# Employee Engagement – unlock meaningful insights to lead improvement

by Ian Menard

Traditional methods of interpreting employee engagement results by comparing to companies in similar industries do very little in providing meaningful insights. Most companies will espouse the importance of improving employee engagement, yet the subsequent level of attention and investment dwindles soon after the results are shared. A key to changing this behavior is to unlock the end to end value of employee engagement in your organization.
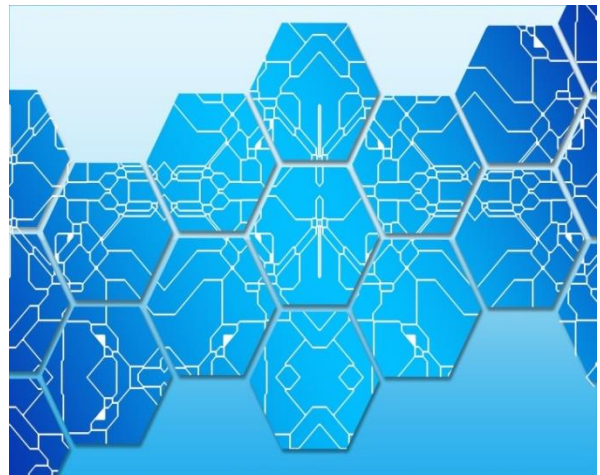
So what do we mean by end to end value of employee engagement? Consider the three questions below:

1. Do you have evidence of how the people practices in your organization influence your employee engagement scores?

2. Have you identified how employee engagement scores relate to key performance indicators (KPIs) that drive value for the company?

3. Do you have a defined employee engagement and KPI targets that have been established and are regularly tracked?

If you were not able to answer all three questions, don't worry, you are not alone. This article will give you some ideas on where to focus and how to get started in understanding the end to end value of employee engagement in your organization. The benefits to you will be in crafting more compelling business cases for how to improve employee engagement. This includes capturing necessary leader attention and commitment on an ongoing basis.

To begin, we'll level set on the definition of employee engagement and the importance in confirming its measurement purpose. Then we'll cover the link between employee engagement and other KPIs. From here we'll switch to the upfront relationship between people practices and employee engagement. Finally, we'll address the importance of establishing target(s) and regularly tracking progress.

Start with the desired outcome

It seems so simple yet when was the last time you stopped and asked "Why are we measuring employee engagement?" What specifically do you hope to accomplish with improved engagement scores. Do you expect more engaged employees will sell more product/services? Do you expect lower "costs per hire" due to engaged employees staying with company and actively promoting employment opportunities with their network? The clearer you can be in defining how employee engagement links to your value proposition and associated KPIs, the easier it will be to define that end to end value chain.

Explore Linkages between engagement and KPIs

In order to best explore the various relationships between engagement scores and the KPIs, I have found it best to partner with the other groups in the organization who typically build and track these KPIs. This is usually but not limited to Finance, Human Resources, Marketing and Operations. Between these groups, you should have a good chance of finding a few KPIs that align with your desired outcomes. Also, they will most likely have a robust data set to work with in exploring the various relationships between engagement scores and KPIs. What you will be looking for is the set of KPIs that vary by engagement scores going up or down.

If you can establish how engagement links to one or more of these KPIs then it will start to show the material value of engagement. This is a pivotal piece in bringing the all-important ROI factor into the picture to assist with building business case for investments and capturing needed leader attention.

An example of this could be finding a pattern whereby increases in employee engagement scores are associated with increases in percentage of new hires coming from employee referrals. Continuing this thread, since the costs associated with employee referral mechanism is the lowest cost mechanism in your talent program, you notice that overall average cost per hire goes down when engagement scores go up. This would constitute the establishment of one meaningful relationship between employee engagement and a KPI (cost per hire).

Repeating this process to explore other relationships will give you the list of KPIs that correlate with employee engagement. From here you can select your preferred ones based on strength of relationship and fit with your desired outcomes.

Explore link from people practices to engagement

What do we mean by people practice? For purposes of this article, a people practice refers to the procedures and tools the organization provides for managers and employees as part of the employment contract. These procedures and tools would cover the end to end lifecycle starting with attracting-retaining- extending the relationship. For example, the experience for both a prospective employee and the hiring manager in setting up an interview for a vacant role is one touchpoint in the "recruitment" practice.

The first step is being clear on how each people practice is intended to deliver value to the manager and employee experience(as measured by employee engagement) along the end to end lifecycle. You then craft measures of this value through various means, the most typical being survey questions designed to measure satisfaction with that people practice. Once you have a robust data set on employee satisfaction, you can then explore if there is a relationship between that people practice and employee engagement.

Similar to the previous section, what you will be looking for are cases where changes in satisfaction scores (with a people practice) are associated with changes in employee engagement scores. From here you can then determine the strength of these relationships and begin to shed some insight on how the various people practices relate to employee engagement.

An example of this could be exploring how your performance management practices relate to employee engagement. You may find that some aspects of your performance management process correlate positively with employee engagement such as "goal setting" and "manager trust" while others correlate negatively such as "timeliness of feedback" and "rating criteria". In this example, you would now have more meaningful insight to explore the strength of those relationships further. By doing so, you would uncover better insights to focus effort and dollars on the aspects of performance management practice that can be improved to drive employee engagement upward.

Establishing targets and monitoring progress

I'm going to borrow a famous quote from Peter Drucker,"If you can't measure it, you can't manage it." Once you identify meaningful relationships between your people practices, employee engagement and KPIs, the heavy lifting may be done but the ongoing work and value has just begun. Establishing a framework to collect data, compare it to target(s) set, and conduct analytics to uncover insights will be crucial to understand value and benefit of new initiatives implemented as well as uncover new needs based on changing workforce sentiment and strategic direction. This also facilitates ongoing interaction with your leader community on the progress to plan for new people initiatives.

Conclusion

So let's recap what we covered in this article. We shared an approach on how to develop more meaningful insights around employee engagement data by creating that end to end linkage between people practices and KPIs. We explained how this approach will provide more valuable knowledge to shape your people practice investments. We covered the importance of establishing a regular cadence in collecting, reporting and sharing data insights to measure progress and uncover new needs. We presented a case for how this approach can change leader behavior around employee engagement. Finally, I wonder if anyone noticed the similarity to this approach and the customer centric model. We'll leave that discussion for a future article!

I want to hear from you

Like this article and wish to share some ideas or have a question please post in comments section or contact me at ian.menard@ipmhr.com

Do you think your organization may benefit from participating in a research study to understand how your current people practices are influencing employee engagement? Contact me to learn more about a research study.