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How Do We Determine the Meaning Behind Our Employee Engagement Scores?

How do we benchmark our employee engagement?

—Concerned About Measuring Up, managing director, consulting/legal, Melbourne, Australia

Numerous studies show a clear link between employee engagement, retention and financial success. Measuring and improving employee engagement is time-consuming, difficult to do ... and yet, can be extremely rewarding.

Three key steps help ensure that you will be successful.

1. Define terms and understand benefits and risks.
2. Design and implement an employee survey with an "engagement index."
3. Establish and implement a strategy to improve baseline results and/or consider internal benchmarking.

1. Define Terms, Understand Benefits and Risks

Benchmarking is used by organizations to evaluate various aspects of their processes or results in relation to "best practices," usually within their own sector. Employee engagement generally is defined as the strong emotional connection an employee feels for the organization—a connection that causes the employee to exert greater discretionary effort at work.

Organizations benchmark this to compare best-practice engagement scores with their own employee engagement results. Simple, right?

Not really. And there are two risks you need to anticipate:

Risk 1: Benchmarking may not help you to determine what engagement scores actually mean. Although some benchmarking services claim to be the definitive engagement standard for an industry or geography, it pays to be cautious. Identifying a reliable benchmarking source—especially one that is relevant to your organization and sector—is not easy.

Even within the same industry, same geography or company size, companies are as different as people and have different cultures, values and ways of getting work done. This makes comparing across companies one of the most widely misused practices. It's akin to comparing your personality test results with one of your peers in another company: interesting result, just not very relevant.

Risk 2: Engagement is defined differently at many organizations. Most of the major recent studies on employee engagement have defined the term differently, and as a result, studies have come up with different key drivers and implications. Companies have different definitions too. If your employee survey results indicate a pattern of low engagement, you know there is a need for improvement. If 60 percent of your employees indicate that they intend to stay with your company, and the benchmark is 52 percent, should you rest on your laurels? If you do, you miss an opportunity to reach an even higher level of engagement.

Given this, you ought to challenge your assumptions about benchmarking and reconsider its value. It may make more sense to establish your own baseline engagement score, set improvement targets, track progress to the target or goal, and seek out the relationships between rising engagement scores and financial or operational success.

2. Design a Survey Instrument With an Engagement Index

Employee surveys are commonly used to determine the level of engagement, which results in an “engagement index” that measures respondents’ attachment, or emotional connection to the organization. The index is calculated by grouping together questions or statements that are closely linked to employee engagement. For example:

- I would recommend my company as a good place to work.
- I am proud to work for my company.
- At work, I have the opportunity to do what I do best.
- My company can win in the marketplace, and I want to be part of this success.
- I receive the resources I need to do my job well.

Statistical analysis can reveal that performance on these engagement questions is influenced by performance in critical areas, known as key drivers. A key driver analysis is a statistical procedure that identifies a small number of survey issues that have the greatest overall impact on important outcomes. Determine your strategy to improve on a baseline and/or benchmark results before finalizing the survey design.

3. Establish and implement a strategy to improve baseline results and/or consider internal benchmarking

Here’s a little secret: There are greater differences between departments within your own company than you will find between companies. The most meaningful and actionable benchmarking is done internally—between groups and departments over time.

Given that employee retention is critical, it’s important to understand how employee engagement scores can be improved. It is, however, less critical how these scores compare with your competitors. Actions that will improve your baseline scores year over year can help you discover the link between engagement and key financial metrics.

SOURCE: Richard Greenberg, Capital H Group, Los Angeles, October 25, 2007.