

Best Practices for Employee Engagement

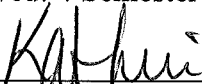
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A handwritten signature in black ink, appearing to read 'Kat Lui', is written over a horizontal line.

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ABSTRACT

Organizations have the potential to gain considerable benefits from incorporating engagement into their culture. This study explores the construct of employee engagement relative to how engagement is defined, the impact of engagement on organizational elements, increasing engagement levels through the search and identification of specific drivers of engagement, as well as an exploration of the different methods of measuring engagement. This study investigates best practices that organization can use for designing an engagement program through the content analysis of existing literature.

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TABLE OF CONTENTS

	Page
ABSTRACT	ii
Chapter I: Introduction.....	6
<i>Statement of the Problem</i>	7
<i>Purpose of the Study</i>	7
<i>Assumptions of the Study</i>	7
<i>Limitations of the Study</i>	8
<i>Definition of Terms</i>	8
<i>Methodology</i>	9
Chapter II: Literature Review	11
<i>Engagement</i>	11
<i>Impact of Engagement</i>	14
<i>Increasing Engagement</i>	16
<i>Drivers of Engagement</i>	18
<i>Measuring Engagement</i>	21
<i>Outsourcing</i>	23
<i>Engagement Today</i>	26
<i>Summary</i>	28
Chapter III: Discussion	31
<i>Conclusions</i>	31
<i>Limitations</i>	34
<i>Recommendations</i>	34

References	35
Appendix A: Kahn (1990) Dimensions of Psychological Conditions	41
Appendix B: Corporate Leadership Council: The Top 50 Levers of Discretionary Effort	42
Appendix C: Corporate Leadership Council: The Top 50 Levers of Intent to Stay	43
Appendix D: Towers Perrin: Top Five Engagement Drivers	44
Appendix E: Accenture Personal Engagement Scorecard	45
Appendix F: Saks (2006) Model of antecedents and consequences	46

Chapter I: Introduction

What if there was a way to increase employee retention, productivity and loyalty while also increasing customer satisfaction and a company's bottom line? Employee engagement has been identified as a critical business driver that has the capability to impact an organization's overall success. Furthermore, engagement when understood and assessed gives organizations tremendous power to positively impact numerous areas of the company. Engagement has the potential to significantly affect employee retention, productivity and loyalty (Corporate Executive Board, 2004). It also has a link to other organizational factors such as customer satisfaction and company reputation (Lockwood, 2008).

To tap into the benefits of engagement is to understand and give definition to the concept. Defining engagement and validating it as a construct has been questioned relentlessly in professional and academic circles. Some have compared it to just the latest buzz work, while others claim it is nothing more than a repackaging of old concepts including motivation, passion and commitment. However, there is now a growing consensus amongst practitioners in the field and academics that engagement is a complex ongoing process which is influenced by and can influence many organizational and job factors (Saks, 2006).

There are many potential reasons for engaging employees some include: enhance customer service, increase customer satisfaction, improve organizational productivity, improve the bottom line, positively affect teamwork and morale, align employees with strategy, reduce turnover, attract new employees, build a succession pipeline, help workers live more satisfying lives, and reduce absenteeism (Paradise, 2008, p. 55).

The world of work has shifted and now employers can be very selective meaning that hundreds of applicants may be vying for a single position at an organization.

Talented employees are often enticed away from one organization to another, leaving companies who lose employees to again search for new talented individuals which makes engagement all the more important.

Statement of the Problem

Employee engagement is growing as more important construct, driving and influencing important factors of a business. Unfortunately, many companies struggle with measuring and improving engagement levels in their organization. Therefore, it is important for companies to have a strong understanding of engagement in order for them to be successful. This study will look at best practices that companies can use to measure and use engagement data to their advantage.

Purpose of the Study

This study will investigate best practices regarding engagement for organizations. In addition, the study will investigate the impact of engagement on an organization and what things should be when designing an engagement program. The specific research questions are:

1. How does engagement affect organizations?
2. What are methods to assess levels of engagement?
3. What considerations should be given in designing an engagement program?

Assumptions of the Study

1. This study assumes that all companies are using roughly the same definition of engagement.

2. It also assumes that all companies in the study are using engagement strategies in effort of improving company and employee elements.
3. The study assumed that the secondary sources of data including review of literature will meet standards of credibility and validity.

Limitations of the Study

1. This study is qualitative in nature and based on secondary sources of data. Therefore, the accuracy of conclusions presented is dependent on the accuracy of the data.
2. The newer component of engagement, regarding how it is being impacted in today's economic downturn, is limited in quantity and exists mainly in popular literature which may lack peer review rigor.

Definition of Terms

Change - to make or become different (Merriam Webster, 2009).

Climate – the prevailing influence or environment conditions characterizing a group (Merriam Webster, 2009).

Culture – the set of shared attitudes, values, goals and practices that characterizes an institution or organization, the set of values, conventions or social practices associates with a particular field, activity, or societal characteristic (Merriam Webster, 2009).

Disengagement – withdrawal and defense of a person's preferred self in behaviors that promote a lack of connections, physical, cognitive and emotional absence, and passive, incomplete role performances (Kahn, 1990. p.701).

Discretionary Effort - the respondent's willingness to expend effort beyond typical expectations (Corporate Leadership Council, 2004).

Emotional commitment - is the extent to which employees value, enjoy, and believe in their jobs, managers, teams, or organizations and drives discretionary effort (Corporate Leadership Council, 2004).

Engagement – a: the act of engaging: the state of being engaged b: emotional involvement or commitment (Merriam Webster, 2009).

Lever - refers to any tactic, strategy, event, or intervention an organization may employ to improve employee engagement (Corporate Leadership Council, 2004).

Rational commitment – the extent to which employees believe that managers, teams, or organizations are in their self-interest and drives intent to stay (Corporate Leadership Council, 2004).

System - is a regularly interacting or interdependent group of items forming a unified whole (Merriam Webster, 2009).

