



# From Theory to Action

A Practical Look at What Really Drives Employee Engagement



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## An Exploration of Employee Engagement

In the world of HR, many of us talk about employee engagement, and the intrinsic link between engagement and productivity is well understood. But how many of us truly understand the reasons why? And do we truly recognize just how important it is to the HR department and the business as a whole?

We may have a grasp of what it means, what an engaged employee looks like, and even a decent idea of how it can be improved. But do we really understand its complexity, and fully comprehend all of the interconnected factors that come together to drive and influence it? And more importantly, do we fully understand them in the context of the modern, technologically enabled workplace?

We'd like the answer to both of those questions to be a resounding yes.

So although plenty has been written about engagement, very few people have attempted to fully visualize and explain the science behind it, and explore all of its implications for the modern HR department, business, and workplace. We thought it was time that changed.

To set us off on that journey, Kantar TNS carried out 4,706 interviews across 20 countries globally between April 26 and May 11, 2016. All respondents were full-time employees of companies with 250 or more personnel. Percentages quoted are the proportion of those selecting one of the top two boxes on a seven point agreement scale. We captured their opinions, feelings, and experiences on a wide range of workplace factors and subjects, including:

- **Culture**
- **Performance**
- **Tangible and intangible rewards**
- **Development and progression opportunities**
- **Experiences with collaboration technology**
- **The impact and leadership**
- **How they feel in their current role**

The findings show what employee engagement is really composed of today. With that valuable data in hand, we began turning it into an actionable model that can help everyone fully understand engagement, and easily visualize the impact of every one of those factors.

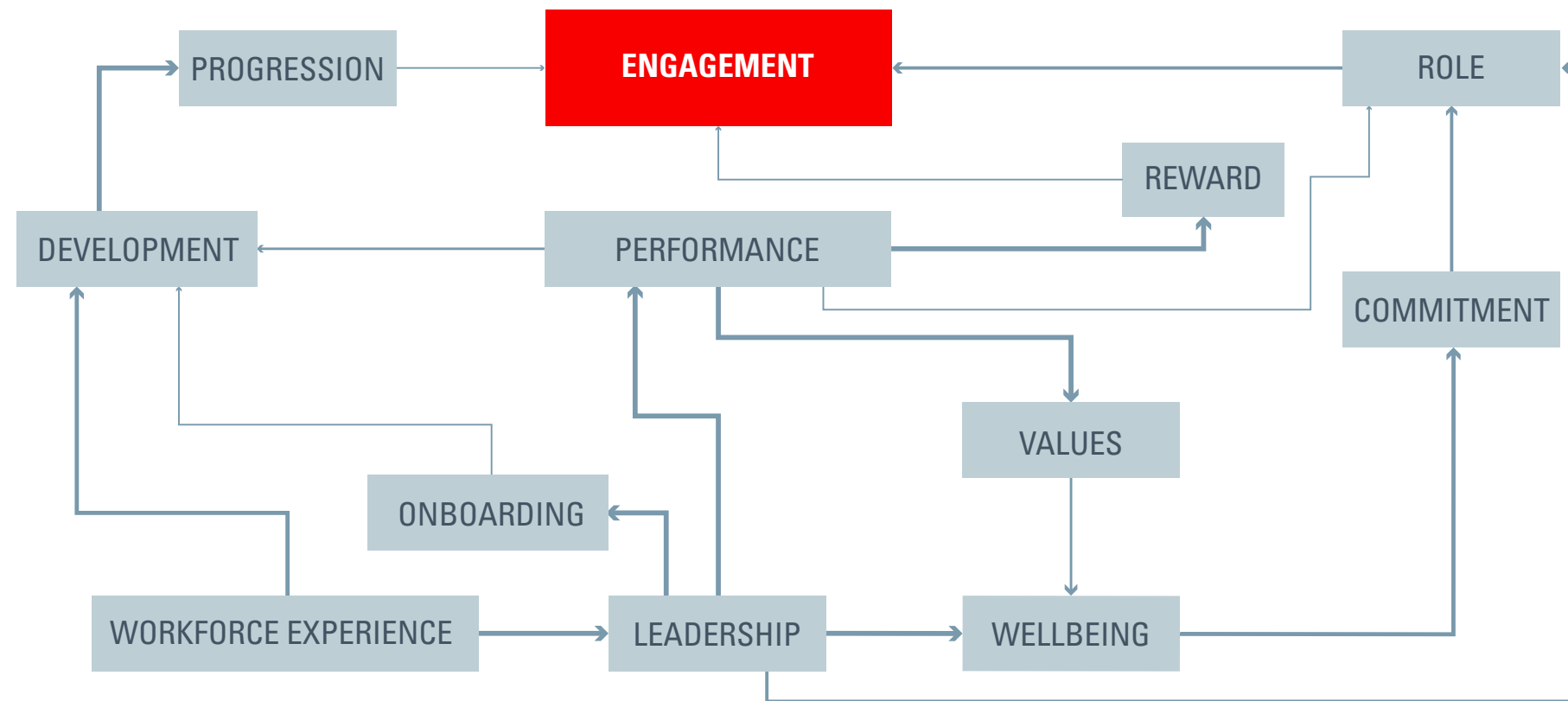
This isn't just another thinkpiece theorizing about what keeps employees engaged. This is a whole new way of visualizing and understanding engagement, supported by a wealth of original research.

Engagement looks at the close and complex relationship between what an individual is willing to put into their job, and what they receive by way of motivation and recognition. This new model takes that abstract relationship, and finally puts it into tangible, actionable terms.

What is clear from our research is that engagement has moved from a transactional relationship, based on individual roles and commitment, to a deeper relationship that is based on the fit between the organization and the individual, and is founded on opportunity, values, and culture.



## A New Way of Visualizing Employee Engagement



The model above shows all of the factors that come together to shape and influence employee engagement today. Only the linkages that are statistically robust enough to be considered proven are shown. The thickness of each linkage shows the level of influence one factor has over another, and how closely linked the factors are in the minds of today's employees.

