

# Employee Engagement in Challenging Times

Mark Royal, Hay Group



## Today's agenda

**01** Employee Engagement and Employee Effectiveness

**02** A Downturn Can Yield an Upswing in Engagement

**03** Strategies for Motivating Employees in Tough Times

**04** Summary

**05** Questions?

### About Hay Group Insight

- Hay Group Insight, Hay Group's survey research division, has been a global leader in employee opinion research for over 30 years.
- Through customized survey programs focused on client objectives, we help enhance individual, team, and organizational effectiveness.
- Hay Group Insight is staffed by consultants with extensive applied research expertise.
  - We have conducted customized research projects for hundreds of clients.
  - Our thought leadership on workplace issues is guided by our original research leveraging data collected from over 350 organizations and more than four million respondents.



# 01

## Employee Engagement and Employee Effectiveness

## What is employee engagement?

- The commitment employees feel toward their organization
- Employees' discretionary effort...their willingness to go the extra mile for the organization

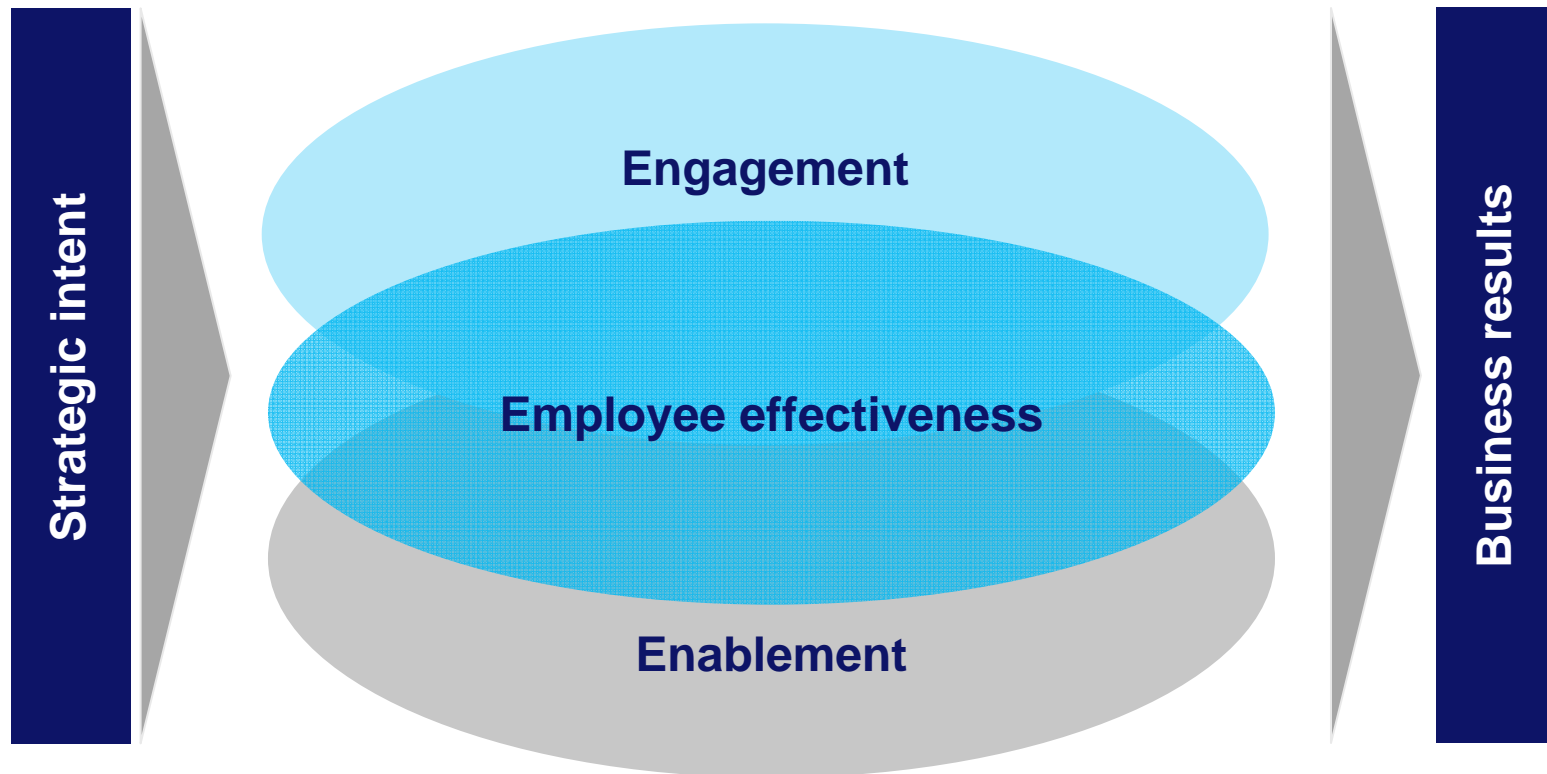


# Why engagement is important today

- Knowledge-based economy
- Fast-changing environments
- Lean organizations
- Employee emphasis on personal fulfillment

