Your guide to employee engagement in New Zealand.

Are your employees enthusiastic about their work? Or are they just counting the hours until home time? The gap between enthusiasm and apathy can be targeted by a carefully-designed employee engagement programme.

This guide is designed to help you develop a programme to increase employee engagement in your organisation. We begin by defining employee engagement, then discuss the main benefits it's known to provide. Then we'll share ideas for programme design and implementation.

You can head straight to topics of particular interest or read from the beginning to refresh your thoughts on employee engagement.

Contents

1. What is employee engagement?

Employee engagement refers to someone's emotional commitment to the work they do, their team's agreed performance targets and what the organisation is trying to achieve.

Engagement is not just about being happy or satisfied at work. While they're important components of engagement, they're only part of the story. An employee can be quite happy to turn up, do the minimum required, enjoy the company of colleagues and get paid. But they're only there in a fairly superficial way. They're not invested in the purpose of their work, the opportunities it can provide for personal growth or how their effort (or lack of it) affects others. But does that really matter? Let's take a look at why many organisations are convinced it does.

2. Why do successful organisations focus on employee engagement?

Most successful organisations continuously examine all aspects of their operations to find ways to improve. Among other things, they're looking for ways to do more for less, how to do better things sooner, how to motivate their employees to be more productive and how to make customers happier.

Whatever your organisation's purpose and goals are, having an engaged workforce means your people know what success looks like and are willing to do all they can to help make it happen. They feel a personal responsibility for the organisation's success and find its achievements rewarding. Success is no longer just senior management's responsibility because 'that's why they're paid the big bucks'.

So let's look at the commonly reported benefits of investing in employee engagement.

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Profit

We'll start with the 'show me the money' question, the return-on-investment discussion that needs to be addressed to get a meaningful engagement programme underway.

Research by Gallup, a global business advice company based in the USA, has consistently shown that highly engaged business units and companies in the top quartile for engagement show a 23% higher profitability than their low engagement competitors.

Employee retention

The Covid-19 pandemic caused many people to re-evaluate what they want from life, which helped to fuel the 'great resignation'. As a result, organisations have experienced heightened levels of voluntary employee turnover. The resulting costs of recruitment and lost productivity have made employee retention more important than ever. The good news is, developing an engaged workforce that's emotionally committed to their work and the organisation is a great way to improve employee retention.

A 2020 report by Gallup covering 96 countries compared business units in the top quartile for engagement with those in the bottom quartile. For businesses that typically have more than 40% employee turnover a year, those with high engagement still had 18% better retention than companies with low engagement. However, among businesses where turnover is typically lower there was a staggering 43% difference between those with high engagement levels and those with low engagement.

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Productivity

After decades of cost-cutting to improve profitability there was often little left to trim, so attention moved to productivity. It was essentially a shift from doing the same for less, to doing more with the same. As a result, organisations have been looking for more productive ways to operate, with many investing in productivity-based technologies. Another highly successful option is to boost employee engagement.

The 2020 Gallup survey mentioned above, which compared high engagement businesses to those with low engagement levels, found high engagement organisations had:

- 14% more productivity measured by production records

- 18% more productivity measured by sales

- 28% less theft (shrinkage)

- 41% less defects (quality issues)

- 64% less safety incidents

- 81% less absenteeism

Customer experience

When looking to improve customers' satisfaction through their overall experience, organisations don't always make the link back to employee engagement, but it's definitely there.

If you consider customer-facing employees, it's more obvious. An engaged employee finds it personally rewarding to surprise and delight customers, often by going above and beyond expectations. They'll also take responsibility to identify and report opportunities to improve the customer experience. What's more, engaged employees are visibly happier in their work, which is something customers enjoy being associated with.

But even the engagement of non-customer facing employees has a strong influence on the customer experience. They're invested in things like quality, meeting production or delivery deadlines, supporting customer-facing colleagues, identifying improvement opportunities and so on.

According to a 2017 'State of the American Workplace' report by Gallup, organisations with engaged employees typically have a 10% higher customer experience rating than those with disengaged employees. Having an engaged workforce has also been identified as one of four core requirements for building a customer-centric culture and high levels of customer satisfaction.

3. What affects employee engagement?

If you've decided that improving employee engagement could benefit your organisation, the next step is to understand more about the various factors that influence this important measure. At the very least, it might stop you from accidently making matters worse. So let's take a look at the main things that influence employee engagement.

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Meaningful work

Everyone enjoys feeling as though they make a difference. We all crave a sense of purpose. We all need to know why our work matters.

Developing a sense of purpose at work begins with understanding the organisation's mission and values, and having an affinity with them. We then need to see how our work contributes to team performance targets and, therefore, the organisation's success. We also need to feel as though our skills and talents are being fully used.