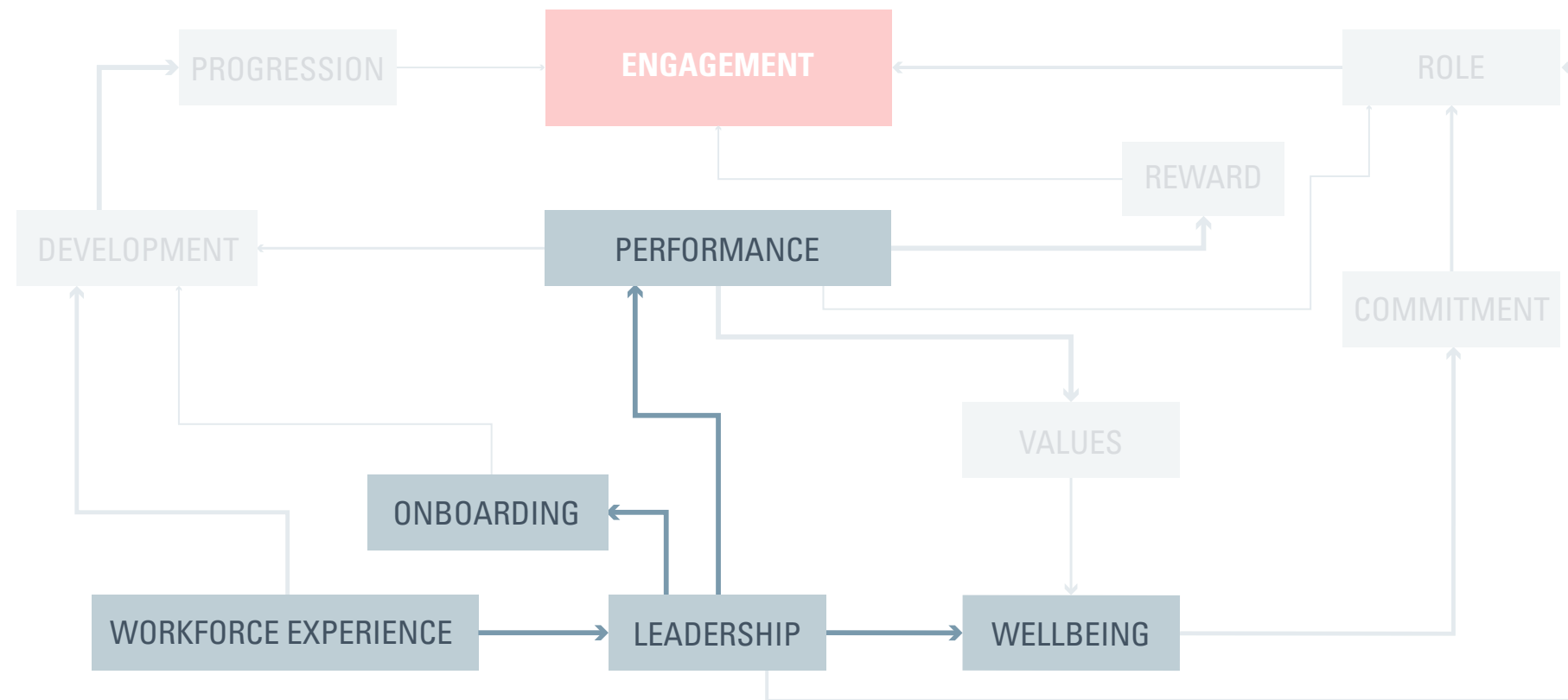
One of the first things you'll notice when you look at the complete model is that very few factors appear to directly influence engagement. In reality, each factor that directly drives engagement in turn has a complex network of factors influencing it. It's critically important to understand the nature of each of these relationships to build up a full picture of how engagement is truly formed today.

You will also notice that the model is made up of a mixture of intrinsic and extrinsic factors—and that some have a greater influence on engagement than you might have expected.

What this model shows us is that “softer” factors like company values and culture can actually have a much greater impact on engagement than we might expect. Today's workforce is much more concerned with personal alignment to a business and identification than it has ever been before.

In the model we see a variety of inputs, outputs, and behaviors that are common in the modern workplace. But to truly understand how each is linked, we need to examine the complex relationships between them in greater detail. To make that as simple as possible, we've broken the model down into individual sections.

# 1. Leadership



Leaders set the tone for the organization. They create a powerful first impression during the recruitment process, influence productivity during the onboarding process, and provide direction for performance management. In many ways, the quality of the employee working experience is reflected in their belief and trust in leadership.

As such, leaders sit at the heart of the engagement model. Surrounding them within the model are four key factors that both influence them, and are influenced by them.

It all starts with modern **workforce experiences**. Perceptions of workforce experiences have a major impact on perceptions of leadership, guiding many of the ways in which leaders do their jobs, and impacting how effectively they can lead modern employees and teams.

The quality of the digital working experience reflects on how employees feel they are empowered to do their job—which also starts to explain how leaders can influence employee wellbeing.

At the ground level, managers have the ability to directly provide the sense of understanding, belonging, and wellbeing that employees seek. That sense is often conveyed through live contact, visibility, and strong relationships; if you have a close working relationship with a manager, you are far more likely to have faith in their leadership, and enjoy greater **feelings of wellbeing**.

In our survey results, the availability of leaders and managers, and confidence in their leadership, seemed tightly linked:

- **47%** say their leaders are visible and approachable
- **47%** say they receive recognition when they do a good job
- **48%** believe strongly in and support their company's future direction
- **44%** say they have confidence in the leadership of their company

These results showcase two very interesting insights: that an accessible and approachable leader inspires greater confidence, and has a larger impact on performance recognition.

Contact with leaders is especially critical during the **onboarding process**. Leadership has a significant impact on how successful new hires are in their early days, by providing direction and helping them feel welcome and valued. When attracting people to an organization, you create expectations of what it will be like as a workplace, and what their working life will be like there. Leaders of all kinds must then deliver on those promises.

But leaders can't take a "hire and forget" approach to engaging with their teams. Visibility must remain high throughout their tenure, to ensure that **trust** stays high and business performance is delivered.

The relationship between managers and employees is a long-term partnership, and only through continued open communication can the two parties stay aligned.

Leadership provides the direction and expectation for performance management, and helps to align performance goals with company values. Managers then ensure that the expectation is being delivered on through regular feedback, helping to keep employees aligned with the goals and values of the company.

Employees don't just want leaders and line managers to take an interest in their performance when it's time for their annual review. They want continual open communication that either reassures them they are doing a good job, or provides constructive feedback to help them improve.

### Next steps

So what can today's leaders do to directly impact and improve engagement? Here are six key actions you need to take, based on the results of our global survey:

- **Get more involved with employees directly** because those interactions can have a major impact on both employee sentiment and feelings of wellbeing.
- **Communicate the importance and value of each individual's work** to help them to better understand where the work that they do fits into the big picture, and show them the impact their efforts have on business success.
- **Set an example** of how best to communicate with those who directly report to you, conduct reports, and deliver recognition.

- **Remain extremely accessible** so that people at the ground level (or those in large businesses) don't feel disconnected from the leadership, nor that their voices can't be heard by senior leaders.
- **Be actively involved in the working lives of new employees** from the day they start. They can set the pace for a new hire's success better than anyone else in the business.
- **Use technology and digital experiences to stay in touch with everyone.** Today there are more ways than ever for leaders to stay in touch with employees and influence their working experiences. By utilizing tools like instant messaging, videoconferencing, and mobile collaboration apps, you can deliver the frequent contact and information that today's workers need to succeed.



