



ENGAGE  
FOR  
SUCCESS



# THE EVIDENCE

## Case Study Heroes and Engagement Data Daemons

The evidence for better organisation performance and  
workforce wellbeing through employee engagement initiatives

*April 2016*

Cathy Brown, Engage for Success  
Author: James Court-Smith  
Editor: Helen Caton-Hughes

**CASE STUDY HEROES AND ENGAGEMENT DATA DAEMONS:**

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Author: *James Court-Smith*

Edited By: *Helen Caton-Hughes*

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# INTRODUCTION

There is a level of capability and potential in every human being at work. Put in one situation the individual offers a small percentage of that capability and potential. Put in a better situation they offer significantly more. Potential willingly offered benefits peoples' own well-being and benefits the organisation in achieving its objectives. To quote Greig Aitken, Group Head of People, Strategy and Insight at RBS<sup>1</sup>.

*“We’ve seen clear evidence that higher Engagement coupled with effective leadership and line management builds stronger teams and productivity reliably.”*

This paper builds on the 2012 ‘NAILING THE EVIDENCE’ report published by Engage For Success & Bath University. That paper highlighted the case for Employee Engagement as a driver of organisational performance and wellbeing for the UK Workforce. In the three years since, organisations from across the public, private and third sectors have generated further case studies.

Academic research has also progressed, though it is still a nascent field, with most studies focused on core concepts and theory. It has yet to incorporate practice. As Bailey et al<sup>2</sup> conclude in their comprehensive review:

*“The topic of employee engagement continues to show significant promise as an area for research and practice. There is much scope for further research that seeks to develop and extend current conceptualizations and theorizations of engagement through investigations that take greater account of the organizational and political contexts within which engagement is enacted and experienced.”*

Two things have not changed; the state of Engagement in the UK remains low, with only around a third of workers being highly engaged, and productivity continues to lag nearly 20% behind that of other G7 countries.

In Part One, we present 11 new case studies, submitted in 2015, from a variety of organisations. We offer commentary on the evidence base, advice on how to approach the topic and practical considerations for organisations in approaching engagement. These are the heroes of this report because they have identified a correlation between higher levels of employee engagement and better organisational outcomes.

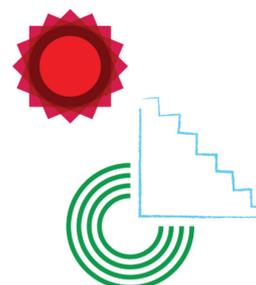
We have applied a rigorous standard of statistical proof before deciding which case studies to include, based on the guidance of the Engage for Success Data Daemons, introduced in Part Two.

Our thanks go to Marks & Spencer for sponsoring this work and we also sincerely thank our case study contributors for putting themselves under scrutiny in this process.

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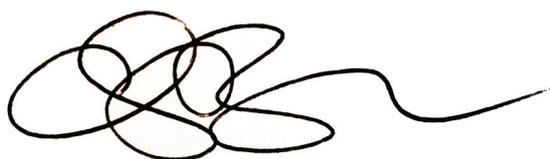
<sup>1</sup> Greig Source

<sup>2</sup> Bailey et al source



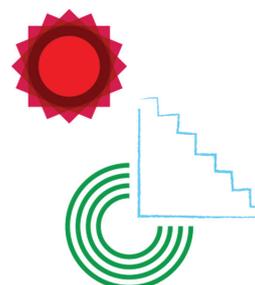
## INTRODUCTION CONTINUED

The evidence collated in this report further strengthens the case for a focus on Engagement as an input to increasing productivity and prosperity for the UK and its people. Going forward Engage for Success will continue to add to the evidence series, continuing its focus by Sector and by Performance Metric.



CATHY BROWN

*Exec Director, Engage for Success*



## A MESSAGE FROM OUR SPONSOR: M&S



When Simon Marks founded M&S over 130 years ago, he based his people policies on the fundamental belief that a happier workforce is a more productive workforce. M&S continues to carry this belief today, with employee engagement being one of the main business priorities.

M&S started measuring employee engagement levels in 2000 and we are proud of our consistently high results. Our people have a great pride and passion in the M&S brand and the products we sell.

In an increasingly complex and challenging external environment, and with a growing diverse global workforce, we are determined not to become complacent. It is recognised at board level that a highly engaged workforce is paramount.

In 2010 we established our Employee Engagement Centre of Expertise in the HR Group and became involved with Engage for Success, whose work has informed our engagement strategy.

### EMPLOYEE ENGAGEMENT TODAY

We continue to develop our approach to employee engagement. Our strategy reinforces engagement in all aspects of the employee life cycle and forward business planning. It focuses on embedding engagement into the company's daily practices in order to ensure engagement is a lived experience for employees, rather than just an area of focus at the time of the engagement survey.

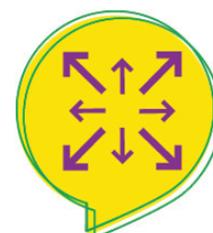
- We have targeted engagement initiatives that will inspire our people with a particular focus on our Line Managers.
- In 2014 we held engagement events for our 3500 Section Managers, our front line managers who line manage 92% of the retail population, our customer assistants.

The aim of the events was to create a networked community of Section Managers inspired to lead their teams in the best way, driving an improved customer experience and business performance.

After introducing new values across the organisation, our focus has been on Head Office Line Managers. To help line managers understand the important role they play in driving high performance through our people we held one day inspirational engagement events.

We have modernised our communications to our people. Context is really important and we launched a new online hub for all business news and information, people systems, and personal development.

We work hard at listening to our people too, and make sure they have an opportunity to have their say. Working with our Business Involvement Group (BIG), M&S informs, involves and consults with employees on the matters that affect them. Colleagues can voice opinions and ideas, get answers and have their views represented. Everyone can positively influence the business we work in.



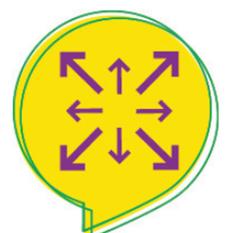
M&S completes an annual employee engagement survey — Your Say — and conducts pulse surveys throughout the year to keep a regular temperature check on engagement levels. We analyse the link between engagement levels and organisational performance to understand the impact of having a highly engaged workforce.

Demonstrating these links creates powerful messages and really helps to build the story about the importance of engagement for the business. You can read more about our 2015 findings in the Case Studies, below.

We hope that, by sharing our experience, other organisations will feel confident to integrate engagement at the heart of your business.

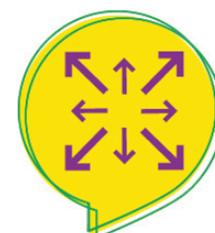
**SARAH FINDLATER**

*Head of Organisational Development*

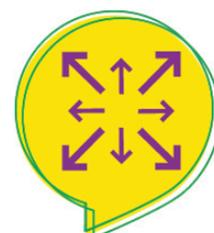


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# PART ONE: THE EVIDENCE

## EXECUTIVE SUMMARY

In this second update on the evidence for better Engagement in the workplace, our Heroes, the Case Studies, highlight:

- Links between Engagement and Productivity measures
- Links between Engagement and Customers
- Links between Engagement and People measures

The Case Studies come from a range of sectors including leisure, hospitality, retail, wholesale and logistics, financial and professional services, and the learning points are applicable beyond organisation size and sector.

The issues relating to gathering evidence and presenting a business case for Engagement are developed in Part Two of this paper, by the Engage for Success Data Daemons, the members of our Evidence Papers Steering Panel. Our aim is to enable readers to approach engagement within their organisations with:

- The knowledge that the evidence clearly indicates engagement has a positive impact on business outcomes;
- Clear & robust examples of organisations succeeding in creating improvements through engagement initiatives
- The confidence to take action and the starting points from which to do so.

## Why Engage for Success doesn't define 'Engagement'

As a movement EFS has deliberately chosen not to champion any definition of Engagement. This reflects our view that Engagement is an umbrella term. Similarities in practice far outweigh the apparent differences between models or definitions.

The case studies for this paper (and the original 2012 Evidence report), show strong evidence of links to performance from many different Engagement models (consultancy, academic, and survey supplier models, for example).