Research by IBM in 2017 showed that 80% of employees report a more positive work experience when their work is consistent with the organisation's core values and their job makes good use of their abilities. When these factors are not felt by employees, only 30% report a positive work experience. That's a difference of 50% – half the workforce.

Recognition

To quote a top leadership training specialist, Dale Carnegie, 'people work for money but go the extra mile for recognition, praise and rewards'.

According to research by Quantum Workplace, when employees believe they'll be recognised, they're 2.7 times more likely to be highly engaged. In addition, organisations with a formal recognition programme have 31% less voluntary staff turnover than those that don't.

Effective recognition programmes build a culture of giving praise and credit for contributions to the organisation's goals or examples of living the organisation's values. They operate at all levels of the organisation and in all directions. They're encouraged to be frequent, prompt, personalised, specific, inclusive and visible.

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Autonomy

Being trusted with some degree of freedom in how you achieve agreed goals helps to build engagement.

Having a flexible work schedule is one example of autonomy that continues to be highly valued. In fact, it's now widely expected - particularly by people who work remotely. But it's not a new concept. In a 2018 QuickBooks survey of small business employees:

- 76% of respondents wanted a flexible work schedule

- 57% wanted the option to work from home

For leaders and managers it can often involve a transition from managing by time to managing by agreed output. Micro-managing quickly kills any sense of trust and autonomy. But it's fine to schedule regular progress updates and give employees the option to seek help or support at any time if required.

Autonomy doesn't mean working in isolation and not collaborating with others; it just means being trusted to get the job done in a way that suits you best. People are often more productive at different times of the day, so it makes sense to let employees work when they're most efficient. Having the flexibility to quickly take care of a medical appointment or family commitment can clear the way for being more focused and productive at work.

A Harvard Business Review study found that compared to 2013, during the Covid-19 lockdowns knowledge workers spent 12% less time in meetings and 9% more time with customers and external partners. They also enjoyed far greater autonomy, with 50% more of their tasks being self-selected as they were considered important, rather than requested by colleagues. These factors created a significant boost in job satisfaction.

Openness and trust

Often referred to as psychological safety, this ingredient for employee engagement involves how people feel about sharing their ideas and challenges with others. It's a two-way thing involving give and take, helping others and being open to new ideas. Openness is high when everyone feels safe about extending their output; taking reasonable risks and making mistakes; speaking up when they need help; and providing feedback when they think something could be improved- particularly to people in more senior positions.

In the workplace, employees typically keep things to themselves unless they're confident that sharing it will be well-received and make them look good. It's almost a natural instinct and it's particularly strong in hierarchical environments. But the more open a workplace is, the more meaningful and engaging it tends to be.

An open workplace also provides an engaging sense of inclusion. It's about feeling valued and encouraged to contribute. Although inclusion is not about diversity, it does allow the strength of a diverse workforce to be realised. Even with a highly diverse workforce, if openness and trust are missing, the organisation will not perform as well as it could.

The concept of psychological safety in the workplace was first identified in 1999 by Amy Edmondson, a Harvard Business School professor. She discusses it in this Harvard Business Review podcast

Learning opportunities

From subsidised external training courses to simply working alongside some of the best in their field, opportunities for professional development and growth are highly sought after. Many employees will take a sideways move or even a lesser income if a particular employer is known for providing the sort of development the employee values.

Around 85% of employees who are actively engaged work at organisations that offer professional development opportunities.

According to Gallup research, employees particularly value opportunities to use and develop their strengths. The research also showed that this provides better outcomes for organisations than focussing development on employees' weaknesses.

As mentioned above, one of the things an open or transparent organisation enables is countless opportunities to understand, observe and learn from others throughout the organisation. For example, when leaders clearly communicate goals and strategies, and the reasons behind them, it not only creates focus, but also provides engaging learning opportunities for everyone. Involving employees in the development of team goals and strategies extends the learning even further.

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Wellbeing

Employee wellbeing has long been recognised as an ingredient for engagement. In fact, they contribute to each other. Employees with a strong sense of wellbeing are highly engaged with their work, which in turn boosts their wellbeing. Stress, worry, illness and a lack of enjoyment are the main things that reduce a person's sense of wellbeing. Helping employees to identify and minimise these impacts is the key to improving employee engagement.

Interestingly, according to Gallup research in America during Covid-19, wellbeing and engagement went in opposite directions for the first time. While worry and stress, particularly during lockdowns, sent reported wellbeing to new lows, employees' engagement with work noticeably improved. This may have been due to other factors mentioned above, such as increased autonomy, greater collaboration to overcome shared challenges, and in some cases simply appreciating they still had a job.

The report concluded with advice to leaders on the potential for post-Covid-19 burnout and the importance of focussing on employee wellbeing, and engagement in general, as we look to the future.

