyalty to the employer.' (Markos and Sridevi 2010).

> Employee engagement implies energy and commitment beyond that which would normally be expected to achieve reasonable performance levels.

There is considerable research into the factors that drive Employee Engagement. Amongst these "a sense of feeling valued and involved" is one of the strongest. (Robinson,Perryman and Hayday (2004). Others include:

- involvement in decision making,
- employee voice, the opportunity that employees can voice their opinions, managers listen to their views and the sense of ability to contribute
- the opportunities to develop one's own job
- organisation's and management's sincere interest in employees' health and well-being

These findings are supported by other research (Towers Perrin 2008) which drew attention to such factors as senior management interest, the ability to improve skills and capabilities and employee input into decision making. And finally CIPD research found that having opportunities to feed views upwards; feeling well-informed about what is happening in the organisation and believing that your manager is committed to your organisation were important.

Defining Employee Engagement- A European Perspective

There was richness in the definitions of employee engagement in the European Engagement survey as shown in the Wordle diagram at Figure 5.

Figure 5. Most frequent words in European HR professional's definitions of employee engagement

For most, employee engagement was about 'going the extra mile,' 'going above and beyond to get their jobs done' and willing to make a difference. There was a view that 'engagement is more important than satisfaction.' Employee engagement resulted from a combination of factors including commitment, a willingness to contribute to company success and discretionary effort.

Engagement involved such things as loyalty, motivation, staying positive in a crisis, motivating peers, applying energy to the company's objectives and contributing to the success of the whole organisation. And there was an emphasis on a proactive willingness to identify with the company's mission, vision and values that went beyond the achievement of results.

There was an emotional element to the definition and a representative view of this was:

> 'Employee engagement expresses the level of the employee's emotional attachment to the job and the employer; engaged employees feel committed on delivering on company's objectives.'

It could be interpreted by the level of enthusiasm and alignment to organisational goals.

The factors identified to achieve this extra effort were a sense of meaning about the job and an opportunity to grow and develop; to achieve potential. Representative views included the fact that an engaged employee was 'proactively seeking ways to stay productive' and would link 'personal satisfaction to business prosperity.' Other views could be summarised as 'the extent to which our people believe' in the organisation's goals and values 'to give of their best to ensure the company is successful.'

A consistent theme was the desire 'to contribute meaningfully to the success of the organisation.' A summary view was that 'an engaged workforce would be… people who are motivated… enthusiastic, loyal and proud' of the organisation.

To put it simply, an engaged employee was someone who was:

'Happy with the job and doing it with pleasure.'

A further aspect was the way in which employee engagement was seen as a contract or a 'two way commitment' to the organisation's 'values, goals, clients and working community.'

The relationship between factors affecting employee engagement

Figure 6 below shows the relationship between the various factors that are at play in employee engagement as a result of findings from the European survey and other external research.

Figure 6. Components of the employee engagement definition
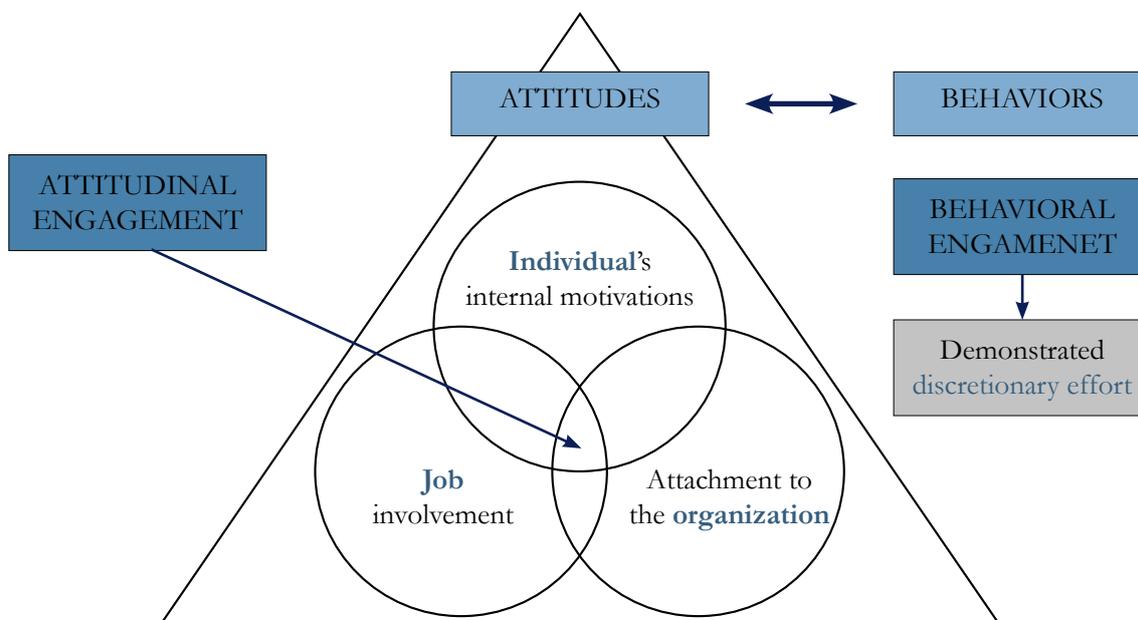
Source: Kassim, I. (2012)