However, the choice of model is relevant, as there are clearly substantive differences in approach. We recommend that organisations carefully consider which will best suit their context and culture.

And yet there is more to consider than the definition of Engagement alone. There are at least four further key considerations:

- Select an approach with the right positioning
- Align to values and culture
- Integrate with systems and processes
- Implement downstream activities and interventions.



## Statistical Correlations

In order for statistical correlations to be established, a minimum number of sites and data points are required.

- This makes it difficult to establish, at a statistical level, the role of engagement in the SME sector or in organisations with a limited number of manufacturing sites, for example.
- New businesses, (either as a new venture from an existing business or as a start-up new business) are likely to achieve much greater success when their employees are highly engaged, but the counterfactuals do not, and are never likely, to exist.

That in no way diminishes the importance of employee engagement initiatives to the success of these organisations.

## Organisational Practice and Academic Study

Practitioners have increasingly concluded that Engagement is an extremely important determinant of their success. This is why culture and employee engagement are rated by organisations including the CBI and Deloitte to be the top challenges in the people space and amongst the top challenges for the whole organisation.

Academic research has also progressed, though it is still a nascent field with most studies focused on core concepts and theory, and yet to incorporate practice.

As Bailey et al<sup>3</sup> conclude in their comprehensive review of the field

*“The topic of employee engagement continues to show significant promise as an area for research and practice. There is much scope for further research that seeks to develop and extend current conceptualizations and theorizations of engagement through investigations that take greater account of the organizational and political contexts within which engagement is enacted and experienced”<sup>4</sup>*

Engage for Success would like to see more cross organisational studies and exploration of using Engagement within organisations to validate and refine other people initiatives.

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<sup>3</sup> Bailey et al Op.Cit.

<sup>4</sup> Bailey, C., Madden, A., Alfes, K. and Fletcher, L. (2015 – in press) ‘What is Engagement and does it Matter? A Narrative Evidence Synthesis and Research Agenda’. *International Journal of Management Reviews*.



## Engagement Surveys and Programmes

Getting going, making progress and, ultimately, sustaining improvements in Engagement should be the focus of Engagement Programmes. Two key lessons learned from the Case Studies, in this report, are that these organisations:

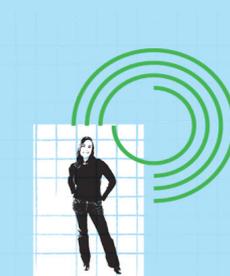
1. Used their engagement survey as a prompt to promote discussion throughout the organisation about what is creating, and what is getting in the way of, higher levels of employee engagement.
2. Followed through to make the required changes actually happen.

## Building the Business Case for Engagement

There are two levels of business case that can be valuable. We call these the *Light* and *Full-Fat* versions. There's also a 'semi-skimmed' version that appears, at a superficial level, to offer analysis, but achieves no more than the light version.

The *Full-Fat* version of the business case is more involved and requires specialised skills. The key difference is that *it does seek to 'prove' the business case*, using internal data.

To develop a correlation analysis for your organisation's business case, see the in-depth exploration in Part Two of this paper by the Engage for Success 'Data Daemons'



# PART ONE: THE HEROES

## FEATURED CASE STUDIES

In this report we showcase new, robust, case studies which add to the evidence base for Engagement being linked to Performance in organisations. The wide range of sources for this high quality evidence suggests wide applicability. They come from public and private organisations, across sectors. They focus on metrics related to Productivity, Customer Impact, and Wellbeing.

The case studies are grouped here according to the type of performance metric to which Engagement was linked. Several include links to two or more metrics. They are repeated in this table under each relevant section.

PERFORMANCE METRIC			
SECTOR	PRODUCTIVITY	CUSTOMER	PEOPLE
Education			University Staff
Hospitality	Mitchells & Butlers	Mitchells & Butlers	Mitchells & Butlers
Financial Services	RBS	RBS	RBS
Leisure	Cineworld	Cineworld	Cineworld
Retail	Coop M&S Maplin Anonymous Retailer	Coop M&S Save Mart Anonymous Retailer	Coop M&S
Service	Serco		Serco
Wholesale	Two anonymised wholesale & logistics		

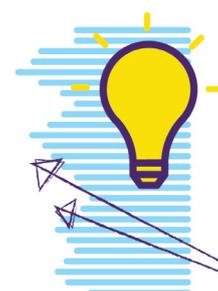
In the view of the Engage for Success movement, these case studies show clear evidence for the links between engagement and three key performance metrics: Productivity Metrics, Customer Metrics and People Metrics.

## Our standards for evidence

Engage for Success showcases robust and reliable evidence, comfortably exceeding the standard expected of a commercial business case. The standards applied are clear and concrete, and achieved by the featured case studies.

Each Case Study has been peer-reviewed by the Engage for Success Evidence Paper Steering Panel, and in this report, we set out their Guidance and Observations for these and future Case Studies in Part Two, below.

We require much more detail in submissions than we're able to include in this report, for readability considerations, as well as to protect commercially sensitive information.



## Our case studies feature:

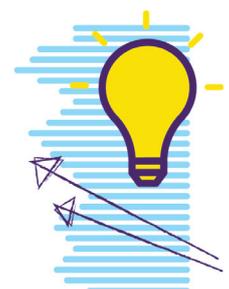
- A consistent metric – Employee Engagement is clearly defined within each study. (It may differ across studies)
- Two or more Engagement measures (rather than a single point in time)
- Statistical significance is confirmed: hundreds or thousands of cases are included
- Different operating models are taken into account. These are either controlled for statistically, or treated separately in analyses. For example, different store formats/sizes.
- Local context is taken into account. For example, use of performance vs target, and vs previous period.
- A clear approach is taken to excluding outliers by filtering the data. Which is checked for objectivity. For example, to ensure a focus on units which have been continuously operating under Business As Usual; addressing mid-year openings, refurbishments.

## List of Case Studies

Each case study is presented in the company's own way. To offer consistency, we have added a commentary: showing the organisation's sector and the Engagement links to Performance Metric(s). In some cases, we summarise the analysis undertaken and highlight the key figures. In others the Case Study material provides sufficient detail.

For reasons of commercial confidentiality some Case Studies are anonymous and not all detail is publicly available. The Case Studies are presented in alphabetical order:

- 1 Cineworld
- 2 The Co-operative
- 3 Maplin
- 4 Marks & Spencer
- 5 Mitchells & Butlers
- 6 RBS
- 7 Retail Client (Anonymous)
- 8 Save Mart
- 9 Serco
- 10 University staff
- 11 Wholesale & Logistics Client (Anonymous)





## Engage for Success Comments

A full 'Employee – Customer – Profit' Chain Model

Sector: Leisure

Performance Metrics:

- Productivity
- Customer
- People

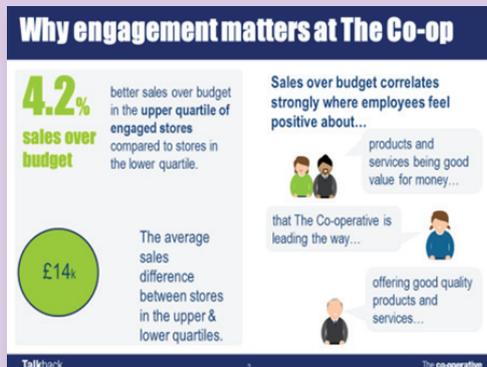
Founded in 1995 and now one of the leading cinema groups in Europe, Cineworld Cinemas operates over 89 multiplexes across UK and Picturehouse specializes in city centre cinemas.

Cineworld have established links between Engagement of staff in cinemas and the customer experience (measured via customer surveys).

- They established that 9% of variations in the customer experience could be linked to Engagement,
- The Top Third of cinemas, by Engagement, registered +8% higher scores for "Friendly & Helpful staff".
- Links to Sales of Food and Beverages, and to staff retention, are also established.



# THE COOPERATIVE GROUP



## ENGAGE FOR SUCCESS COMMENTS

*Engagement at The Co-op has a positive impact on customers and colleagues*

Sector: Retail

Performance Metrics:

- Productivity
- Customer
- People

The Co-operative Group is one of the world’s largest consumer co-operatives, owned by more than eight million members. It is the UK’s fifth biggest food retailer operating across the country with almost 2,800 local, convenience and medium-sized stores.