Methodology

Qualitative, interpretative, research will help the researcher organize and describe subjective data in a systematic way. Content analysis will be used to analyze the literature relative to engagement. This technique “will allow for an unobtrusive analysis of data with regards to meanings, symbolic qualities and expressive contents within sources of data” (Krippendorff, 1980, p. 44). The sampling strategies that will be used during this literature review include both relevance and snowball. The purpose of relevance sampling aims at selecting literature that contributes to answering specific research questions. In efforts of validating and adding confidence to the findings a snowball sampling approach

will also be used (Miles & Huberman, 1994). The examination of literature will cease when an emergence of regularities and if an overextension of the topics being explored is reached.

Chapter II: Literature Review

Literature regarding employee engagement is extensive and often confusing; some research refers to it as the latest buzz word for employee satisfaction while other research stresses its importance and potential impact to all areas of a company. An engagement novice may be left contemplating the subject and unsure how to proceed with formulating an engagement strategy. This review of literature will explore how engagement is defined, the impact of engagement on organizational elements, increasing engagement levels through the search and identification of specific drivers of engagement as well as an exploration of the different methods of measuring engagement. Reviewing this literature will help to describe the background of the research problem of finding the best practices to prepare and execute an engagement strategy.

Engagement

The majority of what is written about engagement is from practitioner literature with its evidence based in practice rather than theory. The academic world has also been investigating engagement but to a lesser extent. This lack of clarity has led to numerous definitions of engagement. While there is still arguably numerous definitions, there is growing consensus amongst practitioners in the field and academics that engagement is not just a “flavor of the month” nor a repackaging of some older concepts. Rather engagement is distinguishable from other concepts which may occasionally and inaccurately be used as synonyms for concepts such as organizational commitment (Saks, 2006) job satisfaction, which is defined as how an employee feels about his or her job, work environment, pay benefits (Lockwood, 2007) and job involvement the result of a

cognitive judgment about the need satisfying abilities of the job and is tied to one's self-image (May et al., 2004). So what is engagement and how is it defined? The more researched based definitions of engagement and evolution of the term will be explored.

Merriam Webster dictionary (2009) defines engagement as a: the act of engaging; the state of being engaged b: emotional involvement or commitment. Engagement at work was conceptualized by Kahn (1990) as “the harnessing of organization members' selves to their work roles; in engagement, people employ and express themselves physically, cognitively, and emotionally during role performances” (p. 694). Personal disengagement is the uncoupling of selves from work roles; people withdraw and defend themselves during role performances.

Harter et al. (2002) defines employee engagement as “the individual's involvement and satisfaction with as well as enthusiasm for work” (p. 269). In alignment with Kahn (1990), Harter et al. (2002) states that engagement occurs when individuals are emotionally connected to others and cognitively vigilant and to be engaged means that “they know what is expected of them, have what they need to do their work, have opportunities to feel an impact and fulfillment in their work, perceive that they are part of something significant with coworkers whom they trust, and have chances to improve and develop” (p. 269). Their study found a generalizable relationship between engagement and organizational performance factors which was measured using the Gallup Workplace Audit (GWA) or Q12.

The Corporate Leadership Council (2004) defines “engagement as the extent to which employees commit to something or someone in their organization, how hard they work, and how long they stay as a result of that commitment” (p. 6). The Corporate

Leadership Council's model of engagement refers to these components as emotional and rational commitment which is explained through four key focal points: 1) day-to-day work, 2) the team, 3) the manager, 4) and the organization. This results in either increased discretionary effort, or willingness to go "above and beyond" their normal job, and/or intent to stay.

Emotional commitment is the extent to which employees value, enjoy, and believe in their jobs, managers, teams, or organization, leading to discretionary effort and performance. Rational commitment is the extent to which employees believe that managers, teams, or organizations have their self-interest in mind, leading reduced attrition (Corporate Executive Board, 2004). Improvements in emotional commitment can produce three to seven times the total impact on discretionary effort achieved through improvements in rational commitment. However, depending on what a company is untimely attempting to achieve, rational commitment is also highly important.

The ASTD-Dale Carnegie Training-i4cp learning and employee engagement study (2008) defines "engaged employees as those who are mentally and emotionally invested in their work and in contributing to their employer's success" (p. 9). Engagement is demonstrated when employees put in extra effort, speak well of the company and are devoted to customer satisfaction.

Despite its seeming conceptual overlap with existing constructs such as organizational commitment and job involvement, evidence confirms that engagement is a construct and is a unique and distinct concept consisting of cognitive, emotional and behavioral components in regards to individual performance (Saks 2006). This study was a pioneer in seeking to distinguish between job and organization engagement.

Engagement is influenced by and can influence many organizational and job factors (Saks, 2006), including the potential to significantly affect employee retention, productivity and loyalty (Corporate Executive Board, 2004) as well as link to other organizational factors such as customer satisfaction and company reputation (Lockwood, 2008). The impact of engagement will be explored next in the next section.

Impact of Engagement

There is culminating evidence that employee engagement connects with individual and organizational performance in the highly desirable areas of productivity, retention, turnover, customer service and loyalty. In its most recent U.S. Employee Engagement Survey, Gallup estimates that the lower productivity of actively disengaged workers costs the U.S. economy about \$300 billion U.S. per year (Gallup, 2005). Can one construct really do all that?

To understand the impact engagement may have on a company a review of systems and systemic organizations should be explored. A system is a regularly interacting or interdependent group of items forming a unified whole (Merriam Webster, 2009). Systematic organizations are composed of many parts; each unit having a definable purpose with those purposes linking upstream to the systems' purpose. No one part of the system can achieve what the systems as a whole can achieve, the sum of the whole is greater than the sum of its parts. A system is comprised of processes which have inputs and outputs. Kaufman (2003) states that a successful system defines and demands results that link individuals, teams, and organizations to external clients and society. In any system of interrelated parts, changing any part of a system influences the system in

totality. A very important component of systems is feedback. Since employees are a part of the system, the people aspect can have an impact on the rest of the system.