The results of the survey demonstrated the desirability of trying to define employee engagement as a precursor to taking action in the organisation. Based on this research and the findings from the European Employee Engagement Survey a definition might be put forward as follows:

'Employee Engagement is positive, proactive behavior in the workplace and towards the organization brought about by a combination of motivated, emotionally attached employees; integrated, enlightened people management activities and empathetic managers towards the achievement of clearly communicated business objectives.'

Why is Employee Engagement important?

There is a strong business case for Employee Engagement. As the CIPD noted, 'employers want engaged employees because they deliver improved business performance.' (CIPD 2011) Blessing White's 2011 employee engagement survey gave evidence that high engagement firms had shareholder value that was 19% higher than average and could produce 'superior long horizon returns.' (Blessing White 2011)

The belief that engaged employees work harder, are more loyal and are more likely to go the 'extra mile' for the corporation, (Lockwood 2007) is supported by research which found that there was a 'positive relationship between employee engagement and organizational performance outcomes: employee retention, productivity, profitability, customer loyalty and safety.' Indeed the more engaged employees were, 'the more likely their employer is to exceed the industry average in its revenue growth.' (Markos and Sridevi 2010)

Gallup, one of the leading authorities on employee engagement found that 'engaged employees are more productive. They are more profitable, more customer-focused, safer, and more likely to withstand temptations to leave. The best-performing companies know that an employee engagement improvement strategy linked to the achievement of corporate goals will help them win in the marketplace.' (Gallup 2012) They argued that companies with world-class engagement have 3.9 times the EPS growth rate compared with organizations with lower engagement in their same industry.

> 'engaged employees gave organisations competitive advantage including better productivity and lower employee turnover.'

Such a viewpoint was supported by the SHRM which noted that engaged employees gave organisations competitive advantage including better productivity and lower employee turnover (Vance 2006). Amongst the reasons for this is the fact that when employers deliver to their commitments they 'reinforce employees' sense of fairness and trust in the organisation and generate a positive psychological contract between employer and employee.' Engaged employees promoted the organisation's brand which in turn helped to 'protect the employer from the risks associated with poor service levels or product quality.' (CIPD fact sheet 2011).

There is further positive evidence for employee engagement and case studies have shown that it was 'a fundamental reason for being able to maintain profitable business growth' (Hall 2011); and engaged employees were 'five times less likely than non-engaged employees to have a safety incident and seven times less likely to have a lost-time safety incident.' (Lockwood 2007)
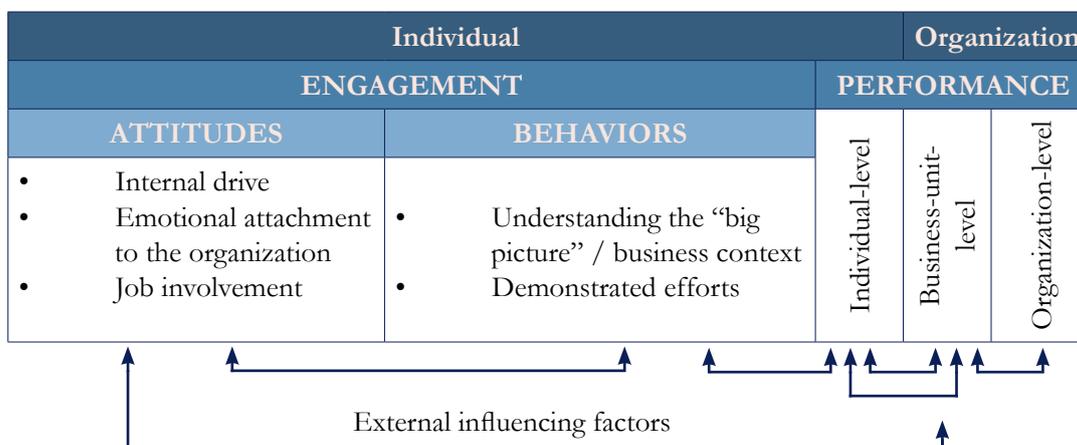
The benefits of effective employee engagement can also have incremental effects on customer loyalty and improve performance. Engaged employees:

- are advocates for the organization to co-workers
- are active and positive members of the organization 'despite opportunities to work elsewhere'
- exert 'extra time, effort and initiative to contribute to the success of the business' (Markos and Sridevi 2010)

In simple terms 'engaged employees plan to stay for what they give; the disengaged stay for what they get.' (Blessing White Engagement Report 2011)

The relationship between engagement and performance is shown as follows:

Figure 7. Interconnections between the components of engagement and performance

Individual			Organization		
ENGAGEMENT			PERFORMANCE		
ATTITUDES	BEHAVIORS		Individual-level	Business-unit-level	Organization-level
• Internal drive • Emotional attachment to the organization • Job involvement	• Understanding the "big picture" / business context • Demonstrated efforts				

External influencing factors

Source: Kassim, I. (2012)

In summary, Employee Engagement makes good business sense because it can:

- enhance an organisation's competitive advantage
- enhance profitability and ultimately contribute to the creation of shareholder value
- contribute to the development of customer satisfaction and loyalty
- contribute to the attraction and retention of talented employees

The evidence from the European Survey is generally supportive of this view.