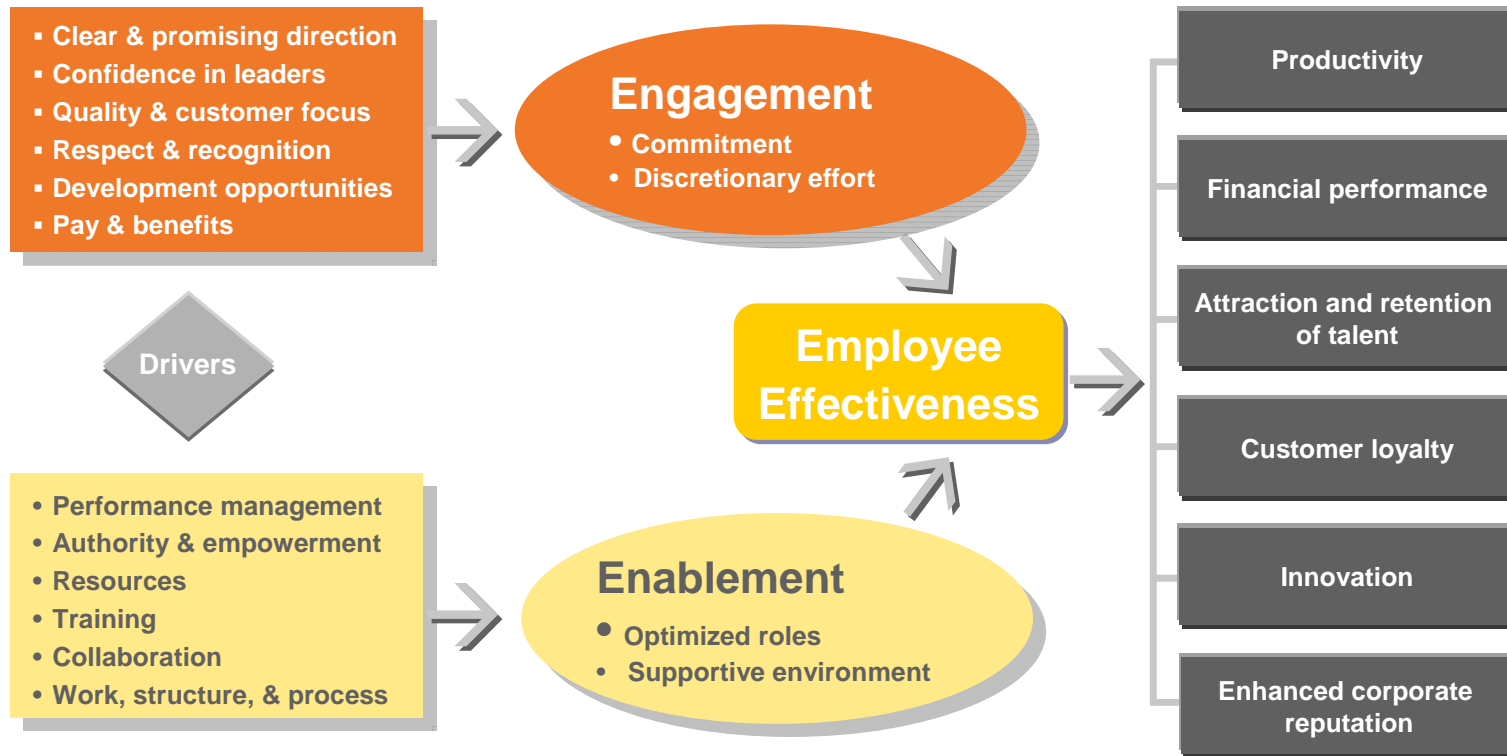
# Engaging and enabling employees to drive performance

Work environments have to turn motivation into productivity



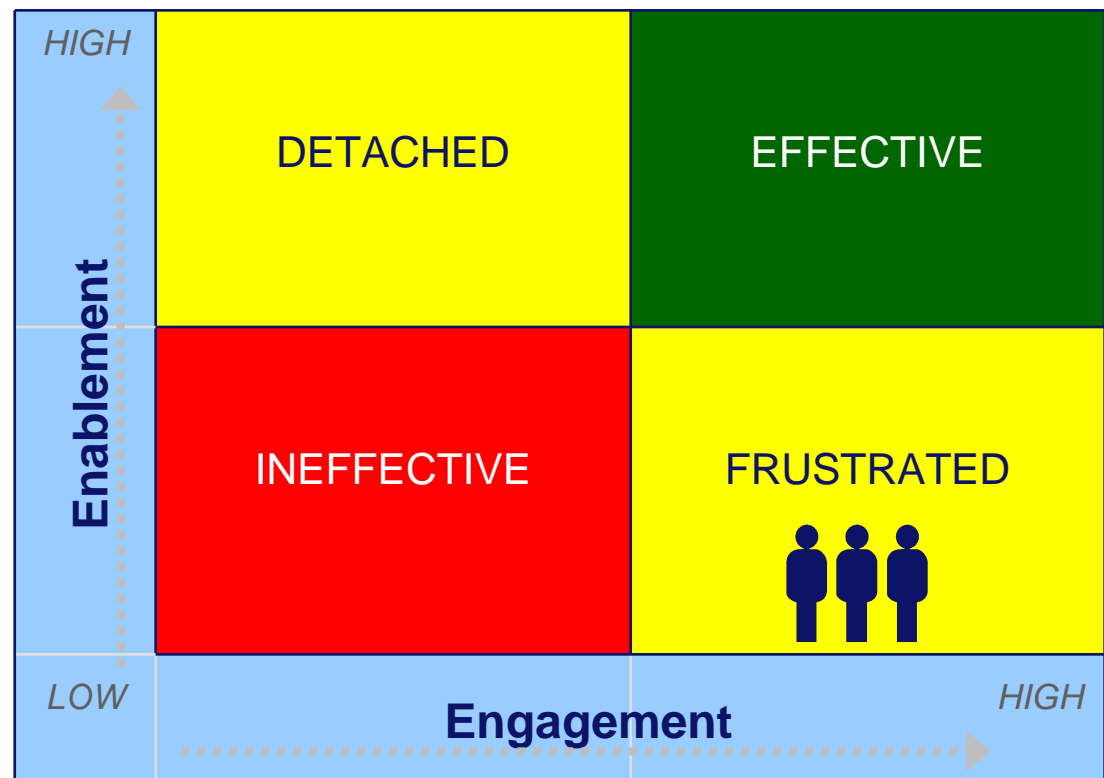
# Employee effectiveness: Conceptual model