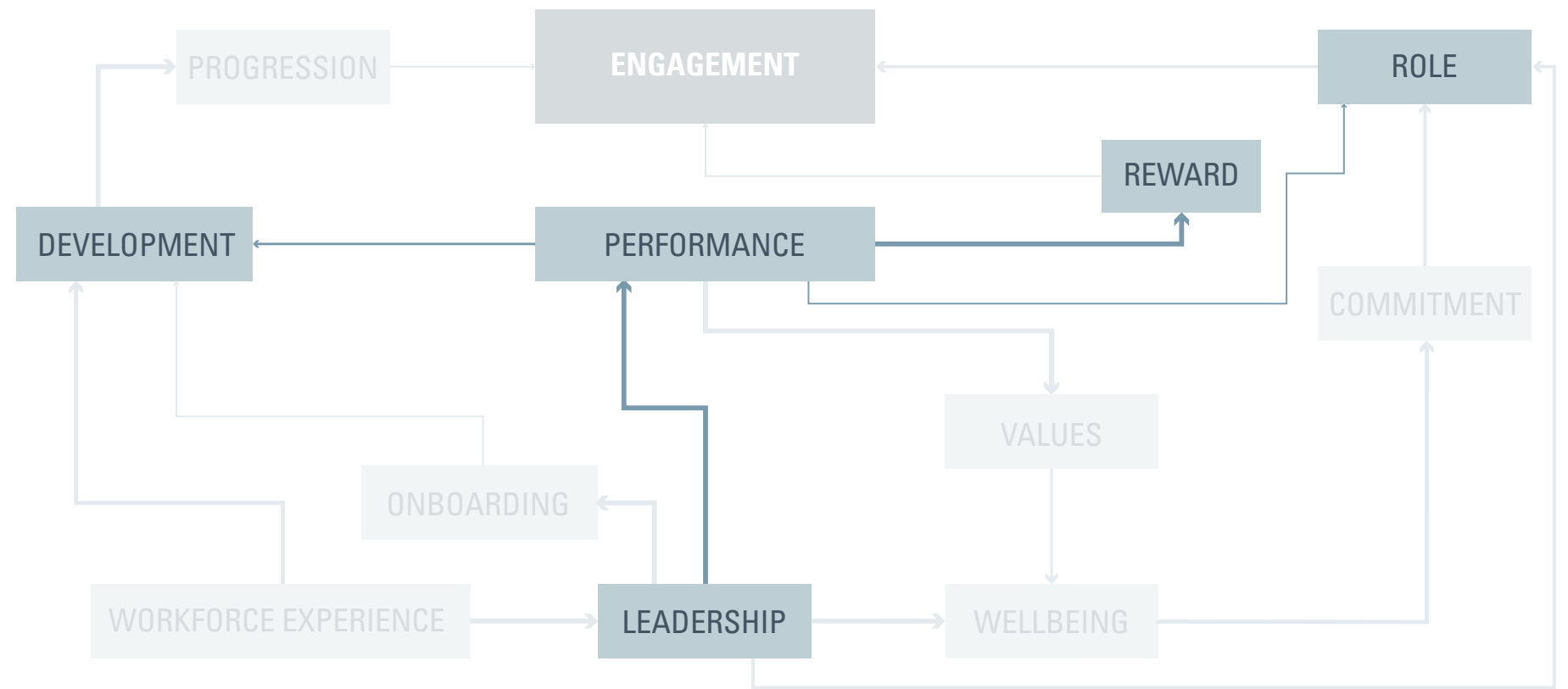
## 2. Performance

We know that leaders must play a key role in defining what good performance looks like, and by being available to employees and providing constructive feedback, they impact individual performance levels.

But performance itself also plays a huge role in the modern engagement equation. It's very closely linked to **development, reward, and role**—or at least it should be.

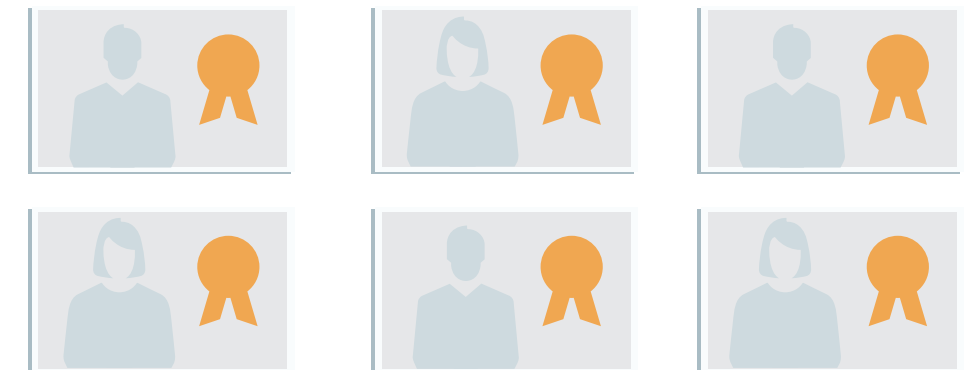
The performance process is the means by which, through managing individual performance, overall business performance is achieved. Ensuring alignment between individual and business objectives, and delivering regular performance conversations are key to keeping on top of an individual's progress and ensuring they continue to deliver on priorities and adapt their focus when required.

While each performance conversation will happen individually, it's important to recognize that the big picture is all about getting every single person in the organization performing well. All performance feedback, efforts, and conversations need to be delivered equitably, giving everyone the same predictable, relevant performance-management experiences, and the same access to rewards for performing highly.



Performance conversations provide an opportunity to identify development needs from both a personal and a role perspective. And it's not just about helping them to be all they can be in their current role; it could also help you identify when someone is ready for a change in role, or when they would like to start preparing themselves for a major role shift in the future.

### EMPLOYEE OF THE MONTH



Our survey found that 58 percent of people think their role adapts well to the needs of the organization. As the business's needs change, roles should adapt with them—and that means changing the way you define good performance within that role.

In turn, employees feel they are contributing to the needs of the business, and that their efforts are directly aligned with the strategic organizational goals. In addition, they must also feel their efforts influence their personal reward levels.

Performance should be tightly aligned with financial reward. When an employee does a good job, they expect to be fairly rewarded. We found that 29.6 percent of those surveyed felt that the fairness of pay and rewards is the biggest reason to leave their current organization, the highest of all factors considered.

Ensuring rewards stay aligned with performance requires frequent performance conversations. These chats are how leaders maintain their role in ensuring and encouraging high performance; how potential role changes are identified; and they are a good opportunity to spot people who are currently being under rewarded.

Overall, our survey indicated that satisfaction with current performance-review processes is low. We discovered:

- **46%** say their performance is regularly assessed  

- **54%** think their last performance review was fair  

- **36%** say their last performance review took into account the views of their peers  




So whilst the performance-review process continues to come under scrutiny, and a number of high-profile organizations have done away with this altogether, there is still a long way to go for many to move to a more regular dialogue between the employee and their manager.

To keep engagement high, changes must be made to the way performance reviews are currently managed. Communication and feedback on performance should be an “always on” process. As leaders interact with individuals, they should take an interest in their performance and provide feedback in a fair and equitable way.



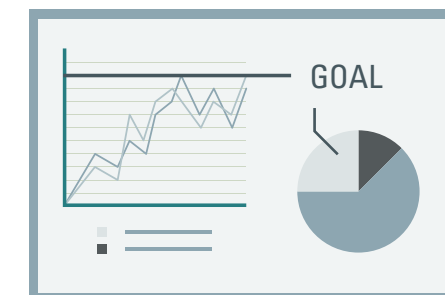
Continual feedback helps to enforce the values of the organization as a whole, and helps maintain alignment between personal goals and the strategic objectives of the organization. Higher leadership contact, paired with a continual stream of performance feedback from peers, helps create a highly satisfying workplace culture that naturally encourages the highest levels of performance.

On top of that, performance conversations help keep individual goals and ambitions an active part of the dialogue. Everyone joins an organization for a reason, and often that reason is because they aspire to work towards something they believe in. Frequent conversations about ambitions and career developments are key to ensuring they're still working towards goals they find personally rewarding.

## Next steps

The way performance is managed has a huge impact on everyone in your business. To achieve a culture of high performance and engagement, and to retain talent, organizations must ensure:

- **Performance management isn't just something that's thought about every 12 months**, and that feedback is "always-on" so the individual can receive recognition for project success or meeting their short-term objectives.
- **Feedback is collected from those closest to the individual**, so you get a rounded view of their performance.
- **Tools are used to make the process as simple as possible**, and deliver immediate recognition of achievements, as and when they happen.
- **That personal goals are also considered alongside those of the business.** Everybody has their own values, and they want the things they're working towards to be aligned to that. Tweaking roles and performance goals can help you keep people on the track that best suits them.