Employee Engagement- a view of metrics in Europe

Around a quarter of those responding to the survey in 2012 stated that they had clear measures of employee engagement that were connected to business results; whilst around a third had measurement that was not linked to business results. 25% of organisations had no measurement of employee engagement.

Further research using the data from the European Engagement survey found that in organizations where engagement strategy is also connected to business results "Employee Aspects" scores and "HR Practices Index" values were found to be higher than in those organizations where strategy was not connected to business results (Kassim 2012)

In addition, tests on the European Engagement survey data showed that in those organizations where employee engagement was measured, HR professionals perceived a more positive change in employee aspects such as employee morale and engagement as well as a better ability to retain (and in 2012 also to attract) talent (Kassim 2012)

However, it was also noted that the case for employee engagement was sometimes difficult to quantify:

> 'It is likely to have an indirect relationship with business performance - and is likely to be in part a cause and an effect.'

There is some evidence to show that organisations which have effective employee engagement will have higher productivity and are likely to be ahead of their competitors in other performance measures. In addition, they have a better chance of attracting and retaining talented people. However, this conclusion remains intuitive and there is still work to be done in clarifying the extent to which employee engagement can be directly correlated with improved business performance.

Setting a Strategy for Employee Engagement

There is a good argument to answer the question of 'why' we should be concerned with employee engagement. There are benefits to both the individual and the organization. The 'how' of employee engagement i.e. the strategic deployment of resources to achieve a clear set of objectives; the agreement of an organization wide approach and the integration of both HR and management activities is equally important.

Results from the European survey showed that around 30% of organisations had a clearly defined employee engagement strategy that was connected to the achievement of business results. A further 11% had an employee engagement strategy that was a key part of people management but was not necessarily linked to business results. 24% had a basic strategy inn place but were working on improvements. Around 34% had no strategy for employee engagement

Many of the characteristics of people strategy are equally applicable to employee engagement strategy. These include (Reilly 2012):

- 'Having an organizationally shared philosophy underpinning people management.
- Seeing people as a competitive resource.
- Considering how to generate long-term and not just short-term value.
- Bringing together the full range of people management activities in an integrated manner.
- Focusing on business-critical issues and outcomes.
- Successfully delivering change management.'

Setting a clear strategy for employee engagement is therefore important, though the exact nature of the strategy will be specific to the context of the organization and where it is in its people management evolution.

Best practice suggests that the employee engagement strategy should be aligned to the business strategy. It should also be integrated with the overall people strategy and, where relevant, may be part of a wider Employee Value proposition (EVP) which is clear, consistent and organization wide. (Kunerth and Mosley 2011).

The CIPD guidelines (2005) on setting HR strategy, is relevant to employee engagement and involves a nine stage process:

- Decide who is to be involved and how
- Define business strategy

- Analyse the context
- Identify business needs
- Identify key HR issues
- Develop the strategic framework
- Define specific HR strategies
- Assess HR capability and resources required
- Prepare action plans'

Setting a strategy for employee engagement involves important groups of activity.

Understanding the context within which the employee engagement strategy is taking place

Rumelt (2011) has argued that the kernel of a strategy contains three elements. A guiding policy and coherent actions are two, but it is the third element- the diagnosis- that will form the first part of the employee engagement process. In this case we are trying to explain a situation by understanding the environment in which employee engagement is taking place specifically to the organization. Two important factors that are at play in Europe in 2012 are the changing perceptions towards the economy- 45% perceived a positive change in the business environment; and talent issues that have remerged- 22% believed that talent management was more of a challenge in 2012 compared with 9% in 2010.

> The kernel of a strategy contains three elements. A guiding policy and coherent actions are two, but it is the third element- the diagnosis- that will form the first part of the employee engagement process.

Agreeing the objectives of an employee engagement strategy

In 2012 80% of European respondents identified Employee Engagement as a top or growing priority. The second activity in developing a strategy for employee engagement is in response to this and concerns what the organization is hoping to achieve. Amongst the objectives of employee engagement will be business targets such as profitability or productivity; improvements in customer satisfaction, or people management measures such as attracting new employees or retaining existing ones or improvements in absence ratres. Best practice would focus on the alignment of employee engagement strategy with business strategy (CIPD 2011).

