

Executive Briefing: Talent Engagement: Moving from Employee Satisfaction to Commitment



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INTRODUCTION

Retention and engagement are two sides of the same coin, but just as retention confers a different focus than “turnover”, engagement differs from mere satisfaction. What are the differences between employee engagement surveys and satisfaction surveys? After a work group has been assessed for its levels of engagement, how can managers improve those levels of commitment? What creates and sustains an engaged workforce?

These questions do not have any easy answers. But there is no doubt that an engaged workforce is more likely to be a productive, committed and satisfied one. Indeed, the Gallup Organization estimates that there are 22 million actively disengaged employees in the US, costing the American economy up to \$350 billion per year in lost productivity, including absence, illness and other problems that result when workers are unhappy at work.¹ The Corporate Leadership Council, in a study of the engagement level of 50,000 employees around the world, has found that those employees who are most committed perform 20% better and are 87% less likely to leave the organization. (based on a new, more precise definition of employee engagement and its direct impact on both employee performance and retention).² Some of their other findings were:

1. WORKFORCE AMBIVALENCE

A majority of employees are neither highly committed nor uncommitted but more than 1 in 10 employees is disengaged

2. NO EASY LITMUS TESTS

There are no high-engagement or low-engagement groups. Instead, dramatic differences in companies suggest that engagement levels are determined more by company strategies and policies than any particular employee segment themselves, like gender, tenure or function.

3. RATIONAL VS. EMOTIONAL COMMITMENT

Emotional engagement is four times more valuable than rational engagement in employee effort. Employee retention however, depends on a balance between the two forms of engagement.

4. MANAGERS AS CONDUITS

Managers are the most important element as enablers of employee commitment to jobs, organizations and teams.

5. IMPORTANCE OF CONNECTION

Among the top 25 drivers that the study identified, the most important is the connection between the employee’s job and organizational strategy

6. FOUR CRITICAL POINTS OF LEVERAGE

Managing Business risks, key contributors, engagement barriers and culture are a sine qua non for creating and maintaining high employee engagement.

All the scary statistics and studies point to one fact: employee engagement is too crucial an issue to be sidelined. The core questions that HR managers and executives are wrestling with today are how do we keep employees engaged? How do we handle disengaged employees? How do we manage *actively* disengaged employees? What leadership actions should be taken to boost engagement?

We put the following questions to our panel of retention & engagement experts at HCI so that we may better understand the shifting dynamics of engagement across departments and organizations.

QUESTION 1

Is “engagement” a new idea? Does it differ from employee commitment or satisfaction? If so, how?

Engagement has been at the periphery of HR discussion for ages. But as organizations begin to grapple with new challenges and competition both on the business and HR fronts, it has taken center stage. A disengaged workforce is now seen as the root cause of underutilization and limited efficiency. This also has an impact on the economy as a whole and thus, the competitiveness of the country and its standard of living – the question is in these ways, core

¹ See Leadership Advantage’s “The Power of Employee Engagement” at <http://www.leadershipadvantage.com/employeeEngagement.shtml>

² See Corporate Leadership Council’s “Top Things You Must Know & Do” at <http://www.corporateleadershipcouncil.com>

not only to HR or leaders in organizations, but to the entire nation. For example, in the U.S., it is estimated that the economy runs at only about 30 percent efficiency due to lack of full employee engagement (Bates, 2004).

To a large extent, traditionally speaking, the issue of employee engagement has been tied to the question of employee commitment or satisfaction. After all, an engaged employee must be satisfied and therefore committed and vice versa. But experts are challenging this view with the argument that commitment and satisfaction need not be necessarily linked with engagement. Engagement denotes interest and can certainly imply satisfaction but it doesn't essentially relate to commitment or loyalty. For instance, in a survey of HR professionals and managerial executives undertaken by the Society for Human Resource Management, it was found that a majority of the respondents cited better compensation and benefits as a reason for changing their job, while approximately 35 percent of those surveyed said dissatisfaction with potential career development and the need for a new experience would motivate them to change course. In essence what these statistics suggest is that commitment may or may not be based on engagement, although disengagement does figure somewhere in the list of workers quitting their jobs.