Engagement and enablement are both essential for optimum performance



## Companies must manage both engagement and enablement

- Engagement and enablement are equally important determinants of employee performance
- Organizations are unlikely to sustain one without the other



# The business case for engaging and enabling employees



# 02

## A Downturn Can Yield an Upswing in Engagement

In response to the current economic downturn, Hay Group conducted a global study to determine **how organizations changed** their human resource priorities and programs

## Organizations' biggest concerns: Top themes

**1. Retaining top talent / critical skills**

**2. Maintaining / affording competitive pay**

**3. Maintaining employee engagement / motivation**

**4. Career development / training**

**5. Recruiting top talent / critical skills**

## Organizations' concerns: Retaining, motivating, and attracting talent

### Retaining Talent

"Our company is unable to reward high performing staff appropriately. Hence, staff retention will be an issue."

"Our talent is internationally vulnerable. We are considering options for retaining high-potentials through salary adjustments and providing learning opportunities."

### Motivating Talent

"We need to keep our employees engaged by providing learning and development opportunities and keeping employees focused on our company's vision."

### Attracting Talent

"New hire offer acceptance rate is low due to the market situation. The candidates are worried about possible layoffs, as the practice is based on last in first out."

"We are having problems recruiting good staff as they are afraid to move around. They will stay put with an existing employer."

Most companies are emerging from the downturn as **changed organizations** – for better or worse!

# Freezing and unfreezing

- Periods of uncertainty and instability create unique opportunities to alter established ways of doing things.
- If done right, organizations can be in a better place exiting the downturn than going in.

## Lessons from Most Admired Companies

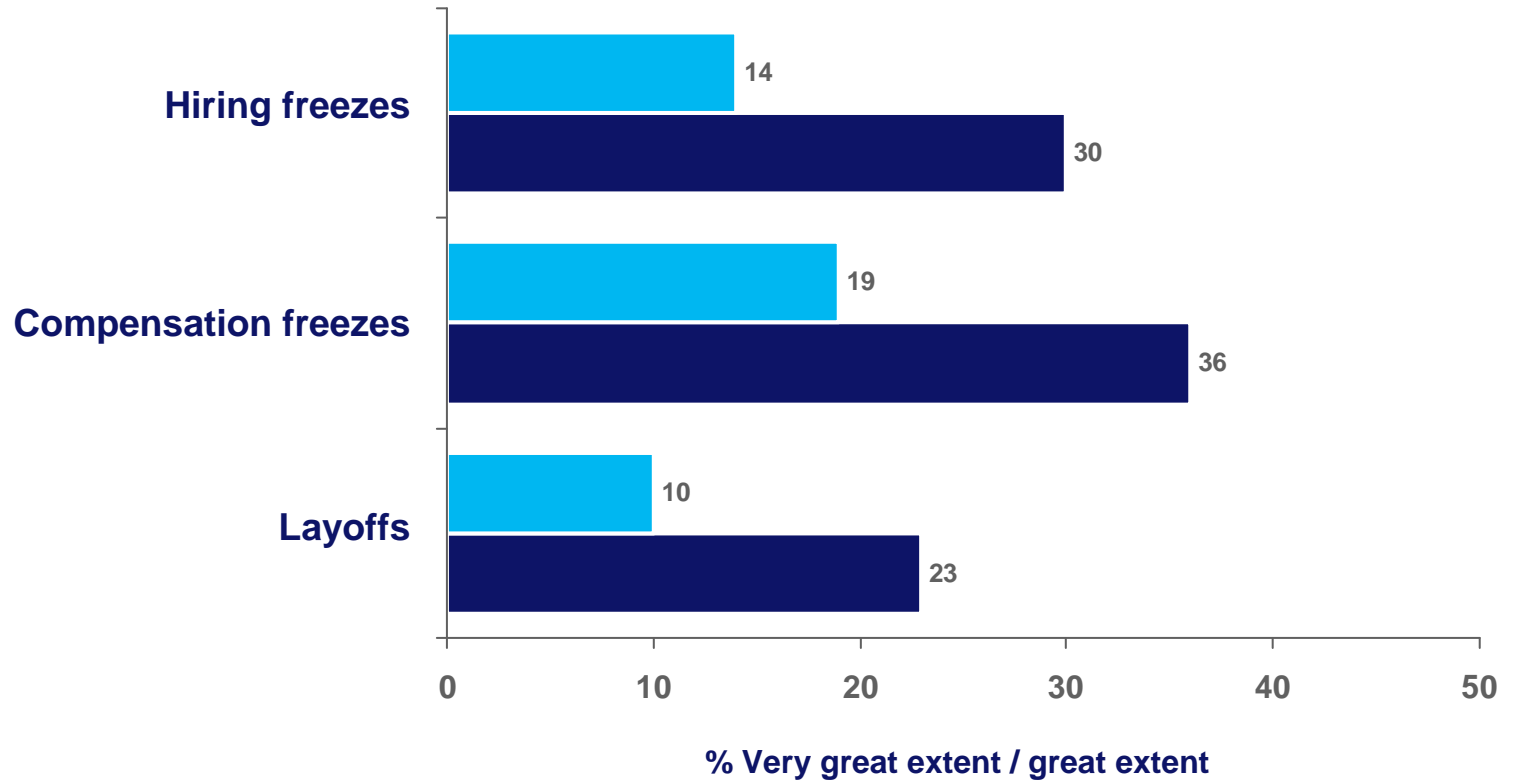
- Hay Group partners with FORTUNE magazine annually to identify the World's Most Admired Companies (WMACs) and to identify the business practices that make these companies great.
- Last year, we explored approaches organizations have taken to keep employees on board and motivated in a tough economy – and how they can reengage and reenergize their workforces for recovery-related growth.