There were several notable responses on the subject of strategy setting from the European survey. In some instances the objective of ensuring that employees 'identify with company mission and strategic objectives' and having a 'commitment to the organisation's values and goals,' were seen as important drivers of the employee engagement strategy. To do so would require 'an inspiring vision with a mission that is understood.' Indeed 'clarifying the strategy and getting true involvement' were seen as essential to the success of the organisation, further reinforcing the link between employee engagement and the business goals.

Preparing a business case for employee engagement and identifying key actions

The business case balances the cost of the employee engagement strategy against the forecast benefits. This area of activity is increasing in its importance as organisations move towards requiring HR professionals to calculate the return on human capital investment. Experience in both preparing a business case and the measurement of HR activity (Ingham 2011) suggests that the need is not for measurement but 'better measurement,' which involves a 'focus on what is important' and making measurement meaningful. It is the identification of meaningful outcomes that will ultimately lead to the success of the strategy.

Allocating resources to the achievement of the strategy

The CIPD have noted that 'there is no short-cut to building and maintaining employee engagement but the time, effort and resource required will be amply repaid by the performance benefits.' (CIPD 2011) Hence the criticality of ensuring the appropriate level of resources is applied to the strategy. This resource will not be solely in the remit of the HR budget. A critical part of employee engagement will be the role of line managers and hence the need to gain the buy in of this group of stakeholders, as well as the 'normal' top down support of the board or executive team. In addition, the importance of having a holistic approach from the HR function and ensuring that employee engagement strategy was part of a wider HR strategy can also be concluded from the responses:

- Development- Introduction of talent management and Consistent development path with clear horizontal and vertical movement options

- Reward- 'Personalised incentives,' 'easily understood remuneration packages' and a 'competitive compensation model.'

- Performance Management- It was felt that 'informal feedback from line manager is most effective in changing performance' as long as there were SMART goals in place.' The effectiveness of this could be improved by 'manager's appraisals linked not only with business results but also with engagement results.'

- Employer branding was also seen as a powerful contributor to employee engagement because it was a catalyst both to the attraction of motivated, talented people, but also as a way of instilling pride in the organisation.

Identifying measures of success and how these will be reported

A starting point is to measure employee attitudes as a precursor or benchmark for engagement improvement (CIPD 2011). However, Blessing White's 2011 Employee Engagement Survey identified a series of critical actions that can be used to measure success. These are:

- Individuals: Ownership, clarity and action. Individuals need to know what they want — and what the organization needs — and then take action to achieve both

- Managers: Coaching, relationships and dialogue. Managers must understand each individual's talents, interests and needs and then match those with the organization's objectives — while at the same time creating personal, trusting relationships. Furthermore, they need to discuss engagement often.

- Executives: Trust, communication and culture. Executives have to demonstrate consistency in words and actions, communicate a lot (and with a lot of depth), and align all business practices and behaviours throughout the organization to drive results and engagement

Finally, there was an emphasis on executive buy in and strong leadership as a precursor to any employee engagement strategy and this was complemented with clear goals and objectives.

Implementing Employee Engagement Strategy

The implementation of the strategy for employee engagement will require both an input from HR professionals, and as importantly, enthusiastic and committed managers at all levels of the organization. In practice, this will be a challenge (Rumelt 2011):

'A good strategy has coherence, co-ordinating actions, policies and resources to accomplish an important end. Many organisations, most of the time, don't have this.'

So, whilst there is consensus about the need for a strategic approach as well as the necessity of having good practices (Emmott 2010) the task of implementation will be of critical importance to the success of employee engagement. An important factor in the implementation process will be to ensure that this takes place in the context of the business strategy and is aligned to business goals (Kaplan and Norton 2006):

'There are many organizations around the world that have achieved breakthrough performance results by becoming strategy-focused organizations. Alignment is fundamental to achieving those results.'

In the first instance, employee engagement is the result of two-way relationship between employer and employee. The implementation of strategy will require managers who themselves are engaged in the process. Amongst the findings in this area (Markos and Sridevi 2010) are:

- Effort must be aligned with strategy
- Senior management must be interested in employee well being
- Teamwork and collaboration are key
- The creation of an environment in which employees feel valued
- Excellent two way communication
- Good employer practices
- A sense of purpose

Having leaders who are supportive of the team and take 'a genuine interest in team members' personal development' (Xu, Thomas 2011) is a further critical factor to implementation as are (Robinson, Perryman and Hayday 2004):

- good quality line management
- two-way communication
- effective internal co-operation
- a development focus
- commitment to employee wellbeing
- clear and accessible HR policies and practices, to which managers at all levels are committed.'

The findings of the European Survey gave further evidence of these conclusions.

European HR practices for Employee Engagement

One of the most critical elements of the effective implementation of employee engagement is the need to make sure that managers model good behaviour (Goldsmith with Ritter 2010) and this was reflected in the European survey whether this was 'direct manager support,' 'manager attitude and attention to employees,' or 'honest and authentic communication.'

But the integration of a wide range of HR practices were also highlighted. Table 1 shows the application between 2010 and 2012.

