

Employee engagement is an
outcome of
‘The way we do business,
everyday’.

And is not just an outcome of emphasis on HR policies
or Practices. The 6 key discussion points to shape a
world-class employee engagement approach.

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The 6

key discussion points to shape our thinking on employee engagement

Employee engagement methods often co-relate NPS to Engagement Score implying that higher engagement results in higher NPS/Business Results. However, it is actually exactly opposite of what drives employee engagement. **The ability of the Company to explain and enable each employee to understand "why we do what we do of business strategy" is the key driver.** This is embedded through a mix of leadership behaviours and systemic approach.

Over the past decade, Companies have become conscious of the need to measure and act on employee engagement. The companies having this as an integral part of their business strategy and are spread across all sizes, cultures and ownership, listed or privately held.

Having the right framework is essential so as to not make engagement an input or an additional activity outside of the normal way a business is conducted. In fact in best employer companies, the actions taken reflect on how well the business is managed and is not driven as an engagement program or process.

There are six key discussion points to understand why some companies have consistently high employee engagement as compared to others, even if they are successful.

The six key discussion points:

1. What is Executive Board's understanding of engagement?
2. n=1 – do each of your employees understand the business strategy
3. Are the actions on business transparent enough?
4. What is your leadership DNA?
5. What is your culture value proposition to business strategy?
6. Is HR able to integrate its process to deliver a cohesive message?

How should HR get it right from day 1? The 3C formula:

Based on the choices a Company makes in the 6 key questions or discussion points, a detailed engagement framework can designed/shaped and planned for implementation. This includes a checklist that guides comprehensive implementation.

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What is Executive Board's understanding & focus of employee engagement?

Methodology is important but not more than the feedback being received through the employee survey

Management Teams struggle when the results are not as expected, it is important not to question the methodology or how employees understand the questions. Focus on the engagement feedback and respond confidently regardless of the engagement outcome. In best employer companies, a % of annual bonus is linked to engagement scores.

Focus on few actions that have high impact- tangibly and visibly. Doing few things very well is more important doing a lot averagely

Understanding which factor drives the greatest engagement is the critical factor. For example, across surveys positive perception on 'Careers' gives a high engagement while even if there is over emphasis on recognition, it does not lead to any increase beyond a point.

The Executive Team visibility on all topics

Should visibly communicate the purpose of the survey and the follow up with messages on the results in a transparent manner. However, their visibility must exist across all business platforms - for example discussing quarterly performance, monthly town halls etc. Top leadership visibility on business and people through the year results in higher engagement.



The Two Key Employee Perceptions to understand

1.

Across methodologies, a 0.8 positive perception of the question "I understand the strategy and direction of my Company" leads to an increase for 1% point on an overall employee engagement. This compared to only about 0.5 point contribution to every 1% point of engagement on other aspects including training, pay, recognition and supervisory styles.

2.

Companies that say and do OR say they wont do and don't do have higher engagement scores due to the consistency of messaging and actions taken.

Creating transparency has been critical to support these two aspects. The transparency factor has accelerated engagement regardless of the culture of the Company or culture of the Company's country of origin. Transparency drives ownership at all levels of the organization rather than holding only HR or top team accountable.

For eg, if the engagement of a country is low, then the General Manager of the Country feels the accountability as all employees know the outcomes of the survey and actions taken or not taken.

N=1: Do each of your employees understand the business strategy?



1. General Electric

Is probably the best when it comes to explaining how their business model works and how they handle massive transformations. Each CEO has been at the helm for an average of 18 years and each CEO has fundamentally changed the Company. [Bloomberg Magazine called it the 125 year old start up.](#) Their digital transformation is reflected in their employer branding advertisement that explains the business as much to internal employees. See the video: [What's the matter with Owen?](#)

GE does very few things but exceptionally well over a long period of time - High Performance / Reward Focus, Succession Planning leading to their famed Crontoville Leadership Development.

2. The Coca-Cola Company

A simple employee practice is that all non-sales employees must do a route trip to distribute and sell Coke products for a day every quarter. All levels of employees undertake this one day per quarter sitting the trucks, delivering coke, collecting money and coming back into the depot to do the reconciliation and accounting. This keeps their employees focused on the critical business factor of "chilled availability in an arms length of desire" for their customers.

How are employees explained the business strategy and decisions?

In high engagement or best employer companies, there is a mix of leadership visibility and systematic dissemination of business information, performance. Each employee in the business must have access to company information and feel empowered by having such access. This shifts the ownership of understanding business to the employee.

Leadership is fundamental to a strong sense of purpose in an organization

It is not possible to be a good business leader with poor judgment on people issues. Many companies try to evaluate leaders in parts, but a good leadership profile will emphasize the need to continuously explain and educate employees on the 'way we do our business'. Setting clear expectations of what leadership means is essential.

HR facilitates an engagement framework - business leaders drive it

Communicating results, action planning are management level actions. HR needs to provide a globally consistent framework and support the business leaders understanding of "how to" on results, action planning and communication. Employee Engagement is not a HR owned driver. It should sit on the business leader goal sheet.