# WMACs were forced to take fewer actions amid the downturn

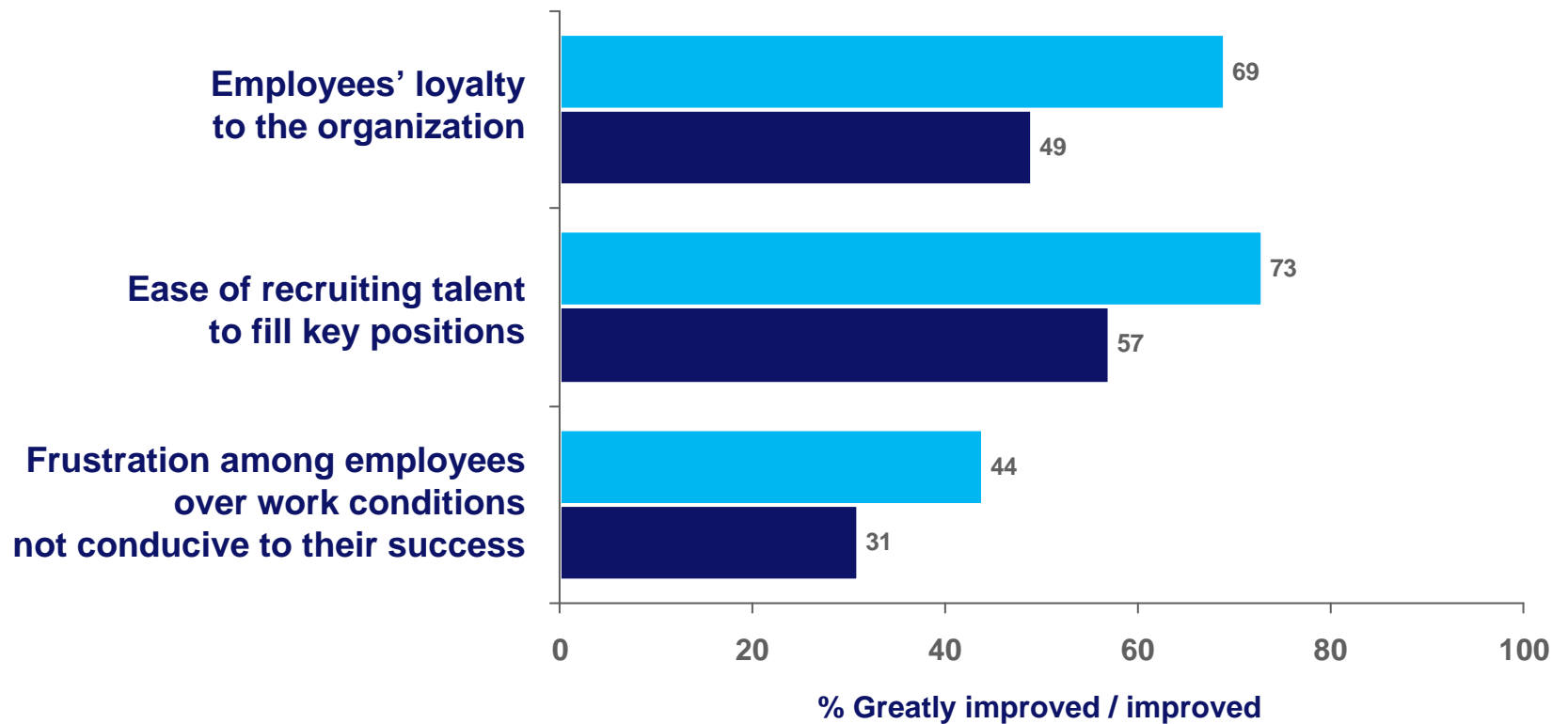
WMACs made less extensive use of ...