Table 1. Breakdown of Organisations applying Employee Engagement practices between 2010 and 2012

HR practices	2010	2012
Regular performance reviews	89%	89%
Training and development programs	87%	85%
Leadership development programs	66%	77%
Employee Engagement surveys	59%	62%
Behavioural interviews in recruitment process	59%	62%
Succession planning	61%	60%
Identifying talent pool	55%	59%
Flexible work arrangements	n.d.	58%
Coaching	62%	58%
Onboarding / induction programs	71%	57%
360 degree evaluation	49%	57%
Employer branding	39%	53%
Talent management programs	n.d.	52%
Overall competency model	49%	51%
Employee Satisfaction surveys	63%	50%
Career planning	50%	47%
Competitive remuneration	55%	45%
Mentoring	n.d.	43%
Social media	n.d.	43%
Management trainee programs	47%	37%
Assessment Centres (AC) in recruitment process	37%	36%
Participating in „Best Employer" surveys	29%	34%
Work-life balance programs	28%	34%
CSR programs	36%	33%
Development Centres (DC)	25%	23%

Individually customized incentives	17%	22%
Individualized job design	20%	17%
Interim managers	n.d.	11%
Participating in "Family Friendly Employer" surveys	7%	8%

The points of note from here are:

- Regular performance reviews and training and development programs are the most widely applied HR practices in Europe and haven't significantly changed their positions from 2010 to 2012.

- Leadership development programmes and behavioural interviews in the recruitment process are also widely used HR practices and have gained more significance in recent years.

- Even though half of the respondent organisations in 2012 still conduct employee satisfaction surveys, this practice has fallen compared to 2010, while engagement surveys are used in a growing number of organisations.

- Employer branding is another area which has received significantly higher attention in recent years as 53% of respondents reported practicing it compared to a lower 39% in 2010.

- Flexible work arrangements are also widely provided by organisations across Europe, as 58% of HR professionals indicated it as an offered opportunity to employees.

Table 2 illustrates the order of importance of HR practices in order to increase employee engagement in 2010 and 2012.

- This shows that in 2010 40% of the votes for the first most important HR practice in relation to employee engagement were for regular performance reviews, whilst leadership development programmes (14%), career planning (12%) and training and development programmes (12%) also received a considerable amount of votes. This has changed somewhat in 2012, when career planning (17%), regular performance reviews (16%) received a quite balanced amount of votes for the first most important HR practice, followed by leadership development programmes (11%).

Table 2. Breakdown of respondents by indicating HR practices as first, second or third most important in order to increase employee engagement

HR practices	2010			2012		
	1st	2nd	3rd	1st	2nd	3rd
Career planning	12%	12%	11%	17%	14%	5%
Regular performance reviews	40%	12%	4%	16%	19%	7%
Leadership development programs	14%	8%	5%	11%	7%	5%
Training and development programs	12%	19%	15%	8%	16%	14%
Competitive remuneration	7%	9%	12%	8%	5%	10%
Talent management programs	n.d.	n.d.	n.d.	6%	5%	8%
Employee Engagement surveys	2%	2%	7%	5%	9%	5%
Flexible work arrangements	n.d.	n.d.	n.d.	5%	3%	6%
360 degree evaluation	1%	2%	3%	5%	1%	2%
Other (please specify in comment box)	n.d.	n.d.	n.d.	5%	0%	0%
Employer branding	2%	1%	3%	3%	0%	9%
Individualized job design	0%	3%	1%	2%	3%	0%
Succession planning	2%	1%	3%	2%	1%	1%
Coaching	3%	8%	5%	1%	3%	11%
Identifying talent pool	1%	2%	3%	1%	3%	0%
Overall competency model	1%	2%	1%	1%	1%	2%
Development Centers (DC)	1%	1%	1%	1%	1%	0%
Mentoring	n.d.	n.d.	n.d.	1%	1%	0%
Onboarding / induction programs	1%	2%	3%	1%	0%	5%
Employee Satisfaction surveys	0%	4%	3%	1%	0%	3%
Work-life balance programs	2%	8%	9%	0%	6%	5%
Individually customized incentives	0%	4%	4%	0%	1%	1%
CSR programs	0%	0%	3%	0%	0%	1%
Management trainee programs	0%	4%	2%	0%	0%	0%
Behaviourial interviews in recruitment process	0%	0%	2%	0%	0%	0%
Participating in „Best Employer" surveys	0%	0%	0%	0%	0%	0%
Participating in "Family Friendly Employer" surveys	0%	0%	0%	0%	0%	0%
Assessment Centers (AC) in recruitment process	0%	0%	0%	0%	0%	0%
Social media	n.d.	n.d.	n.d.	0%	0%	0%
Interim managers	n.d.	n.d.	n.d.	0%	0%	0%
Total	100%	100%	100%	100%	100%	100%

Based on the overall summary of responses it is clear that HR professionals are aware of the key drivers of employee engagement that provide constant feedback for employees (e.g. regular performance reviews), opportunities for development (e.g. training and development programmes, career planning, talent management programmes) and an engaging leadership style (e.g. leadership development programmes, coaching).