4. How to boost employee engagement in any organisation

With a good understanding of employee engagement's benefits and drivers, you're probably wondering what you should do to ensure the future of your organisation includes a highly engaged workforce. The first step is to find out where you stand.

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Measure employee engagement

The first step for any improvement programme is to establish a clear picture of what needs fixing and what doesn't. Starting with reliable data not only lets you identify and focus on areas of greatest need and quick wins, it also provides a base from which to measure ongoing progress.

Finding the right survey

Proven surveys are available if you don't already have one. It's important they provide you with engagement-related data and allow you to target relevant improvement initiatives. Many organisations use the Gallup Q12 survey. It has 12 questions that are carefully designed to measure where your organisation sits for each of the main employee engagement drivers. The Gallup questions are each linked to a level of engagement development and come with actionable advice. This allows you to ensure essential foundations are in place before addressing higher levels of employee need. You can also sort Gallup's data to see how you compare to similar organisations.

Ensuring full participation

Participation is important. Not only should everyone provide responses, but they should also be involved in reviewing the collective results. Improvement initiatives are most effective when everyone has had an opportunity to discuss observations, trends, ideas and priorities. It's also essential that initiatives begin promptly and change happens as a result. High levels of collaboration, transparency and action will help to ensure full participation in future surveys.

Timing

Many experts recommend frequent short surveys, or pulse checks, rather than a monster of an survey. The best time for each survey is when the most people can respond, so not during school holidays or end-of-the-week busy moments. Seeing regular progress results and adapting plans as required is far more motivating for everyone than a soon-forgotten annual event. It's also better to identify and fix problems as soon as possible.

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Create a roadmap

Having conducted a good engagement survey involving all employees, it's important to prioritise improvement initiatives. These will be the things that are required for subsequent initiatives to succeed.

For example, Gallup's Q12 survey identifies two fundamental needs for engagement: employees knowing what is expected of them; and having the skills and equipment to deliver. Without these foundations, it's almost impossible for anyone to develop the next level of engagement needs, which relate to their individual contributions. These include things like being able to do their best, receiving recognition, teamwork-related needs and personal growth.

It's also important to realise that individuals or particular teams will probably have different starting points or areas of the roadmap that need to be addressed more fully. Plus you must ensure that leaders are sufficiently engaged and able to lead engagement improvement initiatives with their team.

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Coach leaders to lead engagement

Immediate managers and an organisation's senior leaders have a strong influence on employee engagement. To effectively lead an improvement in employee engagement levels, managers must:

- Be highly engaged with the organisation themselves

- Have the ability to engage their team

Not every manager will possess these qualities and most will have some room for improvement. Assessing development needs, providing targeted coaching and holding managers accountable for improving their team's engagement will create the essential foundation for improvement across the organisation.

Boosting employee engagement is not something HR or a CEO can or should do on their own. However, they can lead a well-planned improvement programme that empowers everyone, measures individual and team contributions, and recognises success.

Appoint and on-board with care

Another important way to increase employee engagement is to select new hires who are already engaged or highly likely to become so. This begins by making it easy for potential applicants to decide whether they find the role and your organisation genuinely engaging. So each job advertisement should clearly describe engagement fundamentals, like what the successful applicant is expected to do and the main skills required. It should also describe professional development opportunities, an open a collaborative culture (if it definitely exists), and the organisation's purpose and values. The goal is to attract the right candidates from the get-go.

The next step is to look for indications of high engagement during the interview process. These questions can help you find someone with a good fit:

- Why did you apply for the role?

- What would you like to be doing in five years' time?

- What's important to you when choosing a new employer?

- What have you enjoyed most about previous roles?

- What do you know about the organisation?

Having chosen your successful candidate, your strategies for building engagement should be a key focus of your on-boarding process. This could begin as soon as they've accepted the offer. A group video call, including senior managers, to congratulate and welcome the new employee will send strong and immediate signals about openness, recognition and making people feel valued.

Designing the rest of your on-boarding programme around the factors that drive engagement will continue to build the employee's commitment and model desired behaviours. Involving recent new-hires in reviewing and improving your recruitment experience can help with this.

Run an engagement lens over everything you do

Engagement occurs most effectively when it's designed into everyday processes. So whenever you review, change or implement new processes, see if you can identify where they could stifle engagement and find ways to prevent that happening. During the implementation of new processes you should encourage feedback, respond to ideas, and give prompt and meaningful recognition to everyone who helps**.**
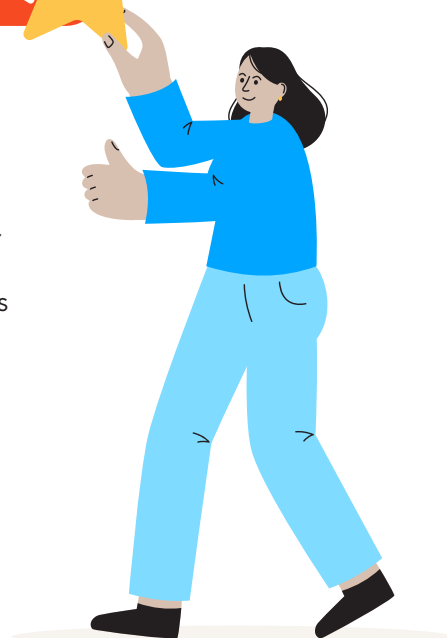
5. Employee engagement ideas and tools to help you get started

Here are a few employee engagement tips to get your thinking and planning underway.