Jay Jamrog, Executive Director of the Human Resource Institute, contends that today's employee loyalty may be driven more by the economy than anything else, and as the economic picture brightens, organizations can expect a spike in their turnover. Says Jamrog:

“The combination of rising job dissatisfaction, an improving economy, and demographic trends that predict labor shortages, as well as skill deficits and fewer knowledge workers, has all the elements for a perfect storm where retention and engagement issues will be in the eye. This storm could last for decades. Pay, benefits and other company programs can help attract talented employees, but alone will not work to retain and engage key talent.”³

³ See excerpts from Jay Jamrog's "Labor and Talent Shortage: The Perfect Storm" – a presentation made at a workshop on Talent Engagement: Retaining and Engaging Employees at http://www.hrps.org/c1_talent_030705_b.pdf

QUESTION 2

How is engagement measured? What are the differences between employee engagement surveys and satisfaction surveys?

There are many simple ways of knowing whether an organization's workforce is engaged or not. One of them is Turnover Metrics. The straightforward rule is when people aren't engaged or committed they tend to leave the organization. If retaining the right people is not a long-term HR business strategy, the consequences can be crippling. HR executives who have assessed the cost implications, impact on productivity and long-term business consequences of turnover, have put talent engagement at the top of their implementation list. To begin with, there are actual work performance items to be looked at. If you are in a business that is not performing well, the key metrics could involve different financial measures or customer service quality. There can be organizational surveys that are very specific in nature but what usually happens is organizations discount what frontline leaders know. Also, once the data is collated, the key challenge is to use it to design strategies that aid talent engagement and retention. But all the same, organizations in general are better at finding out when there are issues through organizational climate surveys or seeing people leave.

QUESTION 3

After a work group has been assessed for its levels of engagement, how can managers improve on commitment?

Derek Barton, Chief Talent Leader at the Center for Talent Retention is of the opinion that focusing on four key levers, namely the work itself, the work environment, the organization and the manager's action can go a long way in addressing commitment.

Beverly Kaye, Founder and CEO of Career Systems International, believes that the big drivers, coming No.1 and No.2 in terms of stay factor and major influencers of people staying engaged, are careers and development. “As a specific beneficiary of career development initiatives launched by organizations, an employee starts to believe that with the help of growth-based learning, her career is going somewhere,” says Kaye. Organizations can also catalyze their managers to support the growth and development of others at the workplace. This could mean enriching the current job, mentoring, connecting with others, having a variety of goals and opportunities and providing possibilities of re-recruitment.

It is not sufficient to state that any kind of engagement will endow employees with the motivations or inspiration for them to galvanize their performance. Barton feels it is important to know from employees what is most critical to engage them to perform their best. They can engage or disengage *and* stay. So the decision/choice they make regarding how long they are going to stay with the organization is different from the decision or choice about the levels at which they are ready to engage and perform. The data on specific levels at which employees feel engaged will be different than data on what is causing them to stay. Barton also reckons that managers can aid commitment efforts. “You can isolate a number of manager actions,” he says, “since managers make all the difference.” A survey of managers working with Fortune 500 companies, revealed the following:

1. When asked whether their organization holds them accountable for engaging and retaining employees, 86% of managers across organizations said no and only 14% said yes.
2. To the question whether they spend enough energy and time retaining talent, 79% said no.

Despite the fact that pressures from the employment market and from tough organizational changes are sweeping through organizations, the question of engaging and retaining talent to perform their best has not become uppermost; only a few organizations are making the effort to charge managers with the task and put in place solutions that impact engagement.

Clem Cheng, Human Resources Leader at Cigna Corporation, cites his company’s practice of tying a portion of the manager’s performance rating and a portion of their variable compensation to their people managing success. This accountability boosts manager and subordinate morale. He also relates that when top leaders support these actions and spend their time on key areas like attracting, developing, engaging and retaining talent, it sends a big signal, loud enough to be noticed across the length and breadth of the corporation.