The Co-operative found a positive relationship between Engagement and the customer experience, as well as between Engagement and lower short-term sickness absence.

- Their top quartile stores (by engagement) outperform the bottom quartile by an average of +0.2% overall customer satisfaction, and +0.3% on ratings of “friendly & helpful service”.
- These differences are statistically significant. Links to lower Sickness Absence, and to higher Sales are also identified.
- Their top quartile stores by Engagement outperformed the bottom quartile by an average of -0.2% Short-Term Sickness

Sales differences between stores in the upper and lower engagement quartiles are £14,000 more, or 4.2% better



# MAPLIN



Maplin is the UK's leading consumer electronics retailer. It operates 218 stores and employs 2,600 people. Its strategy has two key elements: to provide its customers with an unrivalled product range and the most informed advice on the high street. Performance against strategy is measured through a number of KPIs including sales against budget and sales growth.

Maplin recognises that engagement underpins both these indicators and for the last three years it has conducted two Company-wide engagement surveys each year with the following objectives:

- To provide an up-to-date measure of engagement;
- To identify the issues which drive engagement;
- To measure how engagement correlates with a range of operating KPIs.

To achieve the first two objectives an engagement score is calculated for each of the 218 stores and a multivariate analysis is carried out to identify the key drivers of engagement. To achieve the third objective another multivariate analysis is carried out across all the stores to identify correlations between engagement and the operating KPIs. To ensure that the analysis is as reliable as possible the store data is filtered to remove any outliers such as new openings and refurbishments that might distort the picture. As a result of that filtering the analysis includes around 87% of Maplin's stores, and covers 89% of sales over the three year period.

The analysis following the last survey in February 2015 showed that the stores which managed engagement better outperformed those which managed engagement less well, in terms of both sales against budget and sales growth. The better half of stores (by how well engagement was managed) outperformed their Sales Budget by around £584,000 more than the worse half. The better half also grew Year-On-Year Sales by around £1,000,000 more than the worse half.

These analyses provide Maplin with an ongoing measure of engagement, and an understanding of the levers to pull to both raise engagement and improve business performance.

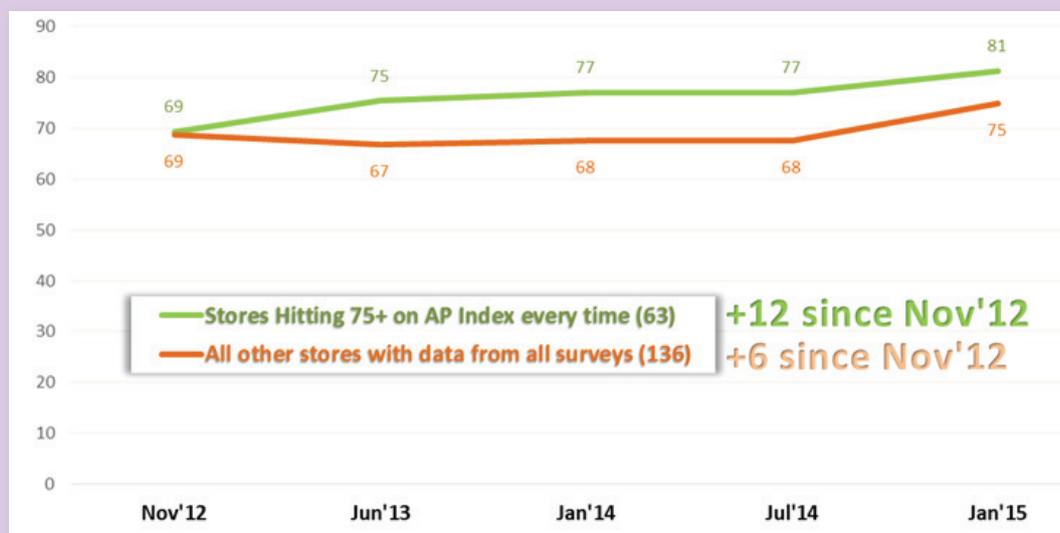
Since 2012 Maplin has had a well-established team-level action programme to ensure that its engagement drivers are acted upon, and three questions in the surveys enable it to monitor the level of staff involvement:

- My line manager discussed the results of the last survey with the team
- My line manager involved the team in developing action plans
- I feel that the actions we have taken will benefit the team.



Based on the aggregate score for these questions Maplin is able to calculate an Action Plan Index (see below). This shows that the stores that achieved an AP Index score of 75 or more in every survey since 2012 increased their overall engagement score by 12 points - twice the gain seen across the remaining stores.

Maplin’s sales growth is currently at its strongest since 2008, market research shows a customer service index score of 92%, and an industry leading Net Promoter score of 72%. Clearly this success is down to a number of factors, including product range and customer service, but it is equally clear that its commitment to staff engagement is also a vitally important factor.



## ENGAGE FOR SUCCESS COMMENTS

*Systematic Methodology Demonstrates Reliable Engagement Evidence*

Sector: Retail

Performance Metric: Productivity



# MARKS & SPENCER (M&S)

Marks & Spencer is a global, multi-channel retailer of mainly own brand high-quality, great value food, clothing and home products. There are over 1,300 M&S stores worldwide including over 800 stores across the UK and the Company employs 83,000 people.

M&S completes an annual employee engagement survey - Your Say, and conducts pulse surveys throughout the year to keep a regular temperature check on engagement levels.

The survey aims to capture employee views on the Company, their Job and their Manager. Each business area/ store receives three scores following the survey: an engagement score, a positivity score and a manager score.

M&S analyse the link between engagement levels and organisational performance to understand the impact of having a highly engaged workforce.

The 2015 results identified a strong correlation between employee engagement and customer satisfaction, as well as employee absence:

- Stores in the top quartile of engagement scores are more than twice as likely to achieve the highest Service Score rating compared to stores in the bottom quartile.
- 43% of stores in the top quartile of engagement scores achieved the top rating of exceed compared to only 19% of stores in the bottom quartile
- Absence levels of stores in the top quartile of engagement scores were 25% lower than those in the bottom quartile

## Managers impact on employee engagement levels

- Developing engaging Line Managers and giving them the support and tools is a focus for the organisation.
- A section of the Your Say survey captures an employee's views of their Manager.
- To help Line Managers understand the impact they have on their team and grow line manager capability, each store and business area receives a Manager score
- Line Managers with five or more direct line reports receive a Managers Personal Report.
- To drive Line Manager ownership and to reinforce the importance the manager plays in the engagement of their team, the Retail People performance measure is the Manager Score from the Your Say survey.
- In the 2015 results analysis the Engagement levels of stores in the top quartile of Manager scores were 11% higher than those in the bottom quartile.

## ENGAGE FOR SUCCESS COMMENTS

*Successful Stores linked to more Engaging Managers*

**Sector:** Retail

**Performance Metrics:** Productivity, Customer and People.



# MITCHELLS AND BUTLERS (M&B)

M&B is the largest operator of managed restaurants (including pubs and bars) in the UK. It currently has 1,775 restaurants which trade under thirteen well-known brands and formats, and employs 43,000 people. On average they turnover two billion a year.

M&B operates in a challenging and competitive market. Its aim is to delight its guests through every one of the 135 million meals and 435 million drinks it serves each year. Progress against strategy is measured through a number of performance indicators. These include two non-financial KPIs that are reviewed at every Executive Committee meeting: the extent to which guests would recommend M&B's restaurants to their friends and family, and its ability to retain its employees.

M&B recognises that engagement underpins both these indicators and it is, therefore, monitored every year through a Company-wide engagement survey which has three key objectives:

- To provide an objective up-to-date measure of engagement
- To identify the issues which drive engagement
- To measure how engagement correlates with guest satisfaction, retention and other KPIs.

To achieve the first two objectives an engagement score is calculated for each of the 1,775 business units and a multivariate regression analysis is carried out to identify the key drivers of engagement. To achieve the third goal a bi-variate analysis is carried out across all 1,775 restaurants to identify correlations between engagement and a range of operating KPIs including guest satisfaction and retention.