■ Most Admired ■ Peer group

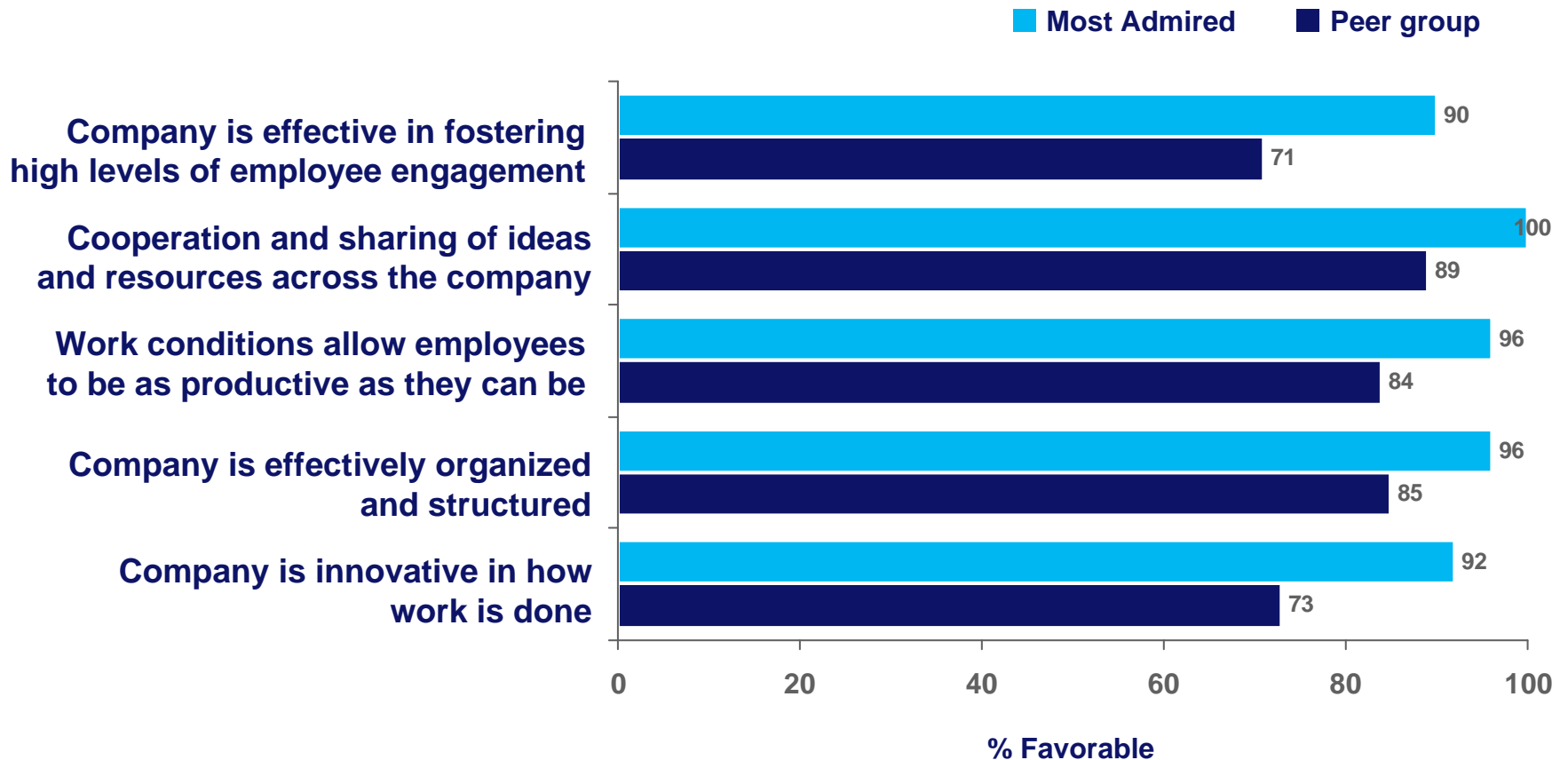


# WMACs are emerging from the recession with more engaged and enabled people

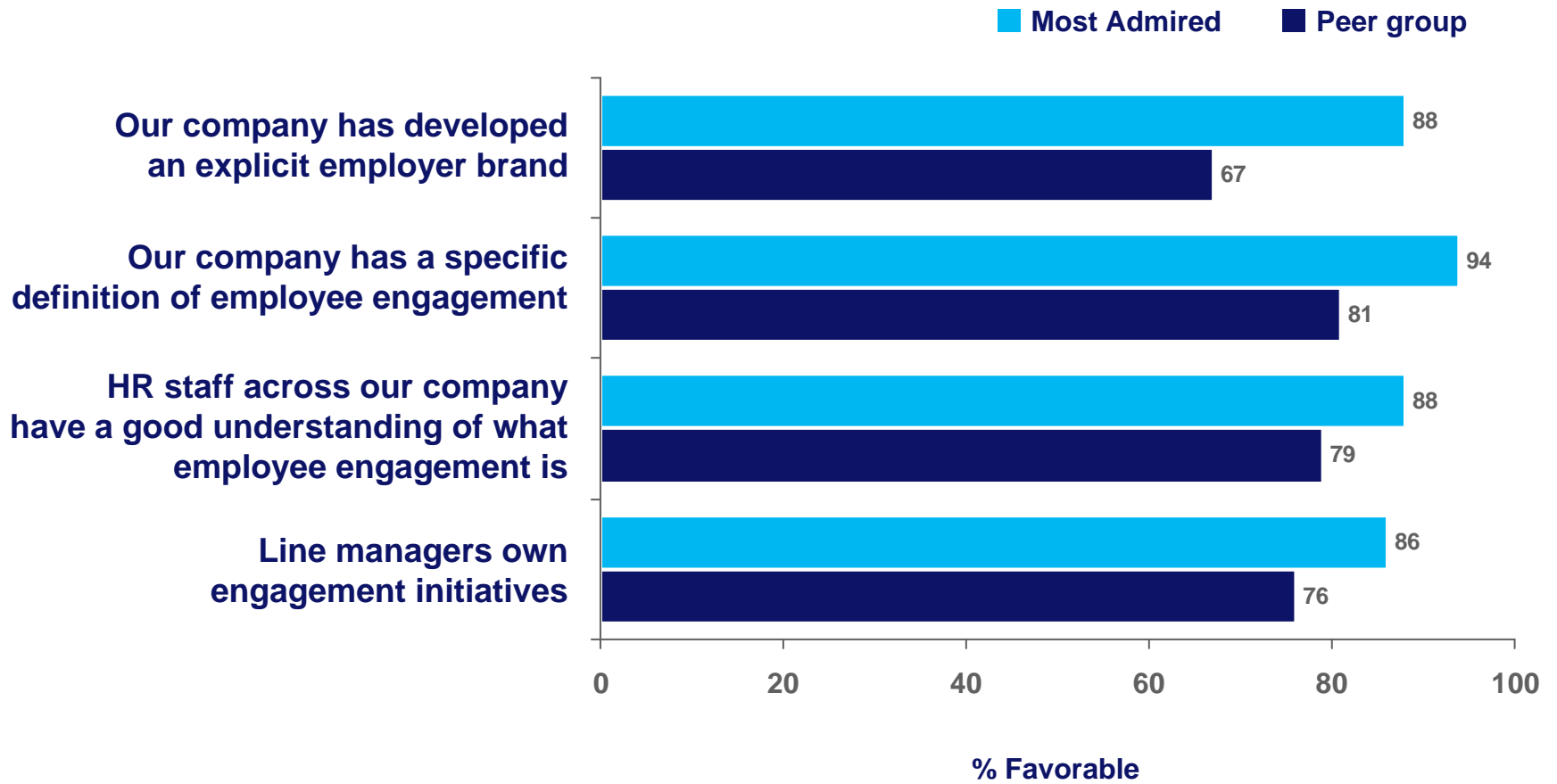
Rate now as compared with two years ago... ■ Most Admired ■ Peer group