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Are the actions on business transparent enough?

What would you like to hide from your employees?

In reality - not much. It is just a psychological pressure that leaders feel about sharing information. Sharing business performance results periodically sets the expectations of employees. In addition, reduces the 'grapevine' gossip. **This enhances the credibility of the top leadership team.**

Depending on the manager alone to understand the company culture is counter productive to building culture

In global companies, employees don't often see or meet global leaders.

Therefore their perception of the Company is limited to their experience of their local managers. Having a strong, frequent **communication from the top at a global level gives an independent verification of the company culture to an employee.**

Transparency drives ownership at all levels of the organization

When the information is made transparent, the ownership to improve shifts to the business unit or local management teams. Therefore their actions tend to focus and deliver results due to ownership of the survey results and their explanation to employees on improvement actions.



Transparency delivers 'warp speed' on employee engagement gains

HOERBIGER Holding AG is a Switzerland HQ based Company operating in 55 Countries. It is an industrial technology 130-year-old Austrian Origin Company privately held and managed through the HOERBIGER Foundation. Its executive board is a mix of Austrian and German nationals.

As part of its transformation to become a global and well-integrated company to double its revenue, the Executive Board adopted transparency as a principle of culture change. This was key to increase engagement from 48% in 2012 to 64% in 2015. Examples:

- The Executive Board Goal Sheets are visible to all employees on the intranet – this enables employees to understand the direction of the company and relate to the top leadership that they have the same performance management orientation
- The Employee Engagement results and action plans for 3 years are visible to all employees on a 3D globe on the intranet
- All talent data of % of jobs filled internally / % of successors moving as planned etc by country is visible to all employees on the intranet

[Click to see the transformation journey info graphic \(on last page\).](#)



HBR on Leadership Brand

A **HBR research** established that the companies that had a distinct leadership brand outperformed their peer group in the industry on P/E Ratio over a period of ten years.

“**Johnson & Johnson**, whose credo begins, “We believe our first responsibility is to the doctors, nurses and patients, to mothers and fathers and all others who use our products and services,” earned \$53 billion in revenue last year. It is celebrated for developing leaders who provide scientifically sound, high-quality products and services that help heal and cure disease and improve the quality of life.”

[Click on the sub-section ‘Embodying the brand’ in the HBR research write-up.](#) This showcases different leadership brands in one table.

“**General Electric**—perhaps the ultimate leader feeder firm—is the embodiment of this phenomenon. Everyone thought Reg Jones, the firm’s CEO from 1972 to 1981, was irreplaceable. Then came Jack Welch, and everyone thought he was irreplaceable. Now Jeff Immelt has shown himself to be more than steady at the helm. GE’s stock price has remained stable even when its top managers leave. The firm has an organizational capability that transcends any one individual.”

What is your leadership DNA?

The type of leadership your business needs directly shapes the culture you have

In high engagement or best employer companies, there is a mix of leadership visibility and systematic dissemination of business information, performance. Each employee in the business must have access to company information and feel empowered by having such access. This shifts the ownership of understanding business to the employee.

Leadership DNA is a short distinct statement; it drives differentiation of the business and culture

Most companies struggle to embed leadership competencies as the basis for all leadership selection and development decisions. However the clarity on these competencies is always elusive.

Companies that have been able to explain their leadership DNA in a succinct manner have had better perception of leadership from their employees. Therefore greater belief in the business direction.

How is leadership enabled is an systematic way?

In most organizations, even in privately held firms, the Board of Directors has oversight on key talent metrics including engagement through the Nomination and Compensation Committee. Linking key talent metrics performance evaluation and rewards/bonus is essential.

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What is your culture value proposition to business strategy?

How diverse are your leadership teams around the world?

The key purpose of workforce that is representative of the markets a company works in is a business necessity to understand the customers, markets and cultures. Similarly for employee to identify with the Company and its brand, it is essential for the leadership teams to be diverse and inclusive by design. This is the starting point of innovation in organizations.

Do you measure gender and ethnic diversity in your succession planning?

A systemic review of talent that has diversity and inclusion woven into it goes a long way on building the employer brand. In reality, you can't sell what you don't have. So the internal culture of the company is actually the true employer brand. In many B2C organizations, they have adopted a clear philosophy that the employees come first. A productive employee leads to a satisfied customer.

How robust is your employee service?

Across industries, Employee Service if at a gold standard has directly contributed to engagement for two reasons. First in absence of service there cannot be more advanced initiative; secondly it serves as an independent reminder of company culture from that of local management.



Why diversity & inclusion and employee service are critical to culture success

A global retailer has a leadership behavior

that leaders speak to all store associates. In such visit by a global executive to a store in a Asian country, while speaking to a woman associate (who was till recently a housewife and had no education background) highlighted that the packaging for the private labels of rice and a detergent look very similar. This she said caused confusion to the customers. Listening to employees has direct business and culture impact.

The **GE** hand-held MRI device was developed to help medical staff in remote and tertiary towns/villages. This was possible as the product team had doctors from developing countries who understood the market environment and needs.