The analysis shows that for every unit increase in the engagement score, guest satisfaction goes up by 0.18 points and the retention of business unit managers by 0.15 points. On top of that sales against the previous year goes up by 0.19 points. These analyses provide M&B with an objective measure of engagement, and an understanding of the levers to pull to both raise engagement and improve business performance.

M&B also has a well-established post-survey action programme to ensure that these insights are acted upon. Over the 12 months following each survey every restaurant is asked to design and implement action plans which focus on the drivers of engagement. Between the 2013 and 2014 surveys 1,270 plans focusing on 27 issues were submitted. Those issues achieved an average increase of 4.1 mean score points, while issues that were not acted upon fell back by 0.6 points on average – a net difference of nearly 5 points.

The action programme contributed to an overall increase in guest satisfaction of four points to 63% while staff turnover as a whole is now running at an all-time low of 78% (in a sector characterised by very high staff turnover).

## ENGAGE FOR SUCCESS COMMENTS

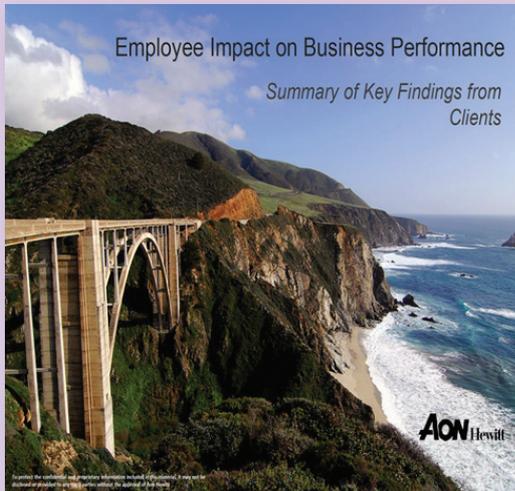
Sector: Hospitality

Performance Metrics:

- Productivity
- Customer
- People



# RETAILER (ANONYMOUS)



**Engagement Increases lead to Store Sales Growth**

- A retail client of ours was curious as to what an increase in engagement would be "worth" to them, in a financial sense.
- We examined their employee, customer, and financial results over multiple years, linking store engagement in one year to store sales growth in the following year.
- This client's employee responses suggest that a **5% increase in engagement** in one year led to a **0.4% increase in customer satisfaction the next year**, which corresponded with an increase in store sales—controlling for other variables such as store concept, region, and average tenure—of **over \$15,000 per store**.

Engagement 2011	Customer Satisfaction Index 2012	Sales Growth 2011-2012
+5%	+0.4%	Avg. Increase of \$15,000

## ENGAGE FOR SUCCESS COMMENTS

Sector: Retail

Performance Metrics: Productivity and Customer

Employee Impact on Business Performance:

- A retail client wanted to discover what Engagement was financially worth to them.
- Over a thousand stores were included in a complex model which controlled for three separate factors, related to operating models and past performance. Employee, Customer and Financial results, from multiple years, were examined. Store Engagement in one year was linked to sales growth in the following year.
- Employee responses indicate a 5% increase in Engagement in one year was linked to a 0.4% increase in customer satisfaction the next year. This corresponded to an increase in store sales of over \$15,000 per store.



# ROYAL BANK OF SCOTLAND (RBS)



“I feel valued” is the Key Driver of Engagement at RBS.

“Our leaders know the part they have to play in building high performing teams” says Greig Aitken, Group Head of People, Strategy and Insight at RBS. Latest study of 370 business units showed the difference Employee Engagement can make to business performance, customer service and employee wellbeing.



## ENGAGE FOR SUCCESS COMMENTS

“I feel valued” is the Key Driver of Engagement at RBS

Sector: Financial Services

Performance Metrics: Productivity, Customer, People

The RBS Group is a large international banking and financial services company, with over 30 million customers in the United Kingdom, Europe, the Middle East, the Americas and Asia and over 100,000 employees.

RBS has been tracking the effectiveness of Employee Engagement across the bank’s people consistently over the last 13 years. They have clear evidence that higher Engagement coupled with effective leadership and line management builds stronger teams and productivity reliably.

One of the Key Drivers of Engagement for the Group is the extent to which people feel valued. Providing deep insight on employee engagement and its impact on business performance and service levels enabled its leadership teams to make more informed people decisions. Leaders and Managers know the part they can play in building high performing teams.

The latest study of 370 business units showed the difference Employee Engagement can make to business performance, customer service and employee wellbeing. Engagement links to 4 KPIs were reconfirmed.

The Top 10% of business units compared to the bottom 10% by Engagement delivered:

- Twice the business performance
- Incurred half the Voluntary Turnover
- Customer Service scores were 5% higher
- Absence rates were 2% lower.



# SAVE MART



**SAVE MART SUPERMARKETS**

## Save Mart Builds Stronger Customer Relationships With Achievers

**Business Challenge**

Save Mart Supermarkets is a regional grocery retailer serving Northern California and Nevada. Since opening its first store in 1952, the supermarket has expanded to 221 grocery locations and additional distribution and warehouse centers, employing more than 16,500 people. Save Mart's enduring business philosophy is rooted in innovation and superior customer service. Over the past few years, Save Mart has extended its innovative approach and focus internally to its employees and to delivering superior customer experiences through employee engagement and recognition.

**Achievers Insight**

According to Accenture, 51% of U.S. consumers switched companies they do business with in 2013. Of those consumers who switched, 81% said the company could have done something other than drop prices to keep them—underscoring the necessity for brands to create exceptional customer experiences.<sup>1</sup>

Those experiences, and subsequently customer satisfaction, are directly driven by employee engagement, fueled by recognition. Companies with highly engaged employees boast twice the customer loyalty than companies with average employee engagement scores,<sup>2</sup> and significantly higher Net Promoter Scores (37% for high-engagement versus 10% for average).<sup>3</sup>

Save Mart is committed to creating an unparalleled experience in its stores—a goal that, for Save Mart, began with employee success.

**112%**  
increase in customer satisfaction growth across all stores

**Achievers** | United States, Canada, United Kingdom  
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*BB*

Achievers allows all of our employees to align with our vision and our mission.

- Steve Junqueiro, President & COO



## ENGAGE FOR SUCCESS COMMENTS

*Better Engagement Boosts Customer Satisfaction*

Sector: Retail (USA)

Performance Metrics: Customer

Save Mart is a regional US grocery retailer serving Northern California and Nevada, with 221 stores, plus warehouse and distribution centres, with over 16,500 people. Save Mart aims to build ever-stronger customer relationships and to achieve this it has focused internal development on Employee Engagement and Recognition.

The challenge was to improve customer loyalty and their research showed that companies with higher Engagement boast twice the customer loyalty than companies with average engagement scores.

Save Mart established links with customer satisfaction (measured via Mystery Shop) in an unusual study which used a control group of stores over many months.

A key focus of their Engagement approach was on Employee Voice, working with a technology partner to boost social recognition, whilst aligning it with strategy.

They were able to more than double the proportion of stores hitting the target 90% customer satisfaction score (whilst control group stores registered no change). And they achieved a 112% increase in customer satisfaction growth across all stores.



## ENGAGE FOR SUCCESS COMMENTS

*Higher Engagement delivers In-year Contract Improvements*

**Sector:** Service

**Performance Metrics:** Performance, People

Serco has established links to productivity via a study focused on overall Contract performance. They established both concurrent and longitudinal links from a study of 75 Contracts over a three year period.

This Engagement trend also links to financial performance where income performance is best where Engagement is best managed

Engagement is both linked to performance in the same year, and how well Engagement had been managed linked to overall Contract performance over the two subsequent financial years.

The best half of Contracts, by Engagement performance over 3 years, significantly outperformed the bottom half (quantified to several million vs Budgets).

Links to staff wellbeing via lower Staff Turnover, Sickness Absence and Lost Time Incidents were also established.

- Where staff were more engaged Staff Turnover was 20% lower (47 contracts).
- Those contracts with higher engagement had 30% lower sickness absence (72 contracts).
- Those with lower engagement suffered significantly more Lost Time Incidents (LTIs – 45 contracts) and improvements in engagement linked to lower rates of LTIs.
- Links to Contract Revenue vs Budget were also established.





**ENGAGE  
FOR  
SUCCESS**

# UNIVERSITY SECTOR

## Understanding the impact of engagement in the University sector.

Research shows that higher levels of employee engagement of University staff equals higher levels of student satisfaction.