Further important insights included:

- The importance of "effective two way communication" in order to build an engaged workforce, as well as the clarity of organisational goals and company vision or mission.

- The extent to which employees were able to identify with the objectives and company values which have to be inspiring for employees.

- That management itself has to be engaged to be able to engage employee (also identified as a critical factor by Marshall Goldsmith.) Some responses underlined the importance of a "leading by example" leadership style, the quality of relationship between the manager and subordinate and a "supportive management".

- A motivating job role and the opportunity for finding meaning at work were also highlighted

- Communication clarity, transparency and honesty were key elements in order to increase employee engagement.

Around 30% of respondents participated in best employer surveys and were able to use the outcomes in employer branding (43% of organisations had some form of employer branding as part of their portfolio and about the same number used social media- a growing HR tool in the attraction, retention and engagement of the workforce.)

Those responding to the survey had a wide variety of tools and processes for ensuring the success of their employee engagement initiatives. It was important that there was consistency between the values of the company and the actions of the company. Other factors included:

- Inspiring leadership.-'a good top management leadership maturity' and 'Leadership than can communicate the vision and motive employees' and 'the leader is the key to build an engagement culture.'

- Supportive management- The view that 'great managers treat employees as individuals, but they should treat all fairly' was a strong one and a supportive management was seen as important in the achievement of effective employee engagement- 'they adjust communication and management style to their subordinates who are different human beings and require different approach.' To do this managers could work with employees in; 'understanding the importance of their role vs business results - need to have well trained managers' and 'employees have regular reviews with Team Leader/Line manager to be 'honest' about performance. Timely training/coaching to be available to allow optimum performance'

- Clear and inclusive communications- 'regular forum to inform employees about the company's strategy, plans and results' and 'on-going dialogue with employees.' 'Measure employees views regularly…always feedback on how the company has listened.'

- Clear goal setting as part of the performance management process. Ensure employees have clarity 'from their job - to the organisations objectives. They should know how their contribution adds to success' and 'allow employees at all levels to understand their part in making the business successful.'

Measuring Employee Engagement

The emphasis on measuring employee engagement has increased considerably. Whereas once this was about the measuring of employee satisfaction and attitudes with a view to improving wellbeing and the workplace culture, today there is equal emphasis on the measurement of the business outcomes of employee engagement activity.

There are a range of employee engagement measurement models/ questions. One approach is the Utrecht Work Engagement Scale (UWES) where work engagement is "a positive, fulfilling state of mind that is characterized by vigor, dedication, and absorption' and based on three main components; vigor stands for high energy invested in performance, dedication refers to a strong involvement in one's job as well as pride and attachment to the organization, absorption reflects engrossment in one's work. These components are assessed against a 9 item checklist including such statements as "at my work, I feel bursting with energy,' 'I am enthusiastic about my job,' 'my job inspires me' and 'when I get up in the morning, I feel like going to work.'

The Gallup Organisation also suggested a detailed engagement questionnaire for employees including items such as 'Do I know what is expected of me at work; At work, do I have the opportunity to do what I do best every day' and 'In the last 7 days, have I received recognition or praise for good work?' (Buckingham and Coffman, 1999) Those employees who responded more positively to the 12 questions also worked in organisations with higher levels of productivity, profit, retention and customer satisfaction.

Measures of effectiveness of Employee Engagement- a European viewpoint

The European survey found that both in 2012 nearly 80% of respondent organisations measured employee engagement. Figure 8 and 9 below show this in more detail.

In 2010 27% of respondents reported that clear engagement measures are developed in connection with business results compared with 23% in 2012. However there is also room for further development as in both years approximately 22% of respondents stated that no engagement measurement had yet been developed.

