

Building a Sustainable Engagement Strategy

By Abhishek Mittal

Over the last few decades, organizations have invested significantly in employee research as a critical component of their organizational development strategy. From an initial focus on measuring employee satisfaction and commitment, organizations shifted their focus rightfully on measuring employee engagement. There is considerable amount of evidence about the relationship between employee engagement and organizational performance. Towers Watson's traditional framework attempted to understand Employee Engagement through 3 different perspectives – Rational, Emotional & Motivational. The rational component examines whether employees support and are aligned to the organisational goals and objectives. The emotional component measures if employees have a sense of emotional attachment & belongingness to the organisation. And the motivational component looks at an employee's willingness to invest discretionary effort for the success of the organisation.

However, our latest research is telling us that the constructs around employee engagement need to be taken to the next level. We are now learning that employee engagement takes a company only so far. Other critical factors in the work environment also play a critical role.

Firstly, organizations should look at providing support to employees in achieving their work objectives. Secondly, organizations should focus on creating a work environment that fosters employees' physical, social and emotional well-being. We call these factors Enablement and Energy respectively. Taken together, these can help organizations sustainably engage their employees and boost business performance further. This new framework called "Sustainable Engagement" is a combination of Engagement, Enablement and Energy. A recent validation research done by Towers Watson looked at companies with high levels of Engagement and those with high levels of Sustainable Engagement. We examined their financial performance in terms of operating margins and found that Sustainably Engaged companies out-perform the traditionally Engaged companies on operating margins by a factor of two.

Apart from such in-depth research to validate the Sustainable Engagement framework, a more specific validation of the constructs around Enablement and Energy is evident in some of the latest work we have delivered for some companies.

Enablement

One of the key risks a company faces is that even though it has a highly engaged workforce, employees might get frustrated if they are not 'enabled' appropriately. Productivity gains may not be sustainable in such a scenario. Companies need to provide effective performance support at the local level by ensuring optimal working conditions, availability of tools & resources, effective work processes and clear directions from supervisors. A recent branch-level study of a large Asian Bank yielded rich insights about the factors that can drive a branch's financial performance. Upon an analysis of over 300 branches, we found a clear link that the direct manager has a large impact on "enabling" employees. When we look at branches where employees are more satisfied with their managers on a range of parameters, the employees tend to feel much more well-supported or enabled to deliver in their roles. In turn, branches with more "enabled" employees clearly have a higher percentage of engaged customers. And, we saw clear links between engaged customers and higher achievement on branch-level operating profits (actual vs. target).

Energy

Another risk factor comes to light in a scenario where a highly engaged workforce suffers from stress and potential burn-out, thus making engagement levels unsustainable over a period of time. Companies need to focus on building a work environment that can sustain high energy levels. For example – respectful treatment of colleagues, effective teamwork and a fair balance between performance expectations & job pressures. Another key insight from the same study emerged when we supplemented our Engagement construct with questions around well-being and job pressures. Looking at the top & bottom quartiles of branches on

this dimension, we found that employees in the top quartile branches took, on an average, 3 days less of sick leave than employees in the bottom quartile branches. This could potentially translate into thousands of man-days of lost productivity value. This has significant implications for Indian companies because the data from Towers Watson's India Normative Benchmarks indicate that almost 50% of the employees in India feel that the amount of job-related stress adversely affects their effectiveness and that they face excessive pressures in their jobs.

The High Performance, Sustainable Engagement Culture

In order to understand what makes for a high performing, sustainably engaged organisation, Towers Watson formed various regression-based models to analyze data from a select group of 25 companies with consistently high financial performance, as well as best-in-class survey results. The analyses of these high performing companies revealed certain differentiated Leadership Practices and Employee Experiences which contribute to Engagement, Enablement and Energy.

Leadership Practices:

Leadership plays a critical role in maximizing contribution from people in companies. Not only globally, but our research also shows that Leadership is the top driver of Engagement even in India. On analysing the data from high-performing companies with Sustainable Engagement, we found leaders in these companies are viewed as:

- a) **Principled:** Leaders in these companies drive the company with a shared set of guiding principles. They not only communicate the core values, but use the values as a framework for decision-making and communication of key decisions. Apart from this, they get the basics right and maintain an unrelenting focus on their customers.
- b) **Trustworthy:** These leaders display a leadership style driven by fairness in decision-making and empower people in their roles.
- c) **Agile:** These leaders are adept at 'selling' and managing the ongoing change agenda effectively and they are always supporting initiatives to let the company to evolve in new and innovative ways.

People Experiences:

On the other hand, employees in these high-performing environments experience greater:

- a) **Connection:** Employees have a clear line of sight and understand how their specific roles contribute to driving the organizational goals. We found that these companies do this effectively by constantly sharing information on unit-level business performance. Also, these companies view communication as a two-way street, where employees have the opportunity to provide inputs as well as have clear communication channels with their managers. Interestingly, about 58% of the employees in India feel that they have opportunities for inputs before changes that affect their work are made. This is significantly lower as compared to high-performing companies around the world.
- b) **Growth:** Employees have higher clarity regarding opportunities for growth & development and understand their potential career paths in the organisation. About two-third of the employees in India feel that they understand their career paths, which is lower than high-performing companies. These companies provide opportunities to build individual capability through training, performance feedback and the flexibility to try new things. Overall, there is a strong focus on talent retention.

All these factors add up and contribute to building workplaces which are Engaged, Enabled and Energized. The findings from the analysis of data from these 25 companies provide rich insights about what truly makes a great workplace. By effectively applying logic-driven analytics to survey data, companies could build data-driven frameworks about what works in their unique context. By applying principles of segmentation of the workforce, they could identify key success factors and risks that are pertinent to different groups of employees. And by linking key survey data to business outcomes, HR professionals can create a compelling business case for Sustainable Engagement and manage stakeholders more effectively.

As companies seek to maximize employees' contributions, they need to focus not only on Engagement, but building Enablement and Energy too. Leaders and managers will play a key role here and companies need to think hard about redefining their roles in terms of how they execute tasks, develop people, deliver the 'employment deal' and energize change, all based on a foundation of trust and authenticity.

The current uncertainties in the global business environment make it all the more important for companies in India to focus on measuring and managing employee engagement. But, it is also time to take a step back and ask if our engagement constructs are evolving with the business environment and the needs of the workforce.

Abhishek Mittal is a Senior Consultant at Towers Watson's Organisational Surveys & Insights practice.