The changes in the funding in the university sector have put increasing pressure on delivering an excellent student experience. Having good results in the National Students Survey (NSS) is more important than ever as students are increasingly looking at potential places to study with the eyes of a savvy consumer armed with evidence about whether they will get the best return on their fees.

So what makes a difference to the student experience? We know that the facilities, the environment and the courses are key factors in students' choices and their experiences, but what about the staff? What about the highly skilled people who are marking their essays and delivering the lectures? They are the fundamental heart of what a University is and its reasons for being. It stands to reason that how they are supported and how they feel about their employer is important to its success.

Our research has shown that the University departments with employee engagement in the upper quartile receive on average 5% higher satisfaction scores from students in comparison to those in the lower quartile. By engaging our academics and supporting them, we improve the experience of our students. As education is a major export in the UK, engaging our academics is one of many ways in which we can further bolster this part of the economy.

The research also showed that we tend to see higher levels of engagement in the science-based departments in comparison to their arts-based counterparts. A 6% difference in employee engagement has been found between the most engaged science department and the most engaged arts department. So what does this mean? It means we need to tailor our management style and our leadership style to better engage all of our academic tribes. We need to look at why our arts based academics are less likely to be engaged with their employer. When engaging and leading any employee, we need to look at what makes them tick and ensure they are motivated and inspired by their employer.

Five UK universities took part in ORC International's employee engagement research, and the analysis was based on over 12,500 university employees using ORC International's model of engagement. Data was collected at the University wide level, faculty and school level, including professional services departments.

Final year student satisfaction data is collected annually through the National Student Survey (NSS). This feedback provides a picture of the students' experiences of their chosen courses and institutions, with the purpose of helping the following prospective students to get a more informed idea of what to expect.

## ENGAGE FOR SUCCESS COMMENTS

**Sector:** Higher Education

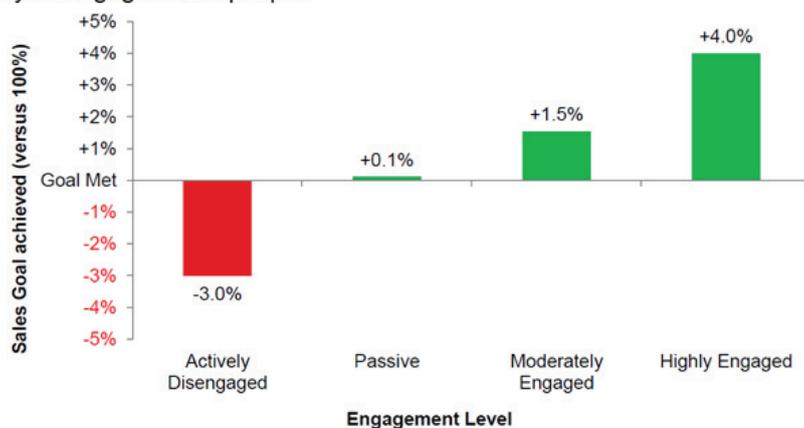
**Performance Metric:** People



# WHOLESALE & LOGISTICS (ANONYMOUS)

## Highly Engaged Employees Exceed Sales Goals

- With a wholesaler and logistics company, we found that engagement had significant links with sales performance at an individual employee level.
- Across over 2,000 salespeople, we found that actively disengaged salespeople failed to meet their sales goals (3 percent under goal on average), while highly engaged salespeople exceeded their sales goals (4 percent above goal on average).
- In dollar terms, with a \$1 million sales goal over an entire year, highly engaged salespeople sold an average of over \$70,000 more per year, per salesperson, than actively disengaged salespeople.



## ENGAGE FOR SUCCESS COMMENTS

### *Highly Engaged Employees Exceed Sales Goals*

**Sector:** Wholesale & Logistics

**Performance Metric:** Productivity

Across over 2,000 salespeople, those 'actively disengaged' failed to meet their sales goals, by 3% on average.

Highly engaged sales people exceeded their sales goals, by 4% on average.

With a \$1m. Sales Goal over a year, highly engaged salespeople sold an average of \$70,000 more per year than actively disengaged salespeople.



# PART TWO: GUIDANCE AND OBSERVATION

## MEET THE ENGAGE FOR SUCCESS DATA DAEMONS

Engage for Success is privileged to have access to an Evidence Paper Steering Panel, comprised of supporters of Engage for Success from public and private organisations, and from academia. We call these people our ‘Data Daemons’.

The term ‘Data Daemons’ is inspired by the work of Phillip Pullman and Daemons are his way of describing an external physical manifestation of a person’s ‘inner-self’.

In the case of Engage for Success it refers to the people who work hard to tease out the evidence from the myths and beliefs around Employee Engagement.

In our view the Data complements the rich illustrations and stories combining to shine a light on the subject, and help show, clearly, the links between drivers and outcomes.

The Engage for Success Data Daemons are very particular. They rigorously discuss and dissect every statistic, until they are sure that a Case Study demonstrates the evidence that it claims. They understand how numbers and statistics can confuse and confound and they seek to protect others from the dangers of data harm.

In this section we show how the Data Daemons’ minds work – so that if you want to build a business case for Engagement in your organisation, or present a Case Study to Engage for Success, you’ll know what to expect and the pitfalls to watch out for.

## DEFINING ‘ENGAGEMENT’

At the core of Engagement is the idea that people perform better when their experience of working life is positive. Better than their performance when their work life experience is negative. The more ‘positive’ (or less negative) the experience is, the better the chances that people will perform at their best.

This is, intentionally, an over-simplification.

## Measures

Measuring how ‘positive’ work is can be done by focusing on, for example:

- Satisfaction
- Advocacy
- Intent to continue with the organisation
- Willingness to devote discretionary effort

All of these are indicators of how ‘positive’ the experience of work is – they must all be higher where it is more ‘positive’.



Employee Engagement measures differ, yet they all share a common root. Most measures will use some combination of the above (in their measure, and thus their definition).

Even in the exceptions, where (claimed) antecedents are measured instead, the shared provenance is there: these antecedents were identified by modelling the same outcomes such as satisfaction, advocacy and organisational commitment.

## Engagement as an umbrella term

As a movement EfS has deliberately chosen not to champion any definition of Engagement. This reflects our view that Engagement is an umbrella term. Similarities in practice far outweigh the apparent differences between models or definitions.

In compiling the case studies for both this paper and the original 2012 Evidence report, we've been privileged to see and showcase strong evidence of links to performance coming from many different Engagement models (consultancy, academic, and survey supplier models, for example).

The choice of model is relevant. And there are clearly substantive differences in approach, so organisations should carefully consider which will best suit their context.

What we want to emphasise is that there is more to consider than the definition of 'Engagement'. Indeed choosing a definition may be less important than selecting an approach with the right positioning, alignment to values and culture, integration with systems and processes, and downstream activities and interventions.

Most of these vary model by model –something that has received scant attention in the literature.

Most commercial models are tied to specific downstream activities –indeed they are often designed to feed a specific set of follow-up activities and interventions. This is for good reasons, as the primary goal of organisations (and thus the partners supporting them) is to improve Engagement, which is what underpins this focus on effectiveness.

A final yet critical consideration, which is well understood but rarely achieved, is ensuring that leaders own and drive Engagement within the organisation (with expert guidance and support from HR, Communications and other internal and external partners).

The choice of a definition or model helps little here. If leaders are not yet driving this, then consultative efforts around positioning and Governance will be key, with a focus on stakeholder management, over time.

Whilst external partners can provide support in this area, the challenge remains one that practitioners within the organisation, and the leaders themselves, must address. Internal Change Management capabilities may be more important than the choice of definition, measure or model.



Organisations need to select a measure that is fit for purpose, namely good enough to generate useful and reliable insights that can guide activities. All of the models featured in this report's Case Studies meet this standard.

Such insights don't come from the survey but from good quality analysis and interpretation of survey data (in relation to the structure, strategy, and initiatives within the organisation, at a minimum).

Complimentary approaches can bolster, deepen and validate these insights using qualitative techniques such as focus groups, or targeted real-time measurement for example.