Cheng believes that the first step toward employee engagement should be to define what organizations want their leaders to do. Barton also supports the idea around clarity of purpose. There are two main issues linked to accountability, according to Barton. These are:

1. Clear performance expectations. I know what clear talent goals I must achieve and I know what I must do to achieve them.
2. Real consequences. I know what happens or what does not happen when I achieve or fail to achieve the desired talent results.

When this process is put in place in an organization, the first question to ask is: What do we want people to do and achieve on the talent side of the business? Once that is done the next step is to identify talent accountability levers. Barton states that there are ten different things in an organization that can ramp up talent accountability. Of course, leaders have to set the standards, role model it and achieve credibility in order to create compliance.

QUESTION 4

What creates and sustains an engaged workforce?

There are several things that can sustain and engage the workforce. Some of these are:

- Leadership. It is primarily responsible for defining mission, vision and purpose for people.
- Passion
- Stay interviews, mentoring, accountability, variety of opportunities, work modeling, job modeling and project engagement

But are these sufficient in maintaining and running a sustainable model that will benefit corporations in the long haul? It was earlier standard practice to ramp up compensation benefits or payroll models to keep the workforce engaged. This proved unsustainable and ineffective in the long run. Using creative compensation and benefits hasn't seen great success either, for example, many dotcom companies gave stock options, creative benefits and retention bonuses to their employees to boost engagement. Most found the positive effects to be alarmingly fleeting.

Kaye considers the manager role as a key sustainability factor. Though, she adds that the secret weapon in the talent war could be the individual. "We have to teach the employee (talent) how to ask for what they want," she says, "how to figure out what is causing them to be disengaged, how to work with peers or their own managers to change their own circumstances instead of waiting and whining for someone else to fix it for them."

A culture that stresses the fact that 'you are in charge of your own career' is difficult to drop into an organization. So employees need to be taught to work on their engagement themselves. Kaye's chief concern is that demographically, it looks as if organizations are going to lose the most number of people around middle management. So the span of control for a middle manager is only going to increase and the middle manager will have to nurture numerous direct recruits. This calls for a strategy whereby all talent is taught how to take care of themselves. So in a sense the workforce itself creates a state of engagement.

Barton agrees with the idea and adds, "we have got to equip individual employees to take action, to increase their personal engagement and so organizations should have

targeted solutions they can implement based on what is most critical to them."

CONCLUSION

In conclusion it needs to be stressed that engagement is a key factor affecting employee satisfaction, commitment and loyalty. It is ultimately a major contributor to workforce productivity and efficiency at the organizational and national levels. While there are several ways of keeping individuals engaged within the organization, some are clearly outdated and others are losing their sheen. The best strategy combines engagement initiatives with retention efforts. As a result, organizations have to constantly play a balancing game involving measures directed at improving employee satisfaction, commitment and engagement and a whole range of actions targeted at employee retention. But the right impetus comes from leadership that believes in keeping its workforce engaged, a mindset in other words, driven mainly by immediate managers who find ways to engage the workforce by working with them directly, one to one. As Cheng affirms, "The key aspect is getting the right people on the bus, which means that the right leaders plus the right managers employing the right people can produce a super-engaged workforce."

ABOUT THE PANEL PARTICIPANTS

The guest moderator for this open session was Allan Schweyer.

DERRICK BARTON

CENTER FOR TALENT RETENTION

Derrick is cofounder and Chief Talent Leader with the Center for Talent Retention, an organization dedicated to helping companies engage, develop and retain their talent to drive better business results. As the leading expert on "taking action" to increase employee engagement and reduce turnover, CTR hands-on tools and talent solutions have impacted human capital results in some of the best organizations and Fortune 500 companies such as Dell, CIGNA, Medtronic, NASA, and Saint Luke's Episcopal Health System.