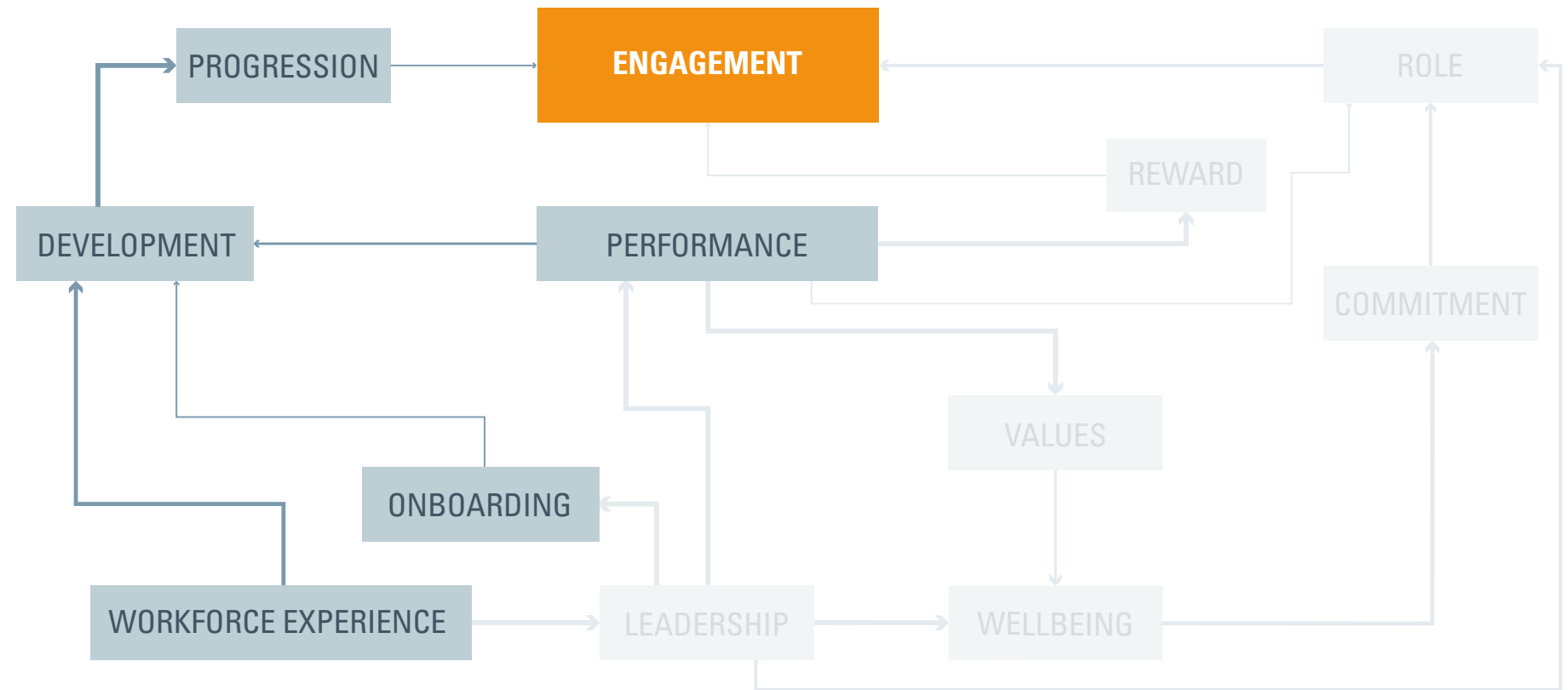
### 3. Talent Management and Development

One of the important takeaways from our findings is that opportunities for both learning and development are now as important to maximizing engagement as more traditional factors such as commitment within one's own role.

Everyone needs the opportunity to develop—but development should never happen just for the sake of it. Development should happen for a clear purpose. Most commonly, that purpose is created to:

- Meet the standard of skills required to maintain an employee's role, if their performance isn't where it should be
- Grow individual skills and competencies to meet future career aspirations or progression opportunities
- Develop additional skills that the business needs to deliver on overall strategy or gain competitive advantage

Development starts at the onboarding stage. When a new employee joins, they instantly need to feel that your business is one they can grow and progress in. The best way to do that is by establishing a development plan for them early on and giving them immediate access to development opportunities.



Even from day one, you can create a meaningful plan built around skills you may have noticed they were lacking at the interview stage; by talking to them directly, you can get a feel for other areas they may want to improve themselves in.

Performance management should include the identification of individuals with the potential to grow and progress within the organization, and use the available development tools to put them on a path to a new or expanded role.

Digital tools, apps, and services underpin the modern development experience. By using data gathered by other elements of your digital employee experience (such as collaboration tools and internal social sites), analytics can help you put the right learning and development opportunities in front of the right people, at the right time.

With access to HR microsites and apps, all employees can stay in touch with development opportunities, control and guide their own development plans, track their progress against goals, and view relevant progression opportunities— increasing internal mobility and leadership potential.

All of these factors together help drive a healthy development culture, where everyone feels they not only *can* progress, but they also know *how* to get there, and what development targets they need to hit to reach their goals.

That culture of development and progression is something that directly influences engagement in a major way. Get that right and you're on the right track to a highly engaged workforce.

However, the results of our global survey seem to indicate that not everyone is getting it right yet:

- Only **43%** say their organization actively encourages promotion from within
- Only **39%** say their organization uses online and collaborative learning tools to fuel development, with agreement extremely low amongst blue-collar workers
- Only **41%** believe there is equal opportunity for advancement

If you want to keep everyone engaged, those perceptions need to change. It's a matter of opportunity. By putting everyone in touch with the right development opportunities, you can transform those perceptions—even if not every individual chooses to engage with them.

### Next steps

The keys to driving engagement through progression opportunities are fairness, equity, and accessibility. Everyone should receive clear feedback on their development needs, have access to the resources they

need to develop, have a say in their development plan, and be able to clearly see how that development will translate into future progression.

In practical terms, that means leaders must find ways to:

- **Use digital experiences and technology** to connect people to development opportunities, and help them see the internal mobility that development will help them reach.
- **Ensure everyone feels inspired through purposeful work.** Performance and development goals should be aligned, helping to push employees towards progression.
- **Leverage technology to learn more about your talent pools,** identify skill gaps and key competencies the business needs to achieve its strategic goals—and use development to fill the gaps.
- **Enable people to learn in the ways that suit them** and facilitate the kinds of informal learning experiences we have come to expect in our personal lives. Today, a great deal of what we learn at home comes from informal communications, YouTube videos, and user-created online content. There's no reason why the same can't be true at work.



