

The Progress on Employee Engagement

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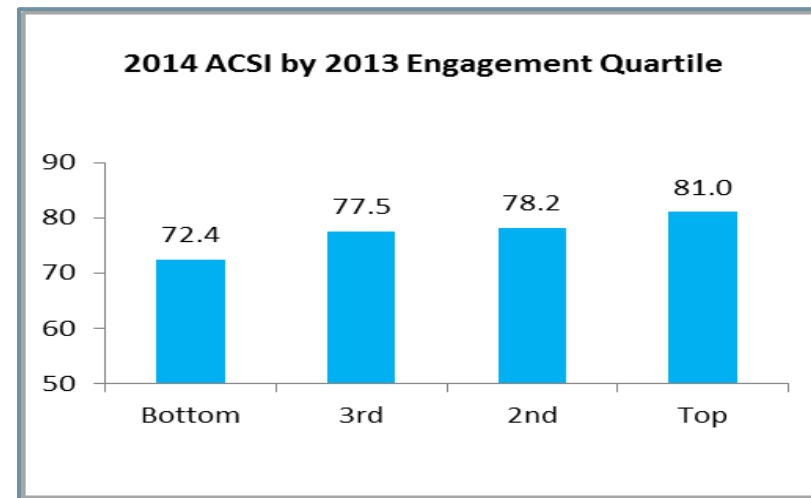
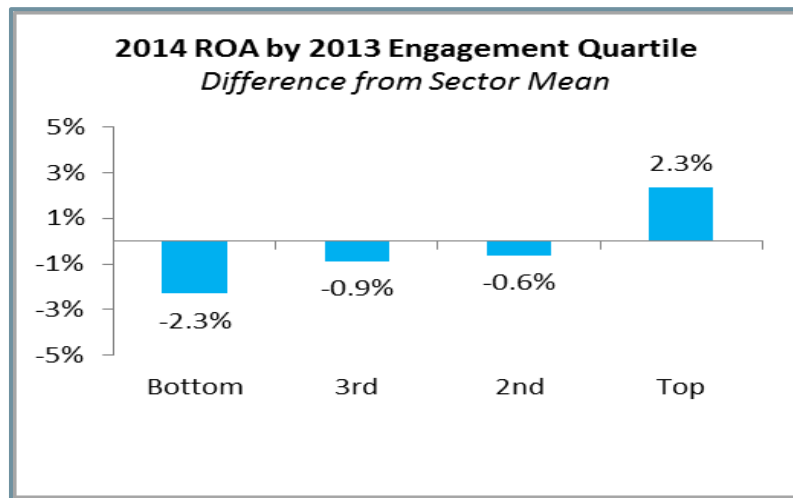
What IS Employee Engagement?

- ▶ Kahn invented the term for use in our field, though it had existed for many years in general in general psychology and sociology. He defined it as:
 - ▶ Feeling psychologically and physically at one with the work one does
 - ▶ Looking forward to work and experiencing the passage of time at work as being very quick
- ▶ Consultants did not like the exclusive focus on the work itself so expanded the concept to include what academics call organizational commitment:
 - ▶ Feeling psychologically and physically at one with one's company
 - ▶ Looking forward to working with colleagues and having pride in one's work and the company
- ▶ Measures of engagement used in practice are invariably of the organizational commitment sort (CEB, AoN-Hewitt, DDI)
 - ▶ the Gallup Q12 is probably a measure of the *antecedents* of engagement of either sort

Does Employee Engagement Matter? YES

- ▶ Lots of research shows that in either definition employee engagement is related significantly to *individual level*:
 - ▶ Job performance
 - ▶ Turnover
 - ▶ Customer satisfaction
- ▶ Two recent academic studies show that the aggregate engagement in companies is related to:
 - ▶ ROA
 - ▶ Customer satisfaction
- ▶ Murray Barrick studied 83 credit unions using the work engagement measure of engagement and showed predictions (6 months later) of ROA
- ▶ I studied 102 companies from diverse industries using both a measure of work engagement and a measure of organizational engagement:
 - ▶ ROA (corrected for industry) was significantly predicted by both over a two year period
 - ▶ Customer satisfaction was significantly predicted by both over a two year period

Workforce Engagement Matters



These charts are calculated by taking workforce engagement scores across companies and segmenting them by 2013 quartiles and then calculating the average 2014 ROA and ACSI for those 2013 engagement quartiles

Why Don't the Engagement Scores Change?

- ▶ Administering a survey leads to no change—even negative change can happen. Why?
 - ▶ No feedback
 - ▶ No changes are made based on employee input
- ▶ Who can get change to happen? The TMT
- ▶ The TMT is the major driver of workforce engagement
 - ▶ The supervisor is even less important than the work itself
 - ▶ Here are the issues:
 - ▶ having and communicating clear goals and objectives
 - ▶ having in place fair feedback and rewards policies
 - ▶ attention to balancing work and family life

Conclusions

- ▶ Employee engagement is worth pursuing for competitive advantage
- ▶ The specific measure used does not seem to make a big difference
- ▶ You can't duck the fact that the TMT controls the level of engagement in a company
- ▶ Feedback is usually given to managers but the people who mostly control engagement in companies is the TMT

For Questions Contact Benjamin Schneider, Ph.D.

Engagement climate and culture diagnosis

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