There are three levels of employee engagement; the Corporate Leadership Council labels them as the disaffected, agnostics, and true believers while Gallup titles the levels as engaged employees, not engaged employees and the actively disengaged employees (Corporate Leadership Council, 2004; Gallup, 2006). The disaffected or actively disengaged is neither rationally nor emotionally committed to their jobs. They are more than just unhappy; they actively portray their unhappiness and undermine the efforts of others. The true believers or engaged commit both rationally and emotionally to all aspects of their work. The agnostics are neither strongly committed nor non-committed.

The largest group in any given company is the agnostics. Companies have the greatest potential to affect these individuals and realize the benefits of their engagement. On the flip side, companies that do not engage these employees many leave or even more detrimental stay but become disengaged. Gallup (2006) found that 29% of employees are engaged, 56% are not engaged, and 15% are actively disengaged. A Towers Perrin study (2008) show similar numbers with 21% of employees as fully engaged, 8% are fully disengaged with the majority 71% of employees fall into moderately engaged group, which is further subcategorized as “enrolled,” those who are partially engaged, and the “disenchanted,” those who are partially disengaged.

Harter et al., (2002) found both employee satisfaction and engagement to be related to business outcomes by a magnitude important to many organizations. The Corporate Leadership Council (2004) also identifies a relationship between engagement

and organizational factors and states that by increasing employee engagement levels, organizations can expect an increase in performance of up to 20 percentile points and an 87% reduction in employees' probability of departure. This is captured by two rules. The 10:6:2 rule states that "for every 10% improvement in employee commitment, employees will realize a 6% improvement in discretionary effort, which in turn results in a 2 percentile point improvement in performance" (p10). The 10:9 Rule states that for every 10% improvement in commitment will decrease the probability of departure by 9% (p. 12).

A striking data linkage between financial performance and employee engagement comes from Towers Perrin (2008) which found that firms with the highest percentage of engaged employees increased operating income 19% and earnings per share 28% year to year. On the other hand, companies with the lowest percentage of engaged employees showed successive years of decline; 33% in operating income and 11% in earnings per share. In a related three year longitudinal study companies with the highest levels of employee engagement achieved a 3.7% increase in operating margins, while those with the lowest levels of engagement suffered a drop of 2%.

Increasing Engagement

Through his inductive analysis Kahn (1990) presents three psychological conditions whose presence influences engagement and whose absences influences disengagement. These conditions emerged in the dimensions of meaningfulness, safety and availability with specific influences for each dimension. (See Appendix A). Meaningfulness refers to the intrinsic value employees attach to performance in the work role. It is influenced by the tasks employees perform and the roles they fill. Safety

pertains to the sense of whether one perceives the freedom to be authentic in the work role. Its primary determinant is the perceived quality of interpersonal interactions employees experience at work. Employees can be engaged on one dimension and not the other as employee engagement is a multidimensional construct.

May et al., (2004) empirically tested Kahn's (1990) model and found that meaningfulness, safety, and availability were significantly related to engagement. Job enrichment and role fit were positive predictors of meaningfulness; rewarding co-worker and supportive supervisor relations were positive predictors of safety while adherence to co-worker norms and self-consciousness were negative predictors. A positive predictor of psychological availability was resources available and participation in outside activities was a negative predictor.

Furthering Kahn's (1990) model which describes the necessary psychological conditions for engagement, Saks (2006) validates the social exchange theory as a means for understanding and explaining individual responses of employee engagement. The social exchange theory describes parties as being in reciprocal and interdependent relationships which based on their interactions with one another generate or do not generate certain feelings of obligation. According to this theory, organizations offer economic and socioemotional resources and in exchange employees feel obligated to reciprocate with their recourses, namely their level of engagement. If an organization fails to provide these resources, employees may feel their obligation to the company lessen increasing the likelihood that they will withdraw themselves from their roles. This shows that engagement is based on a relationship of give and take where organizational and managerial relationships have a direct impact on levels of engagement.

Engagement is an individual based construct (Saks, 2006), which is consistent with the Corporate Leadership Council (2004) finding that is no employee segment or demographic group whose engagement is always high or always low. Rather engagement is a characteristic of individual people “to be won or lost, improved or diminished, by their organization” (Corporate Leadership Council, 2004 p. 8).

While employee demographics do not predict differences in employee engagement, engagement does vary significantly by organization (Corporate Leadership Council, 2004). This finding suggests that organizational factors such as management behaviors, culture, and compensation play a more vital role in enabling organizations to realize an “effort dividend” born of employee commitment.

An exploration of drivers of engagement will be explored next. By understanding the different drivers of engagement and the types it provides perspective into employee behaviors that can either positively or negatively affect organizational success (Lockwood, 2007).

Drivers of Engagement

With the understanding that engagement is an individual based construct (Saks, 2006) with little to no demographic predictor for low or high levels of engagement (Corporate Leadership Council, 2004) an examination of drivers of engagement will be reviewed. Realistically there could be an infinite number of drivers for engagement which presents the question are there critical drivers that can more positively affect engagement levels?

Based on Saks (2006) empirically tested model of the antecedents and consequences of employee engagement (See Appendix F for model) there are significant

difference between organization and job engagements and the factors that predict job and organization engagement. Saks (2006) originates that perceived organizational support predicted job and organization engagement, job characteristics predicted job engagement and procedural justice predicted organization engagement. Job and organization engagements predicted job satisfaction, organizational commitment, and intention to quit. Organization engagement was a much stronger predictor of all of the outcomes over job engagement.