## 4. Role Effectiveness

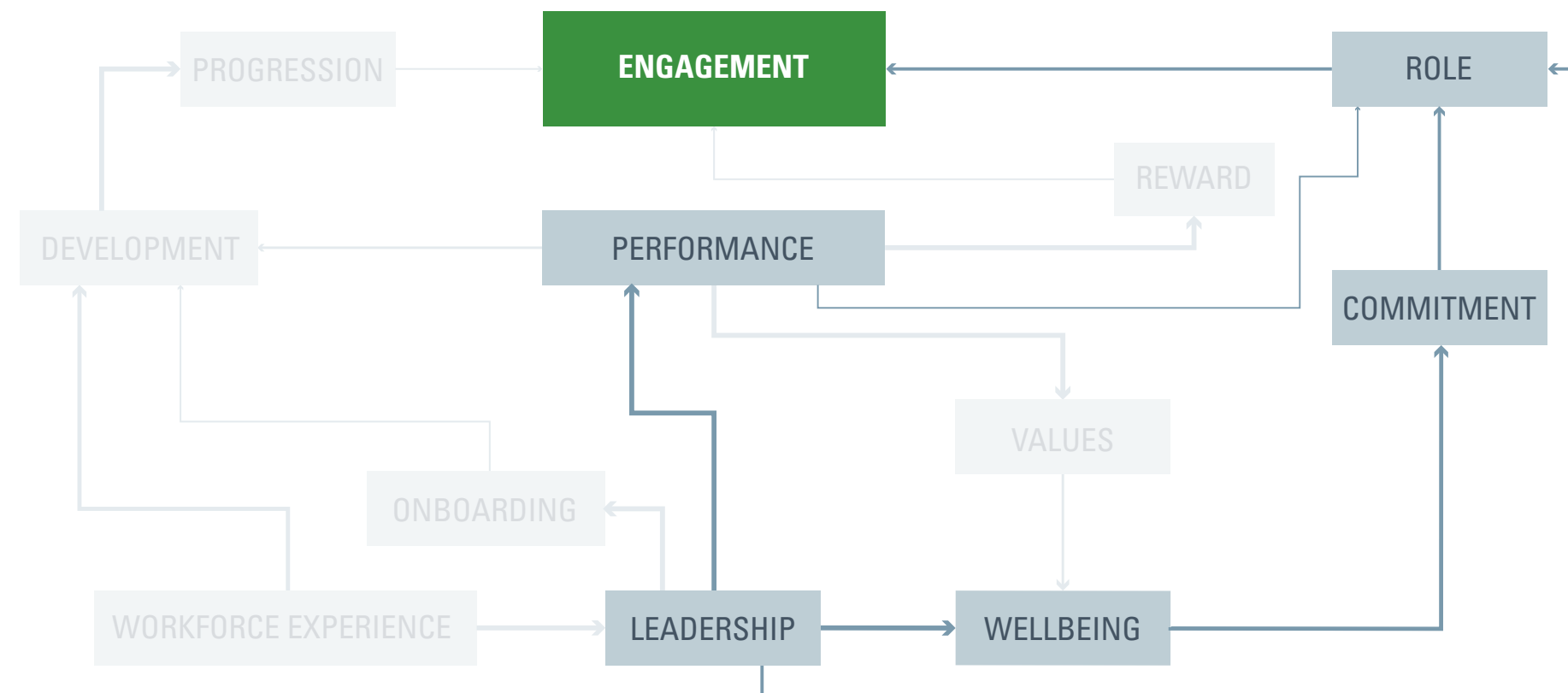
Another factor that directly drives employee engagement is how effective someone is in their role, and how they perceive they are contributing to the business as a whole.

Not everyone wants or desires progression—many are very comfortable in their current roles. But that doesn't mean they don't need to be part of the same review and development processes as everyone else. They still need to receive and have access to:

- Direction regarding what they are doing and how fairly they're being treated
- Clear measures of expectation
- The opportunity to enjoy the work they do and contribute to the organization
- Recognition for a job well done
- Opportunities to excel and innovate
- Easy, natural ways to interact with their peers on a day-to-day basis

An individual's role and responsibilities need to evolve alongside the needs of the business. This keeps their role aligned with business goals, thereby making it clear to see how the individual is contributing to business success.

The individual's level of commitment is also influenced by their feelings of wellbeing in the job. If they feel valued, that the workplace culture is a good fit for them, and that they are contributing to goals that align with their own values, commitment to the role naturally increases.



Leaders directly influence how effective someone is in their role by providing them with the direction, tools, responsibilities, and freedom they need to do the best job possible. When someone is given autonomy, they don't just get more done; they feel more trusted and satisfied in their job—both factors that increase satisfaction in their role, and ultimately help drive engagement.

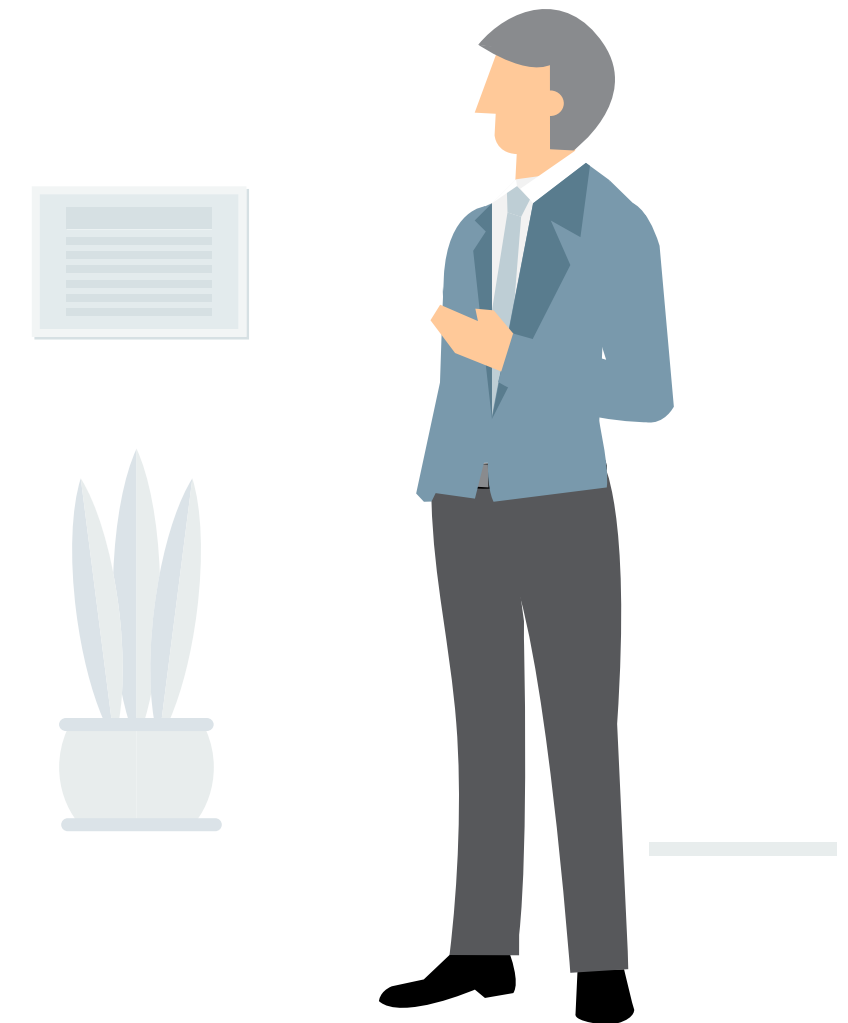
Unlike some of the other areas we've discussed, survey responses surrounding role effectiveness and contribution were quite encouraging across the board:

- **56%** say they feel empowered to make their own decisions
- **61%** say they are treated with respect at work
- **68%** know what is expected of them in their role
- **59%** can see the impact of their work on the end customer

### Next steps

Organizations seem to be doing well in this respect, with the majority of respondents feeling positive as regards to role effectiveness. To maintain success in this area, they must continue to ensure:

- **Everyone can clearly see how their role contributes to business success** through frequent feedback.
- **Everyone feels trusted** and enabled by leadership to do a good job.
- **The culture of the organization** demonstrates the company is concerned with their wellbeing and happiness.
- **Performance remains tightly aligned** with their current role objectives.