# WMACs are emerging from the recession with more engaged and enabled people

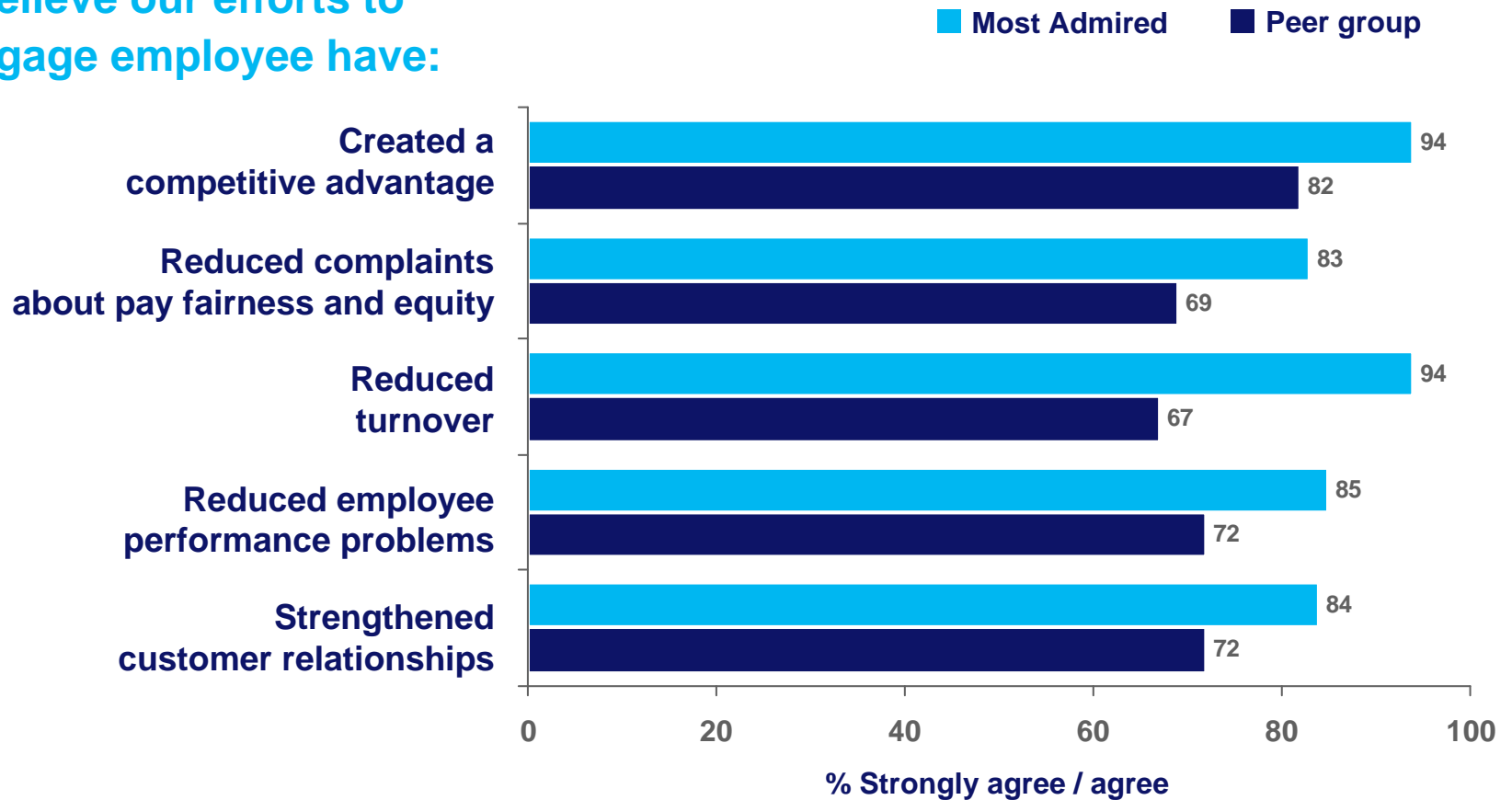


## WMACs clearly define engagement – and hold managers accountable



# WMACs are realizing a greater ROI on engagement efforts

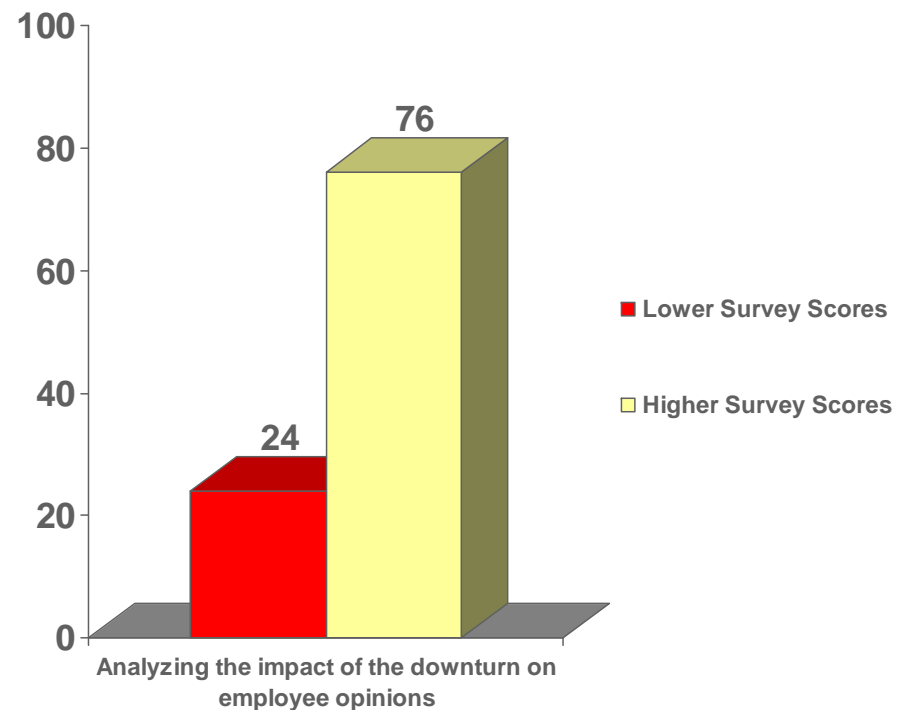
I believe our efforts to engage employee have:



Want more good news? Hay Group Insight clients that **remained focused on employee engagement** in the downturn **succeeded** in maintaining high motivation levels.

## Client success stories

- We analyzed data from 34 Hay Group Insight clients, comparing the results of surveys conducted in amid the downturn with the results of surveys these same clients conducted prior to it.
- Despite current economic conditions, over 75% of these organizations realized improvements in survey scores!



### Client success stories

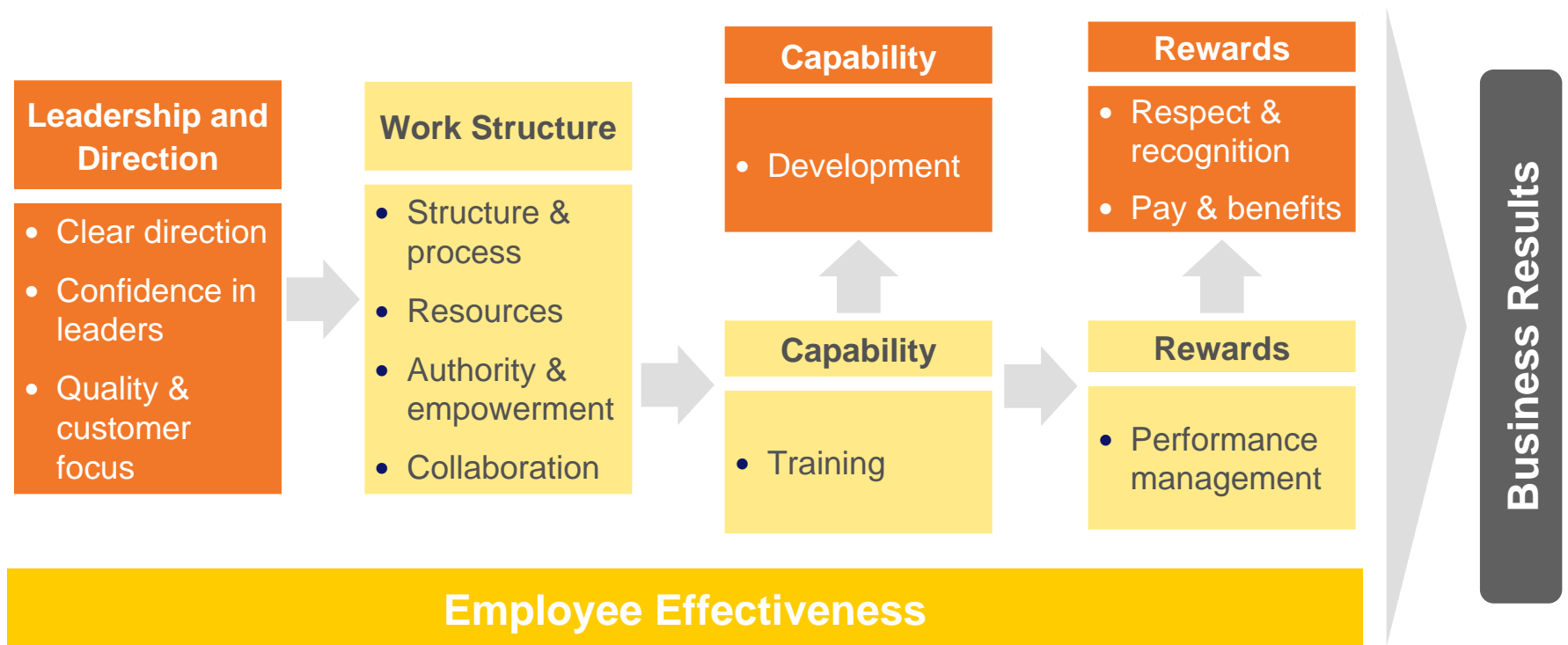
- By emphasizing employee engagement factors, successful companies have been able to increase commitment.
  - Greater satisfaction with the organization (overall and as a place to work) and employees' job roles
  - More positive views of products and services
- Notably, employees in these companies also show an increased willingness to contribute discretionary effort.



# 03

## Strategies for Motivating Employees in Tough Times

# Putting it all together: A path to performance



■ Engagement Factors    
 ■ Enablement Factors

## Putting it all together: A path to performance

### Leadership and Direction

- Clear direction
- Confidence in leaders
- Quality & customer focus

 Engagement  
Factors

 Enablement  
Factors

### Downturn Implications

- To maintain commitment, employees need to have confidence that there are capable leaders with a clear strategy for both meeting current market needs and positioning the organization for future competitive success.