The Corporate Leadership Council (2004) establishes that most levers impact all employees to the same degree so companies can use the same levers for all employees when constructing their engagement interventions. Although Avery et al., (2007) mirror these findings, they note a slight exception among older employees; the relationship between perceived age similarity with their peers and their workplace engagement appeared to be stronger than among younger employees. Efforts to increase engagement in this population segment should focus on eliminating bias against older employees, instituting flexible retirement options, and surrounding mature employees with satisfying coworkers (Avery et al., 2007). On the other hand Towers Perrin (2008) reports that drivers of engagement can vary by demographics, specifically age (See Appendix D for Top Five Engagement Drivers). A review of this data will show only slight differences in these engagements drivers amongst demographic segments. No statistical significance is presented with their findings.

What is deemed significant by the Corporate Leadership Council (2004) is the varying degree of impact the individual levers can produce; “approximately 50 levels have two to five times more impact than the next 100 levers and are up to 40 times more

powerful than the remaining levers” (p. 48). The top lever is the connection between employees’ job and organizational strategy and employees’ understanding of how important their job is to organizational success. A complete list of the 50 levers for both retention and performance can be found respectively in Appendix B and Appendix C. ASTD (2008) reports that good relationships between employees and immediate supervisors are the single most important driver of employee engagement.

Managers should find out what resources and benefits are most desired by employees and most likely to create a sense of obligation that is returned with greater levels of engagement. Employee engagement is “a long term and on-going process that requires continued interactions over time in order to generate obligations and a state of reciprocal interdependence” (Saks, 2006 p. 614).

So with this in mind, a global company Accenture, based on Hewitt Associates Engagement Model, created a personal engagement scorecard to drive communication between employees and their leaders, supervisors and mentors (Ketter, 2008) (See Appendix E for personal engagement scorecard). The scorecard is complete twice a year during the mid-year review, annual review and when an associate changes roles. From these conversations, associates and managers take an active role in addressing associates’ engagement.

Before any engagement strategy will succeed, organizations must first identify and remove barriers of engagement or drivers of disengagement. Engagement barriers may include cultural norms and practices that may get in the way or prevent engagement. Corace (2007) states that organizational culture must be supportive of engagement and that the company's culture is created and nurtured by the leadership team. Often times

these barriers are invisible to the organization so it is important to spend time identifying these drivers of disengagement. Caterpillar Inc. uses a Cultural Assessment Process (CAP) to assist in identifying and overcoming barriers to employee engagement. Diagnoses of barriers occur through focus groups and interviews with managers and employees. Caterpillar finds open communication the key to identifying aspects of the culture blocking engagement (Corporate Leadership Council, 2004).

When Johnson & Johnson Pharmaceutical Research & Development, L.L.C. faced an onslaught of challenges in its growing business and in an increasingly competitive marketplace, and with a down turn in its employees engagement levels, the Global Organizational Development team targeted employee engagement as the important tool for measurement (Catteeuw et al., 2007). Prepared to combat potential roadblocks, the Global Organizational Development team used a model of engagement that was built on scientific evidence, hard data as well as used existing HR tools for gathering data. These elements increased participation and buy in from leaders which consequently helped drive engagement to become a cultural norm.

With the understanding that engagement is a critical construct that organizations should pay attention to, the question is now how to measure it. An exploration of measurements relative to engagement follows.

Measuring Engagement

Traditional employee satisfaction surveys have been used in organizations for a long time. They typically attempt to measure job satisfaction and general satisfaction with organizational programs, benefits and services. According to Falletta (2008) the early 1990s brought more targeted employee pulse surveys which focused on employee

perceptions and reactions to organizational change efforts and management trends. Then during the talent shortage roughly 1995 to 2000 the concept of employee engagement came to fruition.

Towers Perrin (2007) dubbed the existence of an "engagement gap" between the discretionary effort companies need and what people actually want to invest and companies' effectiveness in directing this effort to enhance performance. Measures of engagement are critical for proving linkage between performance management, productivity and bottom line improvements. So what measures should be used to assess the degree of engagement?

There are numerous possible measurements of engagement including but not necessarily limited to: exit interviews, informal discussions with employees, tracking turnover, regular employee surveys, input from employees' supervisors, feedback on leadership, employee focus groups, one-on-one interviews with employees, tracking absenteeism, (ASTD, 2008) percent team involvement ratio, the percentage of people who have gained team skill certifications, the number of team projects implemented per year, and the total dollars saved through team efforts as well as the ratio of ideas submitted per year per employee (McManus, 2007). Additional measures of sustained employee engagement according to Branham (2005) include: top performer voluntary turnover rate, performance/quality results, training hours per employee, ratio of internal to external hires, percentage of employees completing individual development plans, and percentage of re-hires among all hires. ASTD (2008) reports the top three most frequently selected measuring methods of engagement as the exit interview, with 57%, tracking turnover with 53%, and regular employee surveys with 45%.

With the third most frequently reported measurement of engagement reported as regular employee surveys (ASTD, 2008) organizations should follow proper survey construction guidelines. Engagement surveys should mirror organizational intelligence surveys, which are evidence-based, model-driven and focused on action planning and real change (Falletta, 2008). Due to the importance of being able to tie measurements of engagement to organizational factors companies often enlist the support of vendors. In the next section we will explore some of those reasons and available outsourcing options.

Outsourcing

A company may choose to look at outsourcing their engagement programs in efforts to avoiding re-inventing the wheel, in instances where they lack a credible internal expertise or if their culture shows a preference of outsiders' perspectives. There are various pros and cons to outsourcing an engagement survey. According to the Corporate Leadership Council (2008) companies hire vendors to employee engagement assessment due to one of more of the following reasons: increased efficiency, anonymity, benchmarking information, analysis, and survey tool/ administration. External consultants also generally have lots of direct experience with other companies, offer a fresh perspective and tend to be cost effective (Stroh & Johnson, 2006). However, there are certain criteria that organizations should take into consideration when selecting the outsourcing vendor such as their knowledge of the industry and their areas of special expertise (Heneman & Greenberger, 2002). Reviews of three major engagement survey vendors are discussed below.