And the organisational response remains central. The insights can have no effect unless action is taken to capitalise on them. And that response will always be stronger where leaders buy into efforts, and own, and drive, them.

Getting going, making progress and, ultimately, sustaining improvements is the focus.

## Is evidence of links to performance enough?

This paper and the original 2012 Report both highlight a strong evidence base for links between Employee Engagement and various measures of performance.

But that falls short of the business case that most organisations would need to justify changing their approach. They also need to be confident of a Return On Investment -that improving Engagement will generate more in performance improvements than it costs to achieve.

In fact several of our case studies demonstrate that organisations have achieved exactly this –their performance improvements were multiples of their investment cost.

Which actually required two things:

1. That they improved Engagement measurably, and
2. That the links to performance were strong enough for that increase in Engagement to generate substantial improvements in performance.

Let's pause for a moment on the former – improvements in Engagement were required for ROI. Had that not been achieved, any links to performance would be irrelevant (or rather "untapped"). Even the most reliable lever will have no real impact on outcomes, if that lever is not moved.

Eating a healthy diet is clearly and strongly linked to my overall state of health, but knowing that does not make me healthier – only changing what I eat for the better can do that.

What this highlights is that ROI depends on more than Engagement linking to performance – such links simply confirm the potential value of focusing on Engagement. But the value that is actually secured varies depending on how effective the organisation is in its efforts. So in practical terms Change Management is involved, and very directly so – the effectiveness of the organisation's efforts plays a key role.



Having a healthy exercise regime can be an excellent way to improve my health, so long as I stick to it. But even the best regime won't help if I don't actually follow it.

The links between Engagement and performance are hugely important though. They confirm that it's worth focusing here. In the exercise analogy, they confirm that the regime is a good one –that it would have worked if I'd stuck to it. Without evidence of the links, I couldn't be sure of that. If there were no links, there would be no rationale for organisations investing effort here.

## If links exist, why is evidence not easier to find?

Two underlying causes conspire to make this more complex than it appears: the complex question of performance measures, and the need for statistical significance.

### Performance itself is complex.

Performance is neither easy to define nor straightforward to measure.

Most case studies come from sectors where performance is easier to measure, such as Retail, Hospitality, Financial Services, Healthcare or Manufacturing. This is partly because these sectors tend to be organised into locations, with financial reporting also focused at location-level (stores, hotels, branches, hospitals, etc).

That type of financial reporting provides reliable performance data at location-level. But even in these sectors most support functions struggle to compete. "Performance" is notoriously hard to measure in support functions and in most cases they are excluded from the case studies, which focus on the locations.

Just because case studies tend to exclude those support functions, does not suggest that Engagement does not "work" in such environments, rather it reflects the fact that it is not possible even to ask the question there (where performance measures don't exist or are unreliable).

To put it another way:

"If I can't find the light switch when looking for my misplaced keys in a dark room, I shouldn't conclude that the keys aren't in the room, just that I've not been able to look."

### Statistical significance is needed

Although qualitative techniques can be robust and provide valuable insights, their use is primarily exploratory; they do not prove a link, or the absence of a link. Statistical significance is needed to establish this, to have confidence that a finding is real and not just noise. It's only through statistics that the link, or absence of a link, can be proven.

This has a direct impact on where evidence might be found and where to look.

High volumes are needed: statistics need a large enough sample size in order to work. When too few cases are available the statistics will never be conclusive, and they can't be applied.



Again, this does not suggest that a link is present or absent.

### The Key Search Analogy

In the ‘key search’ analogy, it’s analogous to not finding the light switch, such that I can’t even look for my keys in that room. I’d have no evidence as to whether my keys are in that room or not, so until I’ve found the switch and turned on the light, I have no reason to give up looking (and no reason to blindly hope that they are there).

How big should the sample be? The answer depends on many things, but as an indication:

- 100+ will usually be enough
- 60+ can be workable
- Fewer than 30 can rarely be workable – your results will be inconclusive.

### Engagement measures are not available for individuals

This is due to the need for confidentiality; which optimises the chances that all survey responses are honest and candid. To achieve this, Engagement data is aggregated for use by team/manager, and also in higher levels such as departments, locations (restaurants, branches, clinics, etc.), and ultimately divisions, regions and functions.

But as Engagement data is only available, at the lowest level, by team/manager: having 100 cases to analyse means having **100 teams with Engagement data and performance data.**

So a Retailer with sales figures per store, and engagement data per store, still needs 100+ stores to be sure of finding the light switch and being able to look. With 60+ stores there’s a good chance they’ll find the switch, but with fewer than 30 stores the statistics simply won’t work.

**So what’s the minimum number needed?** Assuming that you have good performance data per team, and say an average of 8 people in each team, then a minimum would be circa 500 employees, to be hopeful of finding the light switch and being able to look for links.

A thousand or more makes it very likely the statistics will work, but organisations of under 250 people would have fewer than 30 teams to work with, which just isn’t enough.

For many SMEs then, the light switch is out of reach, it is simply not possible to look.

**When these two considerations, of performance complexity and the need for statistical significance combine,** it is easier to see why even looking for evidence is hard. And why most of the Engage for Success case studies come from large organisations in the very sectors where location-based performance data are available.



The typical case study, meeting our standards for evidence, focuses on location-level performance and Engagement data in a large organisation (in most cases 100+ locations).

### The challenge with Profit measures

We are interested in measures of Employee Performance, and no matter how important Profit may be to an organisation, it is usually a poor measure of employee performance locally (that is not its purpose).

Consider the example of a Retailer, where property and utilities costs are counted in Profit figures. Staff in the stores have no influence on rental costs, nor on the utility bills, so those costs cannot be seen as a reflection of their performance. Profit – for this retailer - is not an Employee Performance metric, so is not suited for the search for links to Engagement. Just as, in the same way, Profit measures are not used in store employee performance appraisals.

### Challenges faced by studies covering multiple Organisations

1. In these situations different definitions of Engagement do create a challenge, as different organisations may be measuring differently. Looking across organisations for either the presence, or absence of links to Engagement therefore is not possible (or dramatically more complex).
2. A second challenge relates to the key point that we should be looking at measures of Employee Performance, to check for those links to Employee Engagement. Overall organisational performance is a poor measure of Employee Performance; yet profit or share price are commonly used in organisation-level studies.

Here are just three examples to illustrate this challenge:

**Taking profit as one example:** profit depends on many things that are unrelated to Employee Performance across the whole organisation: the state of the market, the specific strategy, even the financing status. These are things that are affected only by a few individuals, rather than all employees.

**Price and Profit.** The price at which a Retailer sells its products is usually set by a handful of leaders, and is then consistent across all its stores. This impacts profitability directly. So the price point affects organisational performance, yet is only related to the performance of that handful of leaders who made the decision, not all employees of the organisation.

**Sales Lifecycles and Profit.** Different groups of people may be critical to overall performance at different times, and in different organisations or sectors.

For example.

- In a new market area Sales & Marketing strategy may be key - to boost growth
- In saturated markets Operations and Customer Service strategy may play a bigger role - to reduce churn



3. A third challenge relates to the ‘averaging out’ of differences, when we look at the organisation level.

Both performance and engagement are affected, as high performing large organisations will include some unproductive people and low performing ones will still include some high performers. Organisation performance is an average, or the sum of performance across these highs and lows.

This reduces the variations that can be studied –organisations differ from others far less than they vary internally. Leaving little to work with –as the study of Engagement links is looking at the patterns in these very differences.

### The Fitness Analogy

Think about the fitness of runners and their race results: if we look at the world’s Top 50 sprinters and measure their fitness and performance via race results. It won’t be as simple as concluding that the fittest person wins, because at this level they are all pretty much 100% fit. There is very little variation between the Top 50.

Yet it would be silly to conclude that fitness is unrelated to performance; that’s obviously wrong.

Had I picked 30 runners at random, or recorded one athlete’s fitness over time and their performance over time, I’d find the links easily; because the variations would be there to study.

It is the relative lack of variation in what I’m studying (fitness here) that makes it harder to detect the presence or absence of links.

At the organisational level both Engagement and Performance suffer from ‘averaging out’, which reduces the differences between them, and makes the search harder.

In practical terms this brings Statistics, and sample sizes, back into the picture. When differences are small, like in the example of the runners above, larger sample sizes are needed to detect the presence, or absence of links.