## 5. Reward

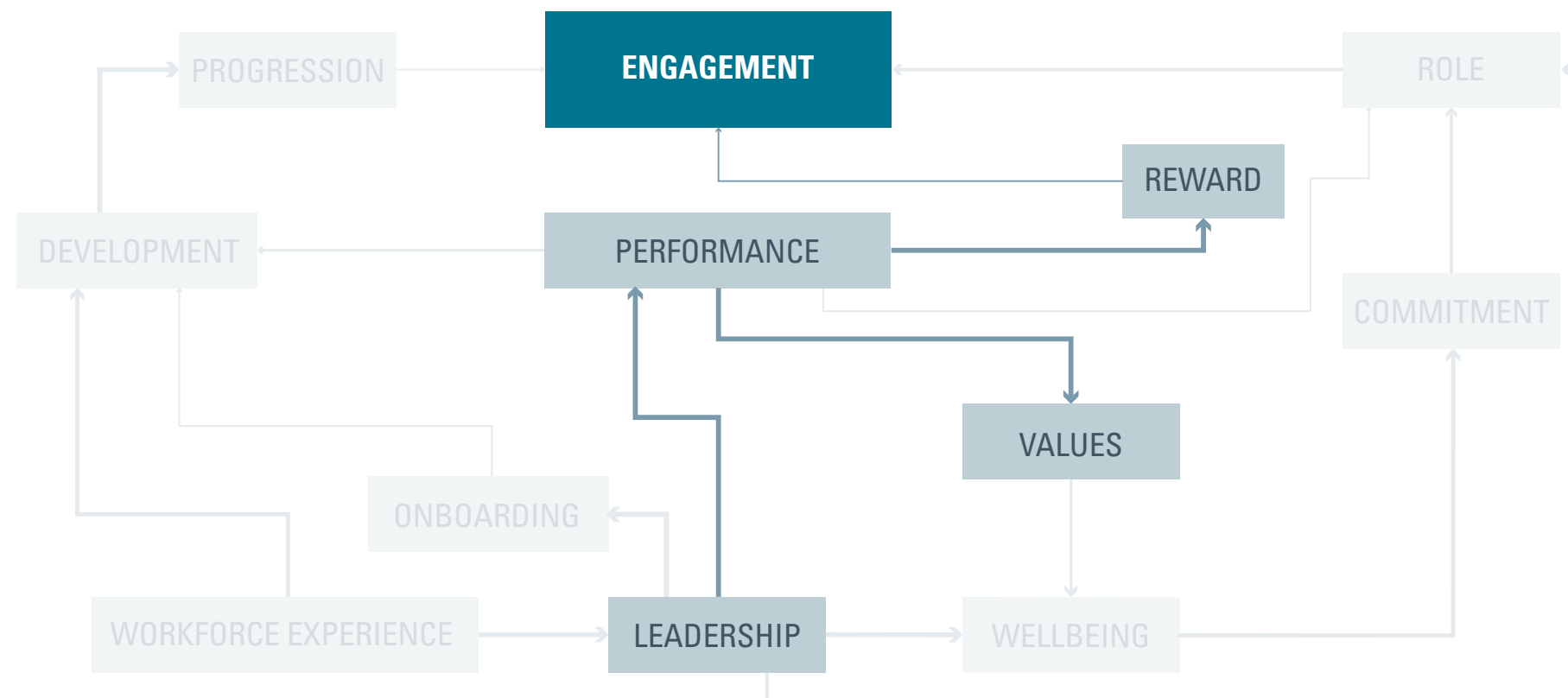
As we identified earlier, performance and reward are very closely linked. Reward is also a direct driver of engagement, but as you can tell from the weight of the line connecting them in the model below, it is the least significant of all the factors that directly influence it.

Although not a new concept, the data reinforces that fact that as long as people feel like they are being rewarded fairly and they are getting a sense of value from elsewhere in the organization, they will remain reasonably engaged. If pay levels are fair, comfortable, and closely linked to performance, engagement isn't likely to suffer.

The problem is, our research suggests that people *aren't* satisfied with the way they're currently being rewarded. To recap the findings we looked at earlier in the area of performance management:

- Only **41%** of people say they are compensated fairly
- A mere **36%** say that they will be rewarded based on their performance

While increasing pay levels can be effective in the short term, it is not something many organizations can afford to do frequently.



If leaders really want to increase engagement in the long term, they must also consider the other rewards that employees want to receive—such as organizational bonuses, non-financial rewards (such as additional time off or flexibility perks), and one-time special payments—and create a differentiated reward strategy that includes non-financial benefits.

### Next steps

Clearly, simply increasing everyone's pay, while it may deliver an effective engagement boost in the short term, isn't a sustainable strategy for maximizing engagement. Instead, leaders should focus on:

- More closely linking pay to performance, and ensuring everyone is rewarded accordingly
- Reviewing reward strategies to ensure they're better aligned with what employees want
- Conducting more regular performance conversations to ensure there are no surprises at pay-review time
- Using new tools to identify at-risk individuals and ensure they're fairly rewarded
- Ensuring everyone in the organization fully understands the company's compensation strategy and what rewards are available to them beyond simple merit increases

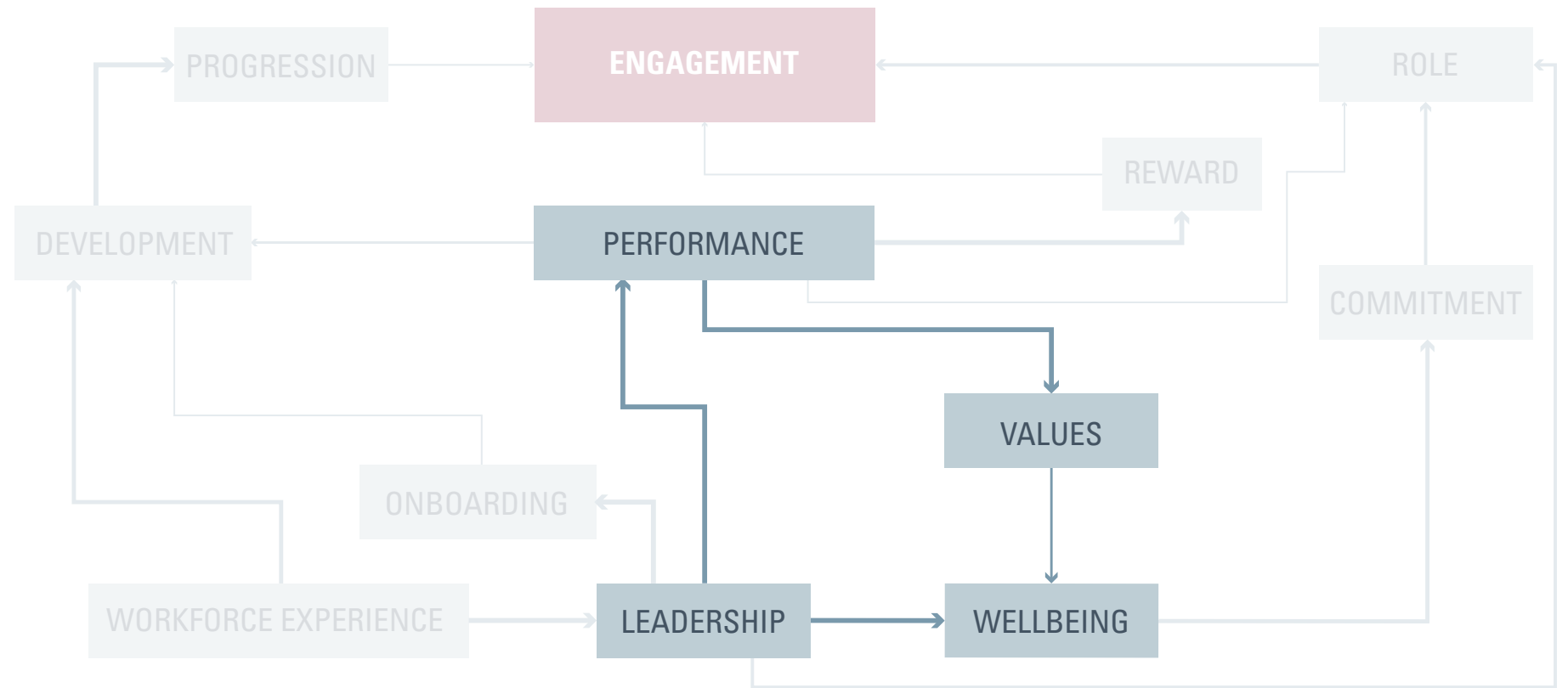


## 6. Culture and Values

When we talk about levels of pay and compensation in terms of “reward”, it’s somewhat misleading. The things people find rewarding in a job extend far beyond their paycheck.