SCOTT CAWOOD

REVLON

Scott is the Vice President for Global Talent Management at Revlon, a pioneering leader in the cosmetics and skin care Industry. In his role at Revlon, Scott's responsibility is to help create and sustain an employee experience that matches Revlon's unforgettable products. Scott is also the founder of ModernThink, an objective research and practice firm dedicated to building great organizations where people want to work. Formally Scott was a principle for the organization responsible for selecting the "100 Best Companies to Work for in America" which appears annually in Fortune magazine. Prior, Scott served as a Human Resources executive at W. L. Gore & Associates, Inc., one of only five companies to have made the "100 Best Companies" list every year since its inception. Scott's previous organizational development experience includes an extensive focus on building strategies for organizational alignment and accelerated business development. Scott holds a Ph.D. in business administration and served on the faculty for the MBA program at Drexel University. Scott works with companies across all industries to align their human capital with the business and build great organizations where people want to work.

CLEM CHENG

CIGNA CORPORATION

Clem is an HR leader focused on strategic HR consultation and talent management for CIGNA's Financial organization. Prior to his current role, Clem headed up Staffing and

Retention at CIGNA with a team that hired over 6,000 people per year. His responsibilities included workforce retention, employee engagement and HR measurement initiatives. Clem's HR career has focused on helping businesses perform at high levels by linking human capital opportunities with business needs. Clem has also held various operations management positions during his career. He graduated with a B.S. from the College of William & Mary and also holds an M.B.A. from the University of Delaware.

ROW HENSON

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Row Henson has been involved in Human Resources and Human Resource Management Systems for the past 30 years. For 8 years she held the role of Vice President of HRMS global product strategy at PeopleSoft where she was involved in setting the direction for their flagship Human Resources product line.

BEVERLY KAYE

CAREER SYSTEMS INTERNATIONAL

Beverly Kaye is the founder and CEO of Career Systems International and one of the nation's leading authorities on career issues in the workplace. Her ground breaking career development, talent retention and mentoring programs have been implemented by her training and consulting team at leading corporations. Before earning a doctorate at UCLA, Dr. Kaye did graduate work in organization development at MIT Sloan School of Management, and earned her Masters Degree from George Washington University. Her book, Love 'Em or Lose 'Em: Getting Good People to Stay, has sold over 300,000 copies, is printed in 17 languages and has reached Wall Street Journal and Amazon best seller status. Her new book, Love It, Don't Leave It: 26 Ways to Get What You Want at Work is designed to put job satisfaction in the hands of the employee. In the early '80's, Dr. Kaye first published her now

classic book, *Up is NOT the Only Way*, which foresaw the effects of leaner and flatter organizations on individual careers. During the last two decades, she has worked with a host of organizations to establish career development systems and coaching interventions. At the same time, she has been a strong proponent of the need for employees to manage their own careers.

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TOM NORFLEET
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Tom is the Director of HR for Moen Incorporated. Throughout his career, Tom's focus has been on system improvement processes in making organizations, teams, and individuals successful as well as organizational change initiatives. Tom has a Master's in Human Resource Development as well as professional certifications from SHRM and ISPI.

ABOUT THE AUTHOR

ALLAN SCHWEYER
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Allan has been involved in HR technologies since 1994 when he pioneered e-recruitment solutions for Human Resources Development Canada. From 1995 to 1999, Allan directed the award-winning National Graduate

Register, Campus WorkLink and SkillNet.ca programs with Industry Canada, which introduced the concepts of applicant tracking and advanced screening to job boards and "career networks" to job seekers. In 1999, Allan co-founded the Online Recruiters' Association of Canada. In 2000 and 2001, he worked with Reed Business Information in Boston to build information portals for technical professionals while attending graduate school at Harvard University. Allan is the Executive Director of the Human Capital Institute (HCI).

Directly prior to joining HCI Allan was a senior researcher, analyst and consultant with HR.com and the editor of the HR.com staffing vertical. Allan's first book, "Talent Management Systems" was published by John Wiley & Sons in February 2004.

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