### Recommendations

- Let employees in on the plan
- Over communicate
- Be transparent
- Enlist supervisors

## Putting it all together: A path to performance

### Work Structure

- Structure & process
- Resources
- Authority & empowerment
- Collaboration

■ Engagement Factors

■ Enablement Factors

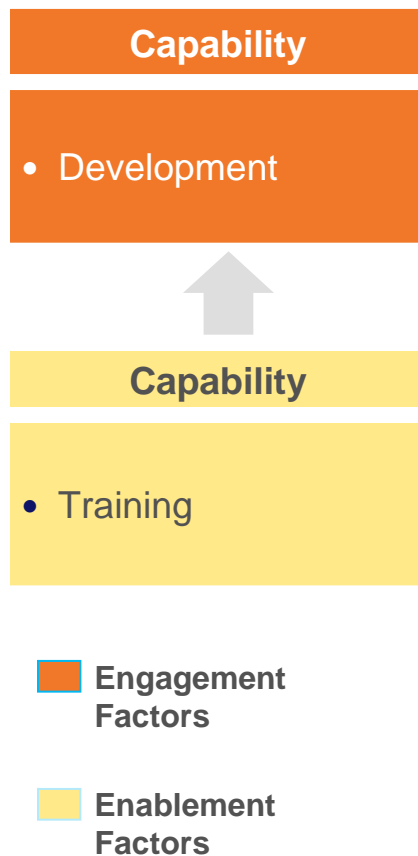
### Downturn Implications

- As employees are asked to work harder, they must also feel that they are working smart – with efficient processes, adequate resources, and support from coworkers.

### Recommendations

- Beware of reducing headcount but not the work
- Solicit broad input to improve efficiencies
- Clarify “must-win battles” and build line of sight for employees
- Make sure managers wear their “enterprise hats”

# Putting it all together: A path to performance



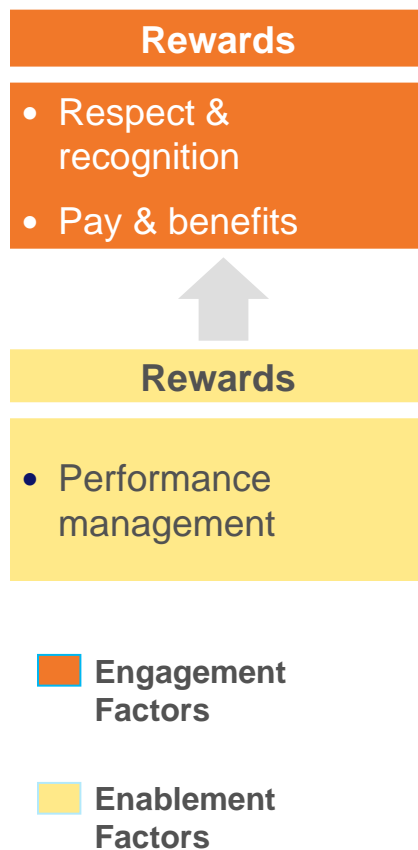
## Downturn Implications

- Faced with a difficult economy, some organizations may be tempted to shift their focus away from training and career development activities. But doing so is a big mistake. Personal development and growth are among the most important drivers of engagement and enablement.

## Recommendations

- Be surgical in training and development cost reduction
- Emphasize the role of line managers
- Increase awareness of opportunities
- Promote equity and fairness
- Manage employee expectations

## Putting it all together: A path to performance



### Downturn Implications

- In high workload environments, employees are sensitized to certain compensation issues. Acutely aware of all they are contributing, they can be expected to pressure their organizations to balance rewards and contributions.

### Recommendations

- Remember the “management” in performance management
- Differentiate rewards – not just ratings
- Promote clarity on reward philosophies
- Focus on intangible and tangible rewards – and communicate their value

# 04

## Summary

## Don't take your eye off the ball in a downturn

- **The eye of a turnover hurricane.** You may not be experiencing high turnover now. But without focus and action, retention issues can be expected to surface when labor markets strengthen.
- **Your best people always have options.** Your top performers work for you because they want to, not because they have to. Treat them like volunteers regardless of market conditions.
- **Your employees are watching.** Character is revealed in tough times. Organizations that consistently put people first will win loyalty for the future.

# Recommendations for monitoring and managing employee effectiveness

- Recognize that employee engagement and enablement are significant business concerns.
- Undertake strategic workforce reviews to determine where engagement and enablement may be particularly critical and/or lacking.
- Monitor enablement levels on an ongoing basis to give employees a voice.
- Address engagement and enablement issues in managerial development programs.
- Identify organizational programs and initiatives out of alignment with key engagement and enablement drivers.

*If you demonstrate consideration during normal times, you can ask more of people when times get tough. When we need to ask people to do more with less, we find that they do so quite willingly.*

**-- Former Executive Vice President of HR, Marriott International**

*During periods of big change, or periods of environmental stress, teams become even more important in organizations.*

**-- Former Vice President of HR, Pfizer**

*We're fanatical when it comes to communications. We're relentless in making sure everyone understands what's going on. Our workforce is just as important as Wall Street.*

**-- Former President of Retail Markets, Verizon**

*The workplace is a dynamic place. And we at IBM manage those dynamics closely.*

**-- Senior Vice President of HR, IBM**

## Questions?



## Contact us

- For more information, please contact:

Mark Royal  
Senior Consultant  
111 East Wacker Drive, Suite 1250  
Chicago, IL 60601  
Phone: (312) 228-1835  
Email: [Mark.Royal@haygroup.com](mailto:Mark.Royal@haygroup.com)