Everyone has their own values, and as organizations become more visible as brands, people are actively seeking out companies with values and a culture that matches their own, especially young people entering the workforce. They want congruence between the organization and their personal values.

The idea of working towards a goal that you find personally rewarding, upholding values that are extremely important to you, or working in a culture you feel comfortable in are things we are hearing more and more about today, and they can often trump pay levels as the biggest pull factors in accepting a job.





The ways in which we deliver our objectives, measure our performance, and are recognized for that performance reinforce positively or negatively the perceptions of values of the organization.

- **38%** say their company supports causes that are important to them
- **36%** say their company allows them time to volunteer for causes that are important to them
- **38%** think their organization is concerned with their overall wellbeing
- **40%** say their organization promotes flexible working arrangements

## Next steps

To help keep people engaged, leaders must do more to ensure:

- Employees are acknowledged and recognized for demonstrating values aligned with those of the business
- Employees experience a productive, but flexible, workplace culture
- Everyone understands that the company is concerned with their welfare (which often requires regular interaction with leaders)
- Volunteer opportunities exist for causes that matter, helping employees achieve not just role-based goals but personal ones as well

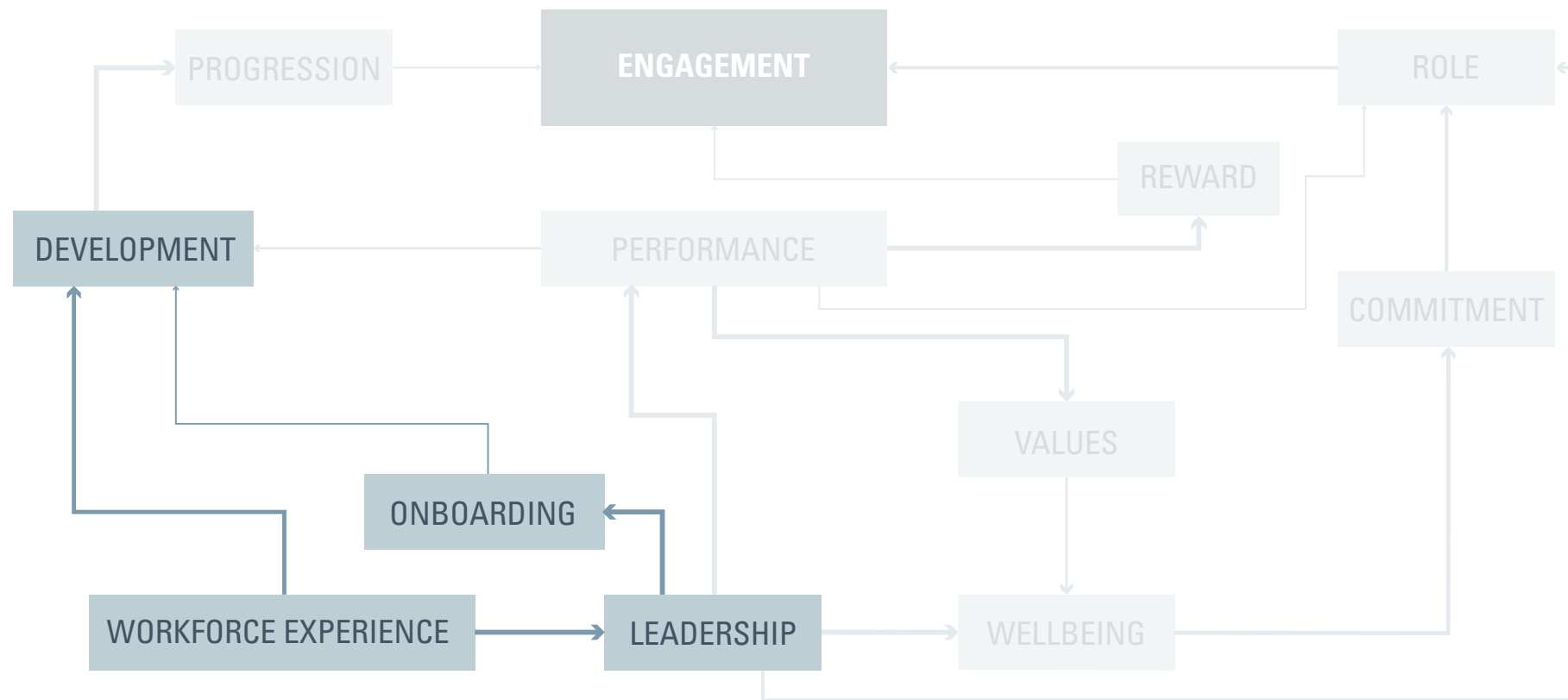


## 7. The Digital Employee Experience

If leadership is the heart of the engagement model, the digital employee experience is the backbone. While it doesn't have a direct impact on engagement itself, it enables and underpins many of the other factors we've already discussed.

Technology is transforming the way organizations are interacting with their customers, and the same is happening with the way organizations are managing experiences internally as well.

The modern workforce experience, enabled so much by the digital environment, is the key to enabling flexible, enterprisewide collaboration—giving everyone the opportunity to share knowledge, work together effectively from a distance, and pool their expertise to come up with and develop the kinds of innovative ideas that are essential to business success today.



Digital experiences give leaders the tools they need to lead their workforces intelligently. New technology can help them stay in touch with individuals, track their progress, and provide direct, timely feedback.

When your business provides everyone with the right connected digital experiences, you gain access to a wealth of data about everything from performance to individual development-plan progress. That data can fuel powerful analytics that can help you learn more about individual employees, and improve many of the services you provide them with—giving you the information you need to tailor experiences to their needs and requirements.

That enables you not only to make modern HR experiences extremely convenient; it also helps you make them extremely relevant to the individual. It helps improve the targeting and delivery of services, demonstrates an understanding of the individual, and further shows your commitment to them, and your interest in their unique needs.

That technology also plays a crucial role in the onboarding process. By weaving digital experiences into onboarding, leaders can get new employees up and running quickly, help them learn their way around the business, and enable immediate communication with new colleagues through digital networks.

Digital checklists and online information repositories come together to create a fast, flexible, and self-driven onboarding experience that puts the employee in control, and removes the need to keep asking awkward questions.



A positive onboarding experience sets the pace for a tenure that can be continuously powered and enhanced by helpful and intuitive technology.

Throughout an employee's journey with your business, HCM technology can help you enhance and improve experiences in a number of notable ways:

- Development-focused microsites and apps can keep individuals in touch with current development opportunities, enable them to plan their own development journeys, access online resources, and track their progress along their chosen development path.
- Digital performance-management tools make it easier to both gather feedback and manage performance.
- Networking technology can be extended to employees to help make their working lives easier and more social—effectively increasing feelings of wellbeing.
- Analytics and machine learning technology help to automate many common HR processes, personalize employee experiences, and make learning and development processes more intuitive, based on past experiences.