At the organisational level, we might need a minimum sample of 100 organisations, just to be able to look properly. And unless those 100 all operate in the same sector and market, offering the same products/services, then we’ll need to take account of those fundamental differences too (control for them in our modelling). This pushes the minimum sample requirement up even further.

In conclusion, to establish links between performance and Engagement you need robust measures (of both Engagement and Performance) and statistical validity.

Common errors relate to small samples, a focus on the wrong sets of figures (such as share price), and failing to take context into account. The most common failing however is to look for evidence of links (*proof points*), instead of looking to see whether or not any exist.

It’s not impossible to meet these requirements, and look for the presence or absence of links, it’s just complex.



## SIMPLY PUT...

### THE NO-BRAINER

“It’s great here, I’d recommend it and I want to stay”

Where employees say Yes more, they tend to perform better, offering more of their capability and potential at work (all else being equal)

### AND AS LONG AS IT DELIVERS

“More in return, than it cost to achieve”

The evidence base is strong for Engagement linking to performance. If the organisation is effective in its efforts to improve Engagement, at reasonable cost, then a Return On Investment is highly likely –indeed several of our case studies feature organisations doing exactly this (with reference to their costs).

### AS LONG AS THAT DOESN'T INVOLVE

“Going soft on performance”

In fact surveys consistently show that the most engaged teams/departments are the very ones where ‘poor performance is dealt with’ better.

E.g. in retail stores with high engagement, staff report that poor performance is well managed far more than in the less engaged stores within the same company (a single policy, differences in local implementation and/or perceptions of this).



# BUILD YOUR OWN BUSINESS CASE

**Table 2: Comparing different types of business case**

BUSINESS CASE TYPE	LIGHT	SEMI-SKIMMED	FULL-FAT
WHAT IT DOES	<i>Illustrates, paints a picture</i>	<i>Claims a link</i>	<i>Establishes link(s)</i>
DOES IT PROVE?	Does not prove	Does not prove	Yes, PROVES
TYPE OF EVIDENCE	External	External	Internal
TYPE OF EXAMPLES	Internal	Internal	Own data
TYPE OF ANALYSIS	None	Various: inconclusive, not fit for purpose	Own analysis

There are two levels of business case that can be valuable. We call these the *Light* and *Full-Fat* versions. There's also a *semi-skimmed* version that appears, at a superficial level, to offer analysis, but achieves no more than the light version. Before effort and energy is put into building a good business case, it is important to be clear on which is needed.

*The Light version* quotes external evidence to build the business case, complemented by internal illustrations which bring the ideas to life. Those internal examples are chosen precisely because they support the case being made (i.e. they are 'cherry-picked') and tell the story of the potential for an Engagement programme. This story telling does not aim to, nor claim to prove the case conclusively. Done well it builds buy-in and gets stakeholders on board.

This is the easy way to get the business case started, as it's a natural starting point. Pick compelling case studies from related industries, using [www.engageforsuccess.org](http://www.engageforsuccess.org) and collate internal success stories.

*The Semi-skimmed* approach takes up considerably more effort and resource than the Light version, but achieves no more. It involves collating internal Engagement and performance data, then reporting a snapshot of performance in high versus low engagement areas. Such superficial analysis proves nothing, despite the effort involved. The risk is that it fans the flames of cynicism because it essentially over-reaches and over-claims.

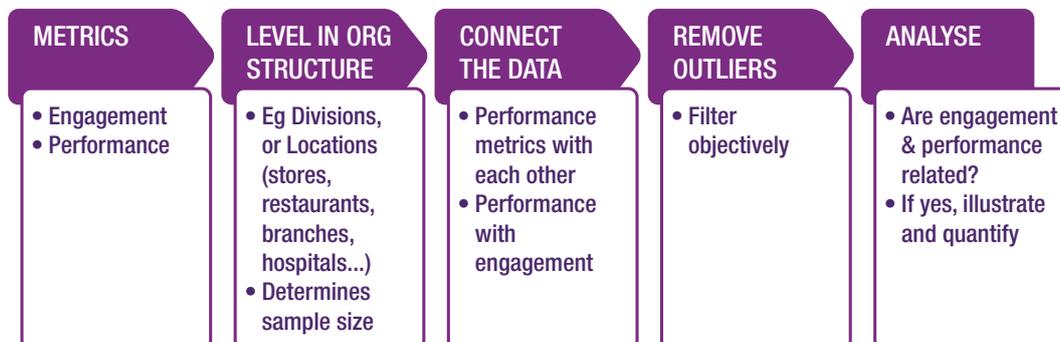
*The Full-Fat version* of the business case is more involved and requires specialised skills. The key difference is that it does seek to 'prove' the business case, using internal data.

Achieving this requires the story telling described above, and the internal evidence that higher engagement is at least correlated with higher business performance within your organisation. This requires access to valid data and robust statistical analysis.



## THE FULL-FAT VERSION: ESTABLISH THE EVIDENCE

Establishing this evidence is a core task in the Full-Fat version, so we'll explore that in more detail.



### Metrics

There are generally accepted metrics used by organisations to track and measure their success, for example:-

- **Financial:** profit, revenue, etc. (vs target or budget, and as year-on-year changes)
- **Operational:** productivity, efficiency, effectiveness, error rates, etc.
- **Customer:** NPS and customer satisfaction surveys, mystery shop, complaints rates, cost to serve, etc
- **Employees:** sickness absence, voluntary turnover, etc.

Start with measures that already exist and are used to manage the business, because they will matter to your stakeholders.

Exclude those that are only measured at the overall organisation level, for example Share Price. Such a high-level measure will not be useful because there is only one case to analyse: the Organisation.

Even with 10 years of share price and 10 annual engagement surveys to work with, nothing useful can be done; there would still only be a sample size of ten.

### Level in Organisational Structure

This relates to the second consideration: the number of cases, (sample size) in the analysis. This is the level at which you're working in the organisation structure –for example Divisions, Functions, Locations, or Teams.

If there are five Divisions and analysis is run at Divisional level, there will be 5 cases or a sample size of 5. This is not enough.

If there are 65 locations to work with and analysis is run at this level, there are 65 cases, which may well be enough.



The stats will not be able to ‘prove’ anything at all with just a handful of cases. The more cases the better –larger sample sizes are needed to reach conclusions (this is just the maths/science side).

Ideally we’re looking for hundreds of cases to work with, though 60+ will often yield useful results, and limited results could be drawn from 30+ cases. In our experience it’s not worth attempting a *Full-Fat* version with fewer than 30 cases to work with.

Use the Engagement measure that your organisation has in place –just check that this measure has not changed (if so you may need to treat each version separately).

## Connect the Engagement data with the performance data

Both are needed for inclusion in the analysis, so if you have some cases without any Engagement data (e.g. low survey response in some small stores) remember that these need to be excluded. The number you are left, which have both engagement and performance data, is your starting sample size.

## Remove outliers

Exceptional circumstances occur in every organisation, and are problematic for our analysis.

If the task is to report, then including all data by default is correct. But when looking for underlying patterns such exceptional cases would muddy the waters and risk giving false positive, or indeed false negative results.

We’re looking for patterns here, so outliers need to be removed. Note that this is mainly about the performance data, rather than the Engagement data. Indeed we’d recommend looking for outliers before analysing the Engagement data at all.

Examples include mid-year openings, as subsequent year-on-year growth can be in the 1,000’s of percent –skewing any analysis ; or periods of closure such as refurbishments, fire, etc. which can distort “versus target” performance figures (especially when not anticipated at budgeting stage).

Examine your data and find an objective way to exclude these outliers.

The simplest and most common approach is to record any such events (non-continuous operation, outside of business as usual), and exclude these cases from the analysis. The advantage is simplicity and transparency –but it does make the list of events crucially important (not least to gaining buy-in to any findings).

More sophisticated approaches examine changes in target/budget figures, as a means to identify cases which are outside of Business As Usual (then cross-checked against the list of events for validation). The advantage is that you’re able to spot all outliers, not just the ones the organisation is already aware of –but it places the emphasis on you to show objectivity in your approach (again for credibility of findings). Simply put: we need to be sure we’re not picking the cases that suit the findings we’re hoping for (this is also exactly what any critical audience would be suspicious of).



