

Will engaged employees increase your shareholder value?

Business Insight #6: MBS Mile High Business Series

Employee engagement has become a critical driver for organisational success. It appears to have passed through the 'latest fad' stage and everyone seems to understand the concept and related benefits. There is widespread acceptance that high levels of engagement promote retention of talent, foster customer loyalty and improve organisational performance and shareholder value. In short, engaged employees work harder, are more likely to go the 'extra mile', accomplish more, are more loyal and tend to speak positively about their organisation.

Given the benefits of an engaged workforce, it is not surprising that many HR departments are busy trying to measure engagement through various employee surveys. Incidentally, employees are becoming fatigued with being subjected to yet another on-line survey. In any case, most employee survey findings are not encouraging. Only one out of every three employees is actively engaged apparently, which leaves the other two employees being minimally engaged or even actively disengaged.

“ Employee engagement is a driver for organisational success ”

Although questions could be raised as to how organisations are attempting to measure employee engagement, a subsequent and crucial question is what organisations are doing about raising the engagement levels of their employees? The short answer is: not a lot! Whilst organisations are inundated with volumes of advice on how to measure employee engagement, there is little advice on how to actually build an engaged workforce. Knowing that your organisation has an engagement level of 62% is absolutely meaningless unless you understand how you can improve it.

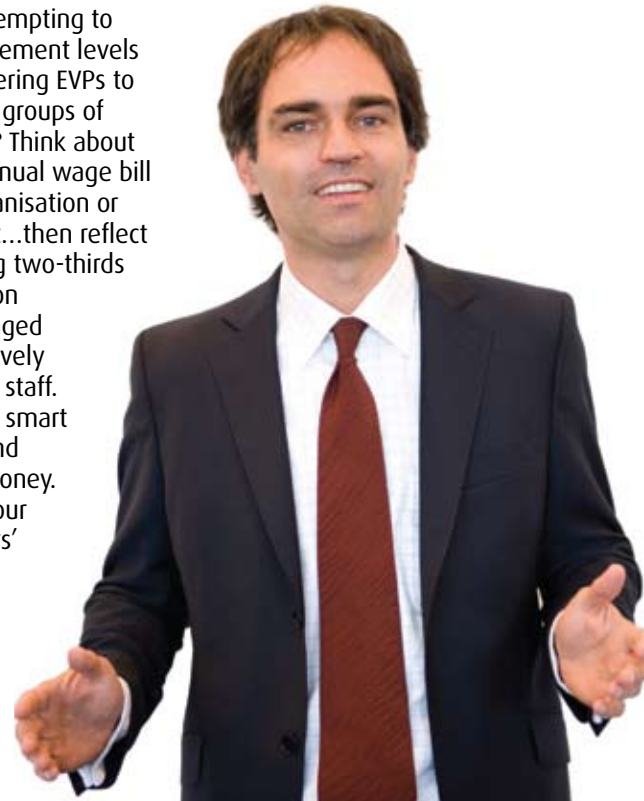
The amount of advice offered to many organisations on how to build an engaged workforce is often limited and ambiguous. Recommendations vary but tend to relate to common drivers like leadership, communication, culture, job environment, training and development, pay and benefits, work-life balance, health and safety, and equality of opportunities. Occasionally, it is suggested to –somehow– turn these drivers into one organisational Employee Value Proposition (EVP) assuming that by offering such a core EVP, engagement levels will subsequently increase.

We have been exploring the relationship of EVPs and employee engagement. What our research shows us is that while offering an EVP at an organisational level can increase employee attraction and retention, it does not necessarily deal with employee needs at a group or individual level and therefore does not automatically increase employee engagement. To actually increase engagement levels, organisations will also need to offer a range of EVPs tailoring specific offerings to segmented employee groups and individuals. In other words, mothers returning to the workplace may be motivated by different employment offerings compared to, for instance, graduate employees or mature employees.

We actually developed a strategy of inquiry into the engagement drivers of employees, which allows us to create a kaleidoscope of meaningful and segmented EVPs for individual organisations. But there is no doubt that employee engagement is a complex concept. Raising engagement levels by offering segmented EVPs and maintaining them across the organisation takes time, effort, commitment and investment.

In the end, what is the business case for attempting to raise engagement levels through offering EVPs to segmented groups of employees? Think about the total annual wage bill of your organisation or department...then reflect on spending two-thirds of that bill on hardly engaged or even actively disengaged staff. That's not a smart way to spend anyone's money. Let alone your shareholders' money!

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