The Gallup Organization as a result of 25 years of interviewing and surveying employees and managers refined a set of employee questions related to organizational

outcomes (Gallup, 2001). These questions were derived through thousands of focus groups conducted over 2,500 business, healthcare and education units which were factor-analyzed (Harter et al. 2002). The statistically derived items measure employee engagement by use of the Gallup Workplace Audit (GWA) or Q12, consisting of 12 questions. Gallup's Q12 is conceptually based on Kahn's (1990) theoretical model of engagement makes this survey grounded in academic research, although this was not noted on their website.

Efficiencies may be gained through the use of a survey provider especially in organizations with large global employee populations. Pitney Bowes partnered with Kenexa due to their global capabilities and effectiveness at translating the survey in more than fifteen languages, generating meaningful results at the local level which correlated to business results. From the survey results a change in communication and recognition programs were targeted from the organizational to local levels. A New York district implemented bi-monthly voice mail messages to recognize service employees by sharing customer comments and customer satisfaction ratings in that region improved from 77 percent to 85 percent. Pitney Bowes also instituted a quality improvement initiative which increased overall customer satisfaction ratings by 42 percent from 2005 to 2006 (Kenexa, 2007).

Hay Group Insight, since 1975 has been entrusted to design and implement engagement survey programs for many of the world's most prominent organizations. With survey research centers of excellence in the US, UK, Germany, Japan, Australia and UAE, employing approximately 100 dedicated employee survey consultants and technical experts. Hay Group (2009) defines employee engagement as a result achieved

by stimulating employees' enthusiasm for their work and directing it toward organizational success. Their research shows that engagement comprises two components 1) commitment, effective attachment to, and intention to remain with, an organization and 2) discretionary effort, the willingness to go above and beyond formal job requirements.

Hewitt has worked with more than 1,500 organizations worldwide. According to Hewitt (2009) engaged employees consistently demonstrate three general behaviors: they: 1) Say, consistently speak positively about the organization to coworkers, potential employees, and customers, 2) Stay, have an intense desire to be a member of the organization despite opportunities to work elsewhere and 3) Strive, exert extra time, effort, and initiative to contribute to business success. Web-based Hewitt Engagement Survey identifies the drivers of employee engagement and quantifies the ROI for improving each driver. After successful completion of the survey, a detailed organizational report is available online and we provide an additional report containing verbatim written comments. The survey can also be customized to meet an organization's specific needs.

There are also various reasons why a company might not choose to outsource. Cons of outsourcing generally include the loss of survey customization and individualization, although many vendors market having a customizable survey, there may be a wide degree to which the survey can actually be customized. Other cons to hiring an external consultant include limited availability, unfamiliar with organizational culture and once project is completed they do not have to live with the results (Stroh & Johnson, 2006).

While listed as a pro to outsourcing the engagement program, benchmarking is argued to be amongst the cons. According to Becker & Huselid (2003) relying on benchmarked comparisons of cost and other efficiency-based performance outcomes can encourage an approach to human capital management that is counterproductive. Instead organizations should focus on performing different activities from rivals or performing similar activities in different ways.

Even if a company should outsource their engagement assessment, they should take into consideration supplementing that source of information with other measurements. As reviewed in the previous section, there are a number of possible metrics for measuring employee engagement and according to Bernthal (2005) “multiple methods and measures offer a more complete picture of overall impact. It’s difficult to relate the effect of a single solution to the bottom line; it’s easier to show how a solution leads to long-term performance” (p. 55).

Simply measuring engagement in a variety of ways won’t increase engagement levels on its own. A company also needs to install and consistently improve the systems that are requisite for high levels of engagement (McManus, 2007). In order to change something, there needs to be a clear understanding of the relationships within the system.

Engagement Today

Keeping employees engaged despite the economic turmoil is imperative because as reviewed, engagement is directly linked to organizational performance metrics which are under careful watch. Robinson (2009) states that when compared with their industry peers, organizations with more than four engaged employees for every one actively disengaged employee saw 2.6 times more growth in earnings per share than did

organizations with a ratio of slightly less than one engaged worker for every one actively disengaged employee. What, if any, considerations should be given to engagement during the recent economic downturn?

According to Alaganandan and Oza (2009) the basic premises of employee engagement does not change in difficult times; while employees want security, they also seek challenge and growth. Tough times can be demoralizing and morale has a direct impact on performance. The Corporate Leadership Council (2008) research shows 4 performance challenges in light of the economic downturn. The first is that employee engagement has declined 9% translating into a staggering decrease in overall productivity by 3-5 percentage points. The second is that the disengaged are 24% less likely to quit now than in 2006, in short the disengaged are staying. Conversely, one in four high potentials are 10% more likely to leave than the general population which puts organizations at risk of losing their most productive employees. The fourth finding is that senior leaders' effort has dropped to 13% versus 29% in 2006.

The current state of fear and uncertainty, however, makes it more difficult for managers to keep employees focused and motivated. The Gallup-Healthways Well-Being Index, a measure of the state of Americans' health, showed a decline in well-being in the United States in the past year (Robinson, 2009).

The latest findings from Towers Perrin (2009) reports employee recognition of the relationship between their employment stability and the success of their employer, to which they have a direct role. To this end, employees are embracing a "give now to get later" sense of shared destiny accepting decreases in hours, pay and benefits to allow their employers to regroup in the tough economy.

Psychological resilience is critical during times of change and with the current economic situation businesses are trying to survive along with employees (White, 2008). The best design for preserving engagement is one that encourages recognition, stability, security, hope, and well-being which Robinson (2009) offers six tips to help managers keep employees engaged in times of change: 1) Tell employees what you expect from them, 2) Make sure employees have the right materials and equipment, 3) Give people the opportunity to do what they do best, 4) Do not forget to give recognition or praise, 5) Let your employees know you care about them, 6) Keep encouraging their development.