Ritz-Carlton Hotel Chain has the people philosophy: "Ladies and gentleman serving ladies and gentleman. Employees are the most important resource..."

In a global healthcare company, higher the use of employee services by employees in a country, the higher the engagement on several drivers of Compensation, training, careers, performance management.



3Cs essential for HR: Clarity, Cohesiveness & Consistency

General Electric - Consider this for aligning talent to business strategy: in becoming an industrial giant that is also digital, Jeff Immelt believes every one must learn to code. This directly builds a digital culture in the Company.

At **Cadbury**, "During the integration with Mondelez, the people side was the priority. We talked about people far more than systems or processes. People's impression of the acquisition will change over time." She points to the HR lead on every leadership team and the people sessions at every leadership meeting as ways it is propagating a "best of both" approach.

The best HR Functions are simple and have at best only three priorities. They excel in those and maintain everything else. At **Southwest Airlines** culture is critical to low cost brand as this is based on a high degree of employee ownership.

The HR function has two priorities that drive everything else - Hire and train for relationship excellence and Invest in front-line leaders. This creates their unique culture. In fact they state, "professionals need not apply" emphasizing their unique culture.

Their 'People System' has four elements - Recruiting, Training, Labour Relations and Pay culture.

The result "work is important, don't spoil it with seriousness"

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Is HR able to integrate its process to deliver a 3C message?

Are all the HR processes designed to directly co-relate to the business model and organizational values?

Often you find HR processes and frameworks that speak a different language than as put forth in the business model. **HR processes and frameworks have one key purpose - bring the business model and organizational values to life. Anything else that does not support this objective is a redundancy created by over engineering by HR professionals. Keep it to the point and simple.**

Is your leadership development focused on the future of business?

In today's dynamic business world, putting an exact take on what leadership capabilities required are not easy. **However, it is true that the competencies of the future anchor around design thinking, digital transformation and ability to develop products and services that intersect more than one industry.**

Are the HR processes and frameworks visibly consistent across SBUs and Countries?

A brand promise at the heart of it is very consistent across cultures and markets. It may choose to connect with customers in locally relevant touch points. This is no different for employees. The consistency (across SBUs and Countries) of people philosophy, organization values and processes/frameworks is key to high engagement.

Getting the approach right from day one. How should HR facilitate and drive line ownership?

"Every company states "employees are our most important asset". However they are good companies to work for and not so good companies to work for. The difference between the two is not strategy. It is execution excellence."



1. Why are you having an engagement survey?	<ol style="list-style-type: none">1. What was the trigger to starting the employee engagement survey?2. Have you thought through 'what after the survey' – survey is only 10% of the game3. What do you aspire for? Best employer zone? Or higher than your industry?
2. Are you in this for a pilot 'see and decide" or are in for a long-term haul?	<ol style="list-style-type: none">1. Is the survey a one-time exercise and provides a basis to decide further?2. If a medium term to long-term plan, what is the choice of frequency mix?3. How complex or simple is the overall framework to ensure sustainability?
3. How will you have the all employee communication?	<ol style="list-style-type: none">1. What is the existing state of communication of business information?2. How do you plan to disseminate the engagement results? What platform/tools etc.?3. What will the CEO communicate Vs local General Managers will communicate?
4. How and how much is the Executive Board involved?	<ol style="list-style-type: none">1. What are the 3 key messages to employees on business & people?2. How much time should the Executive Board spend on this topic? What will go to BOD?3. How will the Executive Board incorporate people metrics into KPIs and Rewards?
5. How will you engage Business Leaders and their HRBPs to drive ownership?	<ol style="list-style-type: none">1. How will the results be explained to GMs and HRBPs?2. How will action planning take place and how will they be communicated?3. How will the results be included into individual KPIs?
6. How do you plan to have a consistent approach globally to action planning?	<ol style="list-style-type: none">1. Do your business leaders and HRBPs understand impact analysis and its use?2. How do the communication templates drive consistency of 'look & feel' across countries?3. Framework/templates are globally consistent but the actions are local and in local languages
7. How will you integrate engagement into business measures and KPIs	<ol style="list-style-type: none">1. Will the goal sheets of the Business unit Management teams have a engagement target?2. Only the Business Management Teams should have an engagement goal and not all people managers3. If the goal sheets / bonus measures have it, then how will it impact payouts?
8. How are the HR processes aligned / integrated to the business model and values?	<ol style="list-style-type: none">1. Do all the HR processes reflects the same objectives as the business model?2. Do the HR processes speak the same language as the business model?3. Does the HR Scorecard and Analytics directly tie into Business Scorecards?

Focus.



“Best employer companies operate engagement actions plans in two levels – Global Corporate level and Business Unit or Local Management level. While the former focuses on creating long term frameworks for business successes the later focus on the engagement results and taking few but high impact actions”



It is essential for the HR Function to be well integrated to deliver the focus as different levels of the function need to focus on their priorities yet are inter-dependent on each other to deliver clarity, be cohesive and consistent to employees.

Employee engagement is an outcome of 'the way we do business, everyday'

Strategy. Leadership. Change

THE
PREPARATION 
COMPANY ©

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