For many businesses, digital employee and HCM experiences are a relatively new concept. They may be using them in some capacity, but the results of our global survey show that many companies still have a way to go, and could stand to improve how they use technology to enable their workforce:

- **41%** say their onboarding process set them up for success efficiently
- **44%** say that their company uses the latest technology to enable them to perform effectively in their role

### Next steps

It's important to recognize just how critical digital experiences are to the modern engagement equation. While deploying new technology won't instantly make everyone more engaged, it provides the essential support for many things that *do* directly drive engagement.

Leaders who want to improve engagement indirectly need to find new ways to:

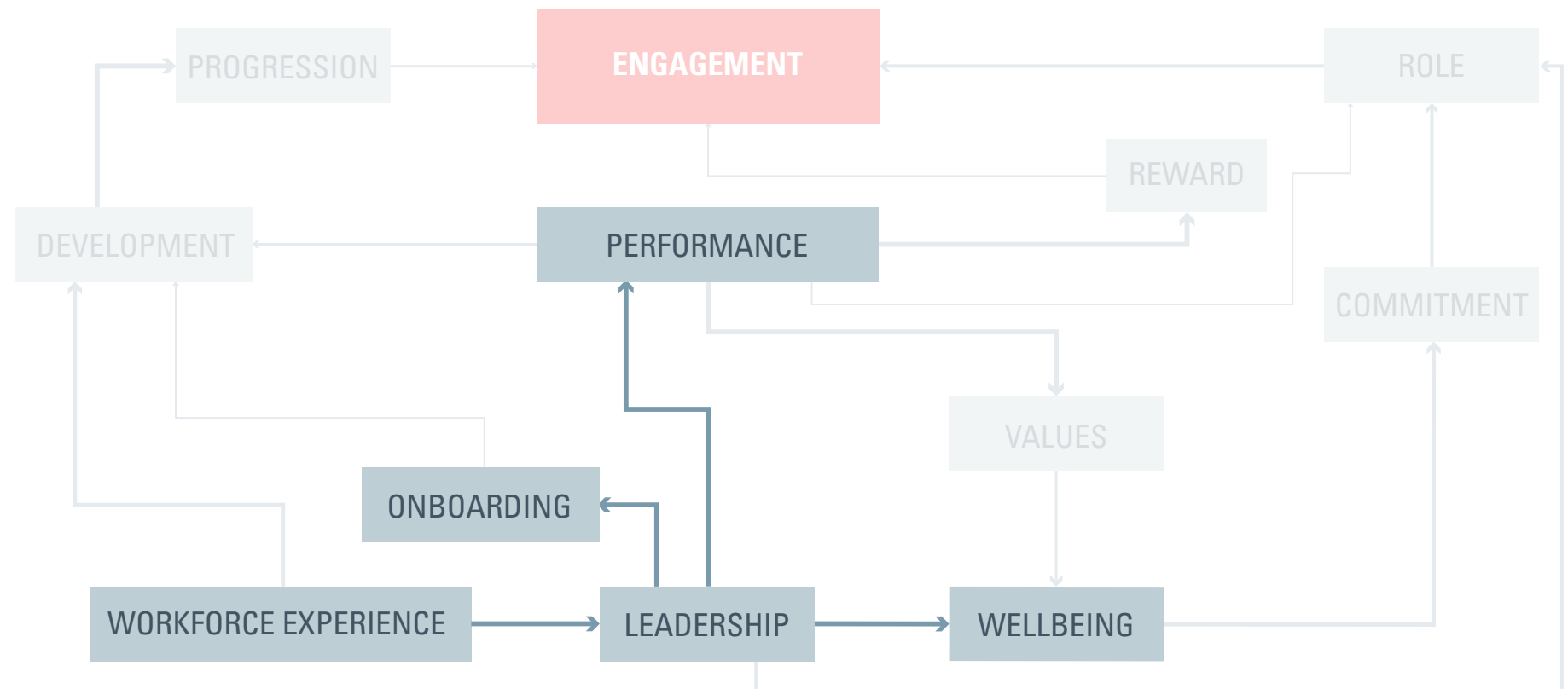
- Digitize the development process, including providing digital visibility of progression opportunities
- Create technology-driven onboarding experiences, so that employees are set up for a highly satisfying, intuitive, and digitally-enabled tenure with the business
- Improve management insight by equipping themselves with powerful analytics through simple dashboards
- Increase internal mobility through more effective digital job postings
- Source talent through social platforms, and help existing employees become powerful brand advocates by using the same channels

## Creating a Culture of Engagement

Let's look at the big picture again. While each connection in the model tells its own important story, the most valuable lessons of all come from looking at the model holistically.

It shows that if you want to increase engagement in a sustainable way, you need to consider each and every one of the factors and behaviors covered in the model. By understanding the relationships between them, and working to improve them all, you can create a lasting culture of engagement that every person at every level is a part of.

The model also helps us understand which factors and influences are the most important when it comes to maintaining that culture of engagement. Leadership, performance, and the digital experience all have major impacts on a large number of other factors in the web. While none of them directly influence engagement, they are some of the most important parts of the puzzle, enabling the aspects that do directly impact engagement.



At its core, the model teaches us three major lessons:

1. People want to work in organizations that give them the opportunity to develop personally and professionally, and move sideways or upwards within the company as their skills increase.
2. People want to work in organizations that are a great cultural fit for them personally and enable them to work towards goals that are aligned with their values, in way that's aligned their lifestyle.

3. Digital experiences and new technology aren't going to improve employee engagement overnight, but when used correctly, they can drive huge positive changes in every area that does directly impact engagement.

By looking at the web, we can change the way we perceive employee engagement forever. Only by understanding every single relationship, recognizing the impact that every factor has on another, and working to improve them all together can we truly master engagement.

## Eight Steps to Creating Your Own Culture of Engagement

If you're ready to build a lasting, effective culture of engagement in your business, here are eight steps to get you started:

- #1** Look at how experiences at every stage of the employee lifecycle could be improved digitally—from recruitment of new talent to self-driven onboarding and ongoing development.
- #2** Ensure that everyone's development is linked to their personal goals, the business's performance requirements, and the progression opportunities available to them.
- #3** Link performance to financial rewards, but also consider whether the employee performance goals are aligned with their own values and the values of your organization.
- #4** Enable leaders to have as much direct contact with the workforce as possible. Use frequent interactions to create a constant feedback stream in between scheduled performance reviews.
- #5** Create a culture where employees can live their values both at work and at home.
- #6** Keep roles tightly aligned with business needs, and ensure everyone can see how their efforts are driving the business towards achieving its goals.
- #7** Provide everyone with opportunities to learn and develop. They should always feel that they are working towards something greater, and they should clearly be able to see where their development plan is taking them.
- #8** Take an active interest in employee wellbeing, work to understand what it really consists of, and strive to make everyone's working lives as simple and comfortable as possible.



## Need some help? Let's talk.

As the model clearly shows us, engagement begins with great digital experiences. That's why Oracle HCM Cloud has been designed to help everyone develop and deliver the kinds of digital HR experiences that lay the foundation for sustainable employee engagement.

If you'd like to find out how we can help you work towards a happier, more engaged workforce, visit **Oracle.com/HCM** to find out more.

To find out more about the HCM Global Survey click **here**.

### Connect With Us