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Creating an engagement survey

Any employee engagement programme should begin with a well-designed survey. To get to the truth, it should probably be anonymous and everyone should take part. The survey should not be too long (7-15 questions are widely recommended). Ideally, you should run a survey every few months.

We've mentioned the highly-respected Gallup Q12 survey already. You can also use free or low cost tools like SurveyMonkey, Typeform or Google Forms to run your own survey. To help you get started, Canadian HR technology company, Collage, has published a free employee engagement survey. It has 12 core and three optional open-ended questions for you to consider including. They even make the survey available as a ready-to-use online Google form.

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Encouraging feedback and collaboration

Encouraging and acting on feedback is a powerful ingredient for engagement. It should be easy for employees to share their ideas on anything to do with the organisation. It always helps to include anonymous methods, like a simple suggestion box. It's important that feedback is acknowledged. If suggested changes aren't implemented, those responsible should at least explain why.

Online communication and collaboration tools make it easy for employees to stay in touch with what's happening across the organisation and contribute ideas. They're particularly useful when employees have flexible hours or work remotely. Some platforms allow people to find and join interest groups or project teams. Apart from helping people to feel included, these tools can be a great boost to productivity. Examples include:

- Microsoft Teams – a platform for online chats, file sharing and conference calls

- Slack – is designed to bring together files, online tools and messaging

- Google Chat – (was Hangouts Chat) provides secure group conversations and direct messaging

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Promoting employee wellbeing

This has been identified as a particularly important engagement driver following the Covid-19 lockdowns, and the associated stress and worry.

Allowing flexible work hours and paid time off to sort urgent personal tasks (like childcare needs, elderly parent requirements or urgent repairs and maintenance at home) is a great way to reduce stress and restore productivity.

If you haven't already, you could consider funding and implementing and employee assistance programme. These typically make free or subsidised counselling available to employees. The service is completely confidential and usually accessed directly by an employee, so the organisation doesn't need to know. Assistance programmes can also include health information, relaxation and exercise programmes, as well as training in coping skills (such as time management).

Another option is to look for wellness apps and make them available to employees. Here are a couple of examples:

- Groov – New Zealand's own workplace wellbeing platform, founded by John Kirwan

- Headspace – a meditation app with proven online tools to help reduce stress and burnout

- Fitbit – has a programme for organisations that includes subsidised Fitbit devices plus competitions and rewards just for your employees

For more on mental health and wellbeing apps visit healthnavigator.org.nz to learn more see our article on how to create your own workplace wellness programme

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Encouraging rewards and recognition

Successful recognition programmes are linked to the organisation's values and goals. This has the added benefit of helping employees build a clear sense of purpose. The easiest way to boost employee recognition, and its positive impact on engagement, is for managers to start doing it more often.

It doesn't have to be expensive - a public shout-out or hand written note can work wonders. It just needs to be prompt, specific, genuine and linked to organisational objectives.

Having modelled good recognition through managers, the next step is to encourage peer and upward

recognition, so that everyone is doing it. Here's a simple way to approach peer recognition:

- Employees award points that lead to a team or organisation-funded reward. The points can simply be organisation themed stickers that are added to a public board beside a team member's name. Or you could use a purpose-built app.

Providing employee benefits through a discount programme

Done well, benefits programmes can help employees to feel appreciated and more engaged with their organisation. They're also a powerful retention tool. They need to be meaningful and valued by each employee, so we're not talking about free office snacks here. Some organisations can afford to provide something like free or subsidised health insurance, but for many it's beyond their budget.

The Boost employee benefit programme increases engagement by giving employees access to generous discounts from their choice of more than 40 top brands. The range of offers includes insurance, DIY, homeware, gym memberships, holiday providers and more. It costs as little as $10 per employee a year and there's an app you can customise with your brand.

6. Next steps

While this guide has discussed the most common and powerful ways to improve employee engagement, there is no single strategy. The main thing is to design a programme that addresses your organisation's engagement needs and provides employees with the experiences they find engaging. It may seem like a major task, but if you take your employees on the journey with you, it will naturally break into steps and develop its own momentum. **Chances are, your organisation will benefit enormously.**