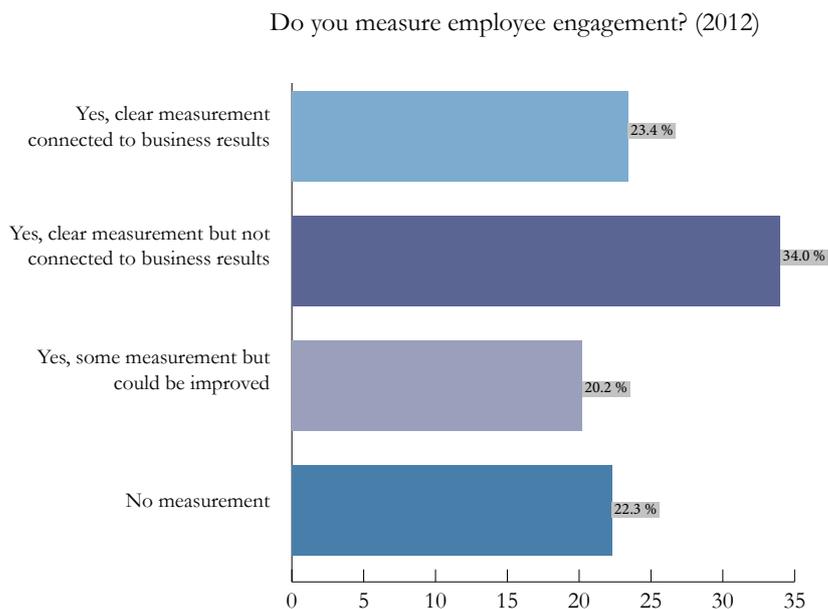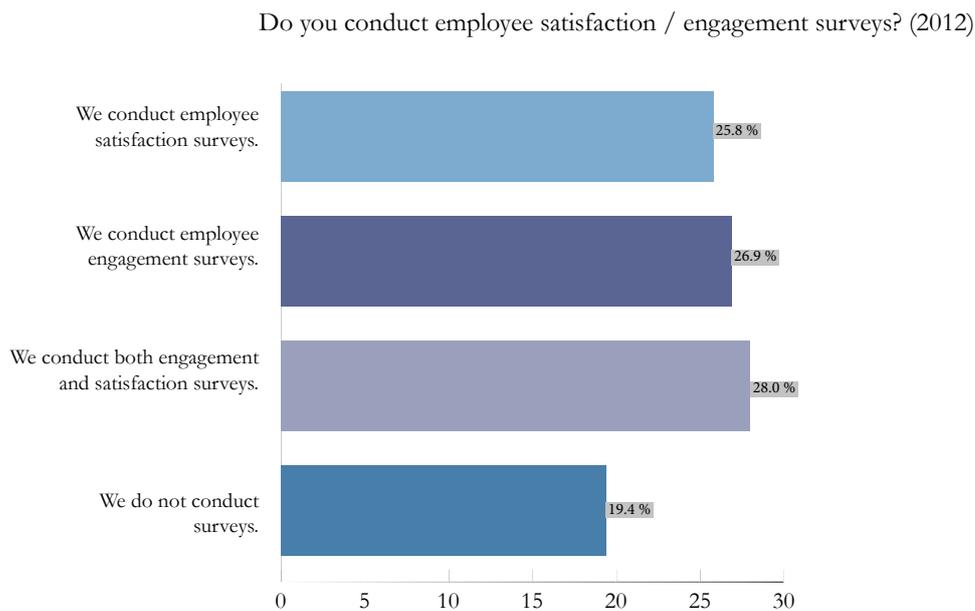Figure 8. Breakdown of respondents measuring employee engagement in 2012

Do you measure employee engagement? (2012)

Figure 9. Breakdown of respondents conducting employee surveys in 2012

Do you conduct employee satisfaction / engagement surveys? (2012)

According to further survey findings:

- in 2010 37%, and in 2012 26% of respondents conducted employee satisfaction surveys;
- in 2010 19%, and in 2012 27% conducted employee engagement surveys
- in 2010 32%, and in 2012 28% conducted both.

Table 3 shows the frequency by which the respondents conducted satisfaction and engagement surveys.

Table 3. Breakdown of respondents by the frequency of conduction satisfaction and engagement surveys in 2010 and 2012

	2010		2012	
	Satisfaction	Engagement	Satisfaction	Engagement
More than once an year	7%	12%	4%	9%
Once a year	54%	42%	29%	32%
Less than once a year	20%	15%	34%	28%
We do not conduct survey	19%	31%	34%	31%
Total	100%	100%	100%	100%

Overall, the European Employee Engagement Survey found that:

- there had been a considerable reduction in the number of respondents who conducted satisfaction or engagement surveys one a year or more than once a year from about 60% in 2010 to about 40% in 2012.

- And there had been an increase in the number of respondents who did not conduct satisfaction surveys up from 19% in 2010 to 34% in 2012 (the number of engagement surveys were the same)

The European Engagement survey and additional research suggested that there were a number of key practices that might be employed in the development of a strategy and actions for employee engagement. These are summarized below and outlined diagrammatically at Figure 10:

1.   Have an agreed definition of employee engagement

Employee engagement implies energy and commitment beyond that which would normally be expected to achieve reasonable performance levels. How this is interpreted in an organisation will determine subsequent actions and resource allocation.

The European survey gave indications that employee engagement was about 'going the extra mile,' 'going above and beyond to get their jobs done' and willing to make a difference. There was a view that 'engagement is more important than satisfaction.'   Employee engagement resulted from a combination of factors including commitment, a willingness to contribute to company success and discretionary effort.

Having an agreed definition for employee engagement therefore will enable the key stakeholders in the engagement process to have a common understanding and basis for decision making.

2.   Have clear objectives for what employee engagement is trying to achieve

It's important to identify what the organization is hoping to achieve by its employee engagement strategy of which a key facet is to ensure that the engagement strategy is aligned to the business strategy. Clarity of objectives will facilitate this and concentrate the efforts of the organization on those things that are important to success. The findings of the European survey concluded that employees should have clarity 'from their job - to the Organisations Objectives. They should 'know' how their contribution adds to success' and should 'allow employees at all levels to understand their part in making the business successful.'