Having a clear, written, objective basis for the exclusions will help, as it would not usually make any reference to the Engagement data.

Your actual sample size is then what you are left with, after outliers are excluded.

## Analyse the data, exploring whether Engagement links to Performance

You can now analyse your data, using statistical techniques to identify whether or not links exist between Engagement and these performance data.

The most basic starting point is to look for any correlation between the Engagement on the one hand, and one performance metric on the other. Statistical significance is crucial (without it, you cannot be sure you've found an actual correlation).

You then need to show others the link you've found –which can be done by illustrating it, for example by showing the Top Quartile compared to the Bottom Quartile (assuming that the differences seen there are themselves statistically significant –which you should also determine).

Reporting the statistical details such as strength of correlation is best left for an appendix, or an open book review with a fellow statistician. You need to show the link you've established in an engaging way!

More sophisticated approaches focus on trends (multiple years of Engagement and performance data), involve many different performance metrics, bring in other variables (such as footfall, level of local competition, etc.) and address differences in historical performance (run rates etc.). The use of multiple performance metrics is particularly useful, as you can start by examining how they interact, how much each varies, and how important each is to overall performance.

Expertise is needed in statistics, as well as a strong understanding of the Engagement data, and of the Performance Metrics themselves (experience with modelling financial, operational and customer data).

Presenting the results of such studies also requires expertise in communicating complex findings, in as simple and engaging a way as possible. Developing intuitive visual illustrations is key here, using simplifications that stay true to the core findings and do not mislead.

It helps to put a £ or Dollar value on the impact of Engagement –as this makes it tangible and aligns with how leaders look at other challenges and opportunities. But expect any financial figures to be challenged, so you should be confident that it is robust and can be defended convincingly. If that is not the case, it may be a sign you are reaching too far and over-claiming.



# ACADEMIC STUDY AND ORGANISATIONAL PRACTICE

Let's return to our initial statement of the underlying dynamic:

*“People perform better when their experience of working life is more positive”.*

Much of the academic focus is on clarification:

- What exactly is meant by a more positive working life?
- Which aspects are most important?
- Should the focus be on the experience of the work itself, on commitment to the organisation and its goals, on discretionary effort, or overall quality of life?
- Why and how do people perform better when these things improve?

This is a focus on core concepts and definitions, which reflects the early stage of development the field of Engagement is in. Scientific Method underpins this systematic approach, and it will undoubtedly yield progress in time, as it always has.

Practitioners on the other hand have not waited for this vagueness to be resolved, they could not afford to. Their focus has been much more pragmatic, it has been on results (and being judged by those results).

Whether a concept is genuinely new and distinct is a basic consideration for academic research. It is for attribution and to help minimise duplication, through the use of existing knowledge.

So if Engagement were not truly new and distinct, if it was essentially no different from job satisfaction for example, then they would reject a change of label and revert to 'job satisfaction'.

Practitioners care about traction, leadership buy-in and results.

Engagement has earned its place in board level discussions over the last decade, something that the focus on job satisfaction never achieved. In that context reverting makes little sense.

Organisational efforts involve an element of Change Management, because their priority is achieving measurable improvements. So, for example, the positioning and the interventions are inextricable from the concept itself. Reverting to job satisfaction becomes even less appealing when seen from in this light –it implies reverting to the old, tainted approaches.

And finally, most organisations use Engagement at the local level to feed local dialogue and actions (in addition to use at the organisation level). The focus is on things like teams, departments, wards, branches, or stores.

Consultancies, research houses and survey suppliers have long focused their research on team-level application, in response to this practitioner need and usage.



Academic literature, however, is mainly focused at either the individual-level (primary research ; psychology focus) or the organisational level (secondary research –using existing data on Engagement by company, and publicly available organisational performance data).

This again reflects that the field is at an early stage, with little focus on usage in the real world to date.

These different priorities go a long way to explaining why academic research and organisational practice may be out of step right now.

## GET THE BEST FROM ENGAGEMENT PROGRAMMES AND EMPLOYEE SURVEYS

Most of the Engage for Success case studies come from organisations running some form of Employee Engagement programme and all of our cases use surveys to measure engagement.

As both Engagement programmes and surveys are frequently criticised, often due to misconceptions, it's worth revisiting what 'good' looks like.

A good 'Engagement programme' takes an holistic view. An over-arching approach that harnesses a set of activities and processes designed to work together to address various aspects of Engagement.

Good Engagement programmes use surveys in 2 distinct yet related ways

- 1) To feed local dialogue and local actions, and thus involvement.
  - a. Teams who act on their Engagement results do make progress on Engagement,
  - b. The better the implementation, the better that progress.
  - c. Insights come mainly from the discussion (guided by the survey data)
- 2) To inform top-down interventions at the organisation-level (E.g. policies, processes, initiatives)
  - a. Using the survey data to diagnose issues, evaluate the options and ultimately to track progress.
  - b. Insights come mainly from analysis of the survey results, in relation to the structure, strategy and specific initiatives within the organisation.
  - c. These are in the context of longer-term trends (not just current + most recent change)

Engagement may be something that you can *feel* when you walk into a workplace, but that's far from being enough to gauge it properly. The warmth in a room is easily felt too, but we need a thermometer to measure it accurately enough for just about any practical purpose.



Done well, surveys offer an accurate and objective measure of the reality across the organisation, free from the unconscious bias that affects us all in our laudable efforts to simply get out there and talk to people.

What is 'unconscious bias' in this context?

As observers, we are affected by interpersonal filters, we're affected by the people we talk with – who may, in turn, be affected by (local) politics, for example.

In the field of Recruitment we learnt long ago that one good conversation is not enough to justify an employment decision –psychometrics, aptitude tests, references, qualifications and experience are brought in to provide more objectivity. We learnt not to rely solely on the *feel* we get for a candidate, as that feeling is subjective and often proves less reliable than objective measures.

This is important because a poor survey can reinforce perceptions that the organisation is not listening, if results are not communicated back with a leadership commentary and clear commitments to respond.

Engagement is intricately tied to the quality of people leadership and management, and these involve organisational processes, systems & policies. It's also about the reality and experience of the whole workplace; so all these factors contribute too:

- Job design
- Line manager relationship
- Co-workers
- Culture and trust
- The market and competition
- The physical environment

A good survey design offers strong Practitioners an effective tool, but they don't expect the survey to achieve anything in itself. They are very clear that success – improved engagement in the workplace, depends on using those results, in an Engagement programme, by implementing action plans.



# FURTHER RESEARCH NEEDED

## CALL TO ACTION

### ENGAGE FOR SUCCESS WOULD LIKE TO SEE FOUR KEY STEPS:

1. Validate Organisational Tools. Organisations should use Engagement to validate and refine their other people initiatives including:
  - a. 360 Feedback
  - b. Organisational Values
  - c. Competency Frameworks
  - d. Recruitment and Development practices
  - e. Performance, Reward & Recognition processes.
2. Develop Engaging Leaders and Managers. Engagement should be used as part of how organisations evaluate and develop the people management performance of leaders and managers.
3. A National Engagement Index. Investors should encourage organisations to report an indexed version of their Engagement results. This would enable interpretation (e.g. the percentile ranking, versus the supplier's relevant benchmark database) and potentially yield direct comparisons across organisations, even where they use different Engagement metrics.
4. Undertake Cross-Organisational Academic Studies. The academic and commercial research communities performing cross-organisational studies; for example by -
  - a. looking at SMEs; because scale means they typically cannot look for links internally
  - b. gauging the impact of down-sizing, redundancies and re-structures across organisations
  - c. examining links to Profit and Share Price
  - d. exploring causality using techniques such as time series studies, and structural equation modelling

Engage for Success will continue to publish future Case Studies, looking in more depth at evidence related to the four Enablers, the Performance Metrics and to particular sectors.

If you would like to submit a 'light' or 'full-fat' Case Study to Engage for Success, contact:

[content@engageforsuccess.org](mailto:content@engageforsuccess.org)



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website: [www.engageforsuccess.org](http://www.engageforsuccess.org)  
contact: [info@engageforsuccess.org](mailto:info@engageforsuccess.org)



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