Employment value propositions are related to employee engagement and business outcomes (Heger, 2007) therefore it is critical that companies communicate a clear employment value proposition, especially amongst the critical talent segments. This has the potential to boost performance levels, increase engagement, protect against turnover, as well as attract strong talent from other companies.

Summary

Engagement is a popular topic in the professional and management worlds with articles marketing the numerous benefits companies can derive by “engaging” their workforce. However, there is little attention paid to the underpinnings of the construct in regards to theory and framework which has brought some cynicism to the term and multiple definitions (Little & Little, 2006; Endres & Mancheno-Smoak 2008). This indicates that may still be a misunderstood or misused construct. While there is considerably less literature on engagement in the academic circles, engagement has been validated as a distinct, measureable and invaluable construct (Saks, 2006) consisting of cognitive, emotional and behavioral components in regards to individual performance.

The focus here is on fully understanding and determining predictors and consequences of engagement.

Engagement is influenced by and can influence many organizational and job factors (Saks, 2006), including the potential to significantly affect employee retention, productivity and loyalty (Corporate Executive Board, 2004) link to other organizational factors such as customer satisfaction and company reputation (Lockwood, 2008) and directly impact a company's financials (Towers Perrin, 2008). Organizations have the potential to gain considerable benefits from incorporating engagement into their culture, developing an engagement strategy and including it with other critical metrics on a company's dashboard (Corporate Leadership Council, 2004).

Engagement is a characteristic of individual people and what motivates people is also individually based (Corporate Leadership Council, 2004; Saks, 2006). While there is some discrepancy regarding the top driver of engagement, Gallup (2001) states it is direct managers, Towers Perrin (2008) reports interest and vision coming from the executive level and the Corporate Leadership Council (2004) finds that communication between work and organizational strategy is the number one driver of engagement. What is increasingly clear is that managements' attention, communication and participation in engagement have the potential to produce big returns.

There are numerous possible measurements of engagement yet according to ASTD (2008) the most frequently selected measuring method of engagement are exit interviews, tracking turnover and regular employee surveys.

Given the proven power of engagement on organization elements, especially those linked with performance and financials and given the decline in economic

engagement may become more critical now than perhaps ever before. According to the Corporate Leadership Council (2008) heads of Human Resources are reporting improving employee engagement as one of their top concerns for 2009. With increasing uncertainty, decreasing benefits and decreasing job opportunities, employees may find themselves spinning their wheels or tempted to move on to other companies which they perceive to give a higher return and reward for performance.

Chapter III: Discussion

With so much literature on engagement in the organizational development world, a novice to engagement may be left confused and wondering about the true essence of engagement. This study sought to investigate best practices regarding engagement in organizations.

Conclusions

Q.1: How does engagement affect organizations? There are a number of ways that employee engagement can affect organizations and to understand the potential impact employee engagement can have on an organization is understand systemic organizations. A company is a system which is comprised of various inputs, processes and outputs. Employees are just one element of that system but can have a large impact. This is exemplified with Saks (2006) model of antecedents and consequences of employee engagement. Increasing employee engagement levels can increase performance of up to 20 percentile points and an 87% reduction in employees' probability of departure (Corporate Leadership Council, 2004). Turnover costs the U.S. economy an estimated \$5 trillion annually as well as it decreases earning and stock prices by an average of 38% (Corporate Leadership Council, 2006)

Besides impacting performance and turnover rates, employee engagement can impact other company financial performance. Firms with the highest percentage of engaged employees increased operating income 19% and earnings per share 28% year to year. Whereas companies with the lowest percentage of engaged employees showed declines of 33% in operating income and 11% in earnings per share year to year (Towers Perrin (2008).

Q2. What are the methods to assess levels of engagement? Employee engagement is growing as more important metric, driving important factors of a business. Unfortunately, many companies struggle with measuring and improving engagement levels in their organization and therefore not many measure it or measure it correctly. This is exemplified by the top ranking of the exit interview, as the most frequently reported measurement tool for assessing engagement levels (ASTD, 2008). There are obvious drawbacks to using such data, first it is subjective, not proactive information. By measuring exiting employees, the effort, if any is reactive and with the social concept of “not burning bridges” it would be difficult and naïve to project those answers as a true insight to employees engagement levels. Since engagement is an individual construct (Saks, 2006; Corporate Leadership Council, 2004) gaining one exiting employee’s feedback may not help the efforts of the remaining employees. However when conducted skillfully and incorporate with other relevant organizational data, exit survey and interview data can help to identify trends and develop effective solutions to address the factors driving people away (Branham, 2005).

While there is an indefinite number of ways to gain engagement data more forethought should be taken in efforts of gaining hard data. Such an option could include surveys. With all the engagement surveys marketed by vendors there are many options for support with assessing engagement levels. Multiple methods and measures offer a more complete picture of overall impact (Bernthal, 2005).

Q3 What considerations should be given in designing an engagement program? There are numerous considerations that should be given in designing an engagement program. From the review of literature importation organizational elements impact engagement

levels including manager characteristics, culture and communication. Strategic planning is the formal process of defining and documenting the future that is desired and the ways to get there. For any change to be strategic, it has to occur at the societal value added level which is also known as Mega level and involves seven steps (Kaufman et al., 2003). Shaw (2005) endorses that an engagement strategy process is critical for any organization's engagement initiative. To create a sound engagement program that will be truly effective, and take into account the necessary organizational elements, a model should be used. An appropriate model to use is the strategic planning model, ABCDE. By following a model the program will have the support, alignment and linkage between engagement and business outcomes that will bring about the positive effects of increasing engagement levels.

A survey is a valuable way to assess levels of employee engagement and using allowing for a company to identify areas of strength and weakness which will feed back into priorities, strategy and programs. However, according to Shaw (2005) if the engagement survey is the founder and the driver of engagement then there is little chance that engagement will be truly embodied and ingrained into the culture of the company. Rather more concentration will be put on the numbers of the survey instead of as interpretive tool to be used to design interventions.

Managers are critical for employee engagement and are heavily represented among the top drivers of engagement (Kahn, 1990; Harter et al., 2002; Corporate Leadership Council, 2004; Towers Perrin, 2008). According to Corporate Leadership Council (2006) managing employee job performance and managing an employee's relationship with the organization are the two most critical areas for managers to impact

employee engagement. Providing managers with ongoing learning and development opportunities will be important for successful and long term engagement success.

Limitations

1. The results of this study are limited to printed materials about engagement.
2. The results of this study are generalized engagement strategies.

Recommendations

Engagement is not an event; rather it is a process and needs to be managed in a systematic way. The study recognizes the need to continuously review existing literature and data analysis of the topic as emerging studies could expand the scope of future research in this area. Given the economic situation, I recommend additional studies on engagement strategies being used, while the principles remain the same interventions and resources are most likely impacted.

A review of survey construction could be reviewed, especially in instances where a company is interested in creating their own survey. This topic, while important, fell outside the scope of this study.

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Appendix A: Kahn (1990) Dimensions of Psychological Conditions

Dimensions of Psychological Conditions			
Dimensions	Meaningfulness	Safety	Availability
Definition	Sense of return on investments of self in role performances.	Sense of being able to show and employ self without fear of negative consequences to self-image, status, or career.	Sense of possessing the physical, emotional, and psychological resources necessary for investing self in role performances.
Experiential components	Feel worthwhile, valued, valuable; feel able to give to and receive from work and others in course of work.	Feel situations are trustworthy, secure, predictable, and clear in terms of behavioral consequences.	Feel capable of driving physical, intellectual, and emotional energies into role performance.
Types of influence	Work elements that create incentives or disincentives for investments of self.	Elements of social systems that create situations that are more or less predictable, consistent, and nonthreatening.	Individual distractions that are more or less preoccupying in role performance situations.
Influences	<p>Tasks: Jobs involving more or less challenge, variety, creativity, autonomy, and clear delineation of procedures and goals.</p> <p>Roles: Formal positions that offer more or less attractive identities, through fit with a preferred self-image, and status and influence.</p> <p>Work interactions: Interpersonal interactions with more or less promotion of dignity, self-appreciation, sense of value, and the inclusion of personal as well as professional elements.</p>	<p>Interpersonal relationships: Ongoing relationships that offer more or less support, trust, openness, flexibility, and lack of threat.</p> <p>Group and intergroup dynamics: Informal, often unconscious roles that leave more or less room to safely express various parts of self; shaped by dynamics within and between groups in organizations.</p> <p>Management style and process: Leader behaviors that show more or less support, resilience, consistency, trust, and competence.</p> <p>Organizational norms: Shared system expectations about member behaviors and emotions that leave more or less room for investments of self during role performances.</p>	<p>Physical energies: Existing levels of physical resources available for investment into role performances.</p> <p>Emotional energies: Existing levels of emotional resources available for investment into role performances.</p> <p>Insecurity: Levels of confidence in own abilities and status, self-consciousness, and ambivalence about fit with social systems that leave more or less room for investments of self in role performances.</p> <p>Outside life: Issues in people's outside lives that leave them more or less available for investments of self during role performances.</p>

Appendix B: Corporate Leadership Council: The Top 50 Levers of Discretionary Effort

THE TOP 50 LEVERS OF DISCRETIONARY EFFORT

Lever	Percentage Impact	Category	Lever	Percentage Impact	Category
1. Connection Between Work and Organizational Strategy	32.8	O	26. Helps Attain Necessary Information, Resources, and Technology	25.7	M
2. Importance of Job to Organizational Success	30.3	O	27. Makes Sacrifices for Direct Reports	25.6	M
3. Understanding of How to Complete Work Projects	29.8	O	28. Quality of Informal Feedback	25.6	M
4. Internal Communication	29.2	O	29. Career Advisor Effectiveness	25.5	L&D
5. Demonstrates Strong Commitment to Diversity	28.5	M	30. Encourages Employee Development	25.4	M
6. Demonstrates Honesty and Integrity	27.9	M	31. Persuades Employees to Move in a Desired Direction	25.4	M
7. Reputation of Integrity	27.6	O	32. Accurately Evaluates Employee Performance	25.3	M
8. Adapts to Changing Circumstances	27.6	M	33. Identifies and Articulates a Long-Term Vision for the Future	25.3	M
9. Clearly Articulates Organizational Goals	27.6	M	34. Inspires Others	25.2	M
10. Possesses Job Skills	27.2	M	35. Places Employee Interests First	24.8	M
11. Sets Realistic Performance Expectations	27.1	M	36. Culture of Flexibility	24.7	O
12. Puts the Right People in the Right Roles at the Right Time	26.9	M	37. Provides Job Freedom	24.7	M
13. Helps Find Solutions to Problems	26.8	M	38. Is Intelligent	24.6	M
14. Breaks Down Projects into Manageable Components	26.7	M	39. Clearly Communicates Performance Expectations	24.6	M
15. Accepts Responsibility for Successes and Failures	26.6	M	40. Appropriately Handles Crises	24.4	M
16. Encourages and Manages Innovation	26.5	M	41. Creates Clear Work Plans and Timetables	24.1	M
17. Accurately Evaluates Employee Potential	26.3	M	42. Ability to Obtain Necessary Information	23.9	O
18. Respects Employees as Individuals	26.1	M	43. Importance of Projects to Employees' Personal Development	23.8	O
19. Demonstrates Passion to Succeed	26.0	M	44. Trusts Employees to Do Their Job	23.8	M
20. Cares About Employees	26.0	M	45. Clearly Explains Job Importance	23.4	Onb
21. Has a Good Reputation Within the Organization	26.0	M	46. Customer Focus	23.2	O
22. Culture of Innovation	26.0	O	47. Future Orientation	23.1	O
23. Is Open to New Ideas	25.9	M	48. Lets Upper Management Know of Employee Effectiveness	23.0	M
24. Defends Direct Reports	25.8	M	49. Listens Carefully to Views and Opinions	23.0	M
25. Analytical Thinking	25.7	M	50. Is Open to New Ideas	22.9	Exec

O	Organizational Culture and Performance Traits	D	Day-to-Day Work Characteristics
M	Manager Characteristics	Onb	Areas of Onboarding Focus
L&D	Learning and Development Opportunities	Exec	Senior Executive Team Qualities

Appendix C: Corporate Leadership Council: The Top 50 Levers of Intent to Stay

THE TOP 50 LEVERS OF INTENT TO STAY

	Lever	Percentage Impact	Category		Lever	Percentage Impact	Category
1.	Internal Communication	37.5	O	26.	Importance of Job to Organizational Success	34.1	D
2.	Career Advisor Effectiveness	36.8	L&D	27.	Is Open to New Ideas	33.9	M
3.	Puts the Right People in the Right Roles at the Right Time	36.8	M	28.	Culture of Innovation	33.8	O
4.	Demonstrates Strong Commitment to Diversity	36.5	M	29.	Cares About Employees	33.7	M
5.	Employee Understanding of Connections between Work and Organizational Strategy	36.4	D	30.	Places Employee Interests First	33.7	M
6.	Accurately Evaluates Employee Potential	36.4	M	31.	Respects Employees as Individuals	33.6	M
7.	Adapts to Changing Circumstances	36.1	M	32.	Analytical Thinking	32.9	M
8.	Encourages and Manages Innovation	35.8	M	33.	Appropriately Handles Crises	32.9	M
9.	Possesses Job Skills	35.8	M	34.	Reputation of Integrity	32.7	O
10.	Clearly Articulates Organizational Goals	35.7	M	35.	Openness	32.7	O
11.	Breaks Down Projects into Manageable Components	35.6	M	36.	Clearly Communicates Performance Expectations	32.6	M
12.	Sets Realistic Performance Expectations	35.6	M	37.	Lets Upper Management Know of Employee Effectiveness	32.6	M
13.	Encourages Employee Development	35.5	M	38.	Creates Clear Work Plans and Timetables	32.5	M
14.	Helps Find Solutions to Problems	35.4	M	39.	Demonstrates Passion to Succeed	32.3	M
15.	Persuades Employees to Move in a Desired Direction	35.3	M	40.	Equity and Recognition	32.1	O
16.	Demonstrates Honesty and Integrity	35.1	M	41.	Culture of Flexibility	31.8	O
17.	Quality of Informal Feedback	35.1	M	42.	Future Orientation	31.8	O
18.	Makes Sacrifices for Direct Reports	34.9	M	43.	Recognizes and Rewards Achievement	31.6	M
19.	Accepts Responsibility for Successes and Failures	34.9	M	44.	Provides Job Freedom	31.2	M
20.	Accurately Evaluates Employee Performance	34.7	M	45.	Listens Carefully to Views and Opinions	30.7	M
21.	Defends Direct Reports	34.6	M	46.	Trusts Employees to Do Their Job	30.6	M
22.	Helps Attain Necessary Information, Resources, and Technology	34.5	M	47.	Clearly Explains Job Importance	30.1	Onb
23.	Identifies and Articulates a Long-term Vision for the Future	34.3	M	48.	Challenge of Development Plan	29.8	L&D
24.	Inspires Others	34.3	M	49.	Treats Direct Reports Equally	29.7	M
25.	Has a Good Reputation within the Organization	34.2	M	50.	Culture of Risk Taking	29.6	O

O	Organizational Culture and Performance Traits	D	Day-to-Day Work Characteristics
M	Manager Characteristics	Onb	Areas of Onboarding Focus
L&D	Learning and Development Opportunities	Exec	Senior Executive Team Qualities

Appendix D: Towers Perrin: Top Five Engagement Drivers

Top Five Engagement Drivers Across the Generations in the Workplace

RANK	GLOBAL OVERALL	AGES 18 TO 24	AGES 25 TO 34	AGES 35 TO 44	AGES 45 TO 54	AGE 55 AND OLDER
1	Senior management sincerely interested in employee well-being	Organization develops leaders at all levels	Have excellent career advancement opportunities	Senior management sincerely interested in employee well-being	Senior management sincerely interested in employee well-being	Senior management sincerely interested in employee well-being
2	Improved my skills and capabilities over the last year	Organization quickly resolves customer concerns	Senior management acts to ensure organization's long-term success	Improved my skills and capabilities over the last year	Improved my skills and capabilities over the last year	Organization's reputation for social responsibility
3	Organization's reputation for social responsibility	Senior management sincerely interested in employee well-being	Organization's reputation for social responsibility	Organization's reputation for social responsibility	Organization's reputation for social responsibility	Improved my skills and capabilities over the last year
4	Input into decision making in my department	Seek opportunities to develop new knowledge/skills	Input into decision making in my department	Input into decision making in my department	Appropriate amount of decision-making authority to do my job well	Input into decision making in my department
5	Organization quickly resolves customer concerns	Improved my skills and capabilities over the last year	Set high professional standards	Organization quickly resolves customer concerns	Enjoy challenging work assignments that broaden skills	Set high personal standards

Appendix E: Accenture Personal Engagement Scorecard

<h3>Personal Engagement Scorecard</h3> <p>Rank the following by level of importance and then rate your satisfaction level with each. Include comments to help explain rankings and ratings.</p>			
	Rank importance	Rate satisfaction	Comments
Company practices (practices and policies, company reputation, diversity and inclusion, performance assessment)			
Opportunities (career opportunities, learning and development)			
People (senior leadership, manager, co-workers, clients)			
Quality of life (work-life balance, physical work, enforcement, safety)			
Competitive rewards (pay, benefits, recognition)			
Work (work activities, processes, resources)			

Source: Accenture, based on the Hewitt Associates Engagement Model

Appendix F: Saks (2006) Model of antecedents and consequences