3.   Agree a cross organisation strategy for employee engagement

The extent to which employees are able to identify with the objectives and company values (which have to be inspiring) will depend on the delivery of a cross organisational strategy. For this to be effective, management will have to be engaged and the European survey highlighted "leading by example", the quality of relationship between the manager and subordinate and a "supportive management". The third key practice therefore is 'a guiding policy and coherent actions' that are derived from a strategy and goes across the organization- both vertically, through all levels of the organization or horizontally between divisions, departments or project teams. Inspired and effective leadership and management that is itself 'engaged' will be necessary for this.

4.   Gain organisation wide buy in and allocate resources

Once the strategy has been agreed there should be an emphasis on executive buy in and leadership affirmation of the strategy. However, this will only be part of the process. In addition there should also be a strong focus on the line manager in implementing employee engagement whether this was 'direct manager support,' 'manager attitude and attention to employees,' or 'honest and authentic communication.' Similarly the importance of "effective two way communication" in order to build an engaged workforce was seen as being important.

5.   Develop measures of effectiveness for employee engagement

Engaged employees will have an impact on the organisation's performance through being more competent, committed and contributing. This could lead to increased customer satisfaction and better financial results. In addition there will be better chance of attracting and retaining talented employees.

In order to provide affirmation to this point, measures of effectiveness for employee engagement will need to be developed. The European survey found that both in 2012 nearly 80% of respondent organisations measured employee engagement. However the survey also found that this was the area on which greater emphasis might be placed going forward and further effort could be put into measures relating to business performance as well as people metrics.

6.   Ensure employee engagement practices are linked to other areas of HR

The importance of having a holistic approach from the HR function featured strongly in the responses including Development- a consistent development path with clear horizontal and vertical movement options; Reward- 'easily understood remuneration packages; 'Performance Management- 'manager's appraisals linked not only with business results but also with engagement results;' and employer branding was also seen as a powerful contributor to employee engagement because it was a catalyst both to the attraction of motivated, talented people, but also as a way of instilling pride in the organisation.

7.   Adapt employee engagement strategy to changing environment

The Business environment in Europe is dynamic as shown by the survey results. In 2010 11% considered the business climate as better, but in 2012 45% identified a positive change. This had effects on employee morale, engagement and talent attraction and retention. It's important that strategies for employee engagement are flexible enough to be able to respond to environmental changes if effectiveness is to be maximized. Regular monitoring would be one way to raise awareness of such changes.

8.   Develop action plans with the active cooperation of employees

It is critical that the results of Employee Engagement information are used for action. In 2010 33% of organisations stated that managers developed and implemented action plans using the results of the survey, whilst 52% of managers developed action plans in cooperation with employees. In 2012 however, only 43% reported cooperation of managers and employees in developing action plans. This is an area that needs more attention if the strategy is to be implemented successfully.

9.   Evaluate results, link them to business performance

Around 23% of respondents to the European survey had linked their employee engagement strategies to business results in 2012. This is not a significant change to the results of two years earlier and suggests that there is still work to do in recognizing the importance of the links between the two areas.

Figure 10. Key Practices for Employee Engagement in Europe

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About the authors

Paul Turner is Professor of Management Practice at Birmingham City University having held similar positions at Universities in Cambridge and Nottingham. He is also a Non- Executive Director of Blessing White (EMEA). Paul Turner's previous positions have included President of Europe, Middle East and Africa, Employee Care for the Convergys Corporation of Cincinnati, (to 2005) Group HR Business Director for Lloyds TSB, (to 2003) Vice President of the CIPD, (to 2001) a Director of BT, a Non-Executive Director of OPI and a General Manager for Plessey in both the UK and Asia Pacific. Paul has spoken at business conferences around the world and is the author of Talent Management in Europe (2012), The Admirable Company (2008, with Mike Brown), Organisational Communication (2003); HR Forecasting and Planning (2002) and one of the authors of Workforce Planning (2010) and Talent (2007) published by the CIPD. He has written articles for business journals and the International Press.

Iris Kassim is Executive Consultant HCM Practices at Stamford Global, parallel working as a freelance organisation development consultant with various clients. At Stamford Global she has been working with clients on identifying the drivers of employee engagement in addition to taking part of the company's pan European researches on various Human Capital related subjects. She's been a core member of launching the 'Even Better Place To Work' employee engagement initiative driving better collaboration and communication across various departments in the company. Currently she is an MSc student at Szent István University's Management and Leadership major, with Human Resource Management and Organisation Development as well as Management Consulting areas of specialisation. She is preparing for her PhD studies by extensive academic and practitioner researches in the area of employee engagement. At the same time she is taking part in the development and practical testing of a new human capital management methodology in cooperation with Corvinus